

MAINE STATE LEGISLATURE

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L.D. 1570

Date: 6-7-11

(Filing No. S-272)

ENERGY, UTILITIES AND TECHNOLOGY

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STATE OF MAINE

SENATE

125TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 501, L.D. 1570, Bill, "An Act To Reduce Energy Prices for Maine Consumers"

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

Sec. 1. 35-A MRSA §3210, sub-§2, ¶B-4, as enacted by PL 2009, c. 542, §4; is amended to read:

B-4. "New" as applied to any renewable capacity resource means a renewable capacity resource that:

- (1) Has an in-service date after September 1, 2005;
- (2) Was added to an existing facility after September 1, 2005;
- (3) For at least 2 years was not operated or was not recognized by the New England independent system operator as a capacity resource and, after September 1, 2005, resumed operation or was recognized by the New England independent system operator as a capacity resource; or
- (4) Was refurbished after September 1, 2005 and is operating beyond its previous useful life or is employing an alternate technology that significantly increases the efficiency of the generation process.

For the purposes of this paragraph, "capacity resource" has the same meaning as in section 3210-C, subsection 1, paragraph A. For the purposes of this paragraph, "to refurbish" means to make an investment in equipment or facilities, other than for routine maintenance and repair, to renovate, reequip or restore the renewable capacity resource.

Sec. 2. 35-A MRSA §3210-C, sub-§3, as amended by PL 2009, c. 518, §3, is further amended to read:

3. Commission authority. The commission may direct investor-owned transmission and distribution utilities to enter into long-term contracts for:

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A. Capacity resources;

B. Any available energy associated with capacity resources contracted under paragraph A:

- (1) To the extent necessary to fulfill the policy of subsection 2, paragraph A; or
- (2) If the commission determines appropriate for purposes of supplying or lowering the cost of standard-offer service or otherwise lowering the cost of electricity for the ratepayers in the State. Available energy contracted pursuant to this subparagraph may be sold into the wholesale electricity market in conjunction with solicitations for standard-offer supply bids; and

C. Any available renewable energy credits associated with capacity resources contracted under paragraph A ~~to the extent the cost of the renewable energy credits is below market value or the purchase of renewable energy credits adds value to the transaction.~~ The price paid by the investor-owned transmission and distribution utility for the renewable energy credits must be lower than the price received for those renewable energy credits at the time they are sold by the investor-owned transmission and distribution utility.

~~If at any time after July 1, 2011 the commission determines that the assessments on transmission and distribution utilities under section 10110, subsections 4 and 5 will not provide sufficient funds to meet the energy efficiency program budget allocations articulated in the triennial plan approved by the commission pursuant to section 10104, subsection 4 or any annual update plan approved by the commission pursuant to section 10104, subsection 6, the commission may, after providing notification to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters, direct investor owned transmission and distribution utilities to enter into long-term contracts for energy efficiency capacity resources and any available energy associated with such resources to the extent necessary to meet the energy efficiency program budget allocations articulated in the triennial plan or annual update plan.~~

~~The commission may direct investor owned transmission and distribution utilities to enter into contracts under this subsection only as agents for their customers, only when such contracts are in the best interest of customers and only in accordance with this section.~~ The commission may permit, but may not require, investor-owned transmission and distribution utilities to enter into contracts for differences that are designed and intended to buffer ratepayers in the State from potential negative impacts from transmission development. To the greatest extent possible, the commission shall develop procedures for long-term contracts for investor-owned transmission and distribution utilities under this subsection having the same legal and financial effect as the procedures used for standard-offer service pursuant to section 3212 for investor-owned transmission and distribution utilities.

The commission may enter into contracts for interruptible, demand response or energy efficiency capacity resources. These contracts are not subject to the rules of the State Purchasing Agent. In a competitive solicitation conducted pursuant to subsection 6, the commission shall allow transmission and distribution utilities to submit bids for interruptible or demand response capacity resources.

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1 Capacity resources contracted under this subsection may not exceed the amount
2 necessary to ensure the reliability of the electric grid of this State, to meet the energy
3 efficiency program budget allocations articulated in the triennial plan as approved by the
4 commission pursuant to section 10104, subsection 4 or any annual update plan approved
5 by the commission pursuant to section 10104, subsection 6 or to lower customer costs as
6 determined by the commission pursuant to rules adopted under subsection 10.

7 Unless the commission determines the public interest requires otherwise, a capacity
8 resource may not be contracted under this subsection unless the commission determines
9 that the capacity resource is recognized as a capacity resource for purposes of any
10 regional or federal capacity requirements.

11 The commission shall ensure that any long-term contract authorized under this subsection
12 is consistent with the State's goals for greenhouse gas reduction under Title 38, section
13 576 and the regional greenhouse gas initiative as described in the state climate action plan
14 required in Title 38, section 577.

15 **Sec. 3. 35-A MRSA §3210-C, sub-§§11 and 12** are enacted to read:

16 **11. Customer benefits.** The commission may direct investor-owned transmission
17 and distribution utilities to enter into contracts under this section only as agents for their
18 customers and only when such contracts are in the best interest of customers and in
19 accordance with this subsection. The commission shall adopt rules to ensure that:

20 A. To the extent the benefits to ratepayers of a long-term contract are projected to
21 occur in the later years of the contract term, the commission shall ensure that
22 adequate financial security is in place so that it is reasonably likely ratepayers will
23 obtain the projected benefits of the long-term contract; and

24 B. To the extent practicable, ratepayers obtain the benefit of lower cost capacity
25 resources of energy associated with those resources or of any renewable energy
26 credits that may exist after the term of primary financing or subsequent replacement
27 financing necessary for the development and construction of a generation project is
28 completed.

29 **12. Triennial plan energy efficiency contracts.** The commission, in accordance
30 with this subsection, may direct transmission and distribution utilities to enter into
31 long-term contracts with the trust to meet the energy efficiency program budget
32 allocations articulated in the triennial plan approved by the commission pursuant to
33 section 10104, subsection 4.

34 A. If the commission determines that the assessments on transmission and
35 distribution utilities under section 10110, subsections 4 and 5 will not provide
36 sufficient funds to meet the energy efficiency program budget allocations articulated
37 in the triennial plan or any annual update plan approved by the commission pursuant
38 to section 10104, subsection 6, the commission may direct investor-owned
39 transmission and distribution utilities to enter into long-term contracts for energy
40 efficiency capacity resources and any available energy associated with those
41 resources to the extent necessary to meet the energy efficiency program budget
42 allocations articulated in the triennial plan or annual update plan. If those contracts
43 result in a fee or assessment on ratepayers, the commission may only direct an
44 investor-owned transmission and distribution utility to enter into those contracts if:

1 (1) The commission provides notification to the joint standing committee of the
2 Legislature having jurisdiction over utilities and energy matters of the proposed
3 contract or contracts; and

4 (2) The Legislature:

5 (a) Specifically authorizes the contract or contracts; or

6 (b) Allocates an amount of funds from the account established under
7 paragraph B that is no less than the total funds that will be deposited in the
8 account under all proposed contracts over the full terms of those contracts.

9 B. The Energy Efficiency Capacity Contract Account, referred to in this paragraph as
10 "the account," is established in the Efficiency Maine Trust. The account is a
11 nonlapsing account. Except as otherwise expressly directed by legislation approving
12 the contract or contracts pursuant to paragraph A, subparagraph (2), division (a), all
13 payments from contracts entered into pursuant to this subsection must be deposited in
14 the account. Notwithstanding Title 5, section 1667-B, the State Budget Officer may
15 not allot an amount in any fiscal year that is greater than the allocation pursuant to
16 paragraph A, subparagraph (2), division (b).

17 **Sec. 4. Prohibition.** Except for long-term contracts entered into pursuant to Public
18 Law 2009, chapter 615, Part A, section 6, the Public Utilities Commission may not direct
19 transmission and distribution utilities to enter into long-term contracts pursuant to the
20 Maine Revised Statutes, Title 35-A, section 3210-C after the effective date of this Act
21 until the major substantive rules required under Title 35-A, section 3210-C, subsection 11
22 are finally adopted.

23 **Sec. 5. Report.** The Public Utilities Commission shall study the portfolio
24 requirements established under the Maine Revised Statutes, Title 35-A, section 3210,
25 subsection 3-A. The study must include an analysis of:

26 1. The source and cost of renewable energy credits used to satisfy the portfolio
27 requirements;

28 2. The impact of renewable energy credits generated in this State on the regional
29 renewable energy credit market;

30 3. The impact of the portfolio requirements on the viability of electricity generating
31 facilities in this State that are eligible to meet the portfolio requirements;

32 4. The impact of the portfolio requirements on electricity costs;

33 5. If the portfolio requirements result in an increase in electricity costs, to the extent
34 possible, the impact of that increase on economic development in this State;

35 6. The cost of the use of the alternative compliance payment mechanism under Title
36 35-A, section 3210, subsection 9 for electricity consumers in this State and, to the extent
37 information is available, the reasons competitive electricity providers use the alternative
38 compliance payment mechanism;

39 7. The best practices for setting the alternative compliance payment rate; and

1 8. To the extent possible, the benefits resulting from the portfolio requirements,
2 including, but not limited to, tangible benefits and community benefits pursuant to Title
3 35-A, section 3454, economic benefits due to the creation of jobs or investments in this
4 State including multiplier effects, research and development investment in this State, the
5 impact on electricity rates and benefits due to diversifying this State's energy generation
6 portfolio.

7 The commission may consult with the Department of Economic and Community
8 Development and the Department of Environmental Protection to complete this report.
9 The commission may contract with one or more qualified entities to complete the report
10 in whole or in part.

11 To the extent possible, the commission shall complete the study within existing
12 resources. If additional resources are needed, the commission may confer with the Office
13 of the Public Advocate to identify the necessary funding and may accept funds from the
14 Office of the Public Advocate for the purposes of this section.

15 The commission shall submit a report of its findings and recommendations to the
16 Joint Standing Committee on Energy, Utilities and Technology by January 31, 2012.
17 After reviewing the report, the committee may submit a bill related to the findings in the
18 report to the Second Regular Session of the 125th Legislature.

19 **Sec. 6. Application to long-term contracts for offshore wind and tidal**
20 **energy.** Notwithstanding Public Law 2009, chapter 615, Part A, section 6, the portions
21 of this Act that amend the Maine Revised Statutes, Title 35-A, section 3210-C do not
22 apply to contracts entered into pursuant to Public Law 2009, chapter 615, Part A, section
23 6.'

24 **SUMMARY**

25 This amendment is the majority report of the committee. It strikes the bill and
26 replaces it. It provides a definition of "to refurbish" as it applies to new renewable
27 capacity resources. It requires the Public Utilities Commission to conduct rulemaking to
28 ensure that consumers will benefit from long-term contracts. It requires legislative
29 approval for long-term contracts for energy efficiency capacity resources that result in a
30 fee or an assessment on ratepayers. Finally, this amendment directs the Public Utilities
31 Commission to conduct an in-depth analysis of the new renewable capacity resources
32 portfolio requirements.

33 **FISCAL NOTE REQUIRED**

34 (See attached)



125th MAINE LEGISLATURE

LD 1570

LR 2168(02)

An Act To Reduce Energy Prices for Maine Consumers

Fiscal Note for Bill as Amended by Committee Amendment "A" S-272

Committee: Energy, Utilities and Technology

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - General Fund
Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

Amending the definition of "refurbishment" as applied to natural resources, requiring the Public Utilities Commission (PUC) to make rules to ensure consumers will benefit from long-term contracts, directing the PUC to analyze and report on the new renewable portfolio standard and directing the Efficiency Maine Trust (EMT) to meet PUC requests to enter into long-term contracts with transmission and distribution utilities in order to meet Triennial Plan goals will result in minor costs to the PUC and the EMT which can be absorbed within existing budgeted resources.

Requiring the Office of Public Advocate, the Department of Economic and Community Development and the Department of Environmental Protection to consult as needed with the PUC to develop the portfolio standard report may result in minor costs that can be absorbed within existing budgeted resources.