

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)



126th MAINE LEGISLATURE

SECOND REGULAR SESSION-2014

Legislative Document

No. 1792

H.P. 1283

House of Representatives, February 25, 2014

An Act To Protect Jobs in the Forest Product Industry

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative STANLEY of Medway.
Cosponsored by Senator THOMAS of Somerset and
Representatives: DUNPHY of Embden, HOBBS of Saco, McCABE of Skowhegan,
Senators: CLEVELAND of Androscoggin, JACKSON of Aroostook, YOUNGBLOOD of
Penobscot.

1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** through a series of private and special laws, the State has granted certain
4 rights, privileges, immunities and franchises to Brookfield Renewable Energy Partners to
5 construct, own and operate dams and hydroelectric and related facilities for the purpose
6 of generating and transmitting electricity and to Great Northern Paper, LLC, and its
7 predecessors in interest, including, but not limited to, the authority to build, own, operate
8 and maintain paper production facilities; and

9 **Whereas,** the waters of the State are owned in perpetuity by the State in trust for the
10 people of the State; and

11 **Whereas,** existing provisions in private and special law inhibit Great Northern
12 Paper, LLC, as the owner of the paper production facility in the Town of Millinocket or
13 the paper production facility in the Town of East Millinocket to receive revenue from the
14 sale of electricity from the hydropower facilities when there is a cessation or reduction of
15 paper production; and

16 **Whereas,** Great Northern Paper, LLC, ceased paper production at the East
17 Millinocket paper production facility in late January 2014 and intends to use the paper
18 mill closure period to make necessary facility upgrades to improve efficiency and
19 enhance the facility's long-term viability; and

20 **Whereas,** Great Northern Paper, LLC, intends to employ as many of the East
21 Millinocket paper production facility's employees as possible to perform the necessary
22 upgrades and improvements during the current closure period; and

23 **Whereas,** Brookfield Renewable Energy Partners receives a financial windfall by
24 selling electricity to other purchasers at higher rates than the rates they would have
25 received from Great Northern Paper, LLC, upon the cessation or reduction of paper
26 production at Great Northern Paper, LLC; and

27 **Whereas,** the ability of the East Millinocket paper production facility to financially
28 benefit from the electricity revenue during the cessation or reduction of paper production
29 would help the facility sustain its operations and remain viable during the closure; and

30 **Whereas,** the Legislature finds that the Katahdin region will benefit by an increase
31 in the electric transmission line capacity serving the region; and

32 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
33 the meaning of the Constitution of Maine and require the following legislation as
34 immediately necessary for the preservation of the public peace, health and safety; now,
35 therefore,

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

37 **Sec. 1. P&SL 2001, c. 45, §2** is amended to read:

1 **Sec. 2. Conditions and limitations.** Within the period beginning at
2 commencement of operation of increased electric transmission line capacity serving the
3 Katahdin region and ending 15 years after the transfer to GNE, LLC of the Hydropower
4 Facilities, if there is a Paper Mill Closing the owner of the Hydropower Facilities shall
5 pay an annual amount of \$75,000 to the economic development body serving the
6 Katahdin region, as identified by the Department of Economic and Community
7 Development, for each Paper Mill Closing. Payments cease upon the resumption of
8 paper production at the affected mill. For purposes of this section, "increased electric
9 transmission line capacity serving the Katahdin region" means any electric transmission
10 lines that will allow the continuous transmission of electricity generated by the
11 Hydropower Facilities to or from any consumer other than the paper production facility in
12 Millinocket or the paper production facility in East Millinocket and having a capacity to
13 transmit in excess of 70 megawatts.

14 ~~The owner of the Hydropower Facilities and the owner of the paper production~~
15 ~~facility in Millinocket or the paper production facility in East Millinocket may not enter~~
16 ~~into any agreement or understanding with each other under which the owner of the paper~~
17 ~~production facility in Millinocket or the paper production facility in East Millinocket~~
18 ~~receives revenue from the sale of electricity from the Hydropower Facilities and there is a~~
19 ~~Paper Mill Closing for the purpose of allowing or increasing the sale of the electricity~~
20 ~~from the Hydropower Facilities to any other purchaser or entity or into the wholesale~~
21 ~~electric market. If the owner of the paper production facility in Millinocket or the paper~~
22 ~~production facility in East Millinocket enters into such an agreement or understanding,~~
23 ~~the owner of the paper production facility shall pay to the Treasurer of State, upon the~~
24 ~~Paper Mill Closing, an amount equal to the value of all tax credits or reimbursements~~
25 ~~relating to property associated with that paper production facility received by the owner~~
26 ~~pursuant to the Maine Revised Statutes, Title 36, chapter 915 after the effective date of~~
27 ~~this Act. If the owner of the Hydropower Facilities enters into such an agreement or~~
28 ~~understanding, the owner of the Hydropower Facilities may not sell or transfer, pursuant~~
29 ~~to the authority granted under section 1 of this Act, any of the rights, privileges,~~
30 ~~immunities or franchises that have been granted by private and special law to Great~~
31 ~~Northern Paper, Inc. and its predecessors in interest and may not sell, transfer or transmit,~~
32 ~~pursuant to the authority granted under section 1 of this Act, electricity to any 3rd party.~~

33 In order to assist the owner of the paper production facility in Millinocket or the
34 paper production facility in East Millinocket to restart paper production at either of those
35 2 facilities, including maintaining the tangible and intangible assets required for viable
36 restart of either of those facilities during the period of closure, when the owner of the
37 Hydropower Facilities sells electricity that it would have sold to the owner of the paper
38 production facility in Millinocket or the paper production facility in East Millinocket to
39 another purchaser or entity or into the wholesale electric market and the market rate for
40 that electricity exceeds the purchase power agreement rate, thereby generating positive
41 revenue derived from the cessation or reduction of paper production, the owner of the
42 Hydropower Facilities shall transfer to the owner of the paper production facility in
43 Millinocket or the paper production facility in East Millinocket the difference in revenue
44 it would have received pursuant to the purchase power agreement rate and the amount
45 received from the sale at market rates, as long as there is no reduction in labor force
46 associated with the cessation or reduction of paper production, commencing after the

1 restart of the East Millinocket paper production facility at the conclusion of the current
2 Paper Mill Closing that began January 23, 2014.

3 **Sec. 2. Retroactive application.** This Act applies retroactively to January 1,
4 2014 regarding any sales that qualify for the payment transfer described in this Act.

5 **Emergency clause.** In view of the emergency cited in the preamble, this
6 legislation takes effect when approved.

7 **SUMMARY**

8 Current law restricts the ability of Great Northern Paper, LLC, to receive revenue
9 from the sale of electricity from Brookfield Renewable Energy Partners when there is a
10 cessation or reduction of paper production. In order to allow the Millinocket or East
11 Millinocket paper production facility to benefit from the electricity revenue during the
12 closure period and help the facility sustain its operations and remain viable during the
13 closure, this bill amends the law to require Brookfield Renewable Energy Partners to
14 transfer to Great Northern Paper, LLC, certain windfall revenue received from sales of
15 electricity available due to the cessation or reduction of paper production and sold to
16 other purchasers or into the wholesale electric market as long as there is no reduction in
17 labor force associated with the cessation or reduction of paper production, commencing
18 after the restart of the East Millinocket paper production facility.