

MAINE STATE LEGISLATURE

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Date 6/14/23 *Minority* LD 818
(Filing No H-533)

**INNOVATION, DEVELOPMENT, ECONOMIC ADVANCEMENT AND
BUSINESS**

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H P 507, L D 818, "An Act to Establish an
Emergency Fuel Reserve"

Amend the bill by striking out the title and substituting the following
'An Act to Establish an Emergency Heating Oil Reserve'

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

Sec. 1. 2 MRSA §9, sub-§8 is enacted to read

8. Establishment of emergency heating oil reserve. The office shall contract with one or more companies dealing in petroleum products to purchase and guarantee the availability of an emergency reserve of #2 heating oil used for heating residential, industrial or commercial space or water. The amount of heating oil purchased by the State for the reserve must be large enough to provide heating oil to heat the homes of residents of the State for a period of 30 days. Contracts entered into by the office under this subsection.

A. May allow the State to pay for the heating oil in annual increments,

B. Must ensure that the full 30-day capacity is purchased by January 1, 2029, and

C. Must require the company dealing in petroleum products to provide for the distribution of heating oil to residents of the State who need it when the office notifies the company that it is approved to distribute heating oil within the emergency heating oil reserve, but may allow the company dealing in petroleum products to charge a fee for the delivery.

Whenever heating oil is removed from the reserve pursuant to subsection 9, the office shall establish, within 30 days of removal, a timeline and estimated cost for replacing the heating oil that has been removed and include that estimated cost in the budget estimate it submits to the State Budget Officer under Title 5, section 1665.

COMMITTEE AMENDMENT

1 The office shall adopt rules necessary to implement this subsection, including, but not
 2 limited to, rules that establish a process for identifying residents who need assistance
 3 acquiring #2 heating oil during an energy emergency. Rules adopted pursuant to this
 4 subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

5 **Sec. 2. 2 MRSA §9, sub-§9** is enacted to read

6 **9. Access to emergency heating oil reserve.** The office may not approve or notify a
 7 company dealing in petroleum products that it is approved to provide access to the
 8 emergency heating oil reserve established in subsection 8 unless the Governor

9 A Declares an energy emergency pursuant to Title 37-B, section 742, subsection 2,

10 B Submits a resolve to the Legislature authorizing access to the emergency heating
 11 oil reserve, notwithstanding Title 37-B, section 742, subsection 2, paragraph B,
 12 subparagraph (8), and

13 C Receives legislative approval to access the emergency heating oil reserve

14 **Sec. 3. Appropriations and allocations.** The following appropriations and
 15 allocations are made

16 **EXECUTIVE DEPARTMENT**

17 **Governor's Energy Office Z122**

18 Initiative Provides funding for the incremental purchase of #2 heating oil to establish an
 19 emergency heating oil reserve of 30 days

20	GENERAL FUND	2023-24	2024-25
21	All Other	\$18,247,600	\$18,247,600
22			
23	GENERAL FUND TOTAL	<u>\$18,247,600</u>	<u>\$18,247,600</u>

24 **Governor's Energy Office Z122**

25 Initiative Provides funding to contract with one or more companies dealing in petroleum
 26 products to manage an emergency heating oil reserve

27	GENERAL FUND	2023-24	2024-25
28	All Other	\$500,000	\$500,000
29			
30	GENERAL FUND TOTAL	<u>\$500,000</u>	<u>\$500,000</u>

31 **EXECUTIVE DEPARTMENT**

32	EXECUTIVE DEPARTMENT		
33	DEPARTMENT TOTALS	2023-24	2024-25

34	GENERAL FUND		
35		\$18,747,600	\$18,747,600
36			
37	DEPARTMENT TOTAL - ALL FUNDS	<u>\$18,747,600</u>	<u>\$18,747,600</u>

38

39 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
 40 number to read consecutively

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SUMMARY

This amendment strikes and replaces the bill, which is a concept draft, and requires the Governor's Energy Office to contract with one or more companies dealing in petroleum products to establish an emergency heating oil reserve by January 1, 2029. The reserve must be large enough to provide #2 heating oil to residents of the State for a period of 30 days and will not be accessible unless the Governor has declared an energy emergency, the Governor submits a resolve to the Legislature and the Legislature has approved access to the emergency heating oil reserve.

FISCAL NOTE REQUIRED

(See attached)



131st MAINE LEGISLATURE

LD 818

LR 1769(02)

An Act to Establish an Emergency Fuel Reserve

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-533)
 Committee: Innovation, Development, Economic Advancement and Business
 Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$18,747,600	\$18,747,600	\$18,747,600	\$18,747,600
Appropriations/Allocations				
General Fund	\$18,747,600	\$18,747,600	\$18,747,600	\$18,747,600

Fiscal Detail and Notes

This bill requires the Governor's Energy Office (GEO) to contract with one or more petroleum companies to purchase and guarantee the availability of an emergency reserve of #2 heating oil used for heating residential, industrial or commercial space or water. The reserve is required to be large enough to provide heating oil to residents of Maine for a period of 30 days. Fuel may be purchased in annual increments until the reserve reaches its 30-day goal by January 1, 2029. The bill includes ongoing General Fund appropriations of \$500,000 to the GEO starting in fiscal year 2023-24 for contracted services to store and manage the reserve. It also includes ongoing General Fund appropriations of \$18,247,600 beginning in fiscal year 2023-24 for the annual incremental purchase of fuel oil. These purchases are the amounts needed over 6 years to bring the reserve up to its full 30-day capacity. They do not include any additional amounts to make up for any fuel used during this period. This estimate incorporates the assumptions listed below.

30 day supply at time of peak demand (coldest)	31,920,000	gallons
Price assumption	\$3.43	per gallon
Total cost for reserve	\$109,485,600	30 days
Annual purchase	\$18,247,600	for 6 years
Storage and management	\$500,000	every year
Appropriations needed	\$18,747,600	annually for 6 years