

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

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No. 1346

H.P. 955

House of Representatives, March 12, 2007

An Act To Enhance Maine's Energy Independence and Reduce Electricity Costs

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.

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

2 **Sec. 1. 35-A MRSA §3210, sub-§2, ¶A-1** is enacted to read:

3 A-1. "Alternative compliance payment rate" means a certain dollar amount per
4 kilowatt hour established by the commission that a competitive electricity provider
5 pays to the commission to satisfy the portfolio requirements of subsection 3-A.

6 **Sec. 2. 35-A MRSA §3210, sub-§2, ¶B-1** is enacted to read:

7 B-1. "Renewable energy credit" means a tradable instrument that represents an
8 amount of electricity generated from renewable resources.

9 **Sec. 3. 35-A MRSA §3210, sub-§3-A,** is enacted to read:

10 **3-A. Portfolio requirements; new renewable capacity resources.** Portfolio
11 requirements for new renewable capacity resources, as defined in section 3210-C, are
12 governed by this subsection.

13 A. Except as provided in paragraph B, effective January 1, 2008, as a condition of
14 licensing pursuant to section 3203, each competitive electricity provider in this State
15 must demonstrate in a manner satisfactory to the commission that the percentage of
16 its portfolio of supply sources for retail electricity sales in this State accounted for by
17 new renewable capacity resources is as follows:

- 18 (1) One percent for the period January 1, 2008 to December 31, 2008;
19 (2) Two percent for the period January 1, 2009 to December 31, 2009;
20 (3) Three percent for the period January 1, 2010 to December 31, 2010;
21 (4) Four percent for the period January 1, 2011 to December 31, 2011;
22 (5) Five percent for the period January 1, 2012 to December 31, 2012;
23 (6) Six percent for the period January 1, 2013 to December 31, 2013;
24 (7) Seven percent for the period January 1, 2014 to December 31, 2014;
25 (8) Eight percent for the period January 1, 2015 to December 31, 2015;
26 (9) Nine percent for the period January 1, 2016 to December 31, 2016; and
27 (10) Ten percent for the period January 1, 2017 to December 31, 2017.

28 Resources used to satisfy the requirements of this paragraph may not also be used to
29 satisfy the requirements of section 3210, subsection 3.

30 B. If by March 31st of the years 2010, 2012, 2014 and 2016 the commission
31 determines that investment in new renewable capacity resources in the preceding 2
32 calendar years has not been sufficient for competitive electricity providers to meet the
33 portfolio requirements of paragraph A and that the resulting use of renewable energy
34 credits pursuant to subsection 8 or the alternative payment mechanism pursuant to
35 subsection 9, or both of these methods, has burdened electricity customers in the

1 State without providing the benefits of new capacity resources, the commission may
2 suspend all or some of the requirements of paragraph A.

3 C. No later than March 31, 2008 and annually thereafter, the commission shall
4 submit a report regarding the status of new renewable capacity resources to the joint
5 standing committee of the Legislature having jurisdiction over utilities and energy
6 matters. The report must include, but is not limited to, a description of new renewable
7 capacity resources available to meet the portfolio requirements of paragraph A,
8 documentation of the loss of any existing renewable generation capacity in the State
9 and recommendations to stimulate investment in new renewable capacity resources.

10 The commission shall adopt rules to implement this subsection. Rules adopted under this
11 subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

12 **Sec. 4. 35-A MRSA §3210, sub-§8**, as enacted by PL 2005, c. 646, §2, is
13 amended to read:

14 **8. Credit trading.** The commission shall allow competitive electricity providers to
15 satisfy the portfolio requirements of subsection 3 and subsection 3-A through the use of
16 renewable energy credits ~~if the commission determines that a reliable system of electrical~~
17 ~~attribute trading exists.~~

18 **Sec. 5. 35-A MRSA §3210, sub-§9** is enacted to read:

19 **9. Alternative compliance payment; new renewable capacity resource**
20 **requirements.** The commission shall allow competitive electricity providers to satisfy
21 the portfolio requirements for new renewable capacity resources under subsection 3-A
22 through an alternative compliance payment in accordance with this subsection.

23 A. The commission shall set the alternative compliance payment rate by rule and
24 shall publish the alternative compliance payment amount by January 31st of each
25 year. In setting the rate, the commission shall take into account prevailing market
26 prices and standard-offer service prices for electricity during the previous calendar
27 year.

28 B. The commission shall collect alternative compliance payments made by
29 competitive electricity providers and shall deposit all funds collected under this
30 subsection in the conservation program fund established under section 3211-A,
31 subsection 5 to be used solely for conservation programs.

32 C. If the commission finds that alternative compliance payments are made pursuant
33 to this subsection in 3 consecutive calendar years, the commission shall suspend all
34 or some of the portfolio requirements for new renewable capacity resources of
35 subsection 3-A.

36 The commission shall adopt rules to implement this subsection. Rules adopted under this
37 subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

38 **Sec. 6. 35-A MRSA §3212, sub-§4-D** is enacted to read:

39 **4-D. Green standard offer.** Effective March 1, 2009, the commission shall
40 establish a green standard offer service option that is composed of 100% renewable

1 resources, as defined in section 3210. The green standard-offer service must be in
2 addition to existing standard-offer service. The commission shall adopt rules to
3 implement this subsection. Rules adopted under this subsection are routine technical
4 rules as defined in Title 5, chapter 375, subchapter 2-A.

5

SUMMARY

6 Current law establishes as a policy of the State the goal of increasing by 10% the
7 share of new renewable capacity resources as a percentage of the total capacity resources
8 in this State on December 31, 2007 by 2017. This bill implements that policy goal by
9 establishing portfolio requirements for new renewable capacity resources, beginning at
10 1% for calendar year 2008 and increasing by one percentage point per year until 2017.
11 The bill allows competitive electricity providers to meet the new renewable capacity
12 portfolio requirements through the use of renewable energy credits or an alternative
13 compliance payment mechanism to be established by the commission. The bill allows the
14 Public Utilities Commission to suspend all or some of these new portfolio requirements if
15 it finds that investment in new renewable capacity resources is insufficient and the
16 resulting use of the renewable energy credits or the alternative payment system has
17 burdened electricity customers, and it requires the commission to suspend the
18 requirements if the alternative payment system is used to meet the portfolio requirements
19 for 3 or more consecutive years. The bill requires the commission to report annually to
20 the Legislature regarding the status of new renewable capacity resources in the State.

21 The bill also allows competitive electricity providers to meet the renewable portfolio
22 requirements through the use of renewable energy credits without requiring that the
23 commission determine that a reliable system of electrical attribute trading exists. Finally,
24 the bill requires the Public Utilities Commission to establish a standard-offer service that
25 is composed of 100% renewable resources beginning in 2009.