# MAINE STATE LEGISLATURE

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## 127th MAINE LEGISLATURE

### FIRST REGULAR SESSION-2015

**Legislative Document** 

No. 1329

H.P. 904

House of Representatives, April 14, 2015

An Act To Maximize the Benefits of Renewable Energy in Maine

(EMERGENCY)

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

ROBERT B. HUNT Clerk

Presented by Representative O'CONNOR of Berwick.
Cosponsored by Senator WOODSOME of York and
Representatives: DUNPHY of Embden, FOLEY of Wells, GROHMAN of Biddeford,
HIGGINS of Dover-Foxcroft, TIMBERLAKE of Turner, WADSWORTH of Hiram, Senator:
McCORMICK of Kennebec.

1 2	<b>Emergency preamble. Whereas,</b> acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and
3 4	Whereas, wind energy development has the potential to significantly affect the State's environment and quality of place assets; and
5 6	<b>Whereas,</b> the process for approving the siting of wind energy development needs to be modified immediately to ensure appropriate factors are considered; and
7 8 9 10	Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,
11	Be it enacted by the People of the State of Maine as follows:
12 13	Sec. 1. 35-A MRSA §3210-C, sub-§1, $\P$ A, as amended by PL 2007, c. 293, §1, is further amended to read:
14 15 16	A. "Capacity resource" means any renewable capacity resource, nonrenewable capacity resource or interruptible, demand response or energy efficiency capacity resource.
17	Sec. 2. 35-A MRSA §3210-C, sub-§1, ¶A-2 is enacted to read:
18 19	A-2. "Firm" means, with respect to a capacity resource or energy, the portion of the capacity or energy that is guaranteed to be available at a given time.
20 21	<b>Sec. 3. 35-A MRSA §3210-C, sub-§1, ¶B,</b> as enacted by PL 2005, c. 677, Pt. C, §1, is amended to read:
22 23 24	B. "Interruptible, demand Demand response or energy efficiency capacity resource" means a resource that has demand response, interruptible or energy efficiency capacity recognized by the commission.
25 26	<b>Sec. 4. 35-A MRSA §3210-C, sub-§3,</b> as amended by PL 2013, c. 424, Pt. A, §20, is further amended to read:
27 28	<b>3.</b> Commission authority. The commission may direct investor-owned transmission and distribution utilities to enter into long-term contracts for:
29	A. Capacity Firm capacity resources;
30 31	B. Any available <u>firm</u> energy associated with <u>firm</u> capacity resources contracted under paragraph A:
32	(1) To the extent necessary to fulfill the policy of subsection 2, paragraph A; or
33 34 35 36	(2) If the commission determines appropriate for purposes of supplying or lowering the cost of standard-offer service or otherwise lowering the cost of electricity for the ratepayers in the State. Available energy contracted pursuant to this subparagraph <u>must be firm and energy</u> may be sold into the wholesale

electricity market in conjunction with solicitations for standard-offer supply bids;

C. Any available renewable energy credits associated with <u>firm</u> capacity resources contracted under paragraph A. The price paid by the investor-owned transmission and distribution utility for the renewable energy credits must be lower than the price received for those renewable energy credits at the time they are sold by the investor-owned transmission and distribution utility.

The commission may permit, but may not require, investor-owned transmission and distribution utilities to enter into contracts for differences that are designed and intended to buffer ratepayers in the State from potential negative impacts from transmission development. To the greatest extent possible, the commission shall develop procedures for long-term contracts for investor-owned transmission and distribution utilities under this subsection having the same legal and financial effect as the procedures used for standard-offer service pursuant to section 3212 for investor-owned transmission and distribution utilities.

The commission may enter into contracts for interruptible, demand response or energy efficiency capacity resources. These contracts are not subject to the rules of the State Purchasing Agent. In a competitive solicitation conducted pursuant to subsection 6, the commission shall allow transmission and distribution utilities to submit bids for interruptible or demand response capacity resources.

Capacity Firm capacity resources contracted under this subsection may not exceed the amount necessary to ensure the reliability of the electric grid of this State, to meet the energy efficiency program budget allocations articulated in the triennial plan as approved by the commission pursuant to section 10104, subsection 4 or any annual update plan approved by the commission pursuant to section 10104, subsection 6 or to lower customer costs as determined by the commission pursuant to rules adopted under subsection 10.

Unless the commission determines the public interest requires otherwise, a <u>firm</u> capacity resource may not be contracted under this subsection unless the commission determines that the <u>firm</u> capacity resource is recognized as a capacity resource for purposes of any regional or federal capacity requirements.

The commission shall ensure that any long-term contract authorized under this subsection is consistent with the State's goals for greenhouse gas reduction under Title 38, section 576 and the regional greenhouse gas initiative as described in the state climate action plan required in Title 38, section 577.

- **Sec. 5. 35-A MRSA §3210-C, sub-§4,** as amended by PL 2007, c. 293, §3, is further amended to read:
- **4. Priority of firm capacity resources.** In selecting capacity resources for contracting pursuant to subsection 3, the commission shall apply the following standards.
  - A. The commission shall select <u>firm</u> capacity resources that are competitive and the lowest price when compared to other available offers for capacity resources of the same or similar contract duration or terms.

- B. Among <u>firm</u> capacity resources meeting the standard in paragraph A, the commission shall choose among capacity resources in the following order of priority:
  - (1) New interruptible, demand response or energy efficiency capacity resources located in this State;
  - (2) New renewable firm capacity resources <del>located in this State</del>;
  - (3) New <u>firm</u> capacity resources with no net emission of greenhouse gases;
  - (4) New nonrenewable <u>firm</u> capacity resources <u>located in this State</u>. The commission shall give preference to new nonrenewable <u>firm</u> capacity resources with no net emission of greenhouse gases;
  - (5) Capacity Firm capacity resources that enhance the reliability of the electric grid of this State. The commission shall give preference to capacity resources with no net emission of greenhouse gases; and
  - (6) Other firm capacity resources.

- **Sec. 6. 35-A MRSA §3210-C, sub-§6,** as amended by PL 2009, c. 518, §4, is further amended to read:
- 6. Competitive solicitation process and contract negotiation. Except as provided in paragraph A, for purposes of selecting potential <u>firm</u> capacity resources for contracting pursuant to subsection 3, the commission shall conduct a competitive solicitation no less often than every 3 years if the commission determines that the likely benefits to ratepayers resulting from any contracts entered into as a result of the solicitation process will exceed the likely costs. Following review of bids, the commission may negotiate with one or more potential suppliers. When only one bid has been offered, the commission shall ensure that negotiations are based on full project cost disclosure by the potential supplier. The commission shall negotiate contracts that are commercially reasonable and that commit all parties to commercially reasonable behavior.
  - A. The commission shall, for purposes of selecting energy efficiency capacity resources and available energy associated with such resources for contracting pursuant to subsection 3, conduct a competitive solicitation in accordance with this subsection or contract with the Efficiency Maine Trust established in section 10103 to deliver those resources through a competitive solicitation process administered by the trust.
- **Sec. 7. 35-A MRSA §3210-C, sub-§11,** as enacted by PL 2011, c. 413, §3, is amended to read:
- 11. Customer benefits. The commission may direct investor-owned transmission and distribution utilities to enter into contracts under this section only as agents for their customers and only when such contracts are in the best interest of customers and in accordance with this subsection. The commission shall adopt rules to ensure that:
  - A. To the extent the benefits to ratepayers of a long-term contract are projected to occur in the later years of the contract term, the commission shall ensure that

- adequate financial security is in place so that it is reasonably likely ratepayers will obtain the projected benefits of the long-term contract; and
  - B. To the extent practicable, ratepayers obtain the benefit of lower cost <u>firm</u> capacity resources of energy associated with those resources or of any renewable energy credits that may exist after the term of primary financing or subsequent replacement financing necessary for the development and construction of a generation project is completed—; and
  - C. Contracts for capacity are only for firm capacity resources.
  - **Sec. 8. 35-A MRSA §3402,** as amended by PL 2009, c. 615, Pt. A, §2 and PL 2011, c. 682, §38, is further amended to read:

#### §3402. Legislative findings

The Legislature finds that it is in the public interest to explore opportunities for and encourage access to and the development, where appropriate, of wind renewable energy production in the State in a manner that is consistent with all state and federal environmental standards and that achieves reliable, cost-effective, sustainable energy production on those sites in the State that will attract investment and permit the development of viable wind energy projects. The Legislature finds that the access to renewable energy resources and the development of the wind renewable energy potential in the State needs to be integrated into the existing energy supply and transmission systems in a way that achieves system reliability, total capital cost-effectiveness and optimum short-term and long-term benefits to Maine people. The Legislature finds it is in the public interest to encourage the construction and operation of community wind power generation facilities in the State. For the purposes of this chapter, "community wind power generation facility" means an electricity generating facility at any one site with instantaneous generating nameplate capacity of not more than 10 megawatts that is powered entirely by wind energy. The Legislature also finds it is in the public interest to encourage wind renewable energy research and the development of wind renewable energy generation equipment manufacturing facilities in the State.

- 1. Contribution of renewable energy development. The Legislature finds and declares that the wind energy resources of the State constitute a valuable indigenous and renewable energy resource and that wind energy development, which is unique in its benefits to and impacts on the natural environment, makes a significant contribution to the general welfare of the citizens of the State for the following reasons:
  - A. Wind energy is an economically feasible, large scale energy resource that does not rely on fossil fuel combustion or nuclear fission, thereby displacing electrical energy provided by these other sources and avoiding air pollution, waste disposal problems and hazards to human health from emissions, waste and by products; consequently, wind energy development may address energy needs while making a significant contribution to achievement of the State's renewable energy and greenhouse gas reduction objectives, including those in Title 38, section 576;
  - B. At present and increasingly in the future with anticipated technological advances that promise to increase the number of places in the State where grid-scale wind

energy development is economically viable, and changes in the electrical power market that favor clean power sources, wind energy may be used to displace electrical power that is generated from fossil fuel combustion and thus reduce our citizens' dependence on imported oil and natural gas and improve environmental quality and state and regional energy security; and

C. Renewable energy resources within the State and in the Gulf of Maine have the potential, over time, to provide enough energy for the State's homeowners and businesses to reduce their use of oil and liquid petroleum fueled heating systems by transition to alternative, renewable energy based heating systems and to reduce their use of petroleum fueled motor vehicles by transition to electric powered motor vehicles. Electrification of heating and transportation has potential to increase the State's energy independence, to help stabilize total residential and commercial energy bills and to reduce greenhouse gas emissions.

- 2. Need for modification of regulatory process for siting wind energy developments. The Legislature finds that it is in the public interest to reduce the potential for controversy regarding improve the process for the siting and permitting of grid-scale wind energy development by expediting development in places where it is most compatible with existing patterns of development and resource values when considered broadly at the landscape level by ensuring against undue environmental and economic impacts from wind energy developments both individually and cumulatively. Accordingly, the Legislature finds that certain aspects of the State's regulatory process for determining the environmental and economic acceptability of wind energy developments should be modified to encourage the siting of wind energy developments in these areas that best serve the State. Such changes include, but are not limited to:
  - A. Making wind energy development a permitted use within certain parts of the State's unorganized and deorganized areas;
  - B. Refining certain procedures of the Department of Environmental Protection and the Maine Land Use Planning Commission; and
  - C. Because the Legislature recognizes that wind turbines, including the related excavation, construction practices and transmission infrastructure, are potentially a highly visible features of the landscape that will diminish landscape values and have an impact on views and the quality of place assets, judging the effects of wind energy development on scenic character and existing uses related to scenic character based on whether the development significantly compromises views from a scenic resource of state or national significance such that the development has an unreasonable adverse effect on the scenic character or existing uses related to the scenic character of that resource- and, together with other similar development, an adverse effect on the scenic character of the State; and
  - D. Because the Legislature recognizes that electricity produced from wind energy may have a potentially detrimental effect on ratepayers, judging the effects of wind energy development on electric rates and charges, both on an individual development and cumulative basis.
- The Legislature further finds that, while wind energy may be developed at many sites with minimal site specific environmental impacts, wind energy developments may have,

in addition to their beneficial environmental effects, economic and potential scenic impacts, both specific adverse environmental effects and cumulative, that must be addressed in state permitting decisions pursuant to approval criteria tailored to address issues presented by wind energy development. Nothing in this section is meant to diminish the importance of addressing as appropriate site-specific and cumulative impacts on quality of place assets and natural values, including, but not limited to, wildlife, wildlife habitats and other ecological values.

The Legislature further finds that development of the State's wind <u>or other renewable</u> energy resources should be undertaken in a manner that ensures significant tangible benefits to the people of the State, including, but not limited to, <u>ratepayers, taxpayers and</u> residents of communities that host wind energy facilities; and that the State should seek to host a <u>substantial amount of or seek consumer access to wind or other renewable</u> energy, if economically and environmentally appropriate, as part of a strategy to reduce greenhouse gas emissions and meet the goals established in the state climate action plan developed pursuant to Title 38, section 577.

For purposes of this section, "quality of place assets" means those exceptional, marketable, place-based competitive strengths, resources and advantages that drive the local and regional economy and its sustainability, including sustainable economic activities based on natural resources, including farming, fishing, forestry, nature-based and heritage-based tourism and outdoor recreation and leisure, and landscapes, including the working landscapes of farms, forests and waterfronts.

- 3. Energy efficiency for home heating and transportation. The Legislature finds that conversion or replacement energy fuel sources for powering motor vehicles and for heating well-insulated residential and commercial buildings may enhance energy independence, reduce energy costs and reduce greenhouse gas emissions.
- Sec. 9. 35-A MRSA §3403, sub-§3, as enacted by PL 2007, c. 693, §5 and affected by §37, is amended to read:
- **3. Certification.** The commission may certify a person as a community wind power generator if the commission determines that such a certification would support construction of a community wind power generation facility in this State and that the person will be the owner of that facility. The person must demonstrate to the commission that the construction of the community wind power generation facility would not be likely to occur absent the availability of the benefits under Title 36, section 1760, subsection 89 and Title 36, sections 2017 and 5219-CC. The commission may not certify a person as a community wind power generator with respect to a community wind power generation facility for which the person commenced the site permit application process prior to August 23, 2006. For the purposes of this subsection, "community wind power generation facility" means an electricity-generating facility at any one site with instantaneous generating nameplate capacity of not more than 10 megawatts that is powered entirely by wind energy.
- **Sec. 10. 35-A MRSA §3404,** as amended by PL 2009, c. 615, Pt. A, §§3 and 4, is further amended to read:

#### §3404. Determination of public policy; energy generation goals

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- 1. Encouragement of energy development. It is the policy of the State to ensure consumer access to viable energy resources outside the State and, in addition, in furtherance of the goals established in subsection 2, to encourage the attraction explore the economic viability and environmental impact of appropriately sited development related to wind renewable energy, including any additional transmission and other energy infrastructure needed to transport additional offshore wind energy to market, consistent with all state environmental standards; the permitting and financing of wind renewable energy projects; and the siting, permitting, financing and construction of wind renewable energy research and manufacturing facilities.
- 2. State wind energy generation goals. The To the extent necessary to meet state energy needs and to the extent viable when compared with other available renewable energy generation resources to meet those needs, the goals for wind energy development in the State are that there be:
  - A. At least 2,000 Up to 400 megawatts of installed capacity by 2015.
  - B. At least 3,000 megawatts of installed capacity by 2020, including 300 megawatts or more from generation facilities located in coastal waters, as defined by Title 12, section 6001, subsection 6, or in proximate federal waters; and
  - C. At least 8,000 megawatts of installed capacity by 2030, including 5,000 megawatts from generation facilities located in coastal waters, as defined by Title 12, section 6001, subsection 6, or in proximate federal waters.
  - Sec. 11. 35-A MRSA §3451-A is enacted to read:

#### §3451-A. Requirements for developers

- 1. Additional requirements. In addition to any other requirements of law, a person proposing a wind energy development shall within 30 days after making a permit filing with the primary siting authority, establish a fund to conduct technical analysis of the proposed wind energy development and to pay qualified experts to provide testimony regarding the proposal. The department by rule shall establish, subject to the limit set out in Title 38, section 352, subsection 3, the amount of the fund. Rules adopted under this paragraph are routine technical rules under Title 5, chapter 375, subchapter 2-A.
- Sec. 12. 35-A MRSA §3452, sub-§4, as enacted by PL 2007, c. 661, Pt. A, §7, is 32 amended to read:
  - 4. Visual impact assessment; rebuttable presumption. An applicant for an expedited wind energy development shall provide the primary siting authority with a visual impact assessment of the development that addresses the evaluation criteria in subsection 3 if the primary siting authority determines such an assessment is necessary in accordance with subsection 3. There is a rebuttable presumption that a visual impact assessment is not required for those portions of the development's generating facilities that are located more than 3 miles, measured horizontally, from a scenic resource of state or national significance. The primary siting authority may require a visual impact

assessment for portions of the development's generating facilities located more than 3 miles and up to 8 miles from a scenic resource of state or national significance if it finds there is substantial evidence that a visual impact assessment is needed to determine if there is the potential for significant adverse effects on the scenic resource of state or national significance. Information intended to rebut the presumption must be submitted to the primary siting authority by any interested person within 30 days of acceptance of the application as complete for processing. The primary siting authority shall determine if the presumption is rebutted based on a preponderance of evidence in the record.

The primary siting authority shall make decisions under this subsection based on a preponderance of evidence in the record.

**Sec. 13. 35-A MRSA §3454, first**  $\P$ , as repealed and replaced by PL 2013, c. 424, Pt. A, §21, is amended to read:

In making findings pursuant to Title 38, section 484, subsection 3, the primary siting authority shall may not presume that an expedited wind energy development provides energy and emissions-related benefits described in section 3402 and shall make additional empirical findings regarding other tangible benefits provided by the development as well as the environmental and economic impacts of the development. The Department of Labor, the Governor's Office of Policy and Management, the Governor's Energy Office and the Public Utilities Commission shall provide review comments if requested by the primary siting authority.

- **Sec. 14. 35-A MRSA §3454, sub-§2,** as amended by PL 2011, c. 682, §28, is further amended to read:
- 2. Community benefits package requirement. Except as provided in subsection 3, to demonstrate that an expedited wind energy development provides significant tangible benefits as required in Title 38, section 484, subsection 10, the The applicant for an expedited wind energy development is required to establish a community benefits package valued at no less than \$4,000 per year per wind turbine included in the expedited wind energy development, averaged over a 20 year period approved by the legislative body of the host community or communities and memorialized as a written agreement with the host community or communities. This subsection does not affect the property tax obligations of an expedited wind energy development. There is a lien on real estate of an expedited wind development located in a host community to secure the receipt by that host community of all benefits due to that host community under the agreement, which lien takes precedence over all other claims on such real estate, excepting only claims for taxes.

#### **Sec. 15. 35-A MRSA §3457, sub-§3** is enacted to read:

3. Decommissioning plans. The department shall adopt rules to require that decommissioning plans be submitted to and approved by the department as a condition of approval in all grid-scale wind energy development. These rules must include, at a minimum, requirements for full funding for the removal of all components of the wind energy development, vegetative restoration of the development area and maintenance of public safety and environmental protection during decommissioning. The department

shall require a written guaranty in the form of a performance bond from a 3rd-party guarantor that ensures sufficient funding of all decommissioning costs regardless of the point in history of the development at which decommissioning becomes necessary, based on the department's decommissioning standards in force at the time of application.

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**Sec. 16. 38 MRSA §352, sub-§3,** as amended by PL 2011, c. 653, §10 and affected by §33 and amended by c. 657, Pt. W, §5, is further amended to read:

3. Maximum fee. The commissioner shall set the actual fees and shall publish a schedule of all fees by November 1st of each year. If the commissioner determines that a particular application, by virtue of its size, uniqueness, complexity or other relevant factors, is likely to require significantly more costs than those listed on Table I, the commissioner may designate that application as subject to special fees. designation must be made at, or prior to, the time the application is accepted as complete and may not be based solely on the likelihood of extensive public controversy. The maximum fee for processing an application may not exceed \$250,000, except that the maximum fee for processing an application under chapter 3, subchapter 1, article 9 is as provided for in subsection 4-A. In the case of a wind energy development, the fee plus the amount of the fund required by Title 35-A, section 3451-A, subsection 1 may not exceed a total of \$1,000,000. All staff of the department, the Department of Inland Fisheries and Wildlife, the Department of Agriculture, Conservation and Forestry and the Department of Marine Resources who have worked on the review of the application, including, but not limited to, preapplication consultations, shall submit quarterly reports to the commissioner detailing the time spent on the application and all expenses attributable to the application, including the costs of any appeals filed by the applicant and, after taking into consideration the interest of fairness and equity, any other appeals if the commissioner finds it in the public interest to do so. Any appeal filed by the applicant of an application fee must be to the agency of jurisdiction of the application. The costs associated with assistance to the board on an appeal before the board may be separately The processing fee for that application must be the actual cost to the department, the Department of Inland Fisheries and Wildlife, the Department of Agriculture, Conservation and Forestry and the Department of Marine Resources. The processing fee must be distributed to each department that incurs a cost to be deposited in the account in which the expenses were incurred in that department to reimburse the actual cost to that department. The applicant must be billed quarterly and all fees paid prior to receipt of the permit. At the time of the quarterly billing by the department, the commissioner shall review the ongoing work of the department to identify, prevent and mitigate undue delays or vague requirements of the application processing. Nothing in this section limits the commissioner's authority to enter into an agreement with an applicant for payment of costs in excess of the maximum fee established in this subsection.

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

1 SUMMARY

This bill makes a number of changes to the findings, scenic impact provisions and other provisions of law governing wind energy and renewable energy development. It:

- 1. Modifies legislative findings regarding wind energy to expand the scope of the findings to include other renewable energy resources and to identify various potential impacts of wind energy development;
  - 2. Reduces state goals for new wind energy development;
- 3. Requires grid-scale wind energy developers to file decommissioning plans and to provide a performance bond to guarantee the funding for decommissioning;
- 4. Requires that a community benefits package supplied by an expedited wind energy development to host communities be memorialized as a written agreement and creates a lien on the real estate of the development to secure the receipt by the host community of those benefits; and
- 5. Modifies the authority of the Public Utilities Commission to require transmission and distribution utilities to enter into long-term contracts for renewable energy capacity resources, and it provides that the Public Utilities Commission may require contracts only for firm capacity or energy.