

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1312

H.P. 966

House of Representatives, March 11, 2003

An Act To Ensure and Encourage the Generation of Electricity from Renewable Resources

Reference to the Committee on Utilities and Energy suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Speaker COLWELL of Gardiner.
Cosponsored by Senator WESTON of Waldo and
Representatives: BLISS of South Portland, COWGER of Hallowell, FLETCHER of Winslow,
KOFFMAN of Bar Harbor, MILLS of Cornville, Senators: BLAIS of Kennebec, HALL of
Lincoln, KNEELAND of Aroostook.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 35-A MRSA §3203, sub-§2, ¶D,** as amended by PL 1999, c. 398, Pt. J, §1, is further amended to read:

6 D. Evidence of the ability to satisfy the renewable
7 resource portfolio requirement established under section
8 ~~3210~~ 3210-A;

10 **Sec. 2. 35-A MRSA §3210,** as amended by PL 1999, c. 372, §§1
11 and 2 and c. 398, Pt. I, §§1 to 3, is repealed.

12 **Sec. 3. 35-A MRSA §3210-A** is enacted to read:

14 **§3210-A. Renewable resources**

16 **1. Policy.** In order to ensure a secure, adequate and
18 reliable supply of electricity for state residents and to
20 maintain and increase the State's use of renewable and indigenous
22 resources, it is the policy of this State to encourage the
24 generation of electricity from renewable sources and to diversify
electricity production on which residents of this State rely in a
manner consistent with this section.

26 **2. Eligible renewable resource.** As used in this section,
"eligible renewable resource" means an electrical generation
facility that:

28 **A. Generates power in this State or generates power that is**
30 **physically delivered to consumers in this State; and**

32 **B. Does not exceed 100 megawatts in total generating**
34 **capacity, unless otherwise indicated, and that relies on one**
or more of the following fuel sources:

36 **(1) Fuel cells that use hydrogen produced by**
38 **electricity generated by a renewable fuel;**

40 **(2) Tidal power;**

42 **(3) Solar arrays and installations;**

44 **(4) Wind power;**

46 **(5) Geothermal energy;**

48 **(6) Hydroelectricity with a capacity that does not**
exceed 30 megawatts;

50 **(7) Biomass;**

2 (8) Landfill gas; or

4 (9) Municipal solid waste in conjunction with
6 recycling.

8 If an electrical generation facility relies on a renewable
10 fuel and a nonrenewable fuel for its output, and the
12 nonrenewable fuel accounts for more than 10% of its output,
14 only that output attributable to the renewable fuel may be
16 considered an eligible renewable resource.

18 A qualifying facility under this subsection that otherwise meets
20 the requirements of paragraphs A and B may not be considered an
22 eligible renewable resource if that facility is selling its
24 electrical output to a transmission and distribution utility and
26 is being paid a rate for energy, or energy and capacity, that
28 exceeds the average New England independent system operator
30 market energy clearing price for the preceding year by an amount
32 equal to or greater than \$20 per megawatt hour.

34 **3. Portfolio requirements.** As a condition of licensing
36 pursuant to section 3203, each competitive electricity provider
38 in this State must demonstrate, in a manner satisfactory to the
40 commission, that:

42 A. No less than 30% of its annual portfolio of supply
44 sources for its retail electricity sales in this State is
46 accounted for by eligible renewable resources. The
48 requirement in this paragraph may be referred to as a "tier
50 1 requirement"; and

B. Beginning March 1, 2005, no less than 0.5% of its annual
 portfolio of supply sources for its retail electricity sales
 in this State is accounted for by eligible renewable
 resources that were constructed after January 1, 2002.
 Incremental generation from increased efficiency or
 additions of capacity to existing eligible renewable
 resources after this date must be considered eligible to
 meet tier 2 requirements. This percentage increases 0.5%
 per year until it reaches 5% in 2014. This requirement must
 remain at 5% unless the commission makes a recommendation
 that it should be increased. The requirement in this
 paragraph may be referred to as a "tier 2 requirement."

If a competitive electricity provider represents to a customer
 that the provider is selling to the customer a portfolio of
 supply sources that exceeds the requirements of paragraph A or B,
 the resources necessary to supply the excess may not be applied
 to meet the requirements of paragraph A or B.

2 A competitive electricity provider may meet all or part of its
4 tier 1 and tier 2 requirements under paragraphs A and B by making
6 an alternative compliance payment to the Maine Renewable Resource
8 Fund established in subsection 4. The payment to meet the tier 1
10 requirement must be calculated by multiplying the unmet tier 1
megawatt hour requirement by \$20 per megawatt hour. The payment
to meet the unmet tier 2 requirement must be calculated by
multiplying the tier 2 megawatt hour requirement by \$35 per
megawatt hour.

12 **4. Maine Renewable Resource Fund.** The commission by rule
14 shall establish the Maine Renewable Resource Fund, referred to in
16 this subsection as "the fund," which is a dedicated fund to
18 support in-state eligible renewable resources, renewable resource
research and development and to fund demonstration community
projects using renewable energy technologies. The commission
shall administer the fund.

20 A. Money collected from a competitive energy supplier as an
22 alternative compliance payment pursuant to subsection 3 must be
deposited in the fund.

24 B. The commission shall disperse the money in the fund as
follows:

26 (1) Ninety-five percent of the money must be
28 distributed equally to all in-state eligible renewable
30 electrical generation facilities as a per kilowatt-hour
production incentive; and

32 (2) Five percent of the money must be used to fund
34 renewable resource research and development at the
36 University of Maine System, the Maine Maritime Academy
or the Maine Technical College System and demonstration
community projects using renewable energy technologies.

38 Rules adopted under this subsection are major substantive rules
40 as defined in Title 5, chapter 375, subchapter 2-A.

42 Sec. 4. 35-A MRSA §3212, sub-§4, ¶C, as enacted by PL 2001, c.
528, §1, is amended to read:

44 C. Beginning March 1, 2005, should any standard-offer
46 provider selected by the commission pursuant to subsection 2
48 be required to offer at least one standard-offer service
that is composed entirely of eligible renewable resources as
defined in section ~~3210~~ 3210-A?

SUMMARY

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4 This bill amends the laws governing electric industry
6 restructuring as they relate to the 30% renewable portfolio
8 standard. The bill defines "eligible renewable resource" to mean
10 an electrical generator facility that relies on one or more of
12 the following fuel sources: fuel cells that use hydrogen
14 produced by the electricity generated by a renewable fuel; tidal
16 power; solar arrays and installations; wind power; geothermal
18 energy; hydroelectricity with a capacity that does not exceed 30
20 megawatts; biomass; landfill gas; or municipal solid waste in
conjunction with recycling. The bill requires that, beginning
March 1, 2005, no less than 0.5% of supply sources for retail
electricity sales in this State is accounted for by eligible
renewable resources that are constructed after January 1, 2002.
This percentage increases 0.5% per year until it reaches 5% in
2014. The bill directs the Public Utilities Commission to
establish the Maine Renewable Resource Fund to support eligible
renewable resources in this State, renewable resource research
and development and to fund demonstration community projects
using renewable energy technologies.