

MAINE STATE LEGISLATURE

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Date 6/6/23 Majority

L D 952
(Filing No H-369)

ENERGY, UTILITIES AND TECHNOLOGY

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

COMMITTEE AMENDMENT "A" to H P 599, L D 952, "An Act to Create a 21st-Century Electric Grid"

Amend the bill by striking out the title and substituting the following
'Resolve, to Create a 21st-Century Electric Grid'

Amend the bill by striking out everything after the title and inserting the following

'Sec. 1. Distribution system operator for the State. Resolved: That, by January 1, 2024, the Governor's Energy Office, referred to in this resolve as "the office," shall issue a request for proposals and select a 3rd-party consultant, referred to in this resolve as "the consultant," that meets the requirements of section 5, to conduct a 2-part study regarding the establishment of a distribution system operator For the purposes of this resolve, "distribution system operator," or "DSO," means an entity designed to serve the following roles for the State

- 1 Oversee integrated system planning for all electric grids in the State, including coordinating energy planning efforts across state agencies,
- 2 Operate all electric grids in the State to ensure optimum operations, efficiency, equity, affordability, reliability and customer service,
- 3 Administer an open and transparent market for distributed energy resources, and
- 4 Facilitate the achievement of the greenhouse gas reduction obligations and climate policies pursuant to the Maine Revised Statutes, Title 38, section 576-A and section 577, subsection 1

The office shall ensure meaningful opportunities for stakeholder engagement to inform the consultant's work at appropriate times during each part of the study

Sec. 2. DSO initial study. Resolved: That the consultant selected by the office shall conduct an initial study to evaluate whether a DSO could be designed to achieve the following objectives

- 1 A demonstrable reduction in electricity costs for customers,

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- 2 Improved electric system reliability and performance in the State, and
- 3 Accelerated achievement of the State's climate goals and growth of distributed energy resources

The consultant's initial study under this section must include a conclusion regarding whether a DSO can be designed to achieve the objectives identified in this section. The consultant shall provide its initial study to the office for review.

Sec. 3. DSO study part 2. Resolved: That, if the consultant's initial study concludes that a DSO can be designed to achieve the objectives set out in section 2 and the office agrees with that conclusion after review and evaluation of the initial study, the office shall authorize the consultant to proceed with the 2nd part of the study in accordance with this section.

1 The consultant, in conducting part 2 of the study, shall develop a DSO design proposal and identify the scope and characteristics of the DSO, which may include

- A Acting as the primary interface between the New England independent system operator, referred to in this resolve as "ISO-NE," and electricity transmission grids in the State,
- B Operating an open market for distributed energy resources, modeled on ISO-NE's wholesale power market, to provide market incentives, including, pricing that includes a valuation of system and societal benefits as well as the commodity value of the electricity for new renewable distributed energy resources, including, but not limited to, solar, wind, biomass, electricity storage and microgrids,
- C Conducting statewide integrated distribution system planning that
 - (1) Includes review and approval of integrated distribution system designs for all transmission and distribution utilities to optimize operation, meet electric grid modernization goals, optimize interconnections and provide the basis for revenue requirements related to recovery of investments in system upgrades, and
 - (2) Incorporates nonwires alternatives, load management and energy efficiency programs, along with traditional investments in infrastructure to ensure reliability and efficient integration of distributed energy resources,
- D Informing distributed energy resource market participants regarding locational capacity mapping,
- E Scheduling and controlling energy storage system discharge within the distribution grids, including vehicle-to-grid systems,
- F Acquiring and sharing real-time data used to operate earnings adjustment mechanisms for investor-owned transmission and distribution utilities,
- G Optimizing operations, infrastructure growth, demand management and energy efficiency programs for all transmission and distribution utilities using real-time data, and
- H Providing a detailed delineation of functions and responsibilities of the DSO, transmission and distribution utilities and government and quasi-governmental agencies, including regulatory, planning, ownership and market administration functions

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1 The DSO design may not include the acquisition or ownership of any transmission and
2 distribution utility assets

3 **Sec. 4. Final report and analysis. Resolved:** That, if a design proposal is
4 developed in accordance with section 3, the office shall evaluate the proposal and prepare
5 a final report and recommendation including the following elements

6 1 Identification of the costs and benefits of creating the DSO, including the staffing
7 and budget needed for operation of the DSO,

8 2 A description of the DSO's role in accelerating the achievement of the State's climate
9 goals and growth of distributed energy resources,

10 3 Identification of potential improvements in electric system reliability and
11 performance that the DSO would bring to the State,

12 4 An evaluation of whether and how the DSO would affect equity in energy access
13 and affordability throughout the State,

14 5 The office's recommendations regarding whether the State should establish the DSO,
15 and

16 6 If the office recommends that the State establish the DSO

17 A Identification of the state agency within which the DSO might best be established,

18 B Suggested changes to electric rate-making policy and regulations that may be
19 necessary to implement the DSO,

20 C A description of the regulatory authority, if any, that should be provided to the DSO,
21 and

22 D A description of the steps necessary to establish the DSO, including legislation for
23 its implementation

24 **Sec. 5. Consultant qualifications. Resolved:** That the consultant with which the
25 office contracts under section 1 must be an expert in the development of new energy
26 markets with experience in the management of energy programs designed to increase
27 distributed energy resources and to accelerate the transition to beneficial electrification
28 The consultant or members of the consultant team must demonstrate

29 1 Experience in energy system transformation through projects involving the
30 integration of grid design and regulation, using systems thinking and stakeholder
31 engagement,

32 2 Experience in alternative regulatory frameworks, such as performance-based
33 regulation, retail and wholesale market design that provide equitable programs for a low-
34 carbon electric grid,

35 3 A comprehensive understanding of integration issues related to distributed energy
36 resources, energy storage and electric vehicles, demand-side management and advanced
37 price signals,

38 4 Through references from at least 3 jurisdictions, experience in policy and structure
39 redesign work performed for jurisdictions of a similar size to the State, and

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1 5 Through case studies of prior work, experience in the development of clean
2 technology in ways that integrate stakeholder perspectives in regulatory and policy
3 proceedings

4 **Sec. 6. Funding. Resolved:** That the office shall seek to fund the initial study under
5 section 2 and part 2 of the study under section 3 with federal funds The office shall pursue
6 all federal funding opportunities that the office determines could be used to fund the study
7 For any portions of the study that cannot be funded through federal funds, the office shall
8 submit a request to the Public Utilities Commission for the amounts necessary to fully fund
9 the study The office may request from the commission up to \$200,000 to fund the initial
10 study and up to \$100,000 to fund part 2 of the study under section 3 Notwithstanding the
11 Maine Revised Statutes, Title 35-A, section 117, subsection 3 and to the extent that funds
12 are available, the commission shall distribute the requested funds to the office from the
13 Public Utilities Commission Reimbursement Fund established by Title 35-A, section 117

14 **Sec. 7. Report. Resolved:** That, if the consultant does not conclude that a DSO can
15 be designed to achieve the objectives in section 2, the office shall present the initial study
16 to the joint standing committee of the Legislature having jurisdiction over energy matters
17 within 60 days of the completion of the consultant's initial study

18 If the office authorizes part 2 of the study in accordance with section 3, by January 1,
19 2025, the office shall present the initial study developed by the consultant in accordance
20 with section 2, part 2 of the study and the office's final report and recommendation in
21 accordance with section 4 to the joint standing committee of the Legislature having
22 jurisdiction over energy matters The committee may report out a bill to the 132nd
23 Legislature in 2025 related to the subject matter of the report '

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

26 **SUMMARY**

27 This amendment replaces the bill, which is a concept draft, with a resolve The
28 amendment directs the Governor's Energy Office to conduct a request for proposals to hire
29 a 3rd-party consultant to conduct a 2-part study for the design of a distribution system
30 operator in the State The distribution system operator must be designed to oversee
31 integrated system planning for all electric grids in the State, including coordinating energy
32 planning efforts across state agencies, operate all electric grids in the State to ensure
33 optimum operations, efficiency, equity, reliability and customer service, administer an
34 open and transparent market for distributed energy resources, and facilitate the
35 achievement of the State's greenhouse gas reduction obligations and climate policies In the
36 consultant's initial study, the consultant must evaluate whether a distribution system
37 operator could be designed to achieve a demonstrable reduction in electricity costs for
38 customers, improved electric system reliability and performance in the State and
39 accelerated achievement of the State's climate goals and growth of distributed energy
40 resources If the initial study finds that a distribution system operator could be designed to
41 achieve the required objectives and the office agrees with the consultant's conclusion, the
42 office must authorize the consultant to conduct the 2nd part of the study to create a design
43 proposal

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If the office does not authorize the consultant to conduct the 2nd part of the study, the office must present the initial study to the joint standing committee of the Legislature having jurisdiction over energy matters within 60 days of the completion of the consultant's initial study

If the office authorizes the 2nd part of the study to create a design proposal, upon its completion, the office is required to prepare an analysis based on the consultant's design proposal and provide it to the joint standing committee of the Legislature having jurisdiction over energy matters by January 1, 2025. The amendment establishes experience requirements for the consultant and directs the office to seek federal money to fund the contracts and, if sufficient federal money is not available, to request funding from the Public Utilities Commission Reimbursement Fund

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



131st MAINE LEGISLATURE

LD 952

LR 1065(03)

An Act to Create a 21st-Century Electric Grid

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Energy, Utilities and Technology

Fiscal Note Required: Yes

A (H-369)

Fiscal Note

Potential current biennium cost increase - Federal Expenditures Fund
Potential current biennium cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

This bill directs the Governor's Energy Office (GEO) to hire a third-party consultant to conduct a two-part study related to a distribution system operator (DSO) to oversee integrated system planning for all electric grids. The initial portion of the study is to determine if a DSO could achieve certain objectives. If yes, the second part of the study would be to design a proposal for implementation. The GEO is required to obtain any available federal funding first for the cost of the consulting services, but allows the GEO to request up to \$300,000 from the Public Utilities Commission Reimbursement Fund if no federal funding is secured.