

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



# 122nd MAINE LEGISLATURE

## SECOND REGULAR SESSION-2006

---

Legislative Document

No. 2041

---

H.P. 1439

House of Representatives, March 1, 2006

### **An Act To Enhance Maine's Energy Independence and Security**

---

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

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative FLETCHER of Winslow. (GOVERNOR'S BILL)  
Cosponsored by Senator BARTLETT of Cumberland and  
Representatives: ADAMS of Portland, BLISS of South Portland, BRAUTIGAM of Falmouth,  
CEBRA of Naples, EBERLE of South Portland, Senators: BRENNAN of Cumberland,  
SNOWE-MELLO of Androscoggin.

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

2

PART A

4

Sec. A-1. 36 MRSA §3203, sub-§1, as amended by PL 2001, c. 688, §5, is further amended to read:

6

8

1. **Generally.** Except as provided in section 3204-A, an excise tax is levied and imposed on all suppliers of distillates sold, on all retailers of low-energy fuel sold and on all users of special fuel used in this State for each gallon of distillate at the rate of 23¢ per gallon and for each gallon of low-energy fuel based on the British Thermal Unit, referred to in this subsection as "BTU," energy content for each fuel as compared to gasoline. Notwithstanding this subsection, the rate for distillates containing 2% or more of biodiesel fuel by volume is 20¢ per gallon. In the case of distillates, the tax rate provided by this section is subject to annual inflation adjustment pursuant to section 3321. Applicable BTU values are as follows.

10

12

14

16

18

20

22

24

26

28

30

32

34

36

38

40

42

44

46

48

Fuel type	BTU content per gallon	Formula (BTU value fuel/ BTU value gasoline) x tax rate gasoline	Tax rate
Gasoline	115,000	100% x 22¢	22¢ per gallon as authorized in section 2903
Methanol (M85)	65,530	57% x 22¢	12.5¢ per gallon
Ethanol (E85)	81,850	71% x 22¢	15.6¢ per gallon
Propane	84,500	73% x 22¢	16¢ per gallon
Compressed Natural Gas	100,000 (BTU per 100 standard cubic feet)	87% x 22¢	19.1¢ per 100 standard cubic feet

50

Sec. A-2. **Appropriations and allocations.** The following appropriations and allocations are made.

TRANSPORTATION, DEPARTMENT OF

2  
4  
6  
8  
10  
12  
14  
16  
18  
20  
22  
24  
26  
28  
30  
32  
34  
36  
38  
40  
42  
44  
46  
48

Maine Highway Fund - Department of Transportation

Initiative: Reimburses the Highway Fund for revenues lost due to the reduction in the excise tax levied and imposed on distillates containing 2% or more of biodiesel fuel by volume.

GENERAL FUND	2005-06	2006-07
All Other	\$0	\$20,000
GENERAL FUND TOTAL	\$0	\$20,000

PART B

Sec. B-1. 35-A MRSA §3212, sub-§4-A, as enacted by PL 2003, c. 665, §2, is repealed.

Sec. B-2. 35-A MRSA §3212, sub-§4-B is enacted to read:

4-B. Energy conservation and energy efficiency. The commission may incorporate cost-effective energy conservation and energy efficiency into the supply of standard offer service.

PART C

Sec. C-1. 35-A MRSA §§3210-C and 3210-D are enacted to read:

§3210-C. Long-term contracts

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "New diverse generation resource" means a resource that:

(1) Relies on fuels that represent less than 10% of the total generation resource portfolio in this State as of March 1, 2006;

(2) Has generation capacity:

(a) With an in-service date after March 1, 2006;

(b) That was added to an existing facility after March 1, 2006;

2                   (c) That was not operated for at least 2 years  
and resumed operation after March 1, 2006; or

4                   (d) That was refurbished after March 1, 2006 and  
is operating beyond its previous useful life or is  
6                   employing an alternate technology that  
significantly increases the efficiency of the  
8                   generation process;

10                   (3) Is cost-competitive; and

12                   (4) Emits no greenhouse gases.

14                   B. "New renewable generation resource" means a renewable  
resource:

16                   (1) As defined in section 3210, subsection 2,  
18                   paragraph C except generators fueled by municipal solid  
waste in conjunction with recycling. Hydroelectric  
20                   generators must meet all state and federal fish passage  
requirements;

22                   (2) That has generation capacity:

24                                   (a) With an in-service date after March 1, 2006;

26                                   (b) That was added to an existing facility after  
28                                   March 1, 2006;

30                                   (c) That was not operated for at least 2 years  
and resumed operation after March 1, 2006; or

32                                   (d) That was refurbished after March 1, 2006 and  
34                                   is operating beyond its previous useful life or is  
36                                   employing an alternate technology that  
significantly increases the efficiency of the  
38                                   generation process;

40                                   (3) That is cost-competitive; and

42                                   (4) That emits no greenhouse gases.

44                   2. Policy. It is the policy of this State:

46                   A. To increase the amount of energy generated in this State  
48                   from new renewable generation resources by one percent per  
year beginning in 2007 until this percentage reaches 10% by  
2017;

2           B. To increase the diversity of sources of electricity  
3           generation in this State; and

4           C. To use the development of new renewable generation  
5           resources, new diverse generation resources and  
6           cost-effective energy conservation and energy efficiency to  
7           reduce electricity price volatility for the State's  
8           electricity consumers and to reduce greenhouse gas emissions  
9           from the electricity generation sector.

10           3. Commission authority. The commission may direct  
11           investor-owned transmission and distribution utilities to enter  
12           into long-term contracts for cost-effective energy conservation  
13           and energy efficiency or electricity from new renewable  
14           generation resources and new diverse generation resources  
15           consistent with the provisions of this section. The commission  
16           may not direct a transmission and distribution utility to enter  
17           into any contract that exceeds current and forecasted market  
18           prices over the term of the contract.

19           4. Contract term. A contract entered into pursuant to this  
20           section may not be for less than 3 years or more than 20 years.

21           5. Bid process. The commission may direct a transmission  
22           and distribution utility to enter only into a contract pursuant  
23           to this section that is selected through a competitive bid  
24           process. The commission shall conduct a competitive bid process  
25           no less often than every 3 years.

26           6. Disposition of power. A transmission and distribution  
27           utility shall sell electricity purchased pursuant to this section  
28           into the wholesale market as directed by the commission.

29           7. Cost recovery. The commission shall allow a  
30           transmission and distribution utility to recover in rates all  
31           prudent costs incurred as a result of entering into a contract  
32           pursuant to this section.

33           8. Rules. The commission may adopt rules to implement this  
34           section. Rules adopted under this subsection are routine  
35           technical rules as defined in Title 5, chapter 375, subchapter  
36           2-A.

37           **§3210-D. Energy cost stabilization**

38           1. Definitions. As used in this section, unless the  
39           context otherwise indicates, the following terms have the  
40           following meanings.

2           A. "Credit support" means payment guarantees, financial  
4           security or other mechanisms that provide assurance that a  
6           provider of electricity generation service will be paid for  
8           delivered electric power or otherwise kept financially whole  
10           in the event a customer defaults on its obligations.

12           B. "Eligible customer" means a nonresidential customer that  
14           takes service from a transmission and distribution utility.

16           2. Commission authority. The commission, at the request of  
18           an eligible customer or the joint request of an aggregation of 2  
20           or more eligible customers, may order the transmission and  
22           distribution utility that provides service to the customer or  
24           customers to provide credit support to the customer or customers  
26           to facilitate a generation service contract for electric power  
28           from a generation resource.

30           3. Standard. The commission may direct a transmission and  
32           distribution utility to provide credit support pursuant to this  
34           section if the commission finds that provision of credit support  
36           as directed by the commission:

38           A. Is necessary for the eligible customer or aggregation of  
40           eligible customers to obtain electricity generation service  
42           at reasonable rates and terms;

44           B. Is in the public interest; and

46           C. Reasonably minimizes the costs and risks to the  
48           ratepayers of the transmission and distribution utility.

50           4. Credit support costs. The eligible customer is  
52           responsible for any direct or indirect costs that the  
54           transmission and distribution utility incurs as a result of  
56           providing credit support to the customer pursuant to this section.

58           5. Proceedings. The commission shall consider a request  
60           for credit support pursuant to this section in an adjudicatory  
62           proceeding.

64           6. Cost recovery. The commission shall allow a  
66           transmission and distribution utility to recover in rates all  
68           prudent costs incurred as a result of the provision of credit  
70           support pursuant to this section.

72           7. Rules. The commission may adopt rules to implement this  
74           section. Rules adopted pursuant to this subsection are routine  
76           technical rules as defined in Title 5, chapter 375, subchapter  
78           2-A.





2 percent per year beginning in 2007, increasing to 10% by 2017,  
and permits the commission to direct transmission and  
4 distribution utilities to enter into long-term contracts for  
eligible renewable resources to accomplish this goal. The bill  
6 also permits the commission to direct investor-owned transmission  
and distribution utilities to enter into long-term contracts for  
8 cost-competitive generation resources that emit no greenhouse  
gases and that rely on fuels that currently represent less than  
10% of the total generation resource portfolio in this State.

10  
4. It allows the commission to direct transmission and  
12 distribution utilities to provide credit support for customers or  
groups of customers to facilitate generation service contracts  
14 for electric power from a generation resource.

16 5. It directs the commission to adopt major substantive  
rules establishing minimum energy efficiency standards for  
18 commercial and consumer products sold or offered for sale in this  
State and not covered by the federal Energy Policy Act of 2005,  
20 Public Law 109-58, 119 Stat. 594 (2005).