

MAINE STATE LEGISLATURE

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H.P. 1079

House of Representatives, December 21, 2009

An Act To Create a Smart Grid Policy in the State

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on December 17, 2009. Referred to the Committee on Utilities and Energy pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative HINCK of Portland.
Cosponsored by Representative RUSSELL of Portland and
Representatives: BERRY of Bowdoinham, FITTS of Pittsfield, FLETCHER of Winslow,
SIROIS of Turner, Senators: GOODALL of Sagadahoc, HOBBS of York, MILLS of
Somerset.

1 **Emergency preamble.** Whereas, acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** the State currently lacks a unified state policy on smart grid energy
4 infrastructure but faces critical decisions regarding the implementation of smart grid
5 technology and the creation of such a unified smart grid policy; and

6 **Whereas,** the cost of electricity to consumers in the State is high compared with
7 costs in similar markets elsewhere and impedes economic development in the State; and

8 **Whereas,** the State has recognized the consequences of climate change and has
9 committed to policies to reduce emissions of greenhouse gases; and

10 **Whereas,** the State's electric grid and long-term infrastructure investment are vital
11 to continued security and economic development, and a smart grid will deliver electricity
12 from suppliers to consumers using modern technology to increase reliability, save energy,
13 reduce costs and enable greater consumer choice; and

14 **Whereas,** it is vital that a unified smart grid policy be developed to ensure that all
15 ratepayers and the State as a whole are afforded the benefits of smart grid infrastructure;
16 and

17 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
18 the meaning of the Constitution of Maine and require the following legislation as
19 immediately necessary for the preservation of the public peace, health and safety; now,
20 therefore,

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

22 **Sec. 1. 35-A MRSA §3143** is enacted to read:

23 **§3143. Declaration of policy on smart grid infrastructure**

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

26 A. "Smart grid" means an electric system that provides or supports smart grid
27 functions.

28 B. "Smart grid functions" means those functions that advance the policy of the
29 United States as specified in the federal Energy Independence and Security Act of
30 2007, Public Law 110-140, Section 1301, including functions that enable consumers
31 to access information about and to manage and adjust their electricity consumption or
32 to generate and store electricity and functions specified in Section 1306(d) of that
33 Act.

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

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

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

3 C. The State's electric grid and long-term infrastructure investment are vital to
4 continued security and economic development, and a smart grid will deliver
5 electricity from suppliers to consumers using modern technology to increase
6 reliability, save energy, reduce costs and enable greater consumer choice;

7 D. The State currently lacks a unified state policy on smart grid infrastructure but
8 faces critical decisions regarding the implementation of a smart grid, and the
9 commission and the Legislature 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
12 infrastructure.

13 **3. Policy; creation of a smart grid.** In order to improve the overall efficiency of the
14 electric system, better manage energy consumption, reduce greenhouse gas emissions and
15 control consumer costs, it is the policy of the State to promote, in a manner consistent
16 with applicable industry standards for reliability, safety and security, a rapid increase in
17 the availability and use of smart grid functions through:

18 A. Increased use of digital information and control technology to improve the
19 reliability, security and efficiency of the electric system;

20 B. Deployment and integration into the electric system of renewable capacity
21 resources, as defined in section 3210-C, subsection 1, paragraph E, that are
22 interconnected to the electric grid at a voltage level less than 69 kilovolts;

23 C. Deployment and integration into the electric system of demand response
24 technologies, demand-side resources and energy-efficiency resources;

25 D. Deployment of smart grid technologies, including real-time, automated,
26 interactive technologies that optimize the physical operation of energy-consuming
27 appliances and devices, for purposes of metering, communications concerning grid
28 operation and status and distribution system operations;

29 E. Deployment and integration into the electric system of advanced electric storage
30 and peak-reduction technologies, including plug-in electric and hybrid electric
31 vehicles;

32 F. Provision to consumers of timely energy consumption information and control
33 options; and

34 G. Identification and elimination of barriers to adoption of the technologies,
35 practices and services listed in paragraphs A to F.

36 **4. Policy goals and priorities.** In developing the State's smart grid infrastructure, it
37 is the goal of the State to improve electric system reliability as well as the overall
38 efficiency of electric energy resources and the electric grid while reducing energy
39 consumption, greenhouse gas emissions and costs to consumers, in part by offering
40 consumers greater choice and information about their electricity consumption. To meet

1 this goal, it is the policy of the State that all available resources be assessed, including the
2 following types of resources, which are ranked in order of priority from highest to lowest:

3 A. Energy efficiency;

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

6 C. Renewable resources, as defined in section 3210, subsection 2, paragraph C,
7 located in the State;

8 D. Renewable resources, as defined in section 3210, subsection 2, paragraph C,
9 located outside of the State;

10 E. Resources, other than those listed in paragraphs C and D, that are located in the
11 State and are interconnected to the electric grid at a voltage level of less than 69
12 kilovolts; and

13 F. Transmission lines for which a certificate of public convenience and necessity is
14 required under section 3132, subsection 2.

15 5. Commission review of upgrades and investments. In any proceeding
16 commenced after the effective date of this subsection in which the commission reviews a
17 transmission and distribution utility's electric transmission or distribution system
18 investments or upgrades, the commission shall ensure that the transmission and
19 distribution utility has appropriately and adequately considered the deployment of
20 technologies that support smart grid functions in a manner consistent with the policies
21 and goals of this section.

22 6. Compliance with safety, security and reliability standards. In implementing
23 the policies specified in this section, the commission and other agencies and
24 instrumentalities of the State shall ensure that applicable regional, national and
25 international grid safety, security and reliability standards are met. The commission and
26 other agencies and instrumentalities of the State shall seek to cause standards that
27 promote cost-effective technologies and practices supporting smart grid functions to be
28 integrated into national and international grid safety, security and reliability standards.

29 7. Cost recovery. The commission shall, upon petition, permit a transmission and
30 distribution utility to adjust its rates to recover the utility's prudently incurred incremental
31 costs associated with creating a smart grid or otherwise taking reasonable actions
32 consistent with the policies of this section, to the extent that the costs are not already
33 reflected in the utility's rates and the adjustment does not result in rates that are unjust or
34 unreasonable. A grant by a utility in an amount approved by the commission to the
35 University of Maine System for smart grid research and development is deemed to be a
36 prudently incurred incremental cost associated with creating a smart grid.

37 8. Report. The commission, as part of its annual report on electric industry
38 restructuring pursuant to section 3217, shall include a report on the progress of the State
39 in achieving the purposes of this section. The commission may include in its report any
40 recommendations for changes to law to promote the purposes of this section.

