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STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Philip L. Bartlett, II
CHAIRMAN

R. Bruce Williamson
Randall D. Davis
COMMISSIONERS

Harry Lanphear
ADMINISTRATIVE DIRECTOR

November 25, 2019

Honorable Mark W. Lawrence, Senate Chair
Honorable Seth A. Berry, House Chair
Energy, Utilities and Technology Committee
100 State House Station
Augusta, Maine 04333

Re: Report Related to Electricity Costs of Agricultural Fairs

Dear Senator Lawrence and Representative Berry:

During the 2019 legislative session, An Act to Address Electricity Costs of Agricultural Fairs (Act) was enacted.¹ The Act, in part, directed the Commission to open a proceeding to examine rate design and related issues for electricity customers that have seasonal, limited-duration, concentrated load profiles, including but not limited to agricultural fairs, seasonal festivals, and other similar entities. The Commission was also directed to submit a report on these issues to the Committee by December 1, 2019. Attached is the Commission's Report for the Committee's consideration.

If you have any questions, please do not hesitate to contact us.

Sincerely,

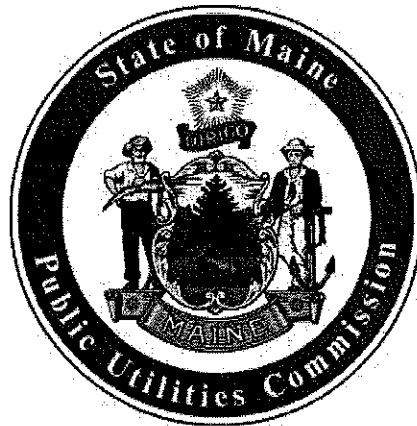
Philip L. Bartlett II, Chairman

On behalf of the Chairman
R. Bruce Williamson, Commissioner
Randall D. Davis, Commissioner
Maine Public Utilities Commission

cc: Energy, Utilities and Technology Committee Members
Lucia Nixon, Legislative Analyst

¹P.L. 2019, c. 169.

MAINE PUBLIC UTILITIES COMMISSION



REPORT RELATED TO ELECTRICITY COSTS OF AGRICULTURAL FAIRS

**Presented to the
Joint Standing Committee on
Energy, Utilities and Technology
December 1, 2019**

I. INTRODUCTION

During its 2019 session, the Legislature enacted An Act To Address Electricity Costs of Agricultural Fairs. P.L. 2019, c. 169 (emergency, effective May 30, 2019) (Act). Section 1 of the Act (codified at 35-A M.R.S. § 10124) directs the Efficiency Maine Trust (Trust) to establish and administer an agricultural fair assistance program to help agricultural fairs reduce electricity costs through the most cost-effective opportunities available. The program is to be funded through a Commission assessment on transmission and distribution (T&D) utilities each year. The amount of the assessment will be equal to the total amount of demand charges paid by agricultural fairs to the T&D utilities during the prior year.¹ The utilities' cost of the assessment is recoverable in rates, so all T&D customers will be required to fund the program. See P.L. 2019, c. 169, § 3.

The term "agricultural fair" is defined in the Act as having the same meaning as in 7 M.R.S. § 81(1). That statute states:

"Agricultural fair" or "fair" means an exhibition that is designed to promote education and encourage improvement in agriculture and that includes, but is not limited to, the following:

- A. The awarding of premiums for livestock competitions;
- B. The display of and awarding of premiums for horticultural products;
and
- C. The display and presentation of agricultural activities and projects undertaken by youth organizations.

7 M.R.S. § 81(1). The Department of Agriculture, Conservation and Forestry has a list of agricultural fairs on its website.²

Section 2 of the Act directs the Commission to open a proceeding to examine rate design and related issues for electricity customers that have seasonal, limited-duration, concentrated load profiles, including but not limited to agricultural fairs, seasonal festivals, and other similar entities. In this proceeding, the Commission is directed to examine options for alternative rate design, with particular attention to electricity demand charges, and to identify electricity customers other than agricultural fairs that may benefit from a Trust program similar to that established in the Act. The Act requires the Commission to submit a report on these issues to the Energy, Utilities and Technology Committee no later than December 1, 2019.

¹ The Act is provided as Attachment A to this Report.

² The list is provided as Attachment B to this Report.

II. COMMISSION INQUIRY

On June 17, 2019, the Commission initiated an Inquiry to gather information to conduct the required examination.³ Through the Inquiry, the Commission requested comments from interested persons on, among other things, rate design and related issues for electricity customers that have seasonal, limited-duration, concentrated load profiles, including but not limited to agricultural fairs, seasonal festivals and other similar entities.⁴ The Commission received comments during the Inquiry from Maine's T&D utilities, the Trust, and Dot Kelly.⁵

A. Rate Design and Related Issues

In the Notice of Inquiry (NOI),⁶ the Commission requested comments on the following rate design and related issues:

1. Discuss the relationship between the cost of providing T&D service to customers that have seasonal, limited-duration, concentrated load profiles—including but not limited to agricultural fairs, seasonal festivals, and other similar entities—and the use of demand charges to recover such costs.
2. Discuss options for alternatives to demand charges that may be appropriate for these types of customers.
3. In addition to agricultural fairs, identify and discuss other types of electricity customers that may benefit from a Trust program similar to that established under Section 1 of the Act. Is the intent of the Act to focus this examination on “seasonal, limited-duration, concentrated load profile” customers? Please explain the response.

³ *Public Utilities Commission, Inquiry into Agricultural Fair Assistance Program and Rate Design*, Docket No. 2019-00136, Notice of Inquiry (June 17, 2019).

⁴ The Commission also requested comments on issues related to an agricultural fair assistance program to be administered by the Trust and the amount of funds received by T&D utilities from agricultural fairs through demand charges during 2018. Based on the demand-charge revenue information provided by the T&D utilities, the Commission directed that a total amount of \$179,000 (\$161,000 from Central Maine Power Company and \$18,000 from Emera Maine) be transferred to the Trust to fund the agricultural fair assistance program. The other T&D utilities did not collect any funds from agricultural fairs through demand charges.

⁵ Commission Staff contacted the Maine Association of Agricultural Fairs on several occasions to inform the Association of the opportunity to present comments in the Inquiry. The Association did not submit comments on the issues raised in the Act.

⁶ The NOI is provided as Attachment C to this Report.

III. DISCUSSION

A. Utility Rate Components

Demand charges are a common component of electric rate structures for T&D utilities in Maine and across the country. Generally, utility rates have three main components: (1) energy usage or so-called volumetric charges, which are assessed on the basis of kilowatt-hours (kWh) consumed; (2) demand charges, which are assessed based on the customer's peak usage during a billing period, measured in kilowatts (kW); and (3) monthly fixed customer charges, which reflect costs of services that do not vary with energy usage or peak hour usage, such as metering and billing. In addition to fixed monthly charges, residential and small-commercial customers pay for T&D service on the basis on kWh charges, and larger commercial or industrial customers pay on the basis of kW charges.

B. Demand Charges

T&D utilities are obligated to meet consumers' demand and system-wide demand by building, operating and maintaining the infrastructure necessary to deliver electricity to all customers at all times, including when system conditions approach or reach what is known as system peak conditions (when demand on the overall system is at its highest). Because T&D system costs are largely fixed or are otherwise incurred to meet peak demands, the costs do not vary based on day-to-day electricity usage. Utilities must maintain the necessary infrastructure (e.g., transformers, conductors, and service wires) to meet system peak conditions even if at most times of the year the system is not experiencing peak conditions.

For these reasons, as a general matter, energy rates based on kWh usage do not provide as accurate a price signal to T&D utility customers as do demand charges. Under a volumetric kWh rate, the customer could save significantly on electric delivery costs while not necessarily reducing demand on the infrastructure needed to provide service, thus not reducing costs. It is commonly recognized that demand charges recover infrastructure costs in an economically efficient manner, consistent with cost-causation principles, and encourage efficient reductions in customer demand, which is the driver of a significant portion of delivery-system costs. This reasoning applies to all customers, regardless of the timing, duration, or seasonal nature of their usage.

C. Limited-Duration Loads

Limited-duration load customers, such as agricultural fairs, are entities that use all or most of their electricity at certain times of the year, such as a few days or hours. Other examples of limited duration load customers include: seasonal festivals and events; concerts; and outdoor recreational facilities, such as lighting for ball fields. Seasonal operations, such as ski facilities and amusement parks, might also be considered limited-duration load customers; however, these customers operate for several months as opposed to a few days or hours.

In considering rate designs for customers with concentrated loads of limited duration, it is important to recognize, as discussed above, that distribution-system costs are driven largely by customers' peak demand, not by energy or volumetric use, and demand charges (which reflect that peak usage demand) are an accepted and appropriate component of T&D utility rate design.

D. Alternative Rate Structures

Alternative rate structures could be applied to agricultural fairs and other limited-duration customers to reduce their electricity costs. However, the Commission emphasizes that any rate structure changes (such as the elimination of demand charges) that reduce these customers' overall payments to the T&D utility will ultimately be paid for by other utility customers.

For example, utilities can create a separate rate class for limited-duration loads that does not include a demand charge. To accomplish revenue neutrality and avoid rate increases to other customers, however, this rate class would need to include a significantly higher fixed customer charge. Without a demand charge or a significantly higher fixed charge, other customers would end up paying higher rates.

T&D utilities also have the authority to enter into special rate contracts with individual customers, under certain circumstances.⁷ Special rate contracts can be tailored to the unique circumstances of each customer and can be established without demand charges. All special rate contracts require Commission review and approval.

IV. EFFICIENCY MAINE TRUST PROGRAM

As stated above, the Act specifies that, as part of its required examination, the Commission identify electricity customers other than agricultural fairs that may benefit from a Trust program similar to the agricultural fair assistance program established in the Act. Electricity customers that use all or most of their electricity within limited time periods in the year, such as seasonal festivals and events; concerts; and outdoor recreational facilities, such as lighting for ball fields, ski facilities and amusement parks, may benefit from a Trust program similar to the agricultural fair assistance program.

As a general matter, the Trust's programs should be available to similarly situated customers. Customers with limited load duration should be able to benefit through reduced electricity costs from a program similar to the agricultural fair assistance program. This assumes that the Trust develops an agricultural fair assistance program that is cost-effective.

⁷ See 35-A M.R.S. § 703(3-A); see also *Central Maine Power Company, Request for Approval of Special Rate Contract with Newpage Corporation (Formerly Mead Oxford Corp.)*, Docket No. 2005-451, Order (Part II) at 3 (Feb. 17, 2006) (establishing three-part test for approval of special rate contracts with T&D utilities).

Rather than specifically identifying customers who would be eligible for such a program, eligibility should be defined through the load characteristics of customers. For example, eligibility could be defined as customers that use all or a specified percentage of usage (e.g., 90% of annual usage) within a defined period. The period could be a three-day period, a week, a month, or some other period.

V. CONCLUSION

As discussed above, demand charges are a common and appropriate component of a T&D utility's rate design, and removing those charges for a subset of customers will increase costs for all other customers. As such, the Commission cannot recommend a change to T&D utility rate structures as they apply to Maine's agricultural fairs or other limited-duration load customers as it would require a subsidy from other customers.

The Commission's expertise is in utility rate setting and rate design, not efficiency-program design. Thus, if any expanded version of this program is contemplated, the Commission recommends it be developed by the Trust.

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND NINETEEN

H.P. 860 - L.D. 1186

An Act To Address Electricity Costs of Agricultural Fairs

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, this legislation needs to take effect before the expiration of the 90-day period in order to be in effect for the 2019 agricultural fair season; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 35-A MRSA §10124 is enacted to read:

§10124. Agricultural fair assistance program

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Agricultural fair" has the same meaning as in Title 7, section 81, subsection 1.

B. "Demand charge" means a charge on an electric bill that is based on the customer's peak demand for electricity.

C. "Fund" means the agricultural fair assistance program fund established under subsection 3.

D. "Program" means the agricultural fair assistance program established under subsection 2.

2. Program established. The trust shall establish and administer an agricultural fair assistance program to help agricultural fairs reduce electricity costs through the most cost-effective opportunities available. Under the program, the trust shall:

A. Conduct outreach and provide technical assistance to agricultural fairs to:

(1) Identify opportunities to reduce electricity costs, including but not limited to opportunities to reduce peak electricity demand; and

(2) Enroll agricultural fairs in existing programs offered by the trust as appropriate; and

B. Offer custom financial incentives to agricultural fairs to implement electric efficiency and conservation measures, including but not limited to measures to reduce peak electricity demand.

The program may use a definition of cost-effective other than the definition adopted by the trust pursuant to section 10110, subsection 2.

3. Fund established. The trust shall establish the agricultural fair assistance program fund as a nonlapsing fund administered by the trust to fund the program. The commission shall assess each transmission and distribution utility an amount necessary to collect the total amount of demand charges paid by agricultural fairs in the State to transmission and distribution utilities during the prior year. All amounts collected under this subsection must be transferred to the fund. Any interest earned on funds in the fund must be credited to the fund. Funds not spent in any fiscal year remain in the fund to be used by the program. The assessments charged to transmission and distribution utilities under this subsection are just and reasonable costs for rate-making purposes. The commission may issue any appropriate orders to transmission and distribution utilities necessary to achieve the goals of this subsection.

4. Report. No later than January 15, 2022 and January 15, 2024, the trust shall submit a report on the program to the joint standing committee of the Legislature having jurisdiction over energy and utility matters. The report must include information on program implementation, total deposits into and expenditures from the fund, program activity and reductions in peak electricity demand, energy consumption and electricity costs achieved. After receiving the report due by January 15, 2024, the committee may report out a bill relating to the program to the Second Regular Session of the 131st Legislature.

5. Repeal; remaining funds. This section is repealed June 30, 2024. In the event funds in the fund are not expended or contracted for expenditure as of June 30, 2024, the commission shall ensure that the value of those funds is returned to electricity consumers.

Sec. 2. Rate design; proceeding; report. The Public Utilities Commission shall open a proceeding to examine rate design and related issues for electricity customers that have seasonal, limited-duration, concentrated load profiles, including but not limited to agricultural fairs, seasonal festivals and other similar entities. In this proceeding, the commission shall examine options for alternative rate design, with particular attention to electricity demand charges, and identify other types of electricity customers, in addition to agricultural fairs, that may benefit from a program similar to that established under the Maine Revised Statutes, Title 35-A, section 10124. No later than December 1, 2019, the commission shall submit a report on its findings and recommendations under this section to the Joint Standing Committee on Energy, Utilities and Technology. The committee

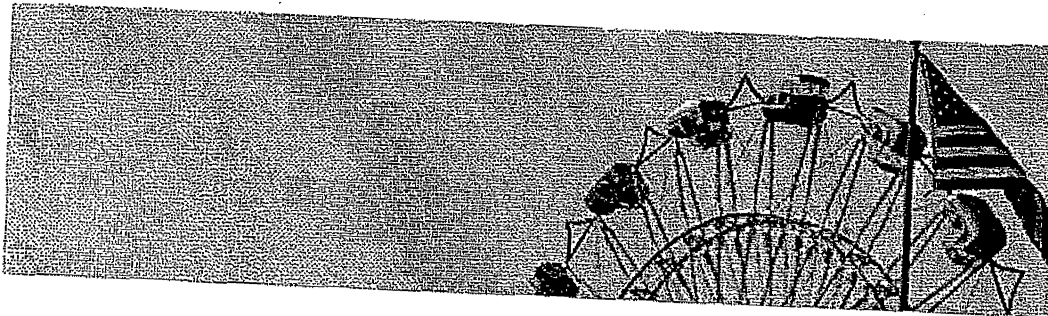
may report out a bill to the Second Regular Session of the 129th Legislature based on the report.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

Department of Agriculture, Conservation and Forestry

DACF Home → Bureaus & Programs → Bureau of Agriculture → Agricultural Resource Development Division → Agricultural Fair Program

Agricultural Resource Development Division



Receive State Fair News!

Enter your email below to sign-up:

Agricultural Fair Program

Maine has some of the best agricultural fairs in New England! If you want to know more about Maine's great agricultural fairs, go to the Maine Association of Agricultural Fairs website for the latest news and information or directly to the fairs listed below.

Upcoming 2019 Agricultural State Fair Dates

Dates	Fair	Town
June 13, 2019 - June 16, 2019	Monmouth Fair	Monmouth, Maine
June 28, 2019 - July 3, 2019	Northern Maine Fair	Presque Isle, Maine
July 4, 2019 - July 7, 2019	Houlton Fair	Houlton, Maine
July 11, 2019 - July 14, 2019	Ossipee Valley Fair	South Hiram, Maine
July 19, 2019 - July 21, 2019	Waterford World's Fair	North Waterford, Maine
July 25, 2019 - July 28, 2019	Pittston Fair	Pittston, Maine
July 25, 2019 - August 3, 2019	Bangor State Fair	Bangor, Maine
August 6, 2019 - August 11, 2019	Topsham Fair	Topsham, Maine
August 8, 2019 - August 17, 2019	Skowhegan State Fair	Skowhegan, Maine
August 17, 2019 - August 24, 2019	Union Fair	Union, Maine
August 21, 2019 - August 22, 2019	Maine Farm Days	Clinton, Maine
August 22, 2019 - August 25, 2019	Acton Fair	Acton, Maine
August 22, 2019 - August 25, 2019	Piscataquis Valley Fair	Dover-Foxcroft, Maine

ATTACHMENT A TO NOTICE OF INQUIRY
MAINE PUC DOCKET NO. 2019-00136

Dates	Fair	Town
August 25, 2019 - September 2, 2019	Windsor Fair	Windsor, Maine
August 29, 2019 - September 2, 2019	Blue Hill Fair	Blue Hill, Maine
August 30, 2019 - September 2, 2019	Harmony Fair	Harmony, Maine
August 31, 2019	Springfield Fair	Springfield, Maine
September 5, 2019 - September 8, 2019	Clinton Lions Agricultural Fair	Clinton, Maine
September 6, 2019 - September 8, 2019	Litchfield Fair	Litchfield, Maine
September 11, 2019 - September 14, 2019	Oxford County Fair	Oxford, Maine
September 13, 2019 - September 15, 2019	New Portland Lion's Fair	New Portland, Maine
September 15, 2019 - September 21, 2019	Farmington Fair	Farmington, Maine
September 20, 2019 - September 22, 2019	Common Ground Fair	Unity, Maine
September 22, 2019 - September 28, 2019	Cumberland Fair	Cumberland Ctr, Maine
September 29, 2019 - October 6, 2019	Fryeburg Fair	Fryeburg, Maine

Credits

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Attachment C

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2019-00136

June 17, 2019

PUBLIC UTILITIES COMMISSION
Inquiry into Agricultural Fair Assistance
Program and Rate Design

NOTICE OF INQUIRY

BARTLETT, Chairman; WILLIAMSON and DAVIS, Commissioners

I. SUMMARY

Through this Notice, the Commission initiates an Inquiry to examine (1) rate design and related issues for electricity customers that have seasonal, limited-duration, concentrated load profiles, including but not limited to agricultural fairs, seasonal festivals and other similar entities and (2) issues related to an agricultural fair assistance program to be administered and funded through the Efficiency Maine Trust. This Inquiry is initiated in response to recently enacted legislation.

II. BACKGROUND

During its 2019 session, the Legislature enacted An Act To Address Electricity Costs of Agricultural Fairs. P.L. 2019, ch. 169 (emergency, effective May 30, 2019) (Act). Section 1 of the Act (codified at 35-A M.R.S. § 10124) directs the Efficiency Maine Trust (EMT) to establish and administer an agricultural fair assistance program to help agricultural fairs reduce electricity costs through the most cost-effective opportunities available. The program is to be funded through a Commission assessment on transmission and distribution (T&D) utilities each year in an amount equaling the total amount of demand charges paid by agricultural fairs to T&D utilities during the prior year.

The term "agricultural fair" is defined in the Act as having the same meaning as in 7 M.R.S. § 81(1). That statute states:

"Agricultural fair" or "fair" means an exhibition that is designed to promote education and encourage improvement in agriculture and that includes, but is not limited to, the following:

- A. The awarding of premiums for livestock competitions;
- B. The display of and awarding of premiums for horticultural products; and

C. The display and presentation of agricultural activities and projects undertaken by youth organizations.

7 M.R.S. § 81(1). The Department of Agriculture, Conservation and Forestry has a list of agricultural fairs on its website. That list is provided as Attachment A to this Notice.

Section 2 of the Act directs the Commission to open a proceeding to examine rate design and related issues for electricity customers that have seasonal, limited-duration, concentrated load profiles, including but not limited to agricultural fairs, seasonal festivals, and other similar entities. In this proceeding, the Commission is directed to examine options for alternative rate design, with particular attention to electricity demand charges, and to identify electricity customers other than agricultural fairs that may benefit from an EMT program similar to that established in the Act. The Commission is required to submit a report on these issues to the Energy, Utilities and Technology Committee no later than December 1, 2019. This Inquiry will be the Commission's vehicle for the examination required by the Act.

III. REQUEST FOR INFORMATION AND COMMENTS

To aid this Inquiry, the Commission seeks information and comments on the following issues. Comments may be filed in the Commission's electronic case management system, described in section IV below, no later than **Friday, July 5, 2019**.

Agricultural Fair Assistance Program

1. Should the Agricultural Fair Assistance Program (AFAP) be incorporated into the EMT Triennial Plan and, if so, what process would this require?
2. How should the requirement "to help agricultural fairs reduce electricity costs through *the most cost-effective* opportunities available" (emphasis added) be evaluated and determined?
3. Under 35-A M.R.S. § 10124(2)(B), the program may use a definition of cost effective other than that adopted under 35-A M.R.S. § 10110(2). Given this, how should cost effective be defined? What should the roles of (1) the EMT Board and (2) the Commission be in review and approval of the definition?
4. Does the list of agricultural fairs in Attachment A include all entities that would be eligible for assistance through the AFAP? If not, what other entities or groups of entities should be eligible?

5. How should third parties that may be involved in agricultural fairs—such as entities that own/operate the rides, games, or other amusements; entities that prepare and provide food; and others—be considered under the AFAP?

6. If an agricultural fair takes service from a T&D utility in a rate class that does not include a demand charge, or a rate class that would recover most of the fair's bill through customer or kWh charges, should it be eligible for assistance through the AFAP? Please provide the rationale for the response to this question.

Assessment

7. For purposes of the required assessment, should the demand charge costs of the attached list of agricultural fairs be the amount of the assessment?

8. All T&D utilities are asked to (a) identify the applicable rate class for each agricultural fair in their service territory, (b) describe how they bill agricultural fairs, including typical metering configurations and accounts (e.g., whether the loads of the rides and the loads of the animal barns metered separately), and (c) indicate the total amount they collect through demand charges from agricultural fairs (including those listed in Attachment A) in calendar year 2018. If a T&D utility does not have this data readily available, the utility should provide information on how it can identify these amounts.

9. T&D utilities are also asked to identify any agricultural fairs that take service in a rate class that either (a) does not include demand charges or (b) recovers most of a customer's bill through customer or kWh charges.

Rate Design and Related Issues

10. Discuss the relationship between the cost of providing T&D service to customers that have seasonal, limited-duration, concentrated load profiles—including but not limited to agricultural fairs, seasonal festivals, and other similar entities—and the use of demand charges to recover such costs.

11. Discuss options for alternatives to demand charges that may be appropriate for these types of customers.

12. In addition to agricultural fairs, identify and discuss other types of electricity customers that may benefit from an EMT program similar to that established under Section 1 of the Act. Is the intent of the Act to focus this examination on "seasonal, limited-duration, concentrated load profile" customers? Please explain the response.

IV. INTERESTED PERSONS

This Notice will be provided to all T&D utilities; the EMT; the Office of the Public Advocate; the Commissioner of the Department of Agriculture, Conservation and Forestry; the Maine Association of Agricultural Fairs; and the notification list in Docket No. 2018-00321 (EMT Fourth Triennial Plan proceeding).

Any interested person that would like to submit comments in this proceeding or receive notification of submittals must sign up as a "registered user" in the Commission's Case Management System (CMS).¹ When registering, persons should indicate the entity or entities they represent and on whose behalf filings will be made. Such persons should also place themselves on the notification list for the above referenced docket.

Dated at Hallowell, Maine, this 17th day of June, 2019.

BY ORDER OF THE COMMISSION

/s/ Harry Lanphear
Administrative Director

¹ To register, go to the Commission's website at www.maine.gov/mpuc and click "Online Filing, Docketed Case, Forms, and RFPs" on the left-hand side of the home page. Then click the large "Registered Users" link. Then click the "New User Registration" link at the bottom of the "Account Login" area. Detailed instructions are available on the Commission's website at www.maine.gov/tools/whatsnew/index.php?topic=pucpressreleases&id=414946&v=article08.