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S.P. 367 In Senate, March 19, 2013

An Act To Establish the Renewable Energy Feed-in Tariff

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

DAREK M. GRANT
Secretary of the Senate

Presented by Senator JOHNSON of Lincoln.
Cosponsored by Representative RUSSELL of Portland and
Senators: BOYLE of Cumberland, HASKELL of Cumberland, LACHOWICZ of Kennebec, MILLETT of Cumberland, WOODBURY of Cumberland, Representatives: BERRY of Bowdoinham, HARVELL of Farmington.

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

Sec. 1. 35-A MRSA c. 44-A is enacted to read:

CHAPTER 44-A

RENEWABLE ENERGY RESOURCES FEED-IN TARIFF PROGRAM

§4421. Renewable energy resources feed-in tariff program

1. Program established. The commission shall by rule establish a renewable energy resources feed-in tariff program in order to encourage the rapid and sustainable development of renewable energy resources and technology for environmentally healthy generation of electricity and to decrease the demand for fossil fuel. In establishing the program, the commission shall concentrate on electricity generation that contributes no net carbon additions to the atmosphere.

2. Standards of program. The commission shall establish standards for the interconnection of small renewable electric generators with the distribution systems of transmission and distribution utilities; adopt standard contracts for use; establish rates, charges, surcharges and incentives; and establish a program review process for the program as described in this chapter.

§4422. Definitions

As used in this chapter, unless the context indicates otherwise, the following terms have the following meanings.

1. Net carbon addition. "Net carbon addition" means an addition of carbon to the atmospheric carbon cycle that was previously sequestered in a form of fossil fuel or any waste product or byproduct of a fossil fuel.

2. Renewable energy opportunity county. "Renewable energy opportunity county" means a county where the average weekly wages are at or below the mean average weekly wages for the State as defined by the average of the 10 most recent years of Department of Labor statistics.

3. Small renewable electric generator. "Small renewable electric generator" means a system for the generation of electricity that contributes no net carbon additions to the atmosphere, is no greater than 500 kilowatts in size, is majority owned by a person or entity that owns less than 500 kilowatts of electricity generating capacity in the State and uses the following renewable energy resources in this State:

A. Solar photovoltaic panels or solar thermal or concentrating solar systems;

B. Generators fueled by methane from sewage treatment facilities, landfills or agricultural waste;

C. Generators fueled by combustion of biomass;

D. Tidal power projects; and

E. Wind energy.

4. Utilized public property. "Utilized public property" means:

A. A building or parking lot owned by the State or a county or municipal government;

B. A school or school property that obtains the majority of its funding through taxpayer dollars; or

C. Other property owned by a governmental unit that is not managed as a historic site, public reserved land or state park.

5. Value added. "Value added" means a monetary total of all labor and materials added to a product at each stage prior to sale to a wholesaler or consumer.

§4423. Connection to transmission and distribution utility's distribution system

A transmission and distribution utility shall connect a small renewable electric generator to the existing electricity distribution system within 90 days of a request by a small renewable electric generator.

1. Interconnection standards. The commission by rule shall establish reasonable standards for the interconnection of small renewable electric generators with the transmission and distribution systems of transmission and distribution utilities. The standards must be consistent with generally accepted industry practices and guidelines and must be established to ensure the reliability of electric service and the safety of customers, transmission and distribution utilities' employees and the general public.

2. Costs. The costs associated with the interconnection must be included in the rates under section 4425 as long as electric transmission lines already exist at the location of or within 500 feet of the small renewable electric generator. If the small renewable electric generator is more than 500 feet from existing electric transmission lines, the small renewable electric generator bears the cost of interconnection.

3. Fines. A transmission and distribution utility that fails to connect a small renewable electric generator to the transmission and distribution utility's distribution system is subject to fines of not more than $100 per day that the transmission and distribution utility is in violation of this subsection.

§4424. Standard contract

The commission shall draft and make available a standard contract, with a duration of not less than 20 years, for electricity purchases by a transmission and distribution utility from a small renewable electric generator.

1. Classes. The contract must set the prices to be paid for each kilowatt-hour generated by each class, as described in section 4425, subsection 1, of small renewable electric generator.

2. Deadline. The commission shall adopt rules establishing the terms and conditions for the standard contract no later than July 1, 2015.

3. Contract. On request of a small renewable electric generator, a transmission and distribution utility must enter into a power purchase agreement by the standard contract and at the proper classification to purchase all electricity from that small renewable electric generator for a period of not less than 20 years.

4. Transferable. Executed contracts must be site specific and transferable.

§4425. Rates and terms

The commission shall set just and reasonable rates, as modified under sections 4423 and 4427, sufficient to provide revenues to operate and to attract necessary capital and investment for small renewable electric generators to be paid by electric utilities to small renewable electric generators under the standard contract under section 4424.

1. Classes. The rates must establish specific classes of small renewable electric generators, both by type of renewable resource used and by amount of annual electrical output, and for specific time periods of the contract's duration.

2. Rates. The commission shall establish rates to provide revenue for the following purposes:

A. To pay for current expenses for operating and maintaining the generating system;

B. To pay the annual principal and interest due of loans for the construction of the generating system;

C. To provide for an annual contribution, amortized over the life of the generating system, to a contingency reserve fund up to an amount equal to 25% of the operational budget for the generating system;

D. To make up for the avoided cost, if any, of building or purchasing additional nonrenewable generated electricity;

E. To pay for any and all other reasonable costs and expenses related to generating electricity by the small renewable electric generator;

F. To pay a minimum annual return of at least 3% and not more than 7% to an efficiently designed small renewable electric generator for contracts initiated in the first 2 years after July 1, 2015 for all renewable resources except solar photovoltaic energy. Thereafter, every 2 years, the commission may reduce the minimum annual return by 0.5%;

G. To pay a minimum annual return of at least 8% and not less than 10% to an efficiently designed solar photovoltaic-powered small renewable electric generator for contracts initiated in the first 2 years after July 1, 2015 for all installations made over existing parking lots in existence for at least 10 years and mounted onto roofs and buildings that have been in existance for at least 10 years. Thereafter, every 2 years, the commission may reduce the minimum annual return by 0.5%; and

H. To pay a reasonable annual return of not more than 5% for contracts initiated in the first 2 years after July 1, 2015 to all other efficiently designed small renewable solar-powered generators. Thereafter, every 2 years, the commission may reduce the minimum annual return by 0.5%.

3. Incentives. The commission shall include the following incentives in each class calculated on the rate established pursuant to subsection 2.

A. A small renewable electric generator certified as having at least 70% of its value added in the State, exclusive of installation costs, must receive a 20% premium in addition to the rates under section 4425. This incentive must be paid in addition to all other incentives included in this section.

B. A small renewable electric generator certified as having at least 50% of its value added in a renewable energy opportunity county must receive a 10% premium in addition to the rates under section 4425. This incentive must be paid in addition to all other incentives included in this section.

C. A small renewable electric generator that is installed on utilized public property must receive a 5% premium in addition to the rates under section 4425 if the net income generated from such production is used for governmental purposes and can be demonstrated to have reduced taxes. This incentive must be paid in addition to all other incentives included in this section.

D. A small renewable electric generator that uses naturally produced methane from manure, decaying biomass or from landfills must receive a 10% premium in addition to the rates under section 4425. This incentive must be paid in addition to all other incentives included in this section.

4. Design of rates; rulemaking. The commission shall adopt rules by July 1, 2015 for the design of the rates under this section.

§4426. Surcharge

The commission shall, after notice and hearing, biannually establish a renewable energy factor that must be a nonbypassable surcharge payable by every customer of a transmission and distribution utility. The surcharge must be payable by all customer classes. The commission shall set the surcharge at a level sufficient to pay the costs of electricity purchased under section 4425 and any interconnection costs under section 4423. For the purpose of this section, "nonbypassable surcharge" means charges applied to all customer billings in a given region whether they receive service from a local utility or from a competitive supplier. These charges include transition charges, access charges, regional levies and taxes. The surcharge is payable by all suppliers on a kilowatt-usage basis.

§4427. Review

The commission shall review the rates established in section 4425 by January 1, 2016 and every 2 years thereafter and adjust those rates for new contracts as necessary to account for inflation, assist in the profitable development of small renewable electric generators, prevent excessive profits for small renewable electric generators and prevent

unnecessary costs to ratepayers. The commission shall reduce the rates in section 4425 to reflect any federal or state subsidies, tax credits or other incentives that a small renewable electric generator may receive.

§4428. Report

By July 15, 2015 and once every 4 years thereafter, the commission shall file a report with the Governor and Legislature that must include the following:

1. Kilowatt-hours. The kilowatt-hours of electricity purchased from small renewable electric generators;

2. Number. The number of new small renewable electric generators in the State and the environmental effects of the addition of those generators;

3. Recommendations. Recommendations from the public or the commission for legislation and changes to the rates and the terms of the standard contract that are in the public interest; and

4. Actions. Actions taken by the commission to implement this chapter.

Small renewable electric generators shall, upon request, provide the commission any information that may be relevant to the commission's performing its duties under this chapter.

§4429. Rules

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

SUMMARY

This bill requires the Public Utilities Commission to establish a renewable energy resources feed-in tariff program to encourage the rapid and sustainable development of renewable energy resources and technology for environmentally healthy generation of electricity. It requires that utilities purchase renewably produced electricity from all qualified suppliers. It sets the rate that electric utilities must pay for such power. It requires that utilities enter into a standard contract with all renewable energy suppliers for a set term. It establishes for the Public Utilities Commission management and oversight responsibilities.