

MAINE STATE LEGISLATURE

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125th MAINE LEGISLATURE

SECOND REGULAR SESSION-2012

Legislative Document

No. 1863

S.P. 648

In Senate, March 12, 2012

An Act To Lower the Price of Electricity for Maine Consumers

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

Joseph G. Carleton Jr.

JOSEPH G. CARLETON, JR.
Secretary of the Senate

Presented by Senator THIBODEAU of Waldo. (GOVERNOR'S BILL)
Cosponsored by Representative: LIBBY of Waterboro.

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

2 **Sec. 1. 35-A MRSA §3210, sub-§2, ¶B-3**, as enacted by PL 2009, c. 542, §3, is
3 amended to read:

4 B-3. "Renewable capacity resource" means a source of electrical generation:

5 (1) Whose total power production capacity ~~does not exceed 100 megawatts and~~
6 relies on one or more of the following:

7 (a) Fuel cells;

8 (b) Tidal power;

9 (c) Solar arrays and installations;

10 (d) Geothermal installations;

11 (e) Hydroelectric generators that meet all state and federal fish passage
12 requirements applicable to the generator; or

13 (f) Biomass generators that are fueled by wood or wood waste, landfill gas
14 or anaerobic digestion of agricultural products, by-products or wastes; or

15 (2) That relies on wind power installations.

16 **Sec. 2. 35-A MRSA §3210, sub-§2, ¶C**, as amended by PL 2009, c. 542, §5, is
17 further amended to read:

18 C. "Renewable resource" means a source of electrical generation:

19 (1) That qualifies as a small power production facility under the Federal Energy
20 Regulatory Commission rules, 18 Code of Federal Regulations, Part 292, Subpart
21 B, as in effect on January 1, 1997; or

22 (2) Whose total power production capacity ~~does not exceed 100 megawatts and~~
23 ~~that~~ relies on one or more of the following:

24 (a) Fuel cells;

25 (b) Tidal power;

26 (c) Solar arrays and installations;

27 (d) Wind power installations;

28 (e) Geothermal installations;

29 (f) Hydroelectric generators;

30 (g) Biomass generators that are fueled by wood or wood waste, landfill gas
31 or anaerobic digestion of agricultural products, by-products or wastes; or

32 (h) Generators fueled by municipal solid waste in conjunction with
33 recycling.

34 **Sec. 3. 35-A MRSA §3210-C, sub-§2**, as enacted by PL 2005, c. 677, Pt. C, §1,
35 is amended to read:

- 1 **2. Policy.** It is the policy of this State:
- 2 A. That the share of new renewable capacity resources as a percentage of the total
- 3 capacity resources in this State on December 31, 2007 increase by 10% by 2017 and
- 4 that, to the extent possible, the increase occur in uniform annual increments;
- 5 B. To reduce electric prices and price volatility for the State's electricity consumers
- 6 ~~and to reduce greenhouse gas emissions from the electricity generation sector; and~~
- 7 B-1. To reduce greenhouse gas emissions from the electricity generation sector; and
- 8 C. To develop new capacity resources to reduce demand or increase capacity so as to
- 9 mitigate the effects of any regional or federal capacity resource mandates.

10 **Sec. 4. 35-A MRSA §3210-C, sub-§3,** as amended by PL 2011, c. 273, §1 and

11 affected by §3 and amended by c. 413, §2, is repealed and the following enacted in its

12 place:

13 **3. Commission authority.** The commission may direct investor-owned

14 transmission and distribution utilities to enter into long-term contracts for:

15 A. Capacity resources;

16 B. Any available energy associated with capacity resources contracted under

17 paragraph A:

18 (1) To the extent necessary to fulfill the policy of subsection 2, paragraph A; or

19 (2) If the commission determines appropriate for purposes of supplying or

20 lowering the cost of standard-offer service or otherwise lowering the cost of

21 electricity for the ratepayers in the State. Available energy contracted pursuant to

22 this subparagraph may be sold into the wholesale electricity market in

23 conjunction with solicitations for standard-offer supply bids; and

24 C. Any available renewable energy credits associated with capacity resources

25 contracted under paragraph A. The price paid by the investor-owned transmission

26 and distribution utility for the renewable energy credits must be lower than the price

27 received for those renewable energy credits at the time they are sold by the

28 investor-owned transmission and distribution utility.

29 The commission may permit, but may not require, investor-owned transmission and

30 distribution utilities to enter into contracts for differences that are designed and intended

31 to buffer ratepayers in the State from potential negative impacts from transmission

32 development. To the greatest extent possible, the commission shall develop procedures

33 for long-term contracts for investor-owned transmission and distribution utilities under

34 this subsection having the same legal and financial effect as the procedures used for

35 standard-offer service pursuant to section 3212 for investor-owned transmission and

36 distribution utilities.

37 The commission may enter into contracts for interruptible, demand response or energy

38 efficiency capacity resources. These contracts are not subject to the rules of the State

39 Purchasing Agent. In a competitive solicitation conducted pursuant to subsection 6, the

40 commission shall allow transmission and distribution utilities to submit bids for

41 interruptible or demand response capacity resources.

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, as a primary consideration, anticipated to lower the price of electricity to ratepayers
13 over the life of the contract. The commission shall also consider whether the contract is
14 consistent with the State's goals for greenhouse gas reduction under Title 38, section 576
15 and the regional greenhouse gas initiative as described in the state climate action plan
16 required in Title 38, section 577.

17 **Sec. 5. 35-A MRSA §3210-C, sub-§4**, as amended by PL 2007, c. 293, §3, is
18 further amended to read:

19 **4. Priority of capacity resources.** In selecting capacity resources for contracting
20 pursuant to subsection 3, the commission shall apply the following standards.

21 A. The commission shall select capacity resources that are competitive and the
22 lowest price when compared to other available offers for capacity resources ~~of the~~
23 ~~same or similar contract duration or terms~~ and that are anticipated to lower the price
24 of electricity to ratepayers.

25 B. Among capacity resources meeting the ~~standard~~ standards in paragraph A, the
26 commission shall choose among capacity resources in the following order of priority:

27 (1) New interruptible, demand response or energy efficiency capacity resources
28 located in this State;

29 (2) ~~New renewable capacity~~ Capacity resources located in this State;

30 (3) ~~New capacity~~ Capacity resources with no net emission of greenhouse gases;

31 (4) ~~New nonrenewable capacity resources located in this State. The commission~~
32 ~~shall give preference to new nonrenewable capacity resources with no net~~
33 ~~emission of greenhouse gases;~~

34 (5) Capacity resources that enhance the reliability of the electric grid of this
35 State. ~~The commission shall give preference to capacity resources with no net~~
36 ~~emission of greenhouse gases; and~~

37 (6) Other capacity resources.

38 **Sec. 6. 35-A MRSA §3210-C, sub-§5**, as enacted by PL 2005, c. 677, Pt. C, §1,
39 is amended to read:

