

# MAINE STATE LEGISLATURE

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# 131st MAINE LEGISLATURE

## SECOND REGULAR SESSION-2024

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Legislative Document

No. 2077

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H.P. 1336

House of Representatives, December 22, 2023

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### **An Act Regarding Customer Costs and the Environmental and Health Effects of Natural Gas**

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Submitted by the Office of the Public Advocate pursuant to Joint Rule 203.

Received by the Clerk of the House on December 20, 2023. Referred to the Committee on Energy, Utilities and Technology pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative ZEIGLER of Montville.  
Cosponsored by Senator LAWRENCE of York.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 35-A MRSA §301, sub-§7** is enacted to read:

3 **7. Prohibition on cost recovery for new gas service mains and gas service lines.**  
4 Beginning February 1, 2025, any charge for costs associated with new gas service mains  
5 and gas service lines for residential and commercial gas service is unreasonable for  
6 inclusion in rates and prohibited in accordance with subsection 3. Those costs must be  
7 recovered in full from the customer requesting the service. For the purposes of this  
8 subsection, "gas service line" means a pipe that runs between a gas service main and a  
9 customer's meter and "gas service main" means a large pipeline in which gas is carried for  
10 distribution through gas service lines.

11 **Sec. 2. 35-A MRSA §2104**, as repealed and replaced by PL 2001, c. 124, §1, is  
12 amended to read:

13 **§2104. Commission approval for gas companies to furnish service; prohibition on**  
14 **expansion**

15 **1. Approval of commission required; generally.** ~~Except as provided in subsection~~  
16 ~~2, a~~ A gas utility may not furnish its service in or to any municipality within the State  
17 without the approval of the commission.

18 ~~**2. Approval not required; no other utility serving.** Notwithstanding section 2102~~  
19 ~~or 2105, a gas utility authorized to furnish service and serving customers within the State~~  
20 ~~is not required to obtain the approval of the commission to serve in any municipality in~~  
21 ~~which no other gas utility is furnishing similar service unless the commission, in an order~~  
22 ~~issued pursuant to subsection 3, specifically provides otherwise.~~

23 ~~**3. Limited grant of authority.** The commission, in an order granting authorization~~  
24 ~~to a person to operate, manage or control a gas utility in any municipality in this State, may~~  
25 ~~expressly limit the area in which the gas utility may provide service without further~~  
26 ~~approval of the commission only if:~~

27 ~~A. The commission finds that the financial and technical capacity of the gas utility is~~  
28 ~~limited in a manner that public convenience and necessity require such limited~~  
29 ~~authorization; or~~

30 ~~B. The person seeking authorization requests that the authorization be limited to a~~  
31 ~~particular area.~~

32 **4. Prohibition on expansion of service.** Beginning January 1, 2025, the commission  
33 may not approve any gas utility to furnish service or serve a customer in any municipality  
34 that is outside of the gas utility's service area on June 30, 2024.

35 **Sec. 3. 35-A MRSA §4706-C, sub-§2**, as enacted by PL 2017, c. 83, §1, is  
36 amended to read:

37 **2. Promotional allowance allowed prohibited.** Notwithstanding sections ~~302-A and~~  
38 ~~703~~ Beginning January 1, 2025, a gas utility, ~~without prior notice or approval from the~~  
39 ~~commission~~, may not offer or provide a promotional allowance to customers or potential  
40 customers.

41 **Sec. 4. 35-A MRSA §4706-C, sub-§3**, as enacted by PL 2017, c. 83, §1, is  
42 repealed.

1           **Sec. 5. 35-A MRSA §4706-C, sub-§4**, as enacted by PL 2017, c. 83, §1, is  
2 repealed.

3           **Sec. 6. Public Utilities Commission inquiry; district geothermal systems.**  
4 The Public Utilities Commission shall conduct an inquiry focused on the regulatory  
5 treatment of geothermal heat districts and alternative thermal technologies. By November  
6 6, 2024, the commission shall submit a report on the results of the inquiry, including  
7 findings, recommendations and suggested legislation, to the joint standing committee of  
8 the Legislature having jurisdiction over energy, utilities and technology matters. The  
9 committee may report out a bill to the 132nd Legislature in 2025.

10           **Sec. 7. Public Utilities Commission inquiry; costs associated with gas**  
11 **system expansion.** The Public Utilities Commission shall conduct an inquiry focused on  
12 customer costs associated with gas system expansion and implications for gas use in the  
13 State. In conducting the inquiry, the commission shall:

14           **1. Request for information.** Issue a request for information to appropriate  
15 stakeholders and consider relevant information and documents submitted in response to the  
16 request for information;

17           **2. Projected impacts.** Consider the projected impacts on gas consumption in the State  
18 over the next 10, 20 and 30 years from factors related to climate change, including but not  
19 limited to the mandatory greenhouse gas emissions reduction levels in the Maine Revised  
20 Statutes, Title 38, section 576-A, and policies, including energy efficiency, beneficial  
21 electrification and weatherization policies. As part of its consideration under this  
22 subsection, the commission shall review:

23           A. How the State's gas utilities are considering and preparing for potential reductions  
24 in the number of gas utility customers and declines in overall usage attributable to  
25 factors related to climate change and how the gas utilities should be preparing;

26           B. The projected impacts of declining gas consumption levels on distribution service  
27 rates paid by gas utility customers, especially low-income customers and customers  
28 with high energy burdens;

29           C. The projected impacts of increasing distribution service rates on gas utilities'  
30 customer base, especially low-income customers and customers with high energy  
31 burdens; and

32           D. The projected demographic composition of gas utilities' diminishing customer base  
33 over the next 10, 20 and 30 years;

34           **3. Potential rate and regulatory reforms.** Consider potential rate and regulatory  
35 reforms to protect gas utility customers from risk associated with continued gas system  
36 expansion, particularly stranded gas system investments, including but not limited to:

37           A. Changes to depreciation schedules to better reflect the projected useful life of gas  
38 investments; and

39           B. Criteria by which the commission ought to balance the risk of stranded asset costs  
40 for gas investments between gas utility shareholders and gas utility customers; and

41           **4. Draft report.** Publish a draft report related to the inquiry and accept and consider  
42 public comments.

1 By November 6, 2024, the commission shall submit a report to the joint standing  
2 committee of the Legislature having jurisdiction over energy, utilities and technology  
3 matters. The report must set forth the commission's findings with respect to the costs of gas  
4 system expansion and risks to gas utility customers and recommendations with respect to  
5 rate and regulatory reforms to protect gas utility customers from risks associated with  
6 continued gas system expansion. The committee may report out a bill based on this report  
7 to the 132nd Legislature in 2025.

8 **Sec. 8. Report on indoor air quality and health impacts of fossil fuel**  
9 **combustion and leakage.** The Department of Health and Human Services, Maine Center  
10 for Disease Control and Prevention, in collaboration with the Public Utilities Commission,  
11 the Efficiency Maine Trust, the Office of the Public Advocate and the Department of  
12 Environmental Protection, shall study:

13 **1. Levels.** The levels of indoor air pollution generated by indoor fossil fuel combustion  
14 and leakage from indoor fossil fuel appliances in the State;

15 **2. Health effects.** The health effects from indoor air pollution generated by indoor  
16 fossil fuel combustion and leakage from indoor fossil fuel appliances in the State;

17 **3. Types of indoor air pollution.** The types of indoor air pollution associated with  
18 indoor fossil fuel combustion and leakage from indoor fossil fuel appliances, including  
19 carbon monoxide, nitrogen oxides, particulate pollution, methane, benzene or other air  
20 pollutants that may be toxic;

21 **4. Methane gas leakage.** The total greenhouse gas emissions associated with methane  
22 gas leakage from indoor fossil fuel appliances in the State; and

23 **5. Recommendations.** Prior recommendations to reduce indoor air pollution, reduce  
24 negative health effects and reduce greenhouse gas emissions generated by indoor fossil fuel  
25 appliances.

26 For the purposes of this section, "indoor fossil fuel appliances" includes, but is not  
27 limited to, stoves, furnaces, boilers and hot water heaters fueled by natural gas, propane,  
28 heating oil or other fuels derived from petroleum.

29 By November 6, 2024, the Maine Center for Disease Control and Prevention shall  
30 submit a report to the joint standing committee of the Legislature having jurisdiction over  
31 energy, utilities and technology matters, the joint standing committee of the Legislature  
32 having jurisdiction over the environment and natural resources matters and the joint  
33 standing committee of the Legislature having jurisdiction over health and human services  
34 matters based on the study under this section. The committees may each report out a bill  
35 based on the report to the 132nd Legislature in 2025.

## 36 SUMMARY

37 This bill provides that, beginning February 1, 2025, any charge for costs associated  
38 with new gas service mains and gas service lines for residential and commercial gas service  
39 is unreasonable for inclusion in rates and prohibited. It provides that, beginning January 1,  
40 2025, the Public Utilities Commission may not approve a gas utility to furnish service or  
41 serve customers in a municipality that is outside of the utility's service area on June 30,  
42 2024. Beginning January 1, 2025, it prohibits a gas utility from offering or providing a  
43 promotional allowance to customers or potential customers.

1           The bill requires the Public Utilities Commission to conduct inquiries related to district  
2 geothermal systems and costs associated with gas system expansion and to submit related  
3 reports to the joint standing committee of the Legislature having jurisdiction over energy,  
4 utilities and technology matters. The bill also requires the Department of Health and  
5 Human Services, Maine Center for Disease Control and Prevention, in collaboration with  
6 other state entities, to submit a report on indoor air quality and health impacts of fossil fuel  
7 combustion and leakage to several joint standing committees of the Legislature.