

# MAINE STATE LEGISLATURE

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Date: 2/7/14

(Filing No. S-384 )

**ENERGY, UTILITIES AND TECHNOLOGY**

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**STATE OF MAINE**

**SENATE**

**126TH LEGISLATURE**

**SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “**A**” to S.P. 440, L.D. 1278, Bill, “An Act To Ensure Equitable Support for Long-term Energy Contracts”

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**Sec. 1. 35-A MRSA §3210-C, sub-§8**, as repealed and replaced by PL 2009, c. 415, Pt. A, §23, is amended to read:

**8. Cost recovery.** The commission shall ensure that ~~an investor-owned transmission and distribution utility recovers in rates~~ all costs of and direct financial benefits associated with contracts entered into pursuant to subsection 3, ~~including but not limited to any impacts on the utility's costs of capital~~ under this section are allocated to ratepayers in accordance with section 3210-F. A price differential existing at any time during the term of the contract between the contract price and the prevailing market price at which the capacity resource is sold or any gains or losses derived from contracts for differences must be reflected in rates the amounts charged to ratepayers and may not be ~~deemed to be~~ considered imprudent.

**Sec. 2. 35-A MRSA §3210-F** is enacted to read:

**§3210-F. Allocation of costs and benefits of long-term energy contracts**

The commission shall ensure that all eligible costs and benefits associated with a long-term energy contract are allocated to ratepayers in accordance with this section.

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

A. "Eligible costs and benefits" means the net amount of all costs and direct financial benefits associated with long-term energy contracts entered into by investor-owned transmission and distribution utilities, including but not limited to any effects on a utility's cost of capital as a result of these contracts.

**COMMITTEE AMENDMENT**

1 B. "Long-term energy contract" means a contract with an investor-owned  
2 transmission and distribution utility entered into under section 3210-C or section  
3 3604.

4 2. Eligible costs and benefits. The commission shall determine the eligible costs  
5 and benefits of a long-term energy contract annually.

6 3. Allocation of eligible costs and benefits. The commission shall annually allocate  
7 to each investor-owned transmission and distribution utility its pro rata share of eligible  
8 costs and benefits as determined under subsection 2. The allocation must be based on  
9 each utility's total retail kilowatt-hour energy sales to ratepayers that receive the benefits  
10 and pay the costs of long-term energy contracts. The commission may determine the  
11 means to be used for the allocation required under this section, which may include the  
12 direct transfer of funds between investor-owned transmission and distribution utilities.

13 4. Rules. The commission may adopt rules to implement this section. Rules adopted  
14 pursuant to this subsection are routine technical rules as defined by Title 5, chapter 375,  
15 subchapter 2-A.

16 **Sec. 3. 35-A MRSA §3603, sub-§2, ¶C,** as enacted by PL 2009, c. 329, Pt. A,  
17 §4, is repealed.

18 **Sec. 4. 35-A MRSA §3604, sub-§8,** as enacted by PL 2009, c. 329, Pt. A, §4, is  
19 repealed and the following enacted in its place:

20 8. Cost and benefit allocation. The commission shall ensure that all costs and  
21 benefits associated with contracts involving investor-owned transmission and distribution  
22 utilities entered into under this section are allocated to electricity consumers in  
23 accordance with section 3210-F.

24 **Sec. 5. Transition; intent.** The cost and benefit allocation mechanism set forth in  
25 the Maine Revised Statutes, Title 35-A, section 3210-F applies to all costs and benefits  
26 incurred after the effective date of this Act, including the costs and benefits from long-  
27 term energy contracts entered into prior to the effective date of this Act and including  
28 contracts entered into pursuant to Public Law 2009, chapter 615, Part A, section 6, as  
29 amended. This Act is not intended to change which customer or ratepayer classes within  
30 each investor-owned transmission and distribution utility receive the benefits or pay the  
31 costs of long-term energy contracts but rather to distribute the benefits and costs of the  
32 State's long-term energy contracts equitably among the State's investor-owned  
33 transmission and distribution utilities based on a utility's pro rata share of total retail  
34 kilowatt-hour energy sales to ratepayers that receive the benefits and pay the costs of  
35 long-term contracts.'

36 **SUMMARY**

37 This amendment clarifies that the Act is to apply to investor-owned transmission and  
38 distribution utilities rather than all transmission and distribution utilities. The amendment  
39 removes the prescriptive requirements of how the benefit and cost mechanism is to be  
40 created in order to provide the Public Utilities Commission with the flexibility to identify  
41 the best process. This amendment clarifies that the Act is meant to equally distribute the  
42 benefits and costs of long-term energy contracts more equitably among those that

1 currently receive the benefits and pay the costs of long-term energy contracts and that it is  
2 not intended to make classes or certain bodies of ratepayers who do not currently receive  
3 the benefits or pay the costs of long-term energy contracts do so. This amendment  
4 removes the 25-megawatt cap under the community-based renewable energy pilot  
5 program. This amendment does not change the total 50-megawatt statewide cap.

**FISCAL NOTE REQUIRED**  
**(See Attached)**



# 126th MAINE LEGISLATURE

LD 1278

LR 1453(02)

## An Act To Ensure Equitable Support for Long-term Energy Contracts

**Fiscal Note for Bill as Amended by Committee Amendment "A" (S-384)**

**Committee: Energy, Utilities and Technology**

**Fiscal Note Required: Yes**

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### Fiscal Note

Current biennium cost increase - Other Special Revenue Funds

#### Fiscal Detail and Notes

The Public Utilities Commission (PUC) is directed to ensure that all eligible costs and benefits related to long-term capacity resource contracts realized by investor-owned transmission and distribution utilities in the State are appropriately allocated to electricity ratepayers. The PUC has adequate available resources for the expenses related to the required activities.