

# MAINE STATE LEGISLATURE

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Date: 4-13-16

(Filing No. S-522)

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STATE OF MAINE  
SENATE  
127TH LEGISLATURE  
SECOND REGULAR SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1120, L.D. 1649, Bill, "An Act To Modernize Maine's Solar Power Policy and Encourage Economic Development"

Amend the amendment by inserting after the title the following:

'Amend the bill in section 4 in §3471-A by inserting after the first indented paragraph the following:

**1. Agricultural business.** "Agricultural business" means a person or business located in this State and engaged in the commercial growing or harvesting of plants; raising of animals; growing or obtaining plant or animal by-products; aquaculture, as defined in Title 12, section 6001, subsection 1; or further processing, storing, packaging or marketing a raw product derived from plants, animals, plant or animal by-products or aquaculture, as defined in Title 12, section 6001, subsection 1, with the intent that the product be sold or otherwise disposed of to generate income. "Agricultural business" includes a business or activity that attracts visitors to a farm for the purpose of supplementing income from the primary crop or livestock operation.'

Amend the amendment by inserting after subsection 6 the following:

'Amend the bill in section 4 in §3471-A by renumbering any nonconsecutive subsection number to read consecutively.

Amend the bill in section 6 in §3475 in subsection 1 in the last line (page 4, line 22 in L.D.) by striking out the following: "60 megawatts by January 1, 2022" and inserting the following: '50 megawatts by January 1, 2021'

Amend the bill in section 6 in §3475 in subsection 2 in the last 2 lines (page 4, lines 24 and 25 in L.D.) by striking out the following: "45 megawatts by January 1, 2022" and inserting the following: '36 megawatts by January 1, 2021'

Amend the bill in section 6 in §3475 by striking out all of subsection 3 (page 4, lines 26 to 28 in L.D.) and inserting the following:

**3. Commercial, industrial and municipal.** The procurement target for the commercial, industrial and municipal solar distributed generation resources under section 3479 is 40 megawatts by January 1, 2021.'

1 Amend the bill in section 6 in §3475 in subsection 4 in paragraph C in the first line  
2 (page 4, line 33 in L.D.) by inserting after the following: "~~2020~~," the following: 'and'

3 Amend the bill in section 6 in §3475 in subsection 4 in paragraph D in the first line  
4 (page 4, line 34 in L.D.) by striking out the following: "~~2021~~; and" and inserting the  
5 following: '2021.'

6 Amend the bill in section 6 in §3475 in subsection 4 by striking out all of paragraph E  
7 (page 4, line 35 in L.D.)

8 Amend the bill in section 6 in §3475 by inserting after subsection 4 the following:

9 '5. Agricultural solar. A total of 8 megawatts of solar distributed generation  
10 resources in subsections 2, 3 and 4 must be reserved for customers that are agricultural  
11 businesses.'

12 Amend the amendment by inserting after the 5th paragraph after the title the  
13 following:

14 'Amend the bill in section 6 in §3477 in subsection 1 in the 4th line (page 6, line 10 in  
15 L.D.) by striking out the following: "~~20%~~" and inserting the following: '~~25%~~'

16 Amend the bill in section 6 in §3477 by striking out all of subsection 4 (page 6, lines  
17 29 to 33 in L.D.) and inserting the following:

18 '4. Bid selection. Following review of bids, if the commission determines that the  
19 solicitation under subsection 1 is competitive, the commission shall select one or more  
20 winning bidders and direct the standard buyer to negotiate and enter into a contract with  
21 the winning bidder or bidders for a term of 15 or 20 years at a specified contract rate.  
22 The commission shall select bids that maximize benefits or minimize costs to all  
23 ratepayers. The commission may not select a bid with a per kilowatt-hour price that is  
24 more than 75% of the price in effect for the residential and small business market  
25 segment pursuant to section 3480, subsections 2 and 3 at the time the bid is received.'

26 Amend the bill in section 6 in §3478 in subsection 1 in the 5th line (page 7, line 1 in  
27 L.D.) by striking out the following: "~~20%~~" and inserting the following: '~~25%~~'

28 Amend the bill in section 6 in §3478 by striking out all of subsection 4 (page 7, lines  
29 20 to 25 in L.D.) and inserting the following:

30 '4. Bid selection. Following review of bids, if the commission determines that the  
31 solicitation under subsection 1 is competitive, the commission shall select one or more  
32 winning bidders and direct the standard buyer to negotiate and enter into a contract with  
33 the winning bidder or bidders for a term of 15 or 20 years at a specified contract rate.  
34 The commission shall select bids that maximize benefits or minimize costs to all  
35 ratepayers. The commission may not select a bid with a per kilowatt-hour price that is  
36 more than 90% of the price in effect for the residential and small business market  
37 segment pursuant to section 3480, subsections 2 and 3 at the time the bid is received.'

38 Amend the amendment by inserting after the 7th paragraph after the title the  
39 following:

1           Amend the bill in section 6 in §3479 in the first line (page 9, line 27 in L.D.) by  
2 striking out the following: "and industrial" and inserting the following: ', industrial and  
3 municipal'

4           Amend the bill in section 6 in §3479 by striking out all of subsection 1 and inserting  
5 the following:

6           '1. Procurement. The commission shall conduct a competitive solicitation as  
7 frequently as the commission determines reasonable but no less than once per year for  
8 long-term contracts for the output of solar distributed generation resources of up to 2  
9 megawatts associated with a single commercial, industrial or municipal customer  
10 account. In each calendar year, the commission shall seek to procure approximately 25%  
11 of the capacity needed to meet the procurement target in section 3475, subsection 3;  
12 except that the commission may modify this annual allocation if it concludes that doing  
13 so would be in the best interests of all ratepayers. Prior to a solicitation, the commission  
14 shall develop, in consultation with the standard buyer, a standard contract that commits  
15 all parties to commercially reasonable behavior and includes provisions to ensure that  
16 projects proceed to commercial operation on a reasonable timeline.'

17           Amend the bill in section 6 in §3479 by striking out all of subsections 4 and 5 (page  
18 10, lines 11 to 24 in L.D.) and inserting the following:

19           '4. Bid selection. Following review of bids, if the commission determines that the  
20 solicitation under subsection 1 is competitive, the commission shall select one or more  
21 winning bidders and direct the standard buyer to negotiate and enter into a contract with  
22 the winning bidder or bidders for a term of 15 or 20 years at a specified contract rate.  
23 The commission shall select bids that maximize benefits or minimize costs to all  
24 ratepayers. The commission may not select a bid with a per kilowatt-hour price that is  
25 more than 90% of the price in effect for the residential and small business market  
26 segment pursuant to section 3480, subsections 2 and 3 at the time the bid is received.

27           '5. Determination of bill credit. The bill credit to be allocated to a commercial,  
28 industrial or municipal customer must be based on the total kilowatt-hours of energy  
29 production of the solar distributed generation resource for the previous month. Each  
30 billing month, the value of the credits must be calculated by multiplying the number of  
31 kilowatt-hours by the contract rate. Payments to a customer must be credited against the  
32 customer's monthly electricity bill in accordance with section 3481. The monthly  
33 production must be determined by a revenue-grade meter installed and paid for by the  
34 participating commercial, industrial or municipal customer.'

35           Amend the amendment on page 2 in the first line (page 2, line 1 in amendment) by  
36 striking out the following: "\$10,500,000 per year through 2022" and inserting the  
37 following: '\$6,600,000 per year through 2021'

38           Amend the amendment on page 2 in the 5th and 6th lines (page 2, lines 5 and 6 in  
39 amendment) by striking out the following: "Rates set under this subsection may be  
40 constant or increase over the term of the contract." and inserting the following: 'Rates set  
41 under this subsection must increase over the term of the contract, unless the commission  
42 determines that it is in the best interest of the ratepayers to use contracts with constant  
43 rates.'

1 Amend the amendment on page 2 in subsection 3 in the last line (page 2, line 15 in  
2 amendment) by inserting after the following: "intervals." the following: 'Operation of  
3 the adjustment mechanism may not increase net costs to customers to more than if the  
4 procurement targets in section 3475, subsection 4 were installed under the commission's  
5 net energy billing rules. The commission shall specify by rule the net cost of net energy  
6 billing to be used to cap operation of the adjustment mechanism.'

7 Amend the amendment on page 2 in subsection 11 in paragraph A in the last line  
8 (page 2, line 32 in amendment) by striking out the following: "2022" and inserting the  
9 following: '2021'

10 Amend the amendment on page 2 in subsection 11 in paragraph B in the first line  
11 (page 2, line 33 in amendment) by striking out the following: "The total cost to all  
12 customers is" and inserting the following: 'The net cost to all customers of meeting the  
13 procurement targets in section 3475, subsection 4 is'

14 Amend the amendment on page 3 by inserting after section 8 the following:

15 '**Sec. 9. Length of contract terms.** For the purposes of rulemaking pursuant to  
16 the Maine Revised Statutes, Title 35-A, sections 3477, 3478, 3479 and 3480, the Public  
17 Utilities Commission shall evaluate whether contracts with a term of 15 years or contracts  
18 with a term of 20 years are likely to provide the greater overall benefits for ratepayers.  
19 Based on this analysis, the commission shall use a single term length for all contracts  
20 under this chapter.

21 **Sec. 10. Public Utilities Commission reports.** The Public Utilities  
22 Commission shall submit a report summarizing whether the contracts pursuant to the  
23 Maine Revised Statutes, Title 35-A, sections 3477, 3478, 3479 and 3480 are expected to  
24 provide net benefits to ratepayers to the joint standing committee of the Legislature  
25 having jurisdiction over energy and utilities matters by February 1, 2020. The report  
26 must include consideration of direct costs and revenues associated with contracts as well  
27 as other tangible costs or benefits to ratepayers from reduction of peak load or other  
28 factors. The report also must summarize the status of the procurements to meet the solar  
29 procurement targets established pursuant to Title 35-A, section 3475 and provide  
30 guidance on methods to allow an owner of a distributed generation resource to receive  
31 fair compensation for energy and other attributes generated by that resource in a manner  
32 that benefits all ratepayers once those targets have been met. The joint standing  
33 committee may report out a bill relating to compensation of distributed generation  
34 resources to the Second Regular Session of the 129th Legislature.'

35 Amend the amendment by relettering or renumbering any nonconsecutive Part letter  
36 or section number to read consecutively.

37 **SUMMARY**

38 This amendment:

- 39 1. Shortens the time allowed for attaining the procurement targets from 5 years to 4  
40 years, through 2021, with a corresponding reduction in size of each market segment, with  
41 the exception of the commercial, industrial and municipal market segment;

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- 1           2. Specifies that the commercial and industrial market segment also includes
- 2 municipalities and increases that market segment to 40 megawatts from 25 megawatts;
- 3           3. Reserves 8 megawatts for agricultural businesses and adds a definition of
- 4 "agricultural business";
- 5           4. Caps the prices to be paid for each market segment by requiring the Public
- 6 Utilities Commission to reject bids that exceed specified percentages of the residential
- 7 price as follows:
- 8           A. Grid scale, 75% of the residential price;
- 9           B. Community, 90% of the residential price; and
- 10           C. Commercial, industrial and municipal, 90% of the residential price;
- 11           5. Reduces from \$10,500,000 to \$6,600,000 the total price for residential contracts to
- 12 reflect the smaller procurement target size;
- 13           6. Requires that the commission impose a cap on the rate adjustment mechanism to
- 14 ensure that costs do not exceed the cost impact to ratepayers of net metering and to
- 15 specify this cap by rule;
- 16           7. Specifies that the commission may require 15-year contracts if it concludes that
- 17 shorter contracts would benefit ratepayers; and
- 18           8. Establishes an additional reporting requirement in 2020 regarding the impact of
- 19 the cost to all ratepayers of the procurement targets.

20 **SPONSORED BY:** David Woodsome

21           **(Senator WOODSOME)**

22           **COUNTY: York**

# SENATE AMENDMENT