

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)

SMG
R. O. S.

Date: 3/8/10

L.D. 1535
(Filing No. H-695)

UTILITIES AND ENERGY

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
124TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1079, L.D. 1535, Bill, "An Act To Create a Smart Grid Policy in the State"

Amend the bill in the emergency preamble in the 2nd whereas paragraph in the first line (page 1, line 3 in L.D.) by striking out the following: "unified" and inserting the following: 'comprehensive'

Amend the bill in the emergency preamble in the 2nd whereas paragraph in the last line (page 1, line 5 in L.D.) by striking out the following: "unified" and inserting the following: 'comprehensive'

Amend the bill in the emergency preamble by inserting after the 5th whereas paragraph the following:

'Whereas, smart grid functions hold great promise to reduce costs for consumers by improving efficiency and enhancing reliability for the benefit of ratepayers and the general public, and smart grid applications that are available now to serve the needs of customers in the State and other public interests should be implemented in a timely and responsible manner in consideration of all relevant factors; and'

Amend the bill in the emergency preamble in the 6th whereas paragraph in the first line (page 1, line 14 in L.D.) by striking out the following: "unified" and inserting the following: 'comprehensive'

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting the following:

'Sec. 1. 35-A MRSA §102, sub-§13, as amended by PL 1999, c. 579, §3, is further amended to read:

13. Public utility. "Public utility" includes every gas utility, natural gas pipeline utility, transmission and distribution utility, telephone utility, water utility and ferry, as those terms are defined in this section, and each of those utilities is declared to be a public utility. "Public utility" does not include the operation of a radio paging service, as that term is defined in this section, or mobile telecommunications services unless only one

COMMITTEE AMENDMENT

1 entity or an affiliated interest of that entity, as defined in section 707, subsection 1,
2 paragraph A, exclusively controls the use of the radio frequency spectrum assigned by the
3 Federal Communications Commission to provide mobile service to the service area.
4 "Public utility" includes a smart grid coordinator as defined in section 3143, subsection 1,
5 paragraph B.

6 Nothing in this subsection precludes:

7 A. The jurisdiction, control and regulation by the commission pursuant to private
8 and special act of the Legislature;

9 B. The commission's jurisdiction and control over and regulation of a public utility
10 that provides, in addition to other services, radio paging service or mobile
11 telecommunications services;

12 C. The commission's jurisdiction and control over and regulation of basic exchange
13 telephone service offered by a provider of mobile telecommunications services if,
14 after investigation and hearing, the commission determines that the provider is
15 engaged in the provision of basic exchange telephone service; and

16 D. Negotiations for, or negates agreements or arrangements existing on the
17 effective date of this paragraph relating to, rates, terms and conditions for
18 interconnection provided by a telephone utility to a company providing radio paging
19 or mobile telecommunications services.

20 **Sec. 2. 35-A MRSA §3143** is enacted to read:

21 **§3143. Declaration of policy on smart grid infrastructure**

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

24 A. "Smart grid" means the integration of information and communications
25 innovations and infrastructure with the electric system to enhance the efficiency,
26 reliability and functioning of the system through smart grid functions.

27 B. "Smart grid coordinator" means an entity, authorized by the commission in
28 accordance with subsection 5, that manages access to smart grid functions and
29 associated infrastructure, technology and applications within the service territory of a
30 transmission and distribution utility.

31 C. "Smart grid functions" means those functions that advance the policy of the
32 United States as specified in the federal Energy Independence and Security Act of
33 2007, Public Law 110-140, Section 1301, including functions that enable consumers
34 to access information about and to manage and adjust their electricity consumption or
35 to generate and store electricity and functions specified in Section 1306(d) of that
36 Act.

37 **2. Legislative findings.** The Legislature finds that:

38 A. The cost of electricity to consumers in this State is high in comparison to costs in
39 similar markets and impedes economic development;

40 B. The State has recognized the consequences of climate change and has committed
41 to policies to reduce emissions of greenhouse gases;

- 1 C. The State's electric grid and long-term infrastructure investment are vital to
- 2 continued security and economic development, and smart grid functions will deliver
- 3 electricity from suppliers to consumers using modern technology to increase
- 4 reliability and reduce costs in a way that saves energy and to enable greater consumer
- 5 choice;
- 6 D. The State currently lacks a comprehensive smart grid policy but faces critical
- 7 decisions regarding the implementation of smart grid functions and associated
- 8 infrastructure, technology and applications, and the commission and the Legislature
- 9 will play central roles in making those decisions; and
- 10 E. It is vital that a smart grid policy be developed in order to ensure that all
- 11 ratepayers and the State as a whole are afforded the benefits of smart grid functions
- 12 and associated infrastructure, technology and applications.
- 13 **3. Smart grid policy; goals.** In order to improve the overall reliability and
- 14 efficiency of the electric system, reduce ratepayers' costs in a way that improves the
- 15 overall efficiency of electric energy resources, reduce and better manage energy
- 16 consumption and reduce greenhouse gas emissions, it is the policy of the State to promote
- 17 in a timely and responsible manner, with consideration of all relevant factors, the
- 18 development, implementation, availability and use of smart grid functions and associated
- 19 infrastructure, technology and applications in the State through:
- 20 A. Increased use of digital information and control technology to improve the
- 21 reliability, security and efficiency of the electric system;
- 22 B. Deployment and integration into the electric system of renewable capacity
- 23 resources, as defined in section 3210-C, subsection 1, paragraph E, that are
- 24 interconnected to the electric grid at a voltage level less than 69 kilovolts;
- 25 C. Deployment and integration into the electric system of demand response
- 26 technologies, demand-side resources and energy-efficiency resources;
- 27 D. Deployment of smart grid technologies, including real-time, automated,
- 28 interactive technologies that optimize the physical operation of energy-consuming
- 29 appliances and devices, for purposes of metering, communications concerning grid
- 30 operation and status and distribution system operations;
- 31 E. Deployment and integration into the electric system of advanced electric storage
- 32 and peak-reduction technologies, including plug-in electric and hybrid electric
- 33 vehicles;
- 34 F. Provision to consumers of timely energy consumption information and control
- 35 options; and
- 36 G. Identification and elimination of barriers to adoption of smart grid functions and
- 37 associated infrastructure, technology and applications.
- 38 It is the policy of the State to promote the development, implementation, availability and
- 39 use of smart grid functions in accordance with this subsection in a manner that is
- 40 consistent with applicable standards for reliability, safety, security and privacy and that
- 41 takes into account the implementation of smart grid functions in other jurisdictions.

1 The commission may adopt rules regarding the implementation of smart grid functions in
2 the State in accordance with this subsection, including, but not limited to, rules regarding
3 cybersecurity and protection of consumer privacy, and access to smart grid infrastructure
4 and information, including, but not limited to, open access issues, coordination between
5 smart grid users and methods to address financial disincentives for transmission and
6 distribution utilities to promote smart grid functions. Rules adopted pursuant to this
7 subsection are routine technical rules as described in Title 5, chapter 375, subchapter 2-A.

8 **4. Resource assessment policy.** In order to meet the goals of the smart grid policy
9 as specified in subsection 3, it is the policy of the State that all available energy resources
10 be assessed, including but not limited to the following types of resources:

11 A. Energy efficiency;

12 B. Demand management, including but not limited to establishment of time-of-use
13 tariffs and performance-based rates;

14 C. Renewable resources, as defined in section 3210, subsection 2, paragraph C;

15 D. Energy resources, other than those listed in paragraph C, that are located in the
16 State and are interconnected to the electric grid at a voltage level of less than 69
17 kilovolts; and

18 E. Transmission lines for which a certificate of public convenience and necessity is
19 required under section 3132, subsection 2.

20 **5. Smart grid coordinator; authorization by the Public Utilities Commission;**
21 **rules.** Upon petition, the commission shall open an adjudicatory proceeding to determine
22 whether it is in the public interest of the State to have one or more smart grid coordinators
23 in order to achieve the purposes of and implement the policies specified in this section.
24 If, in an adjudicatory proceeding conducted pursuant to this subsection, the commission
25 finds that it is in the public interest, the commission may adopt, by rule or as part of the
26 adjudicatory proceeding, standards regarding smart grid coordinators, including but not
27 limited to:

28 A. Eligibility, qualification and selection criteria;

29 B. Duties and functions;

30 C. The application or exemption from any provisions of this Title otherwise
31 applicable to public utilities;

32 D. The relationship between a smart grid coordinator and a transmission and
33 distribution utility;

34 E. Access to information held by the smart grid coordinator by 2nd and 3rd parties;
35 and

36 F. Data collection and reporting.

37 Pursuant to standards adopted by rule or in an adjudicatory proceeding pursuant to this
38 subsection, the commission may authorize no more than one smart grid coordinator
39 within each transmission and distribution utility service territory. A smart grid
40 coordinator authorized under this subsection may operate as a transmission and
41 distribution utility, under a commission-approved contract with a transmission and

1 distribution utility or in some other manner approved by the commission. Rules adopted
2 pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375,
3 subchapter 2-A.

4 **6. Transition plan; displaced employees.** If an investment in smart grid
5 infrastructure by a transmission and distribution utility will lead to the displacement of 20
6 or more employees within a 3-year period, the transmission and distribution utility must
7 file a transition plan for the displaced employees with the commission for approval and
8 may not displace those employees unless the commission has approved a transition plan
9 in accordance with this subsection.

10 A. If a transition plan filed with the commission has been agreed to by a collective
11 bargaining agent representing the employees to be displaced, the commission must
12 approve the plan. If a transition plan filed with the commission has not been agreed to
13 by a collective bargaining agent representing the employees to be displaced, the
14 commission may approve that plan only if the plan:

15 (1) Prioritizes the transition of the employees to employment within the
16 transmission and distribution utility, to the extent feasible;

17 (2) Provides funds for worker education, training and support, including but not
18 limited to tuition, fees, books, supplies, tools, equipment, child care,
19 transportation and other assistance needed to obtain relevant remedial or
20 prerequisite education or training, and maximizes the extent to which such
21 education and training can be pursued while employed rather than after
22 termination of employment;

23 (3) Demonstrates appropriate coordination with the Department of Labor; and

24 (4) Prevents unnecessary retraining and public assistance costs to the State, to
25 the extent feasible.

26 B. In applying for federal or other grants for workforce training to support smart grid
27 implementation, the commission, the Department of Labor, the Efficiency Maine
28 Trust and any other agency or instrumentality of the State shall, to the extent
29 permissible and feasible under the terms of the grant, give priority to assisting
30 employees that are displaced as a result of the investment in smart grid infrastructure.

31 C. The commission shall permit a transmission and distribution utility to adjust its
32 rates to recover costs incurred pursuant to this subsection.

33 For purposes of this subsection, "displaced employee" means an employee who is
34 terminated from employment with a transmission and distribution utility; reduced to less
35 than 75% of the hours traditionally required for the employee's position; involuntarily
36 transferred to another position within the utility for less pay; or transferred to another
37 position within the utility at a site more than 50 miles away from the employee's current
38 site of employment.

39 **7. Compliance with safety, security and reliability standards.** In implementing
40 the policies specified in this section, the commission and other agencies and
41 in instrumentalities of the State shall ensure that applicable regional, national and
42 international grid safety, security and reliability standards are met. The commission and

1 other agencies and instrumentalities of the State shall seek to cause standards that
2 promote cost-effective technologies and practices supporting smart grid functions to be
3 integrated into national and international grid safety, security and reliability standards.

4 **8. Cost recovery.** The commission shall, upon petition, permit a transmission and
5 distribution utility to adjust its rates to recover the utility's prudently incurred incremental
6 costs associated with implementing smart grid functions and associated infrastructure,
7 technology and applications or otherwise taking reasonable actions consistent with the
8 policies of this section, to the extent that the costs are not already reflected in the utility's
9 rates and the adjustment does not result in rates that are unjust or unreasonable. A grant
10 by a utility in an amount approved by the commission to the University of Maine System
11 for smart grid research and development is deemed to be a prudently incurred incremental
12 cost associated with implementing smart grid functions.

13 **9. Report.** The commission, as part of its annual report pursuant to section 120,
14 shall include a report on the progress of the State in achieving the purposes of this
15 section. The commission may include in its report any recommendations for changes to
16 law to promote the purposes of this section.

17 **10. Consumer education.** A transmission and distribution utility that implements
18 smart grid functions shall, to the extent the commission determines appropriate, provide
19 information to customers about the purpose and goals of smart grid functions, the ways in
20 which smart grid functions, including but not limited to time-of-use pricing, may involve
21 customer interaction and how the implementation of smart grid functions can benefit
22 customers.

23 **11. Savings clause.** Nothing in this section limits any other authority of the
24 commission with respect to smart grid implementation.

25 **Sec. 3. Report.** As part of the report regarding smart grid policy implementation
26 that is due February 1, 2011, pursuant to the Maine Revised Statutes, Title 35-A, section
27 3143, subsection 9, the Public Utilities Commission shall report on the results or progress
28 of any proceeding conducted pursuant to Title 35-A, section 3143, subsection 5 and any
29 recommendations regarding smart grid policy to the joint standing committee of the
30 Legislature having jurisdiction over utilities and energy matters. Following review of the
31 commission's recommendations, the joint standing committee may submit a bill regarding
32 smart grid policy to the First Regular Session of the 125th Legislature.'

33 **SUMMARY**

34 This amendment makes the following changes to the bill.

35 1. It clarifies the definition of "smart grid," adds a definition of "smart grid
36 coordinator" and amends the definition of "public utility" to include a smart grid
37 coordinator.

38 2. It amends the bill regarding the State's smart grid policy to focus on the smart grid
39 as a means of improving reliability and efficiency and reducing ratepayer costs.

40 3. It authorizes the Public Utilities Commission to adopt rules regarding the
41 implementation of smart grid functions in the State and specifies those rules as routine
42 technical rules.

1 4. It removes the provision of the bill that specifies a hierarchy of energy resources to
2 be assessed in the implementation of smart grid policy in the State. It also removes the
3 provision in the bill that requires the commission, in proceedings involving the review of
4 a transmission and distribution utility's system investments or upgrades, to ensure that the
5 utility has considered the deployment of technologies that support smart grid functions in
6 accordance with the above-mentioned hierarchy of energy resources.

7 5. It removes the provision of the bill that requires the commission to examine the
8 need for and feasibility of creating or designating a smart grid company in each
9 transmission and distribution utility service territory. Instead, the amendment includes a
10 provision that requires the commission, upon petition, to open an adjudicatory proceeding
11 to determine whether it is in the public interest of the State to authorize a smart grid
12 coordinator to manage access to smart grid functions and associated infrastructure,
13 technology and applications within a service territory of a utility. Upon a finding that it is
14 in the public interest, the amendment authorizes the commission to adopt, by rule or as
15 part of the adjudicatory proceeding, standards regarding smart grid coordinators. Pursuant
16 to such standards, the commission is permitted to authorize no more than one smart grid
17 coordinator within each transmission and distribution utility service territory.

18 6. It adds a provision to require a transmission and distribution utility to file and have
19 approved by the commission a transition plan for displaced employees when an
20 investment in smart grid infrastructure by a transmission and distribution utility will lead
21 to the displacement of 20 or more employees within a 3-year period.

22 7. It adds a provision requiring transmission and distribution utilities to provide
23 customer education regarding smart grid functions and how they can benefit customers.

24 8. It adds a provision to clarify that this law does not limit any other authority of the
25 commission with respect to smart grid implementation.

FISCAL NOTE REQUIRED
(See attached)



124th MAINE LEGISLATURE

LD 1535

LR 2458(02)

An Act To Create a Smart Grid Policy in the State

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Utilities and Energy

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Minor cost increase - General Fund

Fiscal Detail and Notes

Additional costs to the Public Utilities Commission to conduct adjudicatory proceedings on petitions regarding smart grid coordinators, to approve smart grid transition plans, to adjust rates of transmission and distribution utilities for reasonable smart grid costs and to report annually on related progress in achieving the purposes of the bill can be absorbed within existing budgeted resources.

Additional costs to the Department of Labor associated with coordinating with transmission and distribution utilities on certain transition plans can be absorbed within existing budgeted resources.