## MAINE STATE LEGISLATURE

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## 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

 Legislative Document
 No. 1030

 S.P. 347
 March 6, 2007

An Act To Encourage Cogeneration

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

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator BARTLETT of Cumberland.
Cosponsored by Representative BLISS of South Portland and
Senators: BROMLEY of Cumberland, BRYANT of Oxford, HOBBINS of York,
Representatives: BABBIDGE of Kennebunk, BRAUTIGAM of Falmouth, FITTS of Pittsfield,
FLETCHER of Winslow.

## 1 Be it enacted by the People of the State of Maine as follows: 2 Sec. 1. 10 MRSA §963-A, sub-§5-D is enacted to read: 3 5-D. Cogeneration facility. "Cogeneration facility" means a facility that generates 4 electricity and steam or other useful forms of energy that are used for commercial, 5 industrial, heating or cooling purposes. 6 Sec. 2. 10 MRSA §963-A, sub-§5-E is enacted to read: 7 5-E. Cogeneration project. "Cogeneration project" means a project to develop, 8 construct, expand or modernize a cogeneration facility. 9 Sec. 3. 10 MRSA c. 110, sub-c. 12 is enacted to read: 10 **SUBCHAPTER 12** 11 COGENERATION REVOLVING LOAN PROGRAM 12 §1100-Z. Cogeneration revolving loan program 13 1. Program established. The Cogeneration Revolving Loan Program, referred to in 14 this subchapter as "the program," is established to provide loans for cogeneration 15 projects. The authority shall administer the program. 16 2. Fund established; sources. The Cogeneration Revolving Loan Fund, referred to 17 in this subchapter as "the fund," is established as a revolving fund, into which must be 18 deposited all amounts appropriated or allocated to the program, interest earnings on 19 investment of fund balances, any amounts repaid to the program by loan recipients, 20 including interest, penalties and other fees and charges related to loans from the fund, and 21 funds from any other source. Amounts in the fund must be used by the authority for

3. Revolving fund. The fund is a nonlapsing, revolving fund account. At the end of each fiscal year, all unencumbered balances in the fund account may be carried forward to be used for the purposes of the program. All money in the fund must be continuously applied by the authority to carry out this section.

purposes authorized in this section. Money in the fund not needed to meet current

obligations of the program may be invested in such a manner as is provided by law.

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28 Eligibility; loan application. A person or municipality undertaking a 29 cogeneration project is eligible to apply for a loan from the fund to finance all or part of 30 the cogeneration project. For the purposes of this subsection, "person" means a corporation, partnership, limited partnership, limited liability company, limited liability 31 32 partnership, association, trust, estate or any other legal entity or natural person. The 33 authority shall prescribe an application form or procedure that must be used to apply for a 34 loan under this section. The application must include any information that the authority 35 determines necessary for the purpose of implementing this section.

- 1 5. Uses of fund. The fund may be used for direct loans to finance all or part of a cogeneration project when the authority determines that:
- A. The cogeneration facility is designed to use renewable resources for no less than
  60% of its total energy input. For the purposes of this subsection, "renewable resources" has the same meaning as in Title 35-A, section 3303, subsection 8;
- 6 B. The applicant has secured all permits, licenses and approvals necessary to construct the cogeneration facility to be financed by the loan;
- 8 C. The applicant has insufficient access to funding for the project from other public and private sources;
- D. The applicant has committed all reasonably available resources to the project,
  obtained financial commitments from other sources of financing and demonstrated a
  reasonable likelihood that the loan can be repaid; and
- E. The amount and terms of the loan are reasonable to provide an incentive to the applicant to undertake the project, which may include a below-market interest rate.
- Loans made under this section must be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the authority.
- 6. Rules. The authority shall adopt rules to implement this section. The authority shall consult with the Public Utilities Commission in developing the rules. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.
- 7. Annual report. The authority shall report to the joint standing committee of the
   Legislature having jurisdiction over utilities and energy matters by December 31st of
   each year on the program.

24 SUMMARY

25 This bill establishes a revolving loan program administered by the Finance Authority of Maine to provide loans for the development, construction, expansion and 26 27 modernization of cogeneration facilities. Under the program, direct loans may be given 28 to finance all or part of a cogeneration project if the facility is designed to use renewable 29 resources for its energy input and the project meets additional criteria regarding permits and approvals, financing and terms of the loan. The bill requires the Finance Authority of 30 Maine to consult with the Public Utilities Commission in developing rules to implement 31 32 the program and requires the authority to report annually on the program to the joint standing committee of the Legislature having jurisdiction over utilities and energy 33 34 matters.