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***Energy Resources Council  
2003 Work Plan and Report to the Legislature***



**Prepared by:**

**The Maine State Planning Office  
on behalf of  
The Energy Resources Council**

**January 2003**

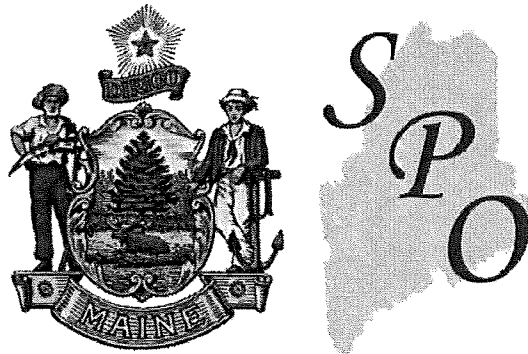
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This Work Plan and Report to the Legislature was prepared under the guidance of the Maine Energy Resources Council.

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## **I. EXECUTIVE SUMMARY**

This work plan and report to the Legislature outlines a process and priorities for interagency coordination of the State's activities related to energy. It includes a summary of activities completed or underway and outlines anticipated activities for 2003. Interagency coordination is facilitated by the Energy Resources Council – a Cabinet-level council of eight agencies established by the Maine Legislature in 2002.

### **A. INTRODUCTION**

The Energy Resources Council provides a central point of contact and hub for coordinating State activities related to energy. The Council is chaired by the Director of the State Planning Office, and includes the Chair of the Public Utilities Commission, the Commissioner of Environmental Protection, the Public Advocate, the Commissioner of Transportation, the Commissioner of Administrative and Financial Services, the Commissioner of Economic and Community Development, and the Director of the Maine State Housing Authority.

The Council's general mandates include:

- Assistance to Executive and Legislative policymakers in formulation of energy policy.
- Study of energy issues and problems of state-level significance.
- Recommendation of coordinated state policy on energy use in Maine that involves initiatives undertaken by more than one state agency.
- Outreach to federal agencies with jurisdiction over energy matters affecting Maine to ensure that Maine's interests are served.

Council members welcome the opportunity to cooperate on energy-related activities and use their resources to common advantage.

**The Council does not supercede agency discretion on individual agency programs or advocacy by any agency in fulfillment of its mission; rather, it is a vehicle for coordinating attention to key issues and priorities.** A copy of the statutory language that created the Council and provides guidance for its activities is included as Attachment 1. A summary of the Council's general and specific mandates is provided in Chapter II.

Council members will pursue energy activities consistent with the following general principles:

- Energy production, undertaken in an environmentally-sound manner, is needed from a diverse mix of resources.
- Conservation, demand management and distributed resources can be viable and cost-effective strategies for meeting energy needs, and are necessary components of a balanced resource portfolio.
- Adequate and reliable energy delivery infrastructure is critical to economic growth and to continued expansion of competitive energy markets.



- Energy and environmental policy are linked, and should be addressed in an integrated manner.
- Maine's energy security depends not only on Maine-specific resources, but on energy resources throughout the region.
- Policies affecting the energy resources on which Maine depends are often developed in regional and national forums; effective representation of Maine's interests in these forums is essential.
- Active interagency coordination on state, regional and federal energy policy offers an opportunity to make more efficient and effective use of State resources.

The first official meeting of the Council was held in September 2002 and monthly meetings have been held since. Regular meetings provide a forum for discussing energy initiatives of mutual interest, planning cooperative projects, tracking legislative proposals, and sharing information on current events affecting energy security.

## **B. ENERGY RESOURCES COUNCIL PROCESS AND RESOURCES**

The Council meets on the first Tuesday of each month from 9:00 to 10:30 a.m. at the State Planning Office (SPO). Meetings are open to the public. Meeting agendas and minutes are posted on the Energy Resources Council page of the SPO website at [www.maine.gov/spo/energy/energycouncil.htm](http://www.maine.gov/spo/energy/energycouncil.htm). While the Council is required by statute to meet only quarterly, Council members decided monthly meetings are warranted given the number and complexity of important energy issues and their significance for Maine's economy and natural environment.

The Council is required to submit an annual *Work Plan and Report to the Legislature* by January 15<sup>th</sup> of each year. The Council will meet annually with interested Legislative committees or committee chairs with jurisdiction over energy matters to solicit their input on Council priorities and activities.

Input will also be solicited from interested stakeholders. The Council will hold a facilitated meeting in the spring of each year to solicit input on stakeholder priorities and feedback on Council priorities and activities. Stakeholder input on special projects will be solicited through vehicles such as scheduled time for public comment at Council meetings, formal hearings, informal consultation, focus groups, standing advisory groups, or other means, as appropriate.

With one dedicated staff and project-specific assistance from member agencies as resources allow, the Council assumes that the Legislature intended the Council to be used primarily as a hub for interagency cooperation. Council members expect that agencies can accomplish more through coordinated efforts than would have been accomplished individually, and welcome the Council's creation for that purpose. In cases where coordination was already underway, the Council provides a vehicle for effectively sharing information on interagency activities with interested stakeholders.

Given the Council's focus, a first priority was to identify the full range of energy-related State resources that could potentially be used to common advantage. The *2003 Directory of State Energy Programs and Resources* distributed with this report describes not only the

energy programs and resources of Council members, but also the broader range of resources throughout State government. It is intended as a convenient desk reference for Council members, Legislators and the public.

A more complete discussion of Council process and resources is provided in Chapter III.

## **C. COOPERATIVE PROJECTS FOR 2002-2003**

Based on a review of Legislative direction and a survey of Council members, the Council selected 5 cooperative projects for 2002-2003. It is anticipated that some projects will be ongoing efforts extending into subsequent years, and project goals have been set with that in mind.

1. **Energy Information.** This project will develop and maintain a shared information base of energy information. Priorities include development of a web-based system with links from a central location to energy data sites, and development of geographic information system (GIS) information on critical energy facilities and infrastructure.
2. **State Government Energy Efficiency.** The project goal is to aggressively and cost-effectively improve State government energy efficiency in buildings and fleets, and develop mechanisms to effectively share information on progress with the public so that State government can lead by example.
3. **Small Business Energy Assistance.** This project is intended to improve the energy efficiency of Maine small businesses by better coordinating and leveraging agency programs, resources and expertise.
4. **Regulatory System Evaluation and Improvement.** This project will identify potential gaps, obsolescence or inefficiencies in energy-related regulations and processes, select priority issues for attention and recommend solutions.
5. **Energy Emergency Preparedness.** Under this project, the Council will produce an updated and workable *Maine Energy Emergency Plan*, in cooperation with the Maine Emergency Management Agency (MEMA).

The 5 projects are already underway. The Council has designated lead agencies, established project goals, undertaken scoping activities, and committed to specific actions for 2003.

The initial focus of the **Energy Information Project** is providing access to information of common interest that is collected in the normal course of State business. The State Planning Office and the Maine State Housing Authority are lead agencies for this project. The Council has already established a public website, from which access to the shared energy information base will be provided. It also has identified key sources of energy data collected by member agencies as well as federal, regional and industry sources of on-line energy information.

In 2003, the Council plans to identify potential resources for designing an efficient, user-friendly interface for accessing energy information and will establish links to key data sites. It will research other states' energy information efforts to gain insights into how Maine might gather and provide information most efficiently and effectively. It will identify and pursue potential resources for developing GIS information on critical infrastructure. And it will solicit stakeholder feedback on energy information availability and needs, and, where feasible, consider additions or modifications to project activities.

As a first step on the **State Government Energy Efficiency** project, the Council requested and received a briefing on those energy efficiency activities already underway at the Department of Administrative and Financial Services (DAFS). DAFS' approach to energy efficiency includes building construction and renovation with energy efficient materials and systems, energy efficiency improvements in leased space, purchasing requirements with minimum efficiency levels for equipment and vehicles, maximizing use of the State's teleconferencing capability to reduce vehicle miles traveled, and burning cleaner, more efficient fuels to heat State buildings. After considering the activities underway, the Council concluded that more activities have been undertaken than may be readily apparent, and it may be desirable to find a more standard way of reporting accomplishments and sharing information. In addition, opportunities were identified to improve energy efficiency in State buildings using the Electric Energy Conservation Program fund administered by the Public Utilities Commission (PUC).

In 2003, the Council will assist DAFS and the Clean Government Team (coordinated by DAFS and the Department of Environmental Protection (DEP)) in developing a comprehensive inventory of state buildings and baseline energy use. Council members will provide agency staff expertise to assist in selecting a methodology for estimating and reporting energy savings achieved relative to the baseline. It will also identify potential resources for funding an energy audit of state facilities to identify additional cost-effective efficiency improvements and consider potential options for implementing those improvements.

The **Small Business Energy Assistance** project also focuses on energy efficiency. The Department of Economic and Community Development (DECD) is lead agency on this project, in consultation with the PUC. As a first step, the Council identified agency information and resources related to energy efficiency and considered opportunities to better leverage those resources. In 2003, the Council intends to better integrate its efficiency resources for small business into one coordinated assistance effort. The Council will also oversee a variety of activities to identify and evaluate opportunities for improving small business energy efficiency, including: working with industry associations to expand outreach efforts and dissemination of information, strengthening the energy infrastructure that serves small businesses by working through an established network of contractors/suppliers to encourage promotion of energy-efficient products and services, and establishing a Small Business Energy Efficiency Advisory Council to ensure meaningful consultation with stakeholders.

The **Regulatory System Evaluation and Improvement** project is a cooperative effort to inventory Council members' major energy-related regulatory processes and identify potential areas for improvement. The PUC is lead agency on this project, in consultation with DEP and the Public Advocate. Using a survey of Council members, the Council compiled a preliminary list of issues for consideration. The list includes possible regulatory gaps, areas where regulations may be obsolete or out-of-date, and opportunities for improved process efficiency. In 2003, the Council will review and augment this list and address the highest priority items. It will also solicit stakeholder input on additional areas for consideration.

The **Energy Emergency Preparedness** project will produce an updated and workable Energy Emergency Plan. SPO is lead agency on this project. In 2002, the Council reviewed a draft plan developed by SPO and MEMA, and in cooperation with DECD, pursued a federal

funding opportunity for an energy emergency simulation exercise to test Maine's energy emergency preparedness. In 2003, the Council plans to provide staff assistance to the MEMA in planning the anticipated energy emergency simulation exercise, participate in the exercise and incorporate lessons learned into the draft Maine Emergency Management Plan. The Council will also oversee updating the State's public service announcement (PSA) related to energy efficiency to reflect the change in Governor and the possibility of energy supply disruptions or price spikes due to world events.

Project action plans are provided in Chapter IV. Each action plan includes information on project context (including Legislative direction, where provided), an overview of Council activities already completed in or underway in 2002 and a description of Council activities anticipated for 2003.

## **D. ONGOING COUNCIL ACTIVITIES**

The Council will continually identify energy issues for Council attention. Attention may range from information sharing and discussion to undertaking cooperative projects or outreach activities.

Council members have looked ahead to identify issues where they might request Council attention (or in some cases, additional Council attention) in 2003; a list with some of these issues is provided below. While the list is not intended to be comprehensive, it is illustrative of the range of issues that could be addressed by the Council as time and resources allow.

- *Energy efficiency.* Possible issues for attention include: additional opportunities for interagency coordination of energy efficiency activities, implementation and possible update of Maine's Energy Efficiency Building Performance Standards, public outreach and education on energy conservation, Electric Energy Conservation Fund priorities, and availability of capital for additional cost-effective energy conservation.
- *State government energy use.* Possible issues for attention include: Clean Government Initiative energy priorities, funding options for state building energy efficiency improvements, and state building conversion to natural gas.
- *Alternative transportation and fuels.* Possible issues for attention include: opportunities for alternative fuels and infrastructure, and the role of alternative fuels and transportation efficiency in meeting energy objectives.
- *Climate action.* Possible issues for attention include: identification and implementation of energy-related climate actions, leveraging of activities throughout the region, and estimating emissions impacts of energy-related programs and activities.
- *Renewable energy and renewable fuels.* Possible issues for attention include: priorities for the Renewable Resource Fund and economic development opportunities involving renewable energy or fuels.
- *Wholesale electricity markets.* Possible issues for attention include: regional transmission organizations, market design, resource adequacy, and infrastructure development.
- *Federal funding.* Possible issues for attention include: priorities for use of State Energy Program (SEP) funds and identification of grant opportunities.

In addition to the activities of the Council itself, Council staff works on various special projects and outreach activities on an ongoing basis. In consultation with Council members, Council staff represents Maine's interests in regional and federal policy forums, including energy committees and working groups of the New England Power Pool, the New England Governors Conference and the Coalition of Northeast Governors. Subjects addressed include: coordination of energy and environmental policy, climate action, energy-related economic development opportunities, wholesale electricity market issues and energy security.

## **E. EVALUATION OF COUNCIL EFFECTIVENESS AND ADEQUACY OF RESOURCES**

Because the Council was only recently established, it may be too soon to evaluate its effectiveness and adequacy of resources. However, Council members offer the following observations based on experience with the Council to date.

- The Energy Resources Council offers opportunity for sustained, Cabinet-level engagement on energy issues important to Maine's economy and environment.
- The Council offers opportunity not just to address energy policy, but to integrate shared energy priorities into operations throughout State government.
- The Council offers opportunity for pooling limited State resources to address the highest priority issues and projects of shared concern.

**The Council assumes that the Legislature intended the Council to be used primarily as a hub for interagency cooperation and has set its priorities with that in mind. Additional resources would be required to pursue a more comprehensive mandate.**

The Council will consult with the Legislature and stakeholders on its *2003 Work Plan and Report to the Legislature* and looks forward to receiving feedback and suggestions in the coming year. The Council will develop appropriate measures for judging Council effectiveness during 2003. The Council expects to be better able to comment on its effectiveness and adequacy of resources in 2004.

## **Guide to This Report**

A summary of Legislative direction to the Council, the need for the Council, and energy principles shared by Council members is provided in Chapter II. Chapter III provides an overview of Council process and resources; it includes information on scheduled meetings and processes for coordinating with stakeholders and the Legislature. Chapter IV describes five cooperative projects already underway, including progress to date and action plans for the coming year. Chapter V notes ongoing activities of the Council and lists various energy issues that Council members may wish to address over time. Chapter VI offers preliminary observations on Council effectiveness and adequacy of resources. A copy of the statutory language governing the Council is included as Attachment 1. A table of other relevant statutory references is included as Attachment 2.

## **II. INTRODUCTION**

This work plan and report to the Legislature outlines a process and priorities for interagency coordination of the State's activities related to energy. It includes a summary of activities completed or underway and outlines anticipated activities for the coming year. Interagency coordination is facilitated by the Energy Resources Council – a Cabinet-level council of eight agencies established by the Maine Legislature in 2002.

The Council process for interagency cooperation includes monthly meetings and ongoing identification and coordination of priority activities. As such, it is expected to be an appropriate vehicle not only for advising on long-term strategic direction, but also for adapting to changing short-term conditions. The Council will seek to achieve these objectives using existing financial and staff resources.

Energy is a key factor affecting Maine's economy and natural environment. Council members are committed to coordinating their activities for common advantage and integrating shared energy priorities into the day-to-day activities of their eight diverse organizations.

### **A. BACKGROUND**

The Maine Legislature established an Energy Resources Council to “facilitate more effective interagency coordination of the State's activities regarding energy” (Sec. 1.5 MRSA c. 313-A). The Council is chaired by the Director of the State Planning Office, and includes the Chair of the Public Utilities Commission, the Commissioner of Environmental Protection, the Public Advocate, the Commissioner of Transportation, the Commissioner of Administrative and Financial Services, the Commissioner of Economic and Community Development, and the Director of the Maine State Housing Authority.

The Council has general and specific mandates, as well as administrative requirements.

#### **1. General Mandates**

- Assistance to Executive and Legislative policymakers in formulation of energy policy.
- Study of energy issues and problems of state-level significance.
- Recommendation of coordinated state policy on energy use in Maine that involve initiatives undertaken by more than one state agency.
- Outreach to federal agencies with jurisdiction over energy matters affecting Maine to ensure that Maine interests are served.

#### **2. Specific Mandates**

- Implementation of an integrated energy resources information base for planning purposes.
- Monitoring and evaluation of energy use by State Government, in coordination with the Clean Government Initiative.

- Energy planning assistance for small businesses, in consultation with an advisory group.
- Periodic evaluation of and direction to the State's energy planning and regulatory programs, including comments on agency program plans, specific projects and Legislative proposals.

### **3. Administrative Requirements**

- Quarterly meetings.
- Formation of (and consultation with) one or more advisory groups.
- Preparation of an annual work program report to the Legislature, including descriptions of past and planned activities, evaluation of the Council's effectiveness, and recommendations for changes to law.

Creation of the Council does not supercede agency discretion on individual agency programs or advocacy by any agency in fulfillment of its mission; rather, it is a vehicle for coordinating attention to energy issues and priorities of statewide significance that involve the activities of multiple agencies.

## **B. NEED FOR THE COUNCIL**

The Legislature and stakeholders indicated that Maine should have a more centralized information source and point of contact on energy-related policies and activities.

- Since the disbandment of the Office of Energy Resources years ago, energy functions have been dispersed across agencies.
- More systematic coordination and information sharing will make more efficient use of limited state resources, while keeping energy-related programs and activities located in those agencies best able to provide cost-effective implementation.
- The Council will facilitate agencies speaking with a consistent voice, where appropriate, on matters of energy policy.

Council members welcome the opportunity to better coordinate their energy-related activities and use their resources to common advantage.

## **C. SHARED PRINCIPLES**

Council members will pursue energy activities consistent with the following general principles:

- Energy production, undertaken in an environmentally-sound manner, is needed from a diverse mix of resources.
- Conservation, demand management and distributed resources can be viable and cost-effective strategies for meeting energy needs, and are necessary components of a balanced resource portfolio.

- Adequate and reliable energy delivery infrastructure is critical to economic growth and to continued expansion of competitive energy markets.
- Energy and environmental policy are linked, and should be addressed in an integrated manner.
- Maine's energy security depends not only on Maine-specific resources, but on energy resources throughout the region.
- Policies affecting the energy resources on which Maine depends are often developed in regional and national forums; effective representation of Maine's interests in these forums is essential.
- Active interagency coordination on state, regional and federal energy policy offers an opportunity to make more efficient and effective use of State resources.



### **III. ENERGY RESOURCES COUNCIL PROCESS AND RESOURCES**

Because the Council was established in mid-2002, the Council's first priorities for 2002 were to establish a process for effective interagency coordination (including effective mechanisms for communicating with the Legislature and the public) and a shared understanding of energy-related programs and resources across agencies.

#### **A. COUNCIL PROCESS**

Members decided to use the Land and Water Resources Council (LWRC) as a procedural model for the Council, finding its system of pre-scheduled monthly meetings with pre-set agendas, informal meeting style with frank discussion, and active facilitation by the Chair to be an effective vehicle for interagency cooperation on complex issues.

##### **1. Meeting Schedule and Format**

- Monthly meetings of the Energy Resources Council are held the first Tuesday of each month from 9:00 to 10:30 a.m. at the State Planning Office.
- Meetings are open to the public.
- Agendas are prepared in advance, and made available to the public.
- Informal minutes are prepared and made available to the public.
- High-level participation is key to Council success; work may be assigned to staff, but Council meeting participants are Commissioners, Deputy Commissioners or Directors with authority to commit agency resources.

##### **2. Council Administration**

- The Council is staffed by a Policy Development Specialist at SPO with funding provided through an interagency memorandum of understanding with Council members.
- Council members also contribute staff and resources to cooperative projects as needed.

##### **3. Stakeholder Communication**

- An Energy Resources Council page has been added to the SPO website; see [www.state.maine.gov/spo/energy/energycouncil.htm](http://www.state.maine.gov/spo/energy/energycouncil.htm).
  - Meeting agendas are posted in advance of each meeting for the benefit of interested stakeholders.
  - Meeting minutes are posted after review and approval by the Council.
  - The Council's annual work plan and report to the Legislature and any special reports and studies of the Council will be added over time.

- The Council will hold a facilitated meeting in the spring of each year to solicit input on stakeholder priorities and Council activities and priorities.
- The Council will solicit stakeholder input on special projects, where appropriate. Means of consultation may include scheduled time for public comment at Council meetings, formal hearings, informal consultation, focus groups, standing advisory groups, or other means, as appropriate.
- Stakeholders can indirectly bring issues or projects to the Council via Council members.
- Council staff reports to the Council at each meeting on stakeholder suggestions received.
- The Council will look for opportunities to partner with stakeholders to address shared priorities.

#### **4. Legislative Process and Liaison**

- Because member agencies have different statutory roles and, in some cases, necessarily different perspectives on energy issues, it is expected that there may be differences of opinion among agencies on Legislative proposals. For this reason, the Council assumes that the Legislature intended the Council to be used as a hub for interagency coordination rather than as a vehicle for developing consensus positions or group recommendations on Legislative proposals.
- The Council will facilitate interagency information sharing and coordination on Legislative proposals of statewide significance that affect or involve the energy-related activities of more than one member agency.
  - Immediately prior to and during the Legislative session, time will be reserved on Council agendas to share information on legislative proposals of mutual interest and to coordinate input, where appropriate.
  - During the Legislative session, Legislative liaisons from Council member agencies will participate in regular conference calls to identify and discuss bills of mutual interest. These calls will also provide an opportunity for lead agencies on particular bills to solicit input from other member agencies.
  - An electronic distribution list of Council members and their legislative liaisons will provide an additional vehicle for sharing information on Legislative proposals and for circulating draft testimony by lead agencies to other interested agencies for comment.
- Council members proposing legislation that would affect or involve the energy-related activities of more than one member agency will solicit input from those agencies prior to presentation of their proposals to the Legislature, whenever feasible
- An annual *Work Plan and Report to the Legislature* will be provided by January 15<sup>th</sup> of each year.
- The Council will request an annual meeting with the Joint Standing Committee on Utilities & Energy. The purpose of the meeting will be to introduce the Council and receive feedback on the annual *Work Plan and Report to the Legislature*. Council members will attend personally, where feasible, to demonstrate their support for the Council and their interest in Legislative input.

Council members will also be available, if desired, to meet with other Legislative committees involved with energy issues.

- The Council Chair and staff will be available to meet periodically with the Chairs of the Joint Standing Committee on Utilities & Energy (and other Legislative committee Chairs, if desired) to share information on ongoing Council activities.
- The Council will endeavor to provide balanced information and advice to assist policymakers in their consideration of energy issues.

## **5. Federal and Regional Outreach**

- Maine is part of larger, regional markets for petroleum products, natural gas and electricity. Policies affecting the availability, diversity, cost and environmental impacts of energy resources on which Maine depends are often developed in regional and national forums. Council members will share information and coordinate with each other on federal and regional outreach efforts of mutual interest.
- See also Chapter IV, Priority Projects for Interagency Cooperation, The Regulatory System Improvement Project, “Anticipated Activities for 2003” and Chapter V, Ongoing Council Activities, “Ongoing Staff Activities and Interagency Projects.”

## **6. Commitment to Continuous Improvement**

- Council members will welcome and actively solicit input from stakeholders.
- Council members will organize and participate in a half day annual meeting to:
  - Critically evaluate Council direction and accomplishments.
  - Consider input received from stakeholders.
  - Identify opportunities for improvement.
- The Council will benchmark and measure Council effectiveness at least bi-annually. See also Chapter VI, Evaluation of Council Effectiveness and Adequacy of Resources, “Benchmarking.”

## **B. COUNCIL RESOURCES**

An initial priority of the Council was to identify energy-related State resources – not only the energy programs and resources of Council members, but also the broader range of resources throughout State government.

### **1. 2003 Directory of State Energy Programs and Resources**

The Council has developed an easy reference to State energy-related programs and contacts. The *2003 Directory of State Energy Programs and Resources* includes not only energy-specific programs, but also many broader programs and activities that affect the production, delivery or use of energy in Maine.

The directory is intended to:

- Assist Council members in using State resources to common advantage, and
- Provide a convenient reference for Executive and Legislative policymakers, stakeholders and the public.

A copy of the directory is distributed with this report and is also available on the Council page of the SPO website.

## **2. Energy-Related Roles of Council Members**

Council members have a variety of programs, authorities and resources for affecting energy production, delivery and/or use. Examples of the various energy-related roles and activities of Council members are provided in Table 1. More detailed information on agency energy programs, activities and statutory authority is provided in the *2003 Directory of State Energy Programs and Resources*.

Council members necessarily approach energy issues from different perspectives. Consider, for example, that one of the Public Utilities Commission's primary roles, described in general terms, is to ensure safe, reliable utility service at reasonable rates. The Public Advocate's primary role is advocacy on behalf of utility ratepayers. And the Department of Environmental Protection's primary role is to protect human health and the environment. These are necessarily different perspectives and consideration of each of them is important in developing balanced energy policy.

Because of the diversity of State energy issues and the wide range of implications for Maine's economy and natural environment, Council members can and should have differing positions on certain issues. All Council members recognize, however, the importance of speaking with a coordinated voice on issues with major energy impact. In cases where there are differing perspectives or competing priorities, Council members will endeavor to articulate those differences as objectively as possible.

**Table 1 – Energy-Related Roles of Council Members**

Council Member	Programs and Activities Affecting Energy Production, Delivery or Use
Administrative & Financial Services, Department of (DAFS)	<ul style="list-style-type: none"> <li>• Procurement policies related to energy, fleet vehicles, equipment and recyclable materials</li> <li>• State building development, renovation and energy efficiency investments</li> <li>• State energy use policies, including 25% building energy use reduction target</li> <li>• Clean Government Initiative, in cooperation with DEP</li> </ul>
Economic & Community Development, Department of (DECD)	<ul style="list-style-type: none"> <li>• Energy audits and auditor licensing</li> <li>• Energy efficiency loans</li> <li>• Energy Efficiency Building Performance Standards</li> <li>• Administration and allocation of US DOE federal grant funds to Maine</li> <li>• Energy-related publications</li> </ul>
Environmental Protection, Department of (DEP)	<ul style="list-style-type: none"> <li>• Various siting, licensing and permitting processes designed to provide maximum flexibility in facility operations while protecting human health and the environment</li> <li>• Clean Government Initiative, in cooperation with DAFS</li> <li>• Mobile source initiatives (including fuel specifications)</li> <li>• NEGC/ECP Climate Change Action Plan implementation</li> </ul>
Maine State Housing Authority (MSHA)	<ul style="list-style-type: none"> <li>• Low Income Energy Assistance Program (LIHEAP)</li> <li>• Maine Weatherization Program</li> <li>• Residential Energy Assistance Challenge Program (REACH)</li> <li>• Central Heating Improvement Program (CHIP)</li> <li>• Rental Loan Program (requires certain insulation standards met)</li> <li>• Housing Preservation Program (requires conversion of electric heat)</li> <li>• BundleMeUp public information website</li> </ul>
Public Advocate, Office of (OPA)	<ul style="list-style-type: none"> <li>• Advocacy on behalf of customers of natural gas and electric utilities</li> <li>• Advocacy for efficient operation of electricity markets in Maine and in the region</li> <li>• Electricity Guide and other educational materials</li> </ul>
Public Utilities Commission (PUC)	<ul style="list-style-type: none"> <li>• Regulation of utilities to provide safe, reliable and adequate services at reasonable rates</li> <li>• Licensing of competitive electricity providers and registration of natural gas marketers</li> <li>• Oversight of natural gas and propane distribution system safety</li> <li>• Administration of the Conservation Program Fund</li> <li>• Participation in regional and federal proceedings affecting Maine</li> </ul>
State Planning Office (SPO)	<ul style="list-style-type: none"> <li>• Staff to the Energy Resources Council</li> <li>• Energy policy development</li> <li>• Representation of Maine energy policy interests in regional and federal forums</li> <li>• Special projects including energy emergency planning</li> <li>• Renewables R&amp;D Fund administration</li> <li>• Facilitation of hydro-relicensing input to FERC</li> <li>• Winter fuels price monitoring and report to the Legislature</li> <li>• Nuclear safety advice</li> <li>• Petroleum set-aside program, in the event energy emergency</li> </ul>
Transportation, Department of (DOT)	<ul style="list-style-type: none"> <li>• Traffic and demand management programs such as RideShare</li> <li>• MDOT fleet energy use</li> <li>• Alternative energy use and fuel station development</li> <li>• Alternative transportation infrastructure development</li> <li>• Port system admin, motor carrier rules and rail policies that affect bulk fuel deliveries</li> <li>• Permitting energy infrastructure along transportation corridors</li> </ul>

## **IV. COOPERATIVE PROJECTS FOR 2002-2003**

The Council has selected 5 cooperative projects as initial priorities:

1. Energy Information
2. State Government Energy Efficiency
3. Small Business Energy Assistance
4. Regulatory System Evaluation and Improvement
5. Energy Emergency Preparedness

These projects were selected based on a review of Legislative direction and a survey of Council members.

Action plans for each cooperative project are provided below. Each action plan contains a snapshot of: the Council's goal in undertaking the project, project context (including Legislative direction, where provided), Council activities completed or underway in 2002 and Council activities planned for 2003. It is anticipated that some projects will be multi-year efforts, and goals have been set with that in mind.

### **A. ENERGY INFORMATION PROJECT**

#### **1. Project Goals**

- Cost-effectively develop and maintain a shared information base of used and useful energy information for state policymakers.
  - A web-based information system with links from a central location to agency-maintained data sites (for access to energy information collected by State agencies) and federal, regional and industry sites (for access to energy information collected by others).
  - Geographic Information System (GIS) information on critical energy facilities and infrastructure (with access on a need-to-know basis).

#### **2. Project Context**

- The Legislature has directed the Council to “support the full implementation of an integrated program to provide a substantially improved energy information base for planning purposes.”
- Member agencies collect energy-related information in the normal course of business.
- Some but not all State-collected energy information is included on agency websites.
- There are federal, regional and industry websites with information relevant to Maine.
- There is currently no easy reference to what information is available and from whom.

- GIS data on critical energy facilities and infrastructure in Maine is currently incomplete; more complete GIS data would improve energy emergency preparedness and response capability.
- Public policies and the strategies for achieving them are only as good as the information on which they are based; this project will provide an improved information baseline for policymaking, implementation, and measurement of outcomes.

### **3. Council Activities in 2002**

- Established a public website for the Energy Resources Council, from which access to the shared energy information base will be provided.
- Continued to update and maintain the BundleMeUp website, which provides information on energy issues and energy efficiency to the general public.
- Developed the *2003 Directory of State Energy Programs and Resources*.
- Designated SPO and MSHA as lead agencies for facilitating development of a shared energy database.
- Established database project parameters:
  - Initial priority should be placed on access to information of common interest that is already collected in the normal course of State business.
  - The most cost effective and efficient way of making information available is if the agency staff who already collect it are also responsible for making it accessible to others.
  - The Council should facilitate access to data and other information, but should not in itself be the collector or keeper of information.
  - GIS format is necessary for information on critical energy facilities and infrastructure; it is desirable for other energy information, but may be too expensive, at least initially.
- Identified the types of energy data collected by member agencies in the normal course of business.
- Identified key federal, regional, and industry sources of on-line energy information (e.g. U.S. Energy Information Administration, ISO New England, and New England Gas Association).
- Solicited Council suggestions on priority information for inclusion in a shared information base.

### **4. Council Activities for 2003**

- Identify potential resources for designing an efficient, user-friendly interface for accessing State energy information from the Council page of the SPO website (e.g. resources might include federal funds, agency staff, or other resources).
- Establish links to energy information of common interest, including links to key State, federal, regional and industry data sources.

- For State-collected data, establish a common format for data presentation, and processes within each agency for making it accessible on agency websites.
- Identify other data efforts in State government with potential synergies for consideration of future links (e.g. DEP's greenhouse gas inventory and registry).
- Research other states' energy information efforts to gain insights into how Maine might gather and provide information most efficiently and effectively.
- Solicit stakeholder feedback (e.g., perhaps through the facilitated stakeholder session described in Chapter II) on energy information availability and needs, and consider additions or modifications to project activities, where feasible.
- Consider whether there are industry partners who would have an interest in assisting with energy information access and dissemination.
- Identify other types of energy information (e.g. state, regional, or federal regulatory developments) where information sharing could be beneficial and evaluate options for implementation.
- Identify potential resources for developing GIS information on critical energy resources and infrastructure over time.
- Continue to maintain and update the BundleMeUp public information website.

## **B. STATE GOVERNMENT ENERGY EFFICIENCY PROJECT**

### **1. Project Goal**

- Aggressively and cost-effectively improve State government energy efficiency in buildings and fleets, and develop mechanisms to effectively share information on progress with the public so that State government can "lead by example."

### **2. Project Context**

- The Legislature has directed the Council to ". . . monitor and evaluate energy use by State Government . . . examine and provide guidance and advice to relevant agencies on how the State may use energy more efficiently, consume less energy, and purchase energy, including electricity, more economically. . . evaluate the progress of the State in meeting the energy reduction goal established under section 1770, subsection 1 and advise the Department of Administrative and Financial Services on means of achieving that goal."
- The Legislature has found ". . . it is in the best interests of the State to significantly reduce its energy consumption to the extent possible without interfering with other goals, plans and policies of the State. The energy reduction goal for facilities owned by the State is, by 2010, a 25% reduction in energy consumption relative to baseline consumption in 1998 . . ." (Title 5, section 1770).
- The Clean Government Initiative (Title 38, section 343-H), a cooperative State effort led by DAFS and DEP, is pursuing several energy-related objectives:



- All state-owned vehicles will be procured and managed to minimize air emissions and increase energy efficiency.
- All buildings owned or leased by the State will be energy efficient.
- Appliances and electric equipment will be procured to ensure energy efficiency.
- On August 23, 2002, Governor King directed State agencies to pursue low emission and hybrid technologies when replacing existing centrally-managed fleet vehicles. Provided that replacement is cost-effective and within an agency's resources, subcompact and compact sedans will be replaced with vehicles using hybrid technology. All other passenger sedans must have fuel efficiency of 30 miles per gallon or better and ultra-low emission vehicle certifications. The Governor also directed DEP and DAFS to investigate the availability and applicability of other alternative fuels such as bio-diesel, compressed natural gas and propane, and to establish purchase standards for heavier vehicles such as trucks and sport utility vehicles. An Executive Order formalizing this initiative was issued in December 2002.
- To reduce vehicle miles traveled by State workers, DAFS has developed several teleconferencing sites – conference room settings that work well for groups. In addition, DAFS is currently involved in a network routing project which, when completed, will allow installation of video conferencing capabilities at selected individual PCs. By reducing vehicle miles traveled, the State will save fuel, fuel costs and associated emissions.
- This project will identify additional resources for implementing existing strategies to improve State government energy efficiency and provide assistance in effectively measuring and communicating outcomes.

### **3. Council Activities in 2002**

- Designated DAFS and DEP as lead agencies for undertaking this project.
- Requested and received a briefing from the Clean Government team on progress as of November 2002.
  - DAFS approach to energy efficiency includes: renovate those buildings that have value and construct new buildings where necessary, all using energy efficient materials and systems; improve the efficiency of leased space; recycle; purchase energy efficient equipment and vehicles; make maximum use of the State's teleconferencing capability; and burn cleaner, more efficient fuels to heat State buildings.
  - The Division of Purchases requires that all new copiers, appliances, and office equipment have an ENERGY STAR<sup>®</sup> label. Personal computers and peripherals (printers, scanners, etc) are purchased only from vendors who provide ENERGY STAR<sup>®</sup> products to State agencies.
  - Maine continues to expand its fleet of hybrid automobiles and currently has 12.
  - Fuel use for 4 door compact sedans purchased in 2001 and 2002 has averaged 34.26 miles per gallon; this is an improvement of more than 4.5 miles per gallon from prior years.

- Decided that given the range of Clean Government activities related to State energy use, links should be made from the Clean Government Initiative website to the BundleMeUp and Energy Resources Council websites.
- Identified the need to clearly communicate progress to the Legislature and stakeholders.
  - Concluded that more activities have been undertaken to improve State government energy efficiency than may be readily apparent, and for building energy use, it may be desirable to find a more standard way of reporting accomplishments relative to the target.
  - Advised that for estimating progress toward energy use reduction goals, it would be reasonable to first adjust estimates of building energy use for new uses such as air conditioning and then measure progress toward energy reduction goals.
- Identified an opportunity to leverage the Electric Energy Conservation Program Fund to help achieve improved energy efficiency in State buildings.
  - The PUC approved a \$725,000 project to make energy efficiency improvements to the DHS building in Augusta. An additional \$775,000 is available for State buildings pending the identification of additional cost-effective opportunities.

#### **4. Council Activities for 2003**

- Assist DAFS/DEP in developing a comprehensive inventory of state buildings and baseline energy use that includes buildings managed by other departments (e.g. MDOT maintenance facilities).
- Provide PUC and OPA staff expertise to assist DAFS/DEP in selecting a methodology for estimating and reporting energy savings achieved relative to the baseline.
- Identify potential resources for funding an audit of state facilities to identify additional cost-effective efficiency improvements.
- Identify and evaluate implementation options for pursuing priority projects.
- Receive quarterly updates on progress from the Clean Government team.
- Develop greater reliance on telecommunications technologies such as teleconferencing that reduce vehicle miles traveled by state workers.

### **C. ENERGY ASSISTANCE TO SMALL BUSINESS**

#### **1. Project Goal**

- Improve the energy efficiency of Maine small businesses.

## **2. Project Context**

- The Legislature has directed the Council to "... develop information resources and coordinate the activities of member agencies to help small businesses use energy more efficiently, consume less energy, and purchase energy, including electricity, more economically. The council shall form an advisory group of persons with relevant expertise and experience to advise the council in undertaking its responsibilities..."
- A small business is defined as an employer with 50 or fewer employees and/or \$5 million or less in annual sales; small businesses account for over 96% of Maine's private employers.
- Small businesses are largely ignored in the marketplace by energy service companies (ESCOs), which serve larger commercial and institutional customers. In addition, small businesses lack information on how energy efficiency investments can benefit them. Government resources can be used to address these market failures.
- Challenges in improving energy efficiency of small businesses include:
  - Energy use is not always on the "radar screen".
  - Small business owners often lack time and expertise to identify savings opportunities.
  - Many businesses are undercapitalized, do not own their places of business, or find the higher "first cost" of more energy efficient construction and equipment to be prohibitive.
- This project focuses on developing strategies, identifying resources and taking actions to improve the energy efficiency of small businesses.

## **3. Council Activities in 2002**

- Designated DECD, in consultation with the PUC, as lead agency in facilitating Council work related to small business energy assistance.
- Decided that energy efficiency should be the first priority for Council efforts to assist small businesses.
- Surveyed Council members to identify agency information and resources that could be used to facilitate improved energy efficiency of small businesses.
- Identified opportunities to leverage DECD and PUC energy efficiency efforts.
  - DECD and PUC established a common goal for their energy conservation programs to complement and, ideally, leverage each other.
  - The PUC approved implementation of Interim (electric energy) Conservation Programs and solicited proposals for Small Business Program administration.
  - DECD continued to identify efficiency opportunities via energy audits and offer low-interest Small Business Energy Conservation Loans for projects requiring capital investment. (DECD's loan program was recapitalized with \$200,000 from the PUC's Conservation Program Fund.)

- Allocated staff resources from member agencies (DECD, DEP, and SPO) to contribute to the activities of the Maine Industries of the Future (IOF) program, a private-public partnership of the U.S. Department of Energy, Maine Wood Products and Metal Products Associations, the University of Maine System and state government. The goal of the Maine IOF program is to help Maine's energy and waste-intensive industries increase resource efficiency and improve industrial productivity.

#### **4. Council Activities for 2003**

- Establish a Small Business Energy Efficiency advisory council to ensure meaningful consultation with stakeholders.
- Integrate DECD, PUC and other Council member energy efficiency resources for small business into a comprehensive whole, and prioritize associated activities.
- Identify resources for providing energy efficiency "self-help" tools, including web-based tools, to small businesses.
  - Identify existing self-help tools that could be applied (or more broadly applied) in Maine.
  - Evaluate the desirability of developing new tools.
  - Identify financial resources for making the tools available to small businesses in Maine.
- Expand small business outreach efforts by working with various Maine industry associations to disseminate information, conduct industry-specific energy efficiency workshops, etc.
- Identify and prioritize additional opportunities to provide energy efficiency information to small business owners and operators.
- Strengthen the energy infrastructure that serves small businesses by working through the existing network of contractors/suppliers to encourage them to promote energy efficiency.
- Continue DECD and DEP participation in the Maine IOF program as a means to reach out to Maine's small manufacturers, particularly wood and metal products firms.
- Identify/inventory private group purchasing options for Maine small businesses, and consider whether there are sufficient market opportunities and/or sufficient information about those opportunities available to small businesses.

### **D. REGULATORY SYSTEM EVALUATION AND IMPROVEMENT**

#### **1. Project Goal**

- Identify gaps, obsolescence, or inefficiencies in energy-related regulations and processes, and recommend solutions.

- Develop and maintain an inventory of the State's regulatory responsibilities related to energy production, delivery and use.
- Periodically evaluate the efficiency and effectiveness of State regulatory processes and recommend improvements, including better coordination among agencies.

## **2. Project Context**

- The Legislature has directed the Council to “. . . (p)eriodically evaluate, in consultation with affected interests, the State's regulatory systems as they affect the generation, transmission, delivery or use of energy, and recommend appropriate action, as needed, to improve energy planning and coordination.”
- Several agencies in Maine have a role in energy regulation, including the DECD, DEP, DOT, OPA, PUC and SPO. Roles are varied, and include direct regulatory authority, regulatory program implementation, policymaking that influences regulatory direction, and advocacy in regulatory settings. Some agencies serve multiple roles depending on the context.
- Agencies address energy issues in a variety of policy areas, including: energy pricing, energy supply and use (including conservation), transportation, environmental protection and land use, public health and safety, and economic development.
- The Council should ensure that these agencies do not act at cross-purposes with one another, and that energy issues are addressed by regulations and regulatory processes that are efficient and effective.
- Stakeholder input in agency regulatory proceedings is formally sought in accordance with APA rules.
- In addition to ongoing regulatory analysis and change, all of Maine DEP's rules were exhaustively evaluated in 1996 pursuant to Governor King's Executive Order #6. Any rules determined to be obsolete were repealed at that time.
- This project considers the efficiency and effectiveness of State regulatory processes and identifies where additional or different strategies could potentially improve outcomes.

## **3. Council Activities in 2002**

- Designated the PUC as lead agency for undertaking this project, in consultation with the DEP and OPA.
- Surveyed Council members to inventory major regulatory roles and processes and identify potential areas for improvement.
- Identified a preliminary list of **potential regulatory system gaps** for further consideration. Items on the list were suggested by one or more Council member but have not been screened/evaluated.
  - *Transmission cost allocation.* While FERC has directed ISO New England to develop a method for allocating transmission expansion and upgrade costs to those who benefit from the expansions or upgrades, costs continue to be socialized (shared) across the region. Because allocating costs to those

who would benefit would send more accurate price signals and result in more efficient outcomes, and because Maine is likely to have a disproportionately small share of regional transmission projects for the foreseeable future, FERC's direction should be supported.

- *Disincentives for necessary infrastructure development.* Certificates of Public Convenience & Necessity for Transmission line construction are done on a state-by-state basis based on a state level determination of need; this may be incompatible with regional markets and provide an impediment to building new lines that have regional rather than local benefit.
- *Energy efficiency building performance standards.* Residential building standards are based on a national model code that has since been updated and apply only to speculatively built homes; commercial building standards are largely un-enforced and rely on the knowledge and honesty of building owners who sign a statement of compliance when applying for utility service.
- *All economically-achievable conservation is not pursued.* Cost-effective conservation investments today can increase energy security, reduce the vulnerability of low-income consumers to price volatility and reduce total energy costs in the long term, but there are short term investment and implementation constraints.
- *Limited access to energy security information on unregulated energy facilities and/or facilities regulated at the federal level.* Many energy facilities important to regional energy security are unregulated, and information about their security and emergency response capabilities is unavailable to State emergency planning and response teams. In addition, gas pipeline security is under federal jurisdiction, and while states are allowed to review the plans, they are not allowed to keep copies.
- *Emergency authority.* The Governor's emergency authority to regulate the generation of electricity under MRSA 37-B may be pre-empted by federal authority (e.g. FERC direction to ISO NE to ensure regional electric system reliability).
- *Jurisdiction over energy facilities on the OCS.* It is unclear which federal agency would or should be lead agency for projects on the Outer Continental Shelf (OCS) that are unrelated to oil and gas development (e.g. wind turbines, transmission cables, offshore LNG facilities). As a result, it is also unclear in which federal process a state could influence siting and approval. A Congressional proposal would give the US Department of Interior broad jurisdiction over OCS activities. (While currently there are no proposals pending for development off the Maine coast, there are multiple proposals in Massachusetts waters and about two dozen proposals nationwide.)
- *No "need" determination for power plant development.* Non-utility owned generation is subject to DEP, local land use and ISO-NE interconnection jurisdiction but no state oversight concerning economics or need for the plant occurs in Maine. One view is that Maine generators may serve a regional market, and State regulatory oversight is unnecessary as long as developers accept 100% of the cost of all consequences of failed projects; another view is that State-issued Certificates of Public Need and Necessity

for generation projects above a certain size would prevent failed projects and plant closings.

- *No PUC approval process for transmission lines below 100 kV.* For transmission lines below 100 kV, electric utilities can build without prior PUC approval, subject to a possible after-the-fact prudence review. (Larger projects are already subject to review, because their addition can cause a phenomenon called “loop flow” with can stress and overload distribution circuits (69 kV or less)). There are at least 3 projects currently under consideration in Maine.
- Identified for further consideration a preliminary list of areas **where regulations may be obsolete or out-of-date**. Items on the list were suggested by one or more Council members but have not yet been screened/evaluated.
  - *Possible disconnect between responsibility and funding for energy conservation.* State regulations promote energy conservation programs under the administration of the PUC but still require utilities to find conservation solutions for needed new transmission/distribution investment.
  - *Life-cycle costing guidelines for investment decisions no longer relevant.* Life cycle costing guidelines were designed for investments that are no longer made by utilities.
  - *Petroleum Set-Aside rule may warrant review.* The State Planning Office’s Petroleum Set-Aside rule was developed many years ago, and has never been used. A review of the rule and its adequacy in energy emergencies may be warranted.
- Identified a preliminary list of areas where there may be **opportunities for improved process efficiency**; items were suggested by one or more Council member but have not yet been screened/evaluated.
  - *Better information sharing on regulatory developments and activities of mutual interest.* There is no current mechanism for systematically sharing data and circulating information on regulatory developments that are relevant to the work of more than one agency.
  - *Better coordination of State programs and activities.* Where multiple agencies are involved with the same issue, albeit from different angles (for example, energy conservation and efficiency), greater coordination could make more efficient use of State resources.
  - *Better coordination of Maine’s message in federal or regional proceedings.* In some instances, it may be strategically advantageous to take different positions in federal or regional outreach, or to have different agencies address different issues. In other cases, more consistency and coordination could be useful.
  - *Consolidating hydropower jurisdiction.* Both DEP and the Land Use Regulatory Commission (LURC) have jurisdiction depending on organized status; there may be opportunity for consolidating authority.
  - *Consolidating fuel storage jurisdiction.* AST, UST, fuel piping and dispensing devices are regulated by different entities; there may be opportunity for consolidation.

- *Inconsistent treatment of generation, transmission and demand-side resources.* The regulation of generation, transmission and conservation resources vary even though each can contribute to the sufficiency of electricity supply; harmonization of regulatory structures and jurisdictions could be beneficial.
- *Protective orders can limit public participation.* Protective Orders governing confidential information may in some cases limit public participation in regulatory proceedings. Regulatory agencies should be wary of freely granting requests for Protective Orders based solely on claims of hypothetical harm. Protective Orders should be reviewed and “sunsetted” after a period of time has elapsed.
- Identified a preliminary list of **potential inconsistencies between regulatory objectives/actions and other general policy objectives**. Items were suggested by one or more Council member and have not yet been screened/evaluated.
  - *Continued role of standard offer service.* Standard offer service provides a competitively-priced default service for retail consumers who do not choose to purchase electricity from competitive providers. To the extent the standard offer is successful as a low cost electricity supply; it is also an impediment to the development of retail alternatives for consumers.
  - *Tax incentives for renewable energy.* State tax policies and associated regulations do not favor renewable or cleaner energy over other energy sources.
  - *Distributed generation.* Neither environmental regulations nor interconnection rules incent cleaner distributed generation options over dirtier ones. (The PUC’s net metering rules provide some limited incentive for cleaner distributed generation.)
  - *Line extension policies.* Current line extension policies may not be consistent with other State policy objectives (e.g. reducing sprawl).
- Continued ongoing consultations among the SPO, PUC, OPA and Office of the Attorney General on the status of nuclear decommissioning projects that are underway in Maine and in New England, particularly with respect to the storage and future disposal of spent nuclear fuel.

#### 4. Council Activities for 2003

- Review and augment the potential regulatory system gaps, issues and areas for improvement identified in 2002.
- Solicit stakeholder input on additional areas for consideration, perhaps via a facilitated stakeholder session as discussed in Chapter II. For any major changes to State regulation, stakeholders will be consulted in accordance with APA procedures.
- Address the highest priority items. At a minimum:
  - *Transmission access, siting and cost allocation.* The PUC and OPA, in consultation with the DEP and SPO, will work with FERC and ISO-NE (or its successor) to ensure that in competitive electricity markets, transmission approval and siting issues are resolved with appropriate consideration of



economic and environmental issues. SPO will pursue consistent policies at NEPOOL, and, where appropriate, via regional governors' organizations.

- *Fair and efficient wholesale and retail electricity markets.* The PUC and OPA will continue to work with FERC and ISO-NE (or its successor) toward more efficient wholesale energy markets. Where appropriate, the PUC will work with regional regulators and the OPA with regional consumer advocates and attorneys general for greater impact. SPO will continue to pursue consistent policies at NEPOOL and where appropriate, via regional governors' organizations. Priority issues include: implementation of standard market design for New England with locational marginal pricing for wholesale electricity transactions, development of efficient and effective regional transmission organizations, and intermediate and long-term adequacy of supply. The PUC and OPA will also continue to work toward more efficient retail markets. Priority issues include: the financial health of suppliers (in wake of Enron and poor economic conditions) and the reduction of liquidity and market participants as a result, limited retail choices for small customers, price levels and volatility, and the continued role of standard offer service. The PUC, OPA and SPO will continue to consult and coordinate with stakeholders, as appropriate.
- *Coordinate conservation efforts across agencies.* In carrying out its new responsibilities related to conservation, and in cooperation with DECD, DEP, MSHA and SPO, the PUC will endeavor to leverage activities across agencies, increase public awareness of efficiency options and benefits, improve efficiency infrastructure and ensure the availability of capital for cost-effective efficiency investments.
- Continue ongoing cooperation among the SPO, PUC, OPA and Office of the Attorney General on the status of nuclear decommissioning projects, particularly with respect to the storage and future disposal of spent nuclear fuel.

## **E. ENERGY EMERGENCY PREPAREDNESS**

### **1. Project Goal**

- Complete an updated and workable Maine Energy Emergency Plan, in cooperation with the Maine Emergency Management Agency (MEMA).

### **2. Project Context**

- Energy emergency preparedness is a high priority given world events and threats against US energy interests.
- Because the last Maine Energy Emergency Plan was more than a decade old, SPO and MEMA, with a grant from the U.S. Department of Energy and in cooperation with DECD, the PUC, and others, drafted a revised Energy Emergency Plan for review and comment by Council member agencies.
- While multi-hazard emergency planning activities generally address energy issues (e.g. energy issues that may result from storms, natural disasters,

terrorism or acts of war), there is no clear process for addressing energy-specific events (e.g. energy supply disruptions and associated price spikes).

- This project identifies potential strategies and resources for addressing energy emergencies.

### **3. Council Activities in 2002**

- Designated SPO as lead agency for facilitating this project, in consultation with MEMA, DECD and the PUC.
- Reviewed a draft Maine Energy Emergency Plan developed by the State Planning Office and Maine Emergency Management Agency.
- Pursued a federal funding opportunity for an energy emergency simulation exercise to test Maine's energy emergency preparedness and identify areas for improvement.
- Identified questions and issues concerning the Governor's emergency powers:
  - Is there a need for a separate section on energy emergencies per se?
  - The definition of energy emergency does not currently address energy price or price volatility; should the definition be changed?
  - Is the Governor's authority to control generation (and potentially other energy resources) pre-empted by federal authority?
  - The statute refers to an Office of Energy Resources that no longer exists.
- Decided to schedule, as a regular Council agenda item, time to share information on energy price or supply issues of potential concern.
- Decided to continue maintenance and improvement of the BundleMeUp public information website.

### **4. Council Activities for 2003**

- Update the PSA developed under the original interagency BundleMeUp effort to include a message from the new Governor, to ensure preparedness in the event of a winter fuels shortage or price spike.
- Provide staff assistance to the Maine Emergency Management Agency in planning the anticipated energy emergency simulation.
- Participate in the energy emergency simulation exercise.
- Incorporate lessons learned from the energy emergency simulation into the draft Maine Emergency Management Plan.
- Request that the Office of Attorney General review the Governor's emergency powers related to energy emergencies, and recommend changes, if appropriate.

## V. ONGOING COUNCIL ACTIVITIES

Energy markets and energy policymaking are dynamic. Both problems and opportunities will arise over time, and not all of them will be expected. With this in mind, an “energy plan” in the traditional sense has limited applicability today. Rather, an ongoing Council process for establishing shared priorities and making the best use of limited resources in a changing energy landscape offers greater potential for success.

### A. ONGOING IDENTIFICATION OF ISSUES FOR COUNCIL ATTENTION

New issues can be brought to the Council at any time. Council members have looked ahead to identify issues where they might ask for Council assistance in 2003; a list of these issues is provided below. While this list is probably not comprehensive, it is illustrative of the range of activities where interagency coordination could be desirable as time and resources allow. Areas of potential coordination or consultation include:

#### Energy Efficiency

- *Interagency coordination of energy efficiency activities.* Are there additional opportunities to improve coordination of energy efficiency activities by member agencies?
- *Energy Efficiency Building Performance Standards.* Are there ways to cost-effectively improve compliance and enforcement? Are there opportunities for enforcement at the local level? Should the residential standards be updated? What are the advantages and disadvantages of implementing the voluntary efficiency standards for residential construction developed by SPO, vs. updating the standards required by law?
- *Public outreach and education on energy conservation.* Is there a need for additional public outreach and education on energy efficiency? If so, what are the opportunities for reaching consumers and what resources do Council members have available to them?
- *Energy aspects of Step-Up program.* What are appropriate energy priorities for DEP’s Step-Up program? Are there potential synergies with other agency energy efficiency efforts?
- *Electric Energy Conservation Fund priorities.* Are there additional or different projects that should be priorities for funding?
- *Availability of capital for cost-effective energy conservation.* Are there additional opportunities to mobilize and use capital for achieving energy goals in Maine?

#### State Government Energy Use

- *Clean Government Initiative energy priorities.* Are there additional cost-effective opportunities for improving the energy efficiency of State Government?
- *Funding options.* What are the funding options for state facility energy improvements?

- *State building conversion to natural gas.* What are the advantages and disadvantages of converting state buildings to natural gas?

#### Transportation Efficiency and Alternative Fuels

- *Alternative fuel infrastructure.* What opportunities do natural gas pipeline infrastructure plans offer for alternative transportation infrastructure?
- *Transportation efficiency.* What role can transportation efficiency and alternative transportation play in meeting energy efficiency and energy security objectives?

#### Climate Action

- *Energy-related climate actions.* Are there additional energy-related climate actions that can help Maine cost-effectively contribute to the achievement of regional goals contained in the NEGC/ECP Climate Change Action Plan?
- *Opportunities to leverage Maine's activities.* Are there climate actions in Maine that should be duplicated elsewhere in the region or are activities elsewhere in the region that could be applied in Maine?
- *Measuring progress.* How should we estimate the greenhouse gas reductions associated with the activities Maine already has underway, such as energy conservation programs, the Clean Government Initiative and other policies?

#### Renewable Energy and Fuels

- *Voluntary Renewables R&D Fund.* The Legislature established the Renewable Resource Fund under 35-A MRSA section 3210. Under this program, retail consumers of electricity can make voluntary contributions to fund renewable resource research and development and to fund demonstrations of renewable energy technologies. Is the \$50,000 currently in the fund sufficient to fund a credible R&D or demonstration project? If so, what should it be and how could it be most cost-effectively implemented? If not, is there reason to think that contributions will increase in future? Should changes to the program be considered?
- *Renewable Fuels.* Are there opportunities for locally-produced fuels that would improve Maine's energy security? Should the State incent production or use of renewable fuels, and if so, how?

#### Regional Policy

- *Wholesale market issues.* There are numerous proposals for changing the structure and administration of wholesale electricity markets. Questions include whether the New England market should follow a national standard market design, and whether the New England Market is of sufficient geographic scope. What outcome would be best for Maine?
- *Electric resource adequacy for Northern Maine.* Northern Maine's electric system is more efficiently interconnected to New Brunswick than it is to the rest of New England, and as such relies on imports from Canada. Are there cost-effective opportunities for more efficient connection of Northern Maine to NEPOOL, and/or are there adequate resources available to Northern Maine from Canada into the future?

## Federal Funding

- *State Energy Program (SEP) funds.* What are the priorities for use of Federal funds received through the State Energy Program?
- *Grant opportunities.* Are there additional opportunities for accessing federal funds that should be pursued? Are there agency resources that could be used as match?

## **B. ONGOING STAFF ACTIVITIES AND INTERAGENCY PROJECTS**

In addition to facilitating Council activities and organizing meetings, Council staff works in cooperation with Council members and their staffs on numerous special projects and outreach activities.

### **1. Council Administration**

In consultation with the Council chair, Council staff develops and circulates meeting agendas, draft minutes and periodic reports of staff activities. Council staff also facilitates interagency cooperation on special projects, and, in consultation with Council members, prepares the annual *Work Plan and Report to the Legislature*.

### **2. Regional and Federal Outreach**

To assist State policymakers in tracking and influencing policy development in regional and federal forums, and in partial fulfillment of the Legislative mandate to seek cooperation from federal agencies with jurisdiction over energy matters to ensure that their programs and projects serve the best interests of the State, Council staff participates on selected regional energy committees and working groups. Currently, Council staff serves at the Request of the Governor's Office on:

- *New England Governor's Conference Power Planning Committee (NEGC PPC).* In 2003, this Committee is expected to (among other things) facilitate a dialogue with New England's public utility commissions and environmental regulators to establish a common position on the structure and scope of a "Regional State Advisory Committee" for addressing regional transmission and resource adequacy issues. Council staff will continue to consult with the PUC, OPA and DEP on this issue, and represent Maine's perspective in NEGC PPC discussions.

In addition, the NEGC PPC is a convenient vehicle for sharing information on regional energy security issues and projects of mutual interest. Council staff will continue to share information on Maine activities, and bring back information on regional projects and activities to share with Council members and other agencies, as appropriate.

- *The Conference of New England Governors and Eastern Canadian Premiers' (NEGC/ECP) Northeast International Committee on Energy (NICE).* In 2003, NICE will appoint a working group to identify opportunities for better synchronization of energy markets across the New England states and eastern

Canadian provinces, and report back to the Governors and Premiers at their 2003 annual meeting. Council staff will, in consultation with the Governor's Office, PUC and OPA, appoint a Maine representative to this working group and track working group progress.

In addition, NICE reviews recommendations of the NEGCEP Climate Change Steering Committee. Council staff will continue to work with DEP's Office of the Commissioner, Air Bureau and the DEP-led interagency climate steering committee to represent Maine's perspective.

- *NEGCEP Climate Change Steering Committee (CCSC).* Council staff and DEP's Air Bureau Director serve on the CCSC. In general, Maine looks for opportunities to leverage State actions through regional implementation. Council staff provides input on the energy related implications of potential climate actions.

On August 27 of this year, based on recommendations developed by the CCSC, the New England Governors and Eastern Canadian Premiers passed a climate action resolution calling for continued regional collaboration on various projects including continued development of a regional emissions inventory. The resolution also specified climate actions for regional promotion, including: a program to use more efficient LED traffic lights in all traffic light replacements and phase out less efficient lights by 2007, two programs to encourage cost-effective purchases of energy-efficient office equipment and more efficient vehicles by ensuring that procurement policies consider long term energy savings, and a program that will challenge colleges and universities to adopt the regional greenhouse gas reduction goals for their own operations.

These joint actions are consistent with Maine priorities. The Maine Legislature passed LD 87 directing DEP to create an emissions registry in 2001. MDOT recently announced its commitment to an LED traffic light program, and has requested and received assistance from the PUC-administered Electric Energy Conservation Program Fund to implement it. The proposed procurement programs are consistent with Clean Government activities underway at DAFS and the Governor's recently-announced clean vehicle program. And the University outreach effort dovetails with other outreach efforts at DEP.

- *The Coalition of Northeast Governors' Energy Steering Committee.* This committee tracks federal energy policy developments and, where appropriate, coordinates development of regional governors' positions on issues of mutual interest. Council staff will continue to consult with Council members and the Office of the Governor in representing Maine's interests on this committee.
- *The OCS Policy Advisory Committee to the US Secretary of Interior.* This committee includes voting members from of each of the coastal states, as well as advisory members from various federal agencies and stakeholder groups with energy related interests on the Outer Continental Shelf (OCS). It addresses issues related to oil and gas development (including the current moratoria on exploration and development on Georges Bank), as well as other energy issues (e.g. development of other offshore energy resources such as wind). Council staff represents Maine's interests on this committee in consultation, where appropriate, with the Department of Marine Resources, SPO's Coastal Program and Council members. Participation in semi-annual meetings is at the expense of the US Department of Interior's Minerals Management Service.

- *The Participants Committee of the New England Power Pool (NEPOOL).* In consultation with the PUC and in cooperation with the OPA, Staff represents Maine's interest at NEPOOL. Maine was the first representative of the public interest to join NEPOOL as a voting member; since that time, consumer advocates in New Hampshire and Connecticut have followed suit. This role compliments PUC and OPA advisory roles on NEPOOL and ISO NE committees, as well as PUC and OPA advocacy at FERC.

### **3. Climate Action**

DEP has the lead on State climate action, and has established an interagency advisory committee to identify actions consistent with State environmental, energy, and transportation priorities. Council staff provides input on the energy implications of potential climate actions. See also *NEGC/ECP Climate Change Steering Committee* under Federal and Regional Outreach above.

### **4. Energy-Related Economic Development Opportunities**

With funding from the U.S. DOE Northeast Regional Biomass Program, Council staff provides assistance on energy-related economic development opportunities related to biomass.

- *Bio-Products Opportunities.* At the request of the Commissioner of Conservation, Council staff has been providing assistance to a developer with a license for a process to produce a variety of chemicals, petro-chemical substitutes and a bio-fuel from biomass. Assistance has included: information on biomass feedstocks available in Maine; introductions to Commissioners, staff and programs at DEP and DECD; and in cooperation with DEP and DECD, information on potential industry partners and local product markets, introduction to R&D resources at the University of Maine, and introduction to grant opportunities and assistance from the Maine Technology Institute (MTI). The developer has won two grants from the Maine Technology Institute to pursue the possibility of making chemical products from paper sludge.
- *Potential for Ethanol Production.* Council staff assisted the Finance Authority of Maine (FAME) in managing a consultant to evaluate the feasibility of ethanol production in Northern Maine. FAME hired the consultant, BBI, on behalf of the Legislatively-established Agricultural Products Utilization Commission, and using a grant from the National Renewable Energy Laboratory. BBI found that a theoretical, 5 million gallon capacity ethanol plant at Loring could provide an ROI of 18%, but that would not be a high enough ROI to pursue development given the anticipated risks (e.g. available feedstock at a predictable price, local and regional market demand, development of local blending infrastructure, continued access to rail, etc.). In order for a production facility to be feasible, a developer would need to find a way to lower anticipated production costs.
- *Northeast Regional Biomass Program.* Council staff participates in the Northeast Regional Biomass Program – a regional information sharing program on projects and opportunities related to biomass.
  - *New Hampshire Bio-Oil Project.* Because of relationships built through participation in the NRBP, Maine was invited to participate in a project New

Hampshire has underway to evaluate the feasibility of bio-oil production in New England. DEP staff will follow the project and share information with Council staff and DECD.

- *Identification of R&D Opportunities for the University of Maine.* NRBP provides information on various federal R&D grant opportunities; Council staff shares that information with relevant programs at the University of Maine.
- *Biodiesel.* The NRBP provides information on biodiesel production and use, which has been of assistance to DEP and the Chewonki Institute, among others.

## **5. Information Requests from the Public**

Council staff responds to energy-related letters from the public on behalf of the Governor's Office, and answers stakeholder questions and provides referrals to information sources on behalf of both SPO and the Council.



## **VI. EVALUATION OF COUNCIL EFFECTIVENESS AND ADEQUACY OF RESOURCES**

Because the Council was only recently established, it may be too soon to evaluate effectiveness and adequacy of resources. However, Council members offer the following observations based on experience with the Council to date:

- The Energy Resources Council offers opportunity for sustained, Cabinet-level engagement on energy issues important to Maine's economy and environment.
  - Eight interested Cabinet members can potentially accomplish more than could one Cabinet appointee with responsibility for energy policy.
  - "Energy" is a very diverse topic, and expertise on its various forms is necessarily spread across State agencies.
  - The Council offers opportunity not just to address energy policy, but to integrate shared energy priorities into operations throughout State government.
- The Council offers opportunity for pooling limited State resources to address the highest priority issues and projects of shared concern.
  - There are many facets to energy policy, and the Council's mandate is broad. With one dedicated staff and project-specific assistance from member agencies, there are necessarily limits to the number of projects that can be pursued at any one time. Resource limitations, however, are both a serious constraint and an incentive for efficiency and effective prioritization.
  - Energy policy can have significant implications for Maine's economy and environment, and Maine will benefit from diverse input on energy priorities – from Agency Commissioners and Directors, from other Executive leaders, from the Legislature and from stakeholders.

The Council will make the most of the resources available to it in 2003, solicit and consider feedback from its various stakeholders in the coming year, and comment more extensively on the adequacy of its resources in its *2004 Work Plan and Report to the Legislature*.

### **A. BENCHMARKING**

To judge Council effectiveness, it may be helpful to develop benchmarks and measurable outcomes. With this in mind, the Council will:

- Identify and pursue potential resources for benchmarking Council effectiveness.
- Select appropriate measures of Council success.
- Implement a program to measure Council progress, at least biannually.
- Identify and pursue opportunities for improving Council effectiveness.
- Share findings in the *Council's Annual Work Plan and Report to the Legislature*.

## **B. STAKEHOLDER FEEDBACK AND CONSULTATION**

Council success will depend on effective stakeholder consultation. To facilitate communication with stakeholders and incorporation of feedback received, the Council will:

- Hold a facilitated meeting in the spring of each year to solicit input on stakeholder priorities and the Council's annual Work Plan and Report to the Legislature.
- Solicit stakeholder input on special projects through vehicles such as scheduled time for public comment at Council meetings, formal hearings, informal consultation, focus groups, standing advisory groups, or other means, as appropriate.
- Participate in an annual Council retreat to consider Council priorities, stakeholder suggestions and opportunities for improvement.

See also Chapter III, Energy Resources Council Process and Resources, and its sections on "Stakeholder Communication and "Council Commitment to Continuous Improvement".

## **C. ADEQUACY OF COUNCIL RESOURCES**

The Council assumes that the Legislature intended the Council to be used primarily as a hub for sharing information and coordinating efforts rather than as a vehicle for developing new energy programs; additional resources would be needed to support a higher level of activity. With that in mind, the Council will make the most of the resources available to it in 2003, coordinate agency resources on projects of mutual interest, consider feedback received on its *2003 Work Plan and Report to the Legislature*, and comment more extensively on the adequacy of resources in 2004.

## **D. RECOMMENDATIONS AND PROPOSED CHANGES TO LAW**

Because the Energy Resources Council was only recently created, the Council will defer consideration of whether there should be proposed changes to law until members have had more experience with which to judge Council effectiveness.



**Attachment 1**

**Energy Resources Council Statutory Authority**



**CHAPTER 630  
H.P. 506 - L.D. 646**

**An Act to Establish the Energy Resources Council**

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

Sec. 1. 5 MRSA c. 313-A is enacted to read:

**CHAPTER 313-A**  
**ENERGY RESOURCES COUNCIL**

**§3327. Energy Resources Council**

**1. Council established; membership.** In order to facilitate more effective interagency coordination of the State's activities regarding energy issues, the Energy Resources Council, referred to in this chapter as the "council," is established. The chair of the council is the Director of the State Planning Office who is responsible for ensuring that the council carries out its responsibilities under this chapter. The membership of the council is as follows:

- A. The Director of the State Planning Office;
- B. The chair of the Public Utilities Commission;
- C. The Commissioner of Environmental Protection;
- D. The Public Advocate;
- E. The Commissioner of Transportation;
- F. The Commissioner of Administrative and Financial Services;
- G. The Commissioner of Economic and Community Development; and
- H. The Director of the Maine State Housing Authority.

**2. Duties; responsibilities.** The council shall advise the Governor, the Legislature and state agencies in the formulation of energy policy, including policy relating to energy use and conservation, development of energy resources and facility siting.

In fulfilling its duties, the council may interact and cooperate with any state, federal, regional or local agency or private organization. The council shall establish and regularly consult with one or more advisory groups composed of individuals with relevant expertise and experience to assist the council in carrying out its responsibilities under this chapter.

The council shall:

- A. Recommend coordinated state policy regarding major programs or proposals that affect energy use in the State and that involve the activities of more than one state agency;
- B. Support the full implementation of an integrated program to provide a substantially improved energy resources information base for planning purposes;
- C. Provide direction to the State's energy planning and regulatory programs and encourage coordination of these efforts through review and comment on agency program plans, specific projects and legislative proposals that involve or affect more than one agency;
- D. Periodically evaluate, in consultation with affected interests, the State's regulatory systems as they affect the generation, transmission, delivery or use of energy, and recommend appropriate action, as needed, to improve energy planning and coordination;

E. Study specific energy issues and problems of state-level significance in order to develop sound, coordinated policies; and

F. Seek cooperation from federal agencies with jurisdiction over energy matters to ensure that their programs and projects serve the best interests of the State.

**3. Quarterly meetings; staff.** The council shall meet at least quarterly. The council shall prepare a work program for each year establishing priorities among its efforts. The State Planning Office, within the Executive Department, shall provide staff support. Each member of the council shall enter into an agreement with the State Planning Office to share in the cost of providing the staff support.

**4. Report; legislative oversight.** By January 15th of each year, the chair of the council shall prepare and submit to the Governor and to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters an annual report describing the council's activities during the previous calendar year and an outline of anticipated activities for the current calendar year. The report must also include an evaluation of the council's effectiveness in meeting the requirements of this chapter and the adequacy of available staffing resources. The report may include recommendations for changes to law. After receiving a report under this subsection, the joint standing committee of the Legislature having jurisdiction over utilities and energy matters may report out legislation relating to energy policy.

**5. Examination of state energy use.** The council shall monitor and evaluate energy use by State Government. The council shall examine and provide guidance and advice to relevant agencies on how the State may use energy more efficiently, consume less energy and purchase energy, including electricity, more economically. The council shall coordinate its activities with the Clean Government Initiative established under Title 38, section 343-H. The council shall evaluate the progress of the State in meeting the energy reduction goal established under section 1770, subsection 1 and advise the Department of Administrative and Financial Services on means of achieving that goal. In its annual report submitted pursuant to subsection 4, the council shall describe its activities pursuant to this subsection.

**6. Energy planning assistance for small businesses.** The council shall develop information resources and coordinate the activities of member agencies to help small businesses use energy more efficiently, consume less energy and purchase energy, including electricity, more economically. The council shall form an advisory group of persons with relevant expertise and experience to advise the council in undertaking its responsibilities under this subsection. In its annual report submitted pursuant to subsection 4, the council shall describe its activities pursuant to this subsection.

Effective July 25, 2002, unless otherwise indicated.

## **Attachment 2**

### **Table of References**





## **Table of References**

<b>Key Energy Programs and Authorities</b>	<b>Statutory Reference</b>
Clean Government Initiative	Title 38 §343-H
Energy Efficiency Building Performance Standards	Title 10 Ch. 214
Energy Emergency Proclamation	Title 37-B §742
Energy Policy	Title 5 §3305
Energy Resources Council, An Act to Establish	Sec. 1.5 MRSA Ch. 313-A
Low Income Home Energy Assistance Program (LIHEAP)	CFR 45 (U.S. Department of Health and Human Services)
Public Utilities	Title 35-A
State energy reduction target (“Energy Savings Pilot Program”)	Title 5 §1770

Citations for specific agency energy programs and activities are included in the *2003 Directory of State Energy Programs and Resources*.

Citations can also be found by using the statute search feature at:  
<http://janus.state.me.us/legis/statutes/search.asp>.