

MAINE STATE LEGISLATURE

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SAR
ROS

L.D. 2172

Date: 3/22/24

REPORT A

(Filing No. H-85Z)

ENERGY, UTILITIES AND TECHNOLOGY

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1391, L.D. 2172, "An Act to Enhance Electric Utility Performance-based Ratemaking"

Amend the bill by striking out the title and substituting the following:

'An Act to Enhance Electric Utility Regulation Based on Performance'

Amend the bill by striking out all of the emergency preamble.

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

'Sec. 1. 35-A MRSA §1324 is enacted to read:

§1324. Performance-based metrics; rate adjustment mechanisms

Notwithstanding any provision of this Title to the contrary, the commission may establish performance-based metrics and rate adjustment mechanisms for a public utility in any proceeding.

Sec. 2. 35-A MRSA §3196 is enacted to read:

§3196. Examination of regulatory tools based on performance

1. Commission proceeding. Beginning October 1, 2024 and every 3 years thereafter, the commission shall initiate a proceeding to examine regulatory tools based on performance that the commission may develop and implement for an investor-owned transmission and distribution utility.

A. In its examination in a proceeding under this subsection, the commission shall:

(1) In addition to the minimum service standards established pursuant to section 301, subsection 1-A, consider regulatory tools based on performance that align a utility's performance with any standards and metrics developed in accordance with subsection 3; and

(2) Review and evaluate regulations based on performance used in other states.

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B. In conducting a proceeding under this subsection, the commission shall first, in accordance with subsection 2, establish goals for investor-owned transmission and distribution utility performance and then evaluate options for the development of standards and metrics in accordance with subsection 3 that may be used to assess a transmission and distribution utility's performance toward achieving the goals.

2. Transmission and distribution utility goals. The commission shall establish goals for investor-owned transmission and distribution utility performance that are consistent with the objectives of the State's climate action plan adopted pursuant to Title 38, section 577 and address the elements of a utility's integrated grid planning filing pursuant to section 3147, subsection 4. When establishing goals, the commission shall also consider, at a minimum, goals that would benefit ratepayers and:

- A. Promote efficient and cost-effective transmission and distribution utility operations;
- B. Increase planning and preparation for extreme weather events and climate hazards;
- C. Promote cost-effective and comprehensive responses to outages;
- D. Increase affordability and customer empowerment and satisfaction;
- E. Support achievement of the State's goals for increasing consumption of electricity from renewable resources in section 3210, subsection 1-A;
- F. Advance the State's greenhouse gas emissions reduction goals established in Title 38, section 576-A; and
- G. Advance beneficial electrification in accordance with section 3804.

3. Standards and metrics; considerations. The commission shall evaluate options for the development of standards and metrics to be used in rate cases and other proceedings, as appropriate, involving an investor-owned transmission and distribution utility to assess the utility's performance toward achieving goals established in accordance with subsection 2.

4. Stakeholder input. The commission shall hold stakeholder workshops to receive stakeholder input regarding the examination of regulatory tools based on performance in accordance with subsection 1, goals established by the commission in accordance with subsection 2 and emerging regulatory mechanisms that may be implemented by the commission in accordance with section 3197.

5. Consumer-owned transmission and distribution utilities. Nothing in this section prohibits the commission from examining regulatory tools for consumer-owned transmission and distribution utilities based on performance.

6. Report. Beginning January 1, 2026 and every 3 years thereafter, the commission shall provide a report to the joint standing committee of the Legislature having jurisdiction over utility matters summarizing the most recent proceeding initiated under this section and including:

- A. A description of actions undertaken by the commission as a result of the proceeding;
- B. Information regarding the use of regulatory tools based on performance, including an evaluation, to the extent practicable, of the effectiveness of regulatory tools based on performance that the commission has developed and implemented or intends to develop and implement;

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1 C. A review of evidence regarding the use of regulatory tools based on performance
2 from other states, to the extent that such evidence is available; and

3 D. Any recommended legislation.

4 After reviewing the report, the committee may report out a bill to implement the
5 recommendations contained in the report.

6 **Sec. 3. 35-A MRSA §3197 is enacted to read:**

7 **§3197. Emerging regulatory mechanisms**

8 The commission shall implement emerging regulatory mechanisms for transmission
9 and distribution utilities when it finds that doing so would better align transmission and
10 distribution utility performance with state policies and goals when compared to other forms
11 of regulation.

12 **Sec. 4. Public Utilities Commission; regulatory policy group.** The Public
13 Utilities Commission shall evaluate the potential creation of a regulatory policy group
14 within the organizational structure of the commission that is dedicated to considering
15 policy matters that will inform the commission's regulatory work. By January 17, 2025, the
16 commission shall submit a report to the joint standing committee of the Legislature having
17 jurisdiction over utility matters that includes recommendations for the creation of a
18 regulatory policy group. The report must include recommendations regarding the duties of
19 the regulatory policy group, the number of new positions needed to perform those duties,
20 how the regulatory policy group will be organized and any recommended legislation. After
21 reviewing the report, the committee may report out a bill related to the report to the 132nd
22 Legislature in 2025.'

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

25 **SUMMARY**

26 This amendment replaces the bill, changes the title, removes the emergency preamble
27 and clause and does the following.

28 1. Beginning October 1, 2024 and every 3 years thereafter, it requires the Public
29 Utilities Commission to initiate a proceeding to examine regulatory tools based on
30 performance that the commission may develop and implement for an investor-owned
31 transmission and distribution utility. In conducting the proceeding, the commission must
32 first establish goals for transmission and distribution utility performance and then evaluate
33 options for the development of standards and metrics that may be used in rate cases and
34 other proceedings to assess a transmission and distribution utility's performance toward
35 achieving the goals.

36 2. It requires the commission to hold stakeholder workshops to receive stakeholder
37 input regarding its examination of regulatory tools based on performance, goals the
38 commission establishes in connection with the proceedings and emerging regulatory
39 mechanisms that may be implemented by the commission.

40 3. Beginning January 1, 2026 and every 3 years thereafter, it requires the commission
41 to provide to the joint standing committee of the Legislature having jurisdiction over utility
42 matters a report summarizing the most recent proceeding, including a description of actions

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1 undertaken by the commission as a result of the proceeding; information regarding the use
2 of regulatory tools based on performance, including an evaluation, to the extent practicable,
3 of the effectiveness of regulatory tools based on performance that the commission has
4 developed and implemented or intends to develop and implement; a review of evidence
5 regarding the use of regulatory tools based on performance from other states, to the extent
6 that such evidence is available; and any recommended legislation.

7 4. It requires the commission to implement emerging regulatory mechanisms for
8 transmission and distribution utilities when it finds that doing so would better align
9 transmission and distribution utility performance with state policies and goals when
10 compared to other forms of regulation.

11 5. It directs the commission to evaluate the creation of a regulatory policy group within
12 the organizational structure of the commission. By January 17, 2025, the commission must
13 submit a report to the joint standing committee of the Legislature having jurisdiction over
14 utility matters that includes recommendations for the creation of a regulatory policy group.

15 **FISCAL NOTE REQUIRED**

16 (See attached)

COMMITTEE AMENDMENT



131st MAINE LEGISLATURE

LD 2172

LR 2755(02)

An Act to Enhance Electric Utility Performance-based Ratemaking

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-852)

Committee: Energy, Utilities and Technology

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

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