

MAINE STATE LEGISLATURE

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L.D. 1398

Date: 3-22-16

(Filing No. S-472)

ENERGY, UTILITIES AND TECHNOLOGY

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE SENATE 127TH LEGISLATURE SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 519, L.D. 1398, Bill, "An Act To Reduce Electric Rates for Maine Businesses"

Amend the bill by striking out everything after the title and before the summary and inserting the following:

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

Sec. 1. 35-A MRSA §10109, sub-§3-A is enacted to read:

3-A. Payments. The trust shall transfer to the commission \$3,000,000 per year during fiscal years 2016-17, 2017-18 and 2018-19 to be used by the commission for disbursements to affected customers. Affected customers who use the disbursement toward an efficiency measure approved by the trust in the fiscal year in which it is received must receive \$1 of assistance from the trust for every \$3 that is applied by the affected customer toward the cost of the approved efficiency measure as long as the total of assistance from the trust and the disbursement allocated by the commission under this subsection for that customer for that fiscal year does not exceed 65% of the total measure cost.

For the purposes of this subsection, "affected customer" means a customer who is not primarily in the business of selling electricity, is receiving service at a transmission or subtransmission voltage level as defined in section 10110, subsection 6 within the electrical utility transmission system administered by an independent system operator of the New England bulk power system or a successor organization and is an energy-intensive manufacturer, as defined in reports prepared by the U.S. Energy Information Administration. The commission may also determine that a manufacturer not defined as an energy-intensive manufacturer in reports prepared by the U.S. Energy Information Administration is an affected customer if that manufacturer meets the other requirements of the definition under this subsection.

A. No later than November 1st of each applicable fiscal year, the commission shall direct funds totaling \$3,000,000 per year during fiscal years 2016-17, 2017-18 and

1 2018-19 to be disbursed for the benefit of affected customers in proportion to their
 2 retail purchase of electricity as measured in kilowatt-hours for the prior calendar year.

3 B. During fiscal years 2016-17, 2017-18 and 2018-19, an affected customer who
 4 receives a disbursement under this subsection is not eligible to receive financial or
 5 other assistance from the trust fund established in this section except as allowed
 6 under this subsection. This ineligibility does not apply to any trust program
 7 opportunity notices issued before July 1, 2016.

8 C. The commission shall include in its annual report pursuant to section 120,
 9 subsection 7 to the joint standing committee of the Legislature having jurisdiction
 10 over public utilities matters a description of the commission's activities in carrying
 11 out the requirements of this subsection, a list of affected customers receiving
 12 disbursements, a list of those who elected to use the disbursements toward efficiency
 13 measures and the results of the activities under this subsection.

14 **Sec. 2. 35-A MRSA §10109, sub-§4,** as amended by PL 2013, c. 369, Pt. A,
 15 §§14 to 17, is further amended to read:

16 **4. Expenditures; projects.** The Except for transfers required under subsection 3-A
 17 and other costs authorized in accordance with this chapter, funds in the trust fund must be
 18 expended in accordance with this subsection.

19 ~~A. During fiscal years 2013-14, 2014-15 and 2015-16, not less than 50% of the~~
 20 ~~trust~~ The trust shall allocate 50% of the funds for residential programs and 50% for
 21 commercial and industrial programs. Trust funds received during those years must be
 22 allocated for measures, investments, loans, technical assistance and arrangements that
 23 reduce electricity consumption, increase energy efficiency or reduce greenhouse gas
 24 emissions and lower energy costs at commercial or industrial facilities; and 35% of
 25 ~~the funds received by the trust fund during those years must be used for investment in~~
 26 measures that lower residential heating energy demand and reduce greenhouse gas
 27 emissions. The measures that lower residential heating demand must be fuel-neutral
 28 and may include, but are not limited to, energy efficiency improvements to residential
 29 buildings and upgrades to efficient heating systems that will reduce residential energy
 30 costs and greenhouse gas emissions, as determined by the board. The trust shall
 31 ~~transfer to the commission 15% of funds received by the trust fund during fiscal years~~
 32 2013-14, 2014-15 and 2015-16, which the commission shall direct transmission and
 33 ~~distribution utilities to disburse to ratepayers in a manner that provides maximum~~
 34 ~~benefit to the Maine economy ensure that measures to reduce the cost of residential~~
 35 heating are available for low-income households as defined by the trust. When
 36 promoting electricity cost and consumption reduction, the trust may consider
 37 measures at commercial and industrial facilities that also lower peak capacity
 38 demand. Subject to the apportionment pursuant to this subsection, the trust shall fund
 39 conservation programs that give priority to measures with the highest benefit-to-cost
 40 ratio, as long as cost-effective collateral efficiency opportunities are not lost, and that:

41 (1) Reliably reduce greenhouse gas production and heating energy costs by fossil
 42 fuel combustion in the State at the lowest cost in funds from the trust fund per
 43 unit of emissions; or

- 1 (2) Reliably ~~reduce the consumption of electricity~~ increase the efficiency with
2 which energy in the State is consumed at the lowest cost in funds from the trust
3 fund per ~~kilowatt-hour~~ unit of energy saved.
- 4 B. Expenditures from the trust fund relating to conservation of electricity and
5 mitigation or reduction of greenhouse gases must be made predominantly on the basis
6 of a competitive bid process for long-term contracts, subject to rules adopted by the
7 board under section 10105. Rules adopted by the board to implement the competitive
8 bid process under this paragraph may not include an avoided cost methodology for
9 compensating successful bidders. Bidders may propose contracts designed to
10 produce greenhouse gas savings or electricity conservation savings, or both, on a unit
11 cost basis. Contracts must be commercially reasonable and may require liquidated
12 damages to ensure performance. Contracts must provide sufficient certainty of
13 payment to enable commercial financing of the conservation measure purchased and
14 its installation.
- 15 C. The board may target bid competitions in areas or to participants as they consider
16 necessary, as long as the requirements of paragraph A are satisfied.
- 17 D. Community-based renewable energy projects, as defined in section 3602,
18 subsection 1, may apply for funding from the trust to the extent they are eligible
19 under paragraph A.
- 20 E. The size of a project funded by the trust fund is not limited as long as funds are
21 awarded to maximize energy efficiency and support greenhouse gas reductions and to
22 fully implement the triennial plan.
- 23 F. No more than \$800,000 of trust fund receipts in any one year may be used for the
24 costs of administering the trust fund pursuant to this section. The limit on
25 administrative costs established in this paragraph does not apply to the following
26 costs that may be funded by the trust fund:
 - 27 (1) Costs of the Department of Environmental Protection for participating in the
28 regional organization as defined in Title 38, section 580-A, subsection 20 and for
29 administering the allowance auction under Title 38, chapter 3-B; and
 - 30 (2) Costs of the Attorney General for activities pertaining to the tracking and
31 monitoring of allowance trading activity and managing and evaluating the trust's
32 funding of conservation programs.
- 33 G. In order to minimize administrative costs and maximize program participation
34 and effectiveness, the trustees shall, to the greatest extent feasible, coordinate the
35 delivery of and make complementary the energy efficiency programs under this
36 section and other programs under this chapter.
- 37 H. The trust shall consider delivery of efficiency programs by means of contracts
38 with service providers that participate in competitive bid processes for reducing
39 energy consumption within individual market segments or for particular end uses.
- 40 I. A trade association aggregator is eligible to participate in competitive bid
41 processes under this subsection.

1 J. Trust fund receipts must, upon request by the Department of Environmental
2 Protection, fund research approved by the Department of Environmental Protection in
3 an amount of up to \$100,000 per year to develop new categories for carbon dioxide
4 emissions offset projects, as defined in Title 38, section 580-A, subsection 6, that are
5 located in the State. Expenditures on research pursuant to this paragraph are not
6 considered administrative costs under paragraph F, subparagraph (1).

7 **Sec. 3. Initial disbursement proceeding.** The Public Utilities Commission
8 shall conduct an expedited proceeding to determine the initial allocation of disbursements
9 to each affected customer, as defined in the Maine Revised Statutes, Title 35-A, section
10 10109, subsection 3-A, allowed under that subsection. The commission must direct the
11 initial distribution of funds to the benefit of such customers no later than November 1,
12 2016.'

13 SUMMARY

14 This amendment is the majority report and it strikes and replaces the bill. This
15 amendment provides that \$3,000,000 of the Regional Greenhouse Gas Initiative Trust
16 Fund revenue is to be returned to certain affected customers in the form of an annual
17 disbursement during fiscal years 2016-17, 2017-18 and 2018-19. The amendment
18 requires that the Public Utilities Commission determine the allocation of disbursements
19 based on an affected customer's proportion of the customer's retail purchase of electricity
20 as measured in kilowatt-hours for the prior calendar year. This amendment defines
21 "affected customer." Affected customers that elect to use the disbursement toward an
22 efficiency measure approved by the Efficiency Maine Trust would receive \$1 of
23 assistance from the trust for every \$3 that is applied toward the measure by the affected
24 customer as long as the total of assistance from the trust and the disbursement allocated
25 by the commission does not exceed 65% of the total cost of the measure. This
26 amendment also specifies that, other than the \$1 for every \$3 invested assistance, during
27 the fiscal years in which the disbursements are allotted an affected customer is not
28 eligible to receive financial or other assistance from the trust fund, except in relation to
29 program opportunities noticed prior to July 1, 2016. This amendment requires that the
30 commission include in the commission's annual report a description of its activities in
31 relation to the disbursement process, a list of affected customers receiving disbursements
32 and those affected customers who elect to use the disbursement toward efficiency
33 measures and the results of the program.

34 This amendment requires that any revenue remaining after providing disbursements
35 and accounting for other costs authorized be allocated in a proportional share to
36 residential programs and commercial and industrial programs. This amendment adds that
37 the remaining money be allocated to measures that also increase energy efficiency and
38 that measures to reduce the cost of residential heating are available to low-income
39 households. It also allows the trust to consider measures at commercial and industrial
40 facilities that lower peak capacity demand when promoting electricity savings.

FISCAL NOTE REQUIRED
(See attached)



127th MAINE LEGISLATURE

LD 1398

LR 1934(02)

An Act To Reduce Electric Rates for Maine Businesses

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-422)
 Committee: Energy, Utilities and Technology
 Fiscal Note Required: Yes

Fiscal Note

Transfer from Efficiency Maine Trust

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Transfers				
Other Special Revenue Funds	\$0	\$3,000,000	\$3,000,000	\$3,000,000

Fiscal Detail and Notes

The bill transfers \$3,000,000 in each of fiscal years 2016-17, 2017-18 and 2018-19 from the Regional Greenhouse Gas Initiative Trust Fund (RGGI Fund) within Efficiency Maine Trust to the Public Utilities Commission (PUC) to be used for disbursements to certain customers. The RGGI Fund has sufficient resources to make these transfers. This bill also directs the RGGI Fund to expend 50% of its funds for residential programs and 50% for commercial and industrial programs. There is no estimate at this time on the amount of funds to be expended from the RGGI Fund. The bill also requires the PUC to conduct an expedited proceeding to determine the initial allocation of disbursements to certain customers. The PUC has sufficient budgeted resources to conduct a proceeding and make disbursements to customers.