126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document **No. 1456**

H.P. 1041 House of Representatives, April 25, 2013

An Act To Promote Local or Community-based Generation Projects

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

Millicent M. MacFarland

MILLICENT M. MacFARLAND
Clerk

Presented by Representative BOLAND of Sanford.
Cosponsored by Representatives: BOLDUC of Auburn, CHENETTE of Saco, NADEAU of Winslow.

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

Sec. 1. 35-A MRSA §3105 is enacted to read:

§3105. Meter technology

An electric meter installed by a transmission and distribution utility for the purpose of measuring a consumer's electricity consumption must be an electromechanical meter that does not require a switching mode power supply or other conversion of alternating current to direct current power in order to operate and that does not contain a radio frequency communication device or capacity for such a device.

Sec. 2. 35-A MRSA §3144 is enacted to read:

§3144. Neutral wire certification

No later than January 1, 2015, the commission shall certify that each domestic transmission and distribution utility has installed neutral wires that have the capacity to return to the grid 150% of excess power and that the neutral wires return existing power at an efficiency rate that is greater than 95% as determined by the commission by rule.

1. Neutral wire certification. By January 1, 2015, and every 5 years thereafter, a domestic transmission and distribution utility shall submit documentation to the commission and the Office of the Public Advocate demonstrating that the transmission and distribution utility's neutral wires meet the requirements of this section. If, after reviewing the documentation in consultation with the Office of the Public Advocate, the commission determines that the neutral wires are of adequate size and that the insulation and other system components are in sufficiently good condition to meet the requirements of this section, the commission shall certify that the domestic transmission and distribution utility meets the requirements of this section.

2. Report to Legislature. The commission shall include a report regarding the certifications under this section in its annual report under section 120.

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

Sec. 3. 35-A MRSA §3201, sub-§8-A, as enacted by PL 2009, c. 197, §2, is amended to read:

8-A. Eligible small generator. "Eligible small generator" means a generator that is not a small renewable generator as defined in subsection 16-A, that has a generating capacity of 5 megawatts or less and generates electricity using:

A. A renewable resource, as defined in section 3210, subsection 2, paragraph C; or

B. An efficient combined heat and power system.

Sec. 4. 35-A MRSA §3201, sub-§16-A is enacted to read:

16-A. Small renewable generator. "Small renewable generator" means a generator of electricity with a capacity of 10 megawatts or less powered by solar, wind or geothermal energy.

Sec. 5. 35-A MRSA §3210-A, as amended by PL 2009, c. 197, §§3 to 5, is further amended to read:

§3210-A. Small generator aggregation

1. Standard-offer service provider purchase requirement. In accordance with rules adopted pursuant to this section, the commission, at the request of the owner or operator of a generator with a capacity of 5 megawatts or less that is not a small renewable generator, shall:

A. If the generator is located in an area of this State within the New England independent system operator control area, require a standard-offer service provider that serves an area of this State within the New England independent system operator control area to purchase the output of that generator at applicable market clearing prices or at such other prices determined by the commission to be financially neutral to the standard-offer service provider; and

B. If the generator is located in an area of this State in which the retail market is administered by the independent system administrator for northern Maine and the commission finds that the market design will accommodate purchases in a manner that is financially neutral to the standard-offer service provider, require a standard-offer service provider that serves that area of the State, or a portion of that area, to purchase the output of that generator at prices determined by the commission to be financially neutral to the standard-offer service provider.

The requirements of this subsection apply only if they can be accomplished in a manner that is financially neutral to standard-offer service providers.

1-A. Standard-offer service provider purchase requirement for small renewable generators. In accordance with rules adopted pursuant to this section, the commission, at the request of the owner or operator of a small renewable generator, shall:

A. If the small renewable generator is located in an area of this State within the New England independent system operator control area, require a standard-offer service provider that serves an area of this State within the New England independent system operator control area to purchase the output of that generator at prices determined by the commission in accordance with paragraph C;

B. If the small renewable generator is located in an area of this State in which the retail market is administered by the independent system administrator for northern Maine, require a standard-offer service provider that serves that area of the State, or a portion of that area, to purchase the output of that generator at prices determined by the commission in accordance with paragraph C; and

C. Set the rates for the purchase of the electricity generated from the small renewable generator as follows:

(1) Except for a small renewable generator that meets the criteria of subparagraph (4), for the first 10 years of operation from the time the small renewable generator is connected to the grid, the standard-offer service provider shall pay 50¢ per kilowatt hour or 4 times the current average retail price for electricity in the State as determined by the commission, whichever is higher;

(2) Except for a small renewable generator that meets the criteria of subparagraph (4), for the time frame of between 11 years and 15 years of operation from the time the small renewable generator is connected to the grid, the utility shall pay the small renewable generator 30¢ per kilowatt hour or 2 times the current average retail price for electricity in the State as determined by the commission, whichever is higher;

(3) Except for a small renewable generator that meets the criteria of subparagraph (4), after 15 years of operation from the time the small renewable generator is connected to the grid, the utility shall pay the small renewable generator the average wholesale market price for electricity in the State as determined by the commission; and

(4) If 75% or more of a small renewable generator's component parts are manufactured in the State, then the initial 10-year purchasing price under subparagraph (1) is for the first 15 years of operation from the time the small renewable generator is connected to the grid, and the purchasing price under subparagraph (2) is for the time frame of between 15 years and 25 years of operation from the time the small renewable generator is connected to the grid, so that a utility does not pay a small renewable generator the average wholesale market price for electricity in the State under subparagraph (3) until the small renewable generator has been operational and connected to the grid for 25 years.

2. Transmission and distribution utility administration. Transmission and distribution utilities shall administer the purchase and sale of electricity to a standard-offer service provider required under ~~subsection~~ subsections 1 and 1-A. Administrative costs incurred by a transmission and distribution utility under this subsection must be paid, in a manner established by the commission, by the generators of the electricity the purchase and sale of which the utility administers.

2-A. Purchase by competitive electricity providers. In addition to its obligations under subsection 2, a transmission and distribution utility may administer on behalf of any eligible small generator or small renewable generator the purchase and sale of electricity to a competitive electricity provider. In carrying out this function, a transmission and distribution utility may in its discretion aggregate the output of multiple eligible small generators and small renewable generators for the purpose of obtaining the most favorable purchase price on behalf of the generators. The parties to any resulting sale must be the eligible small generators or small renewable generators and the competitive electricity provider.

If a transmission and distribution utility aggregates the output of eligible small generators or small renewable generators under this subsection and is unable to sell the aggregated output to a competitive electricity provider, the transmission and distribution utility shall

administer the purchase and sale of the aggregated output to a standard-offer service provider in accordance with the provisions of subsections 1, 1-A and 2.

3. Rules. The commission shall adopt rules to implement the provisions of subsections 1, 1-A and 2, including, but not limited to, rules identifying how the commission assigns purchasing obligations to particular standard-offer service providers ~~and~~, the timing and manner of such obligations and the method used by the commission to determine the percentage of a small renewable generator's component parts that are manufactured in the State. The commission may adopt rules and may amend any rules necessary to implement the requirements of subsection 2-A, including rules to allow a transmission and distribution utility to collect an administrative fee from participating eligible small generators and small renewable generators to cover reasonable costs incurred by the transmission and distribution utility under subsection 2-A. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 6. Recommendations and report. The Public Utilities Commission shall develop a set of recommendations including tax and regulatory incentives to encourage the development of decentralized microgrids or community-based or neighborhood-based clean energy generation facilities using solar, wind and geothermal energy as nontransmission alternatives. Those recommendations must be submitted to the Joint Standing Committee on Energy, Utilities and Technology by January 5, 2014. The Joint Standing Committee on Energy, Utilities and Technology may report out legislation based on the set of recommendations submitted by the commission during the Second Regular Session of the 126th Legislature.

SUMMARY

This bill:

1. Requires that all meters installed by an electric transmission and distribution utility be electromechanical;

2. Requires that electric transmission and distribution utilities have neutral wires with the capacity to return 150% of excess power to the grid and that the wires return existing power at a rate that is greater than 95%. The commission is required to certify that transmission and distribution utilities meet this standard for neutral wires;

3. Creates a new class of electricity generators, small renewable generators, for the purposes of requiring a standard-offer service provider to purchase the electricity generated from the small renewable generators at rates higher than market value for the first 15 to 25 years that the generator is connected to the grid; and

4. Directs the Public Utilities Commission to develop a set of recommendations including tax and regulatory incentives to encourage the development of decentralized microgrids or community-based or neighborhood-based clean energy generation facilities using solar, wind and geothermal energy as nontransmission alternatives.