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3/11/16
ROES

L.D. 1649

Date: 4/13/16 Report A

(Filing No. H-666)

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. 1120, L.D. 1649, Bill, "An Act To Modernize Maine's Solar Power Policy and Encourage Economic Development"

Amend the bill in section 4 in §3471-A in subsection 4 in the 4th line (page 3, line 15 in L.D.) by striking out the following: "this section the beneficial use of the output of the resources" and inserting the following: 'section 3478 the beneficial use of the output'

Amend the bill in section 4 in §3471-A by striking out all of subsection 6 (page 3, lines 18 to 27 in L.D.) and inserting the following:

'6. Micro-combined heat and power system. "Micro-combined heat and power system" means a system that produces heat and electricity in a manner as defined by commission rule.'

Amend the bill in section 6 in §3476 in subsection 3 in paragraph B in the last line (page 5, line 37 in L.D.) by striking out the following: "3479" and inserting the following: '3480'

Amend the bill in section 6 in §3476 in subsection 3 in paragraph C in the last line (page 5, line 39 in L.D.) by inserting after the following: "pursuant to" the following: 'section 3478, subsection 8 and'

Amend the bill in section 6 in §3478 in subsection 8 by striking out all of the last 4 lines (page 8, lines 13 to 16 in L.D.) and inserting the following:

'The commission shall establish a mechanism to allow a subscriber to a large-scale community solar distributed generation resource under this section to purchase renewable energy credits equivalent to those the subscriber has sold to the standard solar buyer at a price equal to 80% of market value.'

Amend the bill in section 6 in §3480 in subsection 2 by striking out all of the next to the last blocked paragraph (page 11, lines 9 to 14 in L.D.) and inserting the following:

'In meeting the procurement targets in section 3475, subsection 4, the commission shall set rates at levels designed to ensure insofar as possible that total annual contract payments for new distributed generation resources procured under this section do not

COMMITTEE AMENDMENT

1 exceed \$10,500,00 per year through 2022. For the purposes of setting these rates, the
 2 commission shall assume system performance of solar distributed generation resources
 3 that reflects the best available data on actual performance of solar distributed generation
 4 resources in the State, assuming an export rate of 50%, and may not include the effect of
 5 the adjustment mechanism in subsection 3. Rates set under this subsection may be
 6 constant or increase over the term of the contract.'

7 Amend the bill in section 6 in §3480 by striking out all of subsection 3 (page 11, lines
 8 18 to 23 in L.D.) and inserting the following:

9 **3. Rate adjustment mechanism.** The commission shall establish an adjustment
 10 mechanism to ensure that the procurement targets established under section 3475 can be
 11 met under reasonable future assumptions by automatically increasing rates for new
 12 customers by a specified amount if the total solar distributed generation resource capacity
 13 installed by residential and small business customers under this section is less than 85%
 14 of the applicable target established in section 3475, subsection 4. The evaluation to
 15 determine whether this adjustment is triggered must occur at 6-month intervals.'

16 Amend the bill in section 6 in §3480 in subsection 4 in the first line (page 11, line 24
 17 in L.D.) by striking out the following: "section" and inserting the following: 'subsection'

18 Amend the bill in section 6 in §3480 in subsection 7 in the first paragraph by striking
 19 out all of the last sentence (page 12, lines 8 and 9 in L.D.) and inserting the following:
 20 'Notwithstanding the limitation on facility size under subsection 1, the commission shall
 21 establish a process to permit customers eligible under this subsection to enter into
 22 contracts and receive payments under subsections 1 and 2.'

23 Amend the bill in section 6 in §3480 in subsection 7 in the first blocked paragraph in
 24 the first line (page 12, line 10 in L.D.) by striking out the following: "A customer" and
 25 inserting the following: 'Notwithstanding the limitation on facility size under subsection
 26 1, a customer'

27 Amend the bill in section 6 in §3480 by striking out all of subsection 11 (page 12,
 28 lines 42 and 43 and page 13, lines 1 to 26 in L.D.) and inserting the following:

29 **11. Program review.** By one year after the effective date of rules adopted pursuant
 30 to subsection 10, or when 14 megawatts of capacity have been installed by residential and
 31 small business customers pursuant to this section, whichever is earlier, the commission
 32 shall initiate an expedited proceeding to determine whether:

33 A. The procurement targets in section 3475, subsection 4 are likely to be met through
 34 2022; and

35 B. The total cost to all customers is likely to be less than if the procurement targets in
 36 section 3475, subsection 4 were installed under the commission's net energy billing
 37 rules.

38 If at the time of a proceeding under this subsection the commission concludes that there is
 39 not sufficient information to conduct an evaluation of the conditions under paragraphs A
 40 and B, the commission may defer the evaluation for an additional 6 months.

1 If the commission concludes that both conditions under paragraphs A and B will be met,
 2 the rules established pursuant to subsection 10 remain in effect, and net energy billing
 3 pursuant to section 3209-A is not available to new customers in the future.

4 If the commission concludes that the condition under paragraph A or B will not be met,
 5 the commission shall make findings regarding the reasons the condition will not be met
 6 and provide a report summarizing its conclusions to the joint standing committee of the
 7 Legislature having jurisdiction over utility matters within 30 days of the start of the First
 8 Regular Session of the 129th Legislature. If the commission determines that the rules
 9 adopted under this section can be modified to enable the program to meet procurement
 10 targets or reduce costs so that the conditions under paragraphs A and B are likely to be
 11 met in the future, it shall make and submit such changes to the First Regular Session of
 12 the 129th Legislature. If the commission determines that these rules cannot be modified
 13 to meet these targets or reduce costs, the commission shall review its net energy billing
 14 rules or recommend alternative mechanisms to support distributed generation in a manner
 15 that benefits all ratepayers. If the commission does not propose changes to the rules
 16 adopted pursuant to subsection 10 or new rules are not adopted within 60 days of the
 17 adjournment of the First Regular Session of the 129th Legislature, net energy billing
 18 pursuant to section 3209-A must be made available to new customers beginning 60 days
 19 after adjournment of the First Regular Session of the 129th Legislature.'

20 Amend the bill in section 7 in the first line (page 13, line 40 in L.D.) by striking out
 21 the following: "Siting of solar distributed generation resources." and inserting the
 22 following: 'Report; siting of solar distributed generation resources on pre-existing
 23 impervious surfaces or brownfields.'

24 Amend the bill by adding after section 7 the following:

25 **'Sec. 8. Report; siting of solar distributed generation resources on**
 26 **farmland.** By January 1, 2017, the Department of Agriculture, Conservation and
 27 Forestry shall submit to the joint standing committee of the Legislature having
 28 jurisdiction over energy and utilities matters and the joint standing committee of the
 29 Legislature having jurisdiction over agricultural matters a report that evaluates what
 30 actions can be taken to ensure that any new solar distributed generation resource procured
 31 pursuant to the Maine Revised Statutes, Title 35-A, sections 3477 to 3479 and proposed
 32 to be built on farmland designated as "prime farmland" or "farmland of statewide
 33 importance" by the United States Department of Agriculture, is designed and built in a
 34 manner that does not remove topsoil or otherwise permanently impair the suitability of
 35 that land for future agricultural use. The report must also include an evaluation of what
 36 actions can be taken to ensure that the decommissioning of solar distributed generation
 37 resources procured pursuant to Title 35-A, sections 3477 to 3479 on farmland that is
 38 designated as "prime farmland" or "farmland of statewide importance" occurs in a
 39 manner that enables the farmland to be returned to agricultural use. The report may
 40 include recommendations for legislation that may be necessary to address these issues.
 41 The joint standing committees may each report out a bill to the First Regular Session of
 42 the 128th Legislature based on the report. The Public Utilities Commission may not
 43 contract for a new solar distributed generation resource pursuant to Title 35-A, sections
 44 3477 to 3479 if it is to be sited on farmland designated as "prime farmland" or "farmland

of statewide importance" by the United States Department of Agriculture until 90 days after the First Regular Session of the 128th Legislature.

Sec. 9. Appropriations and allocations. The following appropriations and allocations are made.

AGRICULTURE, CONSERVATION AND FORESTRY, DEPARTMENT OF

Geological Survey Z237

Initiative: Provides funds to hire a consultant to assist the department in preparing a report related to solar distributed generation resources proposed to be built on certain farmland.

GENERAL FUND	2015-16	2016-17
All Other	\$0	\$10,000
GENERAL FUND TOTAL	\$0	\$10,000

AGRICULTURE, CONSERVATION AND FORESTRY, DEPARTMENT OF DEPARTMENT TOTALS	2015-16	2016-17
GENERAL FUND	\$0	\$10,000
DEPARTMENT TOTAL - ALL FUNDS	\$0	\$10,000

PUBLIC UTILITIES COMMISSION

Public Utilities - Administrative Division 0184

Initiative: Establishes one Utility Analyst - Public Services Coordinator III position and one Staff Attorney - Public Services Coordinator III position.

OTHER SPECIAL REVENUE FUNDS	2015-16	2016-17
POSITIONS - LEGISLATIVE COUNT	0.000	2.000
Personal Services	\$0	\$203,946
All Other	\$0	\$11,372
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$215,318

PUBLIC UTILITIES COMMISSION DEPARTMENT TOTALS	2015-16	2016-17
OTHER SPECIAL REVENUE FUNDS	\$0	\$215,318

1			
2	DEPARTMENT TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$215,318</u>
3	SECTION TOTALS	2015-16	2016-17
4			
5	GENERAL FUND	\$0	\$10,000
6	OTHER SPECIAL REVENUE FUNDS	\$0	\$215,318
7			
8	SECTION TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$225,318</u>
9			

10 SUMMARY

11 This amendment is the majority report of the committee. This amendment does the
12 following.

13 1. It corrects cross-references in the bill to other sections within the bill and corrects
14 terminology for consistency.

15 2. It clarifies language regarding rates and the rate adjustment mechanism as they
16 relate to the residential and small business segment.

17 3. It clarifies that existing net energy customers may enter into contracts even if they
18 exceed the facility size limitations in the bill for a residential and small business
19 distributed generation resource.

20 4. It changes the time frame for program review of the residential and small business
21 segment to one year or when 14 megawatts of capacity have been installed, whichever is
22 earlier, instead of 18 months or 21 megawatts as in the bill.

23 5. It changes the reporting date on the program review from the Second Regular
24 Session of the 129th Legislature to the First Regular Session of the 129th Legislature.

25 6. It requires the Department of Agriculture, Conservation and Forestry to submit a
26 report to the joint standing committee of the Legislature having jurisdiction over energy
27 and utilities matters and the joint standing committee of the Legislature having
28 jurisdiction over agricultural matters that evaluates what actions can be taken to ensure
29 that any new solar distributed generation resource procured pursuant to the Maine
30 Revised Statutes, Title 35-A, sections 3477 to 3479 on "prime farmland" or "farmland of
31 statewide importance" is designed, built and decommissioned in a manner that retains
32 topsoil and enables the farmland to be returned to agricultural use. Each committee is
33 authorized to report out a bill to the First Regular Session of the 128th Legislature based
34 on the report.

35 7. It prohibits the Public Utilities Commission from contracting for new solar

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COMMITTEE AMENDMENT "**A**" to H.P. 1120, L.D. 1649

1 distributed generation resources to be sited on farmland designated as "prime farmland"
2 or "farmland of statewide importance" until 90 days after the First Regular Session of the
3 128th Legislature.

4 8. It adds an appropriations and allocations section.

5 **FISCAL NOTE REQUIRED**

6 **(See attached)**



Approved: 04/12/16 *mac*

127th MAINE LEGISLATURE

LD 1649

LR 2731(02)

An Act To Modernize Maine's Solar Power Policy and Encourage Economic Development

Fiscal Note for Bill as Amended by Committee Amendment *A (H-666)*
Committee: Energy, Utilities and Technology
Fiscal Note Required: Yes

Fiscal Note

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Net Cost (Savings)				
General Fund	\$0	\$10,000	\$0	\$0
Appropriations/Allocations				
General Fund	\$0	\$10,000	\$0	\$0
Other Special Revenue Funds	\$0	\$215,318	\$252,998	\$263,258
Revenue				
Other Special Revenue Funds	\$0	\$215,318	\$252,998	\$263,258

Fiscal Detail and Notes

The bill requires the Public Utilities Commission (PUC) to arrange for a solar power offer, conduct competitive solicitations for solar distributed generation resources and initiate a proceeding. The bill establishes one Utility Analyst - Public Services Coordinator III position and one Staff Attorney - Public Services Coordinator III position to take part in the required proceedings, rulemakings and periodic solicitations and contract evaluations. This bill includes an Other Special Revenue Funds allocation of \$215,318 in fiscal year 2016-17 for these two positions. The PUC will receive \$215,318 in Other Special Revenue Funds revenue in fiscal year 2016-17 from increased assessments to fund these two new positions.

The bill also requires the Department of Agriculture, Conservation and Forestry (ACF) to submit a report to the Legislature that evaluates what actions can be taken to ensure that any new solar distributed generation resource procured and proposed to be built on certain farmland does not remove topsoil or impair the suitability of that land for agricultural use. ACF has indicated the cost to hire a consultant to prepare this report would be \$10,000. The bill includes a one-time General Fund appropriation in fiscal year 2016-17 for this purpose.