

# MAINE STATE LEGISLATURE

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Date: 4/12/22

(Filing No. S-544)

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**REPORT A**

**ENERGY, UTILITIES AND TECHNOLOGY**

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

**STATE OF MAINE**

**SENATE**

**130TH LEGISLATURE**

**SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 432, L.D. 1350, "An Act To Expand Maine's Clean Energy Economy"

Amend the bill by striking out everything after the enacting clause and inserting the following:

**Sec. 1. 35-A MRSA §3210, sub-§2, ¶A-1**, as amended by PL 2019, c. 477, §1, is further amended to read:

A-1. "Alternative compliance payment rate" means a certain dollar amount per kilowatt-hour set by the commission that a competitive electricity provider may pay to the commission to satisfy the portfolio requirements of subsections 3, 3-A, 3-B and 3-C.

**Sec. 2. 35-A MRSA §3210, sub-§9**, as amended by PL 2021, c. 199, §1, is further amended to read:

**9. Alternative compliance payment.** The commission shall allow competitive electricity providers to satisfy the portfolio requirements for Class I resources under subsection 3-A, Class IA resources under subsection 3-B and thermal renewable energy credits under subsection 3-C and Class II resources under subsection 3 through an alternative compliance payment mechanism in accordance with this subsection.

A. The commission shall set the alternative compliance payment ~~rate~~ rates by rule, which may not be greater than \$50 for the requirements under subsections 3-A, 3-B and 3-C, and not greater than \$10 for the requirement under subsection 3, and shall publish the alternative compliance payment ~~rate~~ rates by January 31st of each year. In setting the ~~rate~~ rates, the commission shall take into account prevailing market prices, standard-offer service prices for electricity, reliance on alternative compliance payments to meet the requirements of subsections 3, 3-A, 3-B and 3-C and investment in Class I and Class IA resources and thermal renewable energy credits in the State during the previous calendar year, including investments that may affect the availability or price of Class II resources.

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1 B. The commission shall collect alternative compliance payments to meet the  
2 requirements of subsections 3, 3-A and 3-B made by competitive electricity providers  
3 and shall deposit all funds collected under this paragraph in the Energy Efficiency and  
4 Renewable Resource Fund established under section 10121, subsection 2 to be used to  
5 fund research, development and demonstration projects relating to renewable energy  
6 technologies and to fund rebates for cost-effective renewable energy technologies.

7 C. The commission shall collect alternative compliance payments to meet the  
8 requirements of subsection 3-C made by competitive electricity providers and shall  
9 deposit all funds collected under this paragraph in the Thermal Energy Investment  
10 Fund established under section 10128, subsection 2 to be used to fund incentives and  
11 low-interest or no-interest loans to businesses, municipalities, educational institutions  
12 and nonprofit entities in the State for the installation of new thermal energy-derived  
13 projects.

14 The commission shall adopt rules to implement this subsection. Rules adopted under this  
15 subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

16 **Sec. 3. 35-A MRSA §3210, sub-§11**, as enacted by PL 2019, c. 477, §1, is amended  
17 to read:

18 **11. Report; ~~Class IA resource and thermal~~ renewable energy credit portfolio**  
19 **requirements.** By March 31, ~~2024~~ 2023 and every 5 years thereafter, the ~~commission~~  
20 Governor's Energy Office shall submit a report to the joint standing committee of the  
21 Legislature having jurisdiction over energy matters based on a review, conducted in  
22 consultation with the ~~Governor's Energy Office~~ commission, of the status and impacts of  
23 the implementation of the portfolio requirements for ~~Class IA~~ renewable resources under  
24 ~~subsection~~ subsections 3, 3-A and 3-B and thermal renewable energy credits under  
25 subsection 3-C. The review must be completed through a public process and must include  
26 consideration of impacts of these renewable portfolio requirements on energy prices and  
27 assessment of benefits including but not limited to on greenhouse gas emissions and the  
28 economy of the State. ~~The report required under this subsection may be submitted in~~  
29 ~~conjunction with the report required under subsection 3-A, paragraph C.~~ After reviewing  
30 the report required under this subsection, the committee may report out legislation  
31 regarding renewable portfolio requirements.

32 **Sec. 4. 35-A MRSA §3210-G, sub-§1**, as enacted by PL 2019, c. 477, §2, is  
33 amended to read:

34 **1. Competitive procurement.** The commission shall conduct 2 competitive  
35 solicitations pursuant to paragraph A and 2 competitive solicitations pursuant to paragraph  
36 B-1 in order to select Class IA resources for contracts under this section.

37 A. Through ~~the~~ competitive solicitations under this section described in subparagraphs  
38 (1) and (2), the commission shall procure an amount of energy or renewable energy  
39 credits from Class IA resources that is equal to 14% of the retail electricity sales in this  
40 State for the period from January 1, 2018 to December 31, 2018, as determined by the  
41 commission.

42 (1) The commission shall initiate a first competitive solicitation under this  
43 paragraph and ensure that the solicitation results in the approval of contracts by  
44 December 31, 2020 for energy or renewable energy credits equal to at least 7% of

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retail electricity sales for the period from January 1, 2018 to December 31, 2018, as determined by the commission. If the commission determines that contracts for an amount greater than 7% of retail electricity sales will provide financial benefits to ratepayers, it may approve contracts by December 31, 2020 for up to 10% of retail electricity sales.

(2) No later than January 15, 2021, the commission shall initiate a 2nd competitive solicitation under this paragraph for an amount of energy or renewable energy credits equal to the difference between 14% of retail electricity sales and the amount approved in contracts by December 31, 2020.

B. To the extent sufficient resources are available, with respect to the competitive solicitations described in paragraph A, subparagraphs (1) and (2), 75% of the energy or renewable energy credits contracted under this section pursuant to these competitive solicitations must come from Class IA resources that begin commercial operations after June 30, 2019 and 25% must come from Class IA resources that began commercial operations on or prior to June 30, 2019.

B-1. Through the competitive solicitations described in subparagraphs (1) and (2), the commission shall procure additional energy or renewable energy credits from Class IA resources.

(1) The commission shall initiate a competitive solicitation under this paragraph and ensure that the solicitation results in the approval of contracts by December 31, 2023 for energy or renewable energy credits equal to 7.5% of the retail electricity sales in this State for the period from January 1, 2021 to December 31, 2021 reduced by the amount of Class IA resources procured pursuant to section 3210-I by January 1, 2023, as determined by the commission.

(2) If the commission finds that any contracts entered into under paragraph A are unlikely to result in the procurement of the energy specified in the contracts, the commission shall initiate by January 31, 2024 a competitive solicitation to procure an equivalent amount of energy.

B-2. To the extent sufficient resources are available, with respect to the competitive solicitations described in paragraph B-1, subparagraphs (1) and (2), 100% of the energy or renewable energy credits contracted under this section pursuant to those competitive solicitations must come from Class IA resources that begin commercial operations after June 30, 2022.

B-3. In conducting a solicitation and selecting Class IA resources for contracts under this section, the commission shall give special consideration to selection of projects in economically depressed areas of the State as determined by the commission.

B-4. In conducting a solicitation and selecting Class IA resources for contracts under this section, the commission shall give consideration to evidence of project viability, including, but not limited to, the submission of a preapplication with the relevant siting authority or the submission of an interconnection request with the New England independent system operator.

B-5. In conducting a solicitation and in selecting Class IA resources for contracts under this section, the commission shall give consideration to the expected effect of selected

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- 1 Class IA resources on other renewable resources, as defined in section 3210, subsection  
2 2, paragraph C, due to congestion and curtailment.
- 3 C. In conducting a solicitation and selecting Class IA resources for contracts under  
4 this section, the commission shall weigh the benefits to ratepayers and the benefits to  
5 the State's economy as follows:
- 6 (1) A weight of 70% must be given to the benefits to ratepayers; and  
7 (2) A weight of 30% must be given to benefits to the economy, which may include,  
8 but are not limited to:
- 9 ~~(a) Capital investments by the Class IA resource to improve long-term~~  
10 ~~viability of an existing facility;~~  
11 ~~(b) Payments by the Class IA resource for the harvest of wood fuel;~~  
12 (c) Employment resulting from the Class IA resource;  
13 (d) Payments by the Class IA resource to a host community, whether or not  
14 required by law or rule;  
15 (e) Excise, income, property and sales taxes paid by the Class IA resource;  
16 (f) Purchases of goods and services by the Class IA resource; and  
17 (g) Avoided emissions resulting from the operation of the Class IA resource;  
18 and  
19 (h) Use of agricultural land the Department of Agriculture, Conservation and  
20 Forestry has found to be contaminated with perfluoroalkyl and polyfluoroalkyl  
21 substances, as defined in Title 38, section 1614.
- 22 D. The commission shall, in accordance with this paragraph, allow give special  
23 consideration to energy storage systems to participate participating in solicitations or  
24 be awarded contracts under this section.
- 25 (1) The commission shall permit an energy storage system to bid on solicitations  
26 or to be contracted under this section only if the energy storage system is connected  
27 to the State's electricity grid, paired as a complementary resource with a Class IA  
28 resource and either:
- 29 (a) Colocated with the Class IA resource, whether metered jointly with or  
30 separately from the Class IA resource; or  
31 (b) Located at a different location from the Class IA resource and the  
32 commission finds, using a method published by the commission, that inclusion  
33 of the energy storage system would result in a reduction in greenhouse gas  
34 emissions. The commission shall apply the method consistently to all  
35 applicable bids and contracts.
- 36 (2) A bid under this section that includes an energy storage system must include 2  
37 separate bid proposals, one with the energy storage system and one without. The  
38 commission shall assess the bid proposals based on the benefits to ratepayers,  
39 which may include, but are not limited to:
- 40 (a) Reduction in costs;

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- 1 (b) Decrease in peak electricity demand;
- 2 (c) Deferral of investments in the transmission and distribution system;
- 3 (d) Deferral of capital investments in new generating capacity;
- 4 (e) Increase in the electricity grid's overall flexibility, reliability and resiliency;
- 5 and
- 6 (f) Reduction in greenhouse gas emissions.
- 7 (3) An energy storage system that is not colocated with a Class IA resource may
- 8 receive renewable energy credits only for stored energy generated from a Class IA
- 9 resource.
- 10 (4) If chosen for a contract under this section, an energy storage system must
- 11 remain stationary and ~~under the same ownership~~ throughout the contract term.
- 12 (5) The commission may permit an energy storage system to be paired with and
- 13 added to a Class IA resource after that resource has been awarded a contract.

14 For the purposes of this paragraph, "energy storage system" means a commercially  
15 available technology that uses mechanical, chemical or thermal processes for absorbing  
16 energy and storing it for a period of time for use at a later time.

17 E. In advance of conducting a solicitation under this section and in coordination with  
18 the Governor's Energy Office and the Office of the Public Advocate, the commission  
19 shall seek opportunities to coordinate the solicitation with other New England states,  
20 entities designated by those states or other buyers in order to achieve a positive or  
21 neutral effect on the ratepayers in this State.

22 **Sec. 5. 35-A MRSA §3210-G, sub-§4** is enacted to read:

23 4. Rules. The commission may adopt rules necessary for the implementation of this  
24 section. Rules adopted by the commission may include, but are not limited to, provisions  
25 stipulating the financial security mechanisms that will be required as a condition of the  
26 selection of Class IA resources for contracts under this section. Rules adopted pursuant to  
27 this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter  
28 2-A.'

29 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section  
30 number to read consecutively.

31 **SUMMARY**

32 This amendment requires the Public Utilities Commission to establish an alternative  
33 compliance payment option for competitive electricity providers to satisfy the renewable  
34 resources portfolio requirements for Class II resources and establishes a maximum rate for  
35 that compliance payment option of \$10.

36 The amendment requires the Governor's Energy Office, in consultation with the Public  
37 Utilities Commission, to review the impacts of the State's renewable resources portfolio  
38 requirements and submit a report to the joint standing committee of the Legislature having  
39 jurisdiction over energy matters by March 31, 2023 and every 5 years thereafter.

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The amendment establishes an additional competitive solicitation for energy or renewable energy credits equal to 7.5% of the retail electricity sales in this State for the period from January 1, 2021 to December 31, 2021 reduced by the amount of Class IA resources procured pursuant to the Maine Revised Statutes, Title 35-A, section 3210-I by January 1, 2023. The amendment also provides that the commission must initiate an additional solicitation if it finds that any contracts entered into under a previous procurement are unlikely to result in the procurement of energy specified in the contract.

The amendment also requires the commission, in conducting the solicitation and selection of Class IA resources for contracts, to give special consideration to selection of projects in economically depressed areas of the State, to consider evidence of project viability and to consider the expected effect of selected Class IA resources on other renewable resources due to congestion and curtailment. The amendment also changes the benefits that may be considered by the commission in conducting a solicitation for Class IA resources in weighing benefits to ratepayers and the State's economy. In advance of conducting a solicitation for Class IA resources, the commission is required, in coordination with the Governor's Energy Office and the Office of the Public Advocate, to seek opportunities to coordinate the solicitation with other New England states, entities designated by those states or other buyers in order to achieve a positive or neutral effect on the ratepayers in this State. The amendment also provides the commission with rule-making authority for renewable energy portfolio standard procurement.

**FISCAL NOTE REQUIRED**  
**(See attached)**

**COMMITTEE AMENDMENT**



# 130th MAINE LEGISLATURE

LD 1350

LR 1499(02)

## An Act To Expand Maine's Clean Energy Economy

Fiscal Note for Bill as Amended by Committee Amendment "A"(S 544)  
Committee: Energy, Utilities and Technology  
Fiscal Note Required: Yes

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### Fiscal Note

Minor cost increase - Other Special Revenue Funds

#### Fiscal Detail and Notes

Any additional costs to the Public Utilities Commission from the provisions in this bill are expected to be minor and can be absorbed within existing budgeted resources.