

MAINE STATE LEGISLATURE

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Date: 3/22/16 Majority

L.D. 1558
(Filing No. H-586)

ENERGY, UTILITIES AND TECHNOLOGY

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1061, L.D. 1558, Bill, "An Act To Make Efficient Electric Heat Pumps Available to Utility Customers, Including Low-income Customers"

Amend the bill by striking out the title and substituting the following:

'An Act To Enable Low-income and Other Customers Greater Access To Efficient Electric Heat Pumps through Unique Financing and Third-party Installation and Maintenance'

Amend the bill by striking out all of section 1 and inserting the following:

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

§3105. Heat pump program

Notwithstanding any other provision of law, a transmission and distribution utility may develop and implement, upon approval of the commission, a program within its service territory to enable customers to access the benefits of efficient electric heat pumps as set forth in this section and may advertise the availability of its program to its customers. The program may serve any customer but must target low-income customers, senior citizens, customers who are unable to finance the purchase of a heat pump, customers who reside in rental dwellings and small businesses. For purposes of this section, "efficient electric heat pump" means an electric heat pump that is consistent with eligibility criteria of the Efficiency Maine Trust, as established in section 10103, or criteria established by the commission by rule if the Efficiency Maine Trust does not establish such criteria. Rules adopted by the commission pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

1. Approval; activities of the utility. A transmission and distribution utility that elects to offer a program pursuant to this section must submit a proposed program to the commission for approval. The commission shall examine the proposed program and, if it finds the proposed program is reasonably designed and consistent with the provisions and program elements of this section, shall approve the program. Notwithstanding any provision of law limiting the amount of investment or revenue a utility may make or

COMMITTEE AMENDMENT

1 receive in a business venture separate from the delivery of electricity, all activities of a
2 transmission and distribution utility under an approved program must be considered an
3 unregulated business venture of the utility in accordance with section 713. The prudent
4 costs associated with the program are recoverable only from customers participating in a
5 program through just and reasonable rates and charges approved by the commission.

6 **2. Program elements.** A transmission and distribution utility may, subject to
7 approval under subsection 1, elect to offer a program consistent with the program
8 elements set forth under paragraph A or B, or both. Based on the best available
9 information at the outset of the program, the overall energy costs to customers under a
10 program must be expected to decrease as a result of participation in the program, as
11 measured by the overall energy costs to customers over the lifespan of the efficient
12 electric heat pumps, regardless of the source of energy, and the costs associated with
13 participation in the program.

14 A. A transmission and distribution utility may offer incentives to customers
15 participating in the program to acquire efficient electric heat pumps from 3rd-party
16 sellers or installers to be used to reduce the total installation cost of such heat pumps.

17 B. A transmission and distribution utility may provide an efficient electric heat pump
18 to a customer within its service territory who requests a heat pump and who elects not
19 to purchase and install a heat pump due to income or other reasons. The utility may
20 own the heat pump provided to a customer participating in the program and may
21 charge the customer for the costs associated with providing and maintaining the heat
22 pump. Any such program must meet the following requirements:

23 (1) If the participating customer is delinquent in payments under the program,
24 the utility may undertake reasonable debt collection activities as approved by the
25 commission and otherwise consistent with applicable law, but in no event may
26 the customer's primary electric service be disconnected as a result of the
27 customer's delinquency under the program nor may electric service to a heat
28 pump serving as the only heating source for the customer be disconnected during
29 the winter;

30 (2) The utility must allow participating customers to select a qualified 3rd-party
31 heat pump seller and installer and must use qualified 3rd-party installers to
32 maintain and repair the heat pumps provided to customers. To be qualified, an
33 installer must be listed as a registered vendor by the Efficiency Maine Trust, as
34 established in section 10103, for purposes of heat pump installations or
35 determined qualified by the commission by rule if the Efficiency Maine Trust
36 does not maintain a registry of vendors;

37 (3) The utility must provide participating customers with the option, through a
38 plain language notice, to later buy the heat pump provided at reasonable terms
39 approved by the commission;

40 (4) At any time, a participating customer may elect to have the customer's heat
41 pump removed at no cost or penalty; and

42 (5) Before a customer elects to participate in the program, the customer must be
43 provided a plain language notice comparing the costs of the program with the

R.O.F.S

1 costs of directly purchasing a heat pump, including any applicable rebates or
2 incentives available for purchasing such equipment.

3 3. Utility to provide information. A transmission and distribution utility that
4 implements a program under this section shall, upon request from the commission,
5 provide sufficient information to demonstrate that the program is meeting the
6 requirements of this section. In addition, the utility shall provide a triennial report to the
7 commission outlining the degree to which the program is meeting the needs of customers,
8 including the needs of customers required to be targeted under this section.

9 Nothing in this section is intended to limit the authority of the commission to
10 establish electric distribution rates for customers participating in a program under this
11 section.'

12 **SUMMARY**

13 This amendment is the majority report of the committee. Like the bill, the amendment
14 allows a transmission and distribution utility to implement a program to provide efficient
15 electric heat pumps to its customers. Unlike the bill, the amendment clarifies that all
16 activities of a transmission and distribution utility under an approved program are
17 considered an unregulated business venture of the utility, rather than regulated activities
18 of the utility subject to regulation by the Public Utilities Commission as a utility service.

19 The amendment also does the following.

20 1. It specifies that while all customers of a utility may participate in a program, the
21 program is to target specific customers, such as low-income customers, senior citizens,
22 customers who are unable to finance the purchase of a heat pump, customers who reside
23 in rental dwellings and small businesses.

24 2. It makes clear that the sale, installation and maintenance of a heat pump are to
25 occur through 3rd-party sellers and installers chosen by the customer.

26 3. It prohibits a transmission and distribution utility from disconnecting for
27 delinquent payments electric service to a heat pump serving as the only heating source for
28 the customer during the winter.

29 4. It specifies that, at any time, a participating customer may elect to have that
30 customer's heat pump removed at no cost or penalty.

31 5. It requires that a transmission and distribution utility must provide participating
32 customers a plain language notice that they have the option to buy the heat pump.

33 6. It requires a plain language notice be provided before a customer elects to
34 participate in the program that compares the costs of the program with the costs of
35 directly purchasing a heat pump, including any applicable rebates or incentives available
36 for purchasing such equipment.

37 7. It clarifies that an efficient electric heat pump is one that is consistent with the
38 Efficiency Maine Trust eligibility criteria or criteria established by the commission by
39 rule if the Efficiency Maine Trust does not establish such criteria and that a qualified heat
40 pump installer is any installer that is listed as a registered vendor by the Efficiency Maine

COMMITTEE AMENDMENT

R.O.F.S

COMMITTEE AMENDMENT "A" to H.P. 1061, L.D. 1558

1 Trust for purposes of heat pump installations or as determined by the commission by rule
2 if the Efficiency Maine Trust does not maintain a registry of vendors.

3 8. It clarifies that the determination that the overall energy costs to customers under a
4 program decrease as a result of participation in the program is based on the best available
5 information at the outset of the program.

6 9. It requires the utility to provide a triennial report to the commission outlining the
7 degree to which the program is meeting the needs of customers, including the needs of
8 customers targeted under this legislation.

9 The amendment retains the provision of the bill that repeals the provision of Public
10 Law 2011, chapter 637 that allows transmission and distribution utilities to develop and
11 implement similar pilot programs.

12 **FISCAL NOTE REQUIRED**

13 **(See attached)**



127th MAINE LEGISLATURE

LD 1558

LR 2435(02)

An Act To Make Efficient Electric Heat Pumps Available to Utility Customers, Including Low-income Customers

Fiscal Note for Bill as Amended by Committee Amendment

A(H-586)

Committee: Energy, Utilities and Technology

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

Any additional costs to the Public Utilities Commission to allow and approve programs implemented by transmission and distribution utilities involving efficient electric heat pumps are expected to be minor and can be absorbed within existing budgeted resources.