

MAINE STATE LEGISLATURE

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STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Mark A. Vannoy
CHAIRMAN

R. Bruce Williamson
Randall D. Davis
COMMISSIONERS

Harry Lanphear
ADMINISTRATIVE DIRECTOR

December 31, 2018

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: Annual Report on Long-term Contracts

Dear Senator Lawrence and Representative Berry:

During the 2017 session, the Legislature enacted An Act to Increase Investment and Regulatory Stability in the Electric Industry (Act).¹ Section 2 of the Act, now codified as 35-A M.R.S. § 3210-C(3), directs the Commission to submit a report to the Committee by January 1 of each year related to long-term contracts.

Attached is the Commission's report. If you have any questions, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark A. Vannoy'.

Mark A. Vannoy, Chairman

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

Attachment

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

¹ P.L. 2017, c. 134.

MAINE PUBLIC UTILITIES COMMISSION

ANNUAL REPORT ON LONG-TERM CONTRACTS

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

I. INTRODUCTION

During its 2017 session, the Legislature enacted an Act to Increase Investment and Regulatory Stability in the Electric Industry (Act).¹ Section 2 of the Act, now codified as 35-A M.R.S. § 3210-C, sub-§3, provides in part that:

By January 1st of each year, the commission shall submit a report to the joint standing committee of the Legislature having jurisdiction over energy and utilities matters on the procurement of transmission capacity, capacity resources, energy and renewable energy credits in the preceding 12 months under this subsection, the Community-based Renewable Energy Act and deep-water offshore wind energy pilot projects under Public Law 2009, chapter 615, Part A, section 6, as amended by Public Law 2013, chapter 369, Part H, sections 1 and 2 and chapter 378, sections 4 to 6. The report must contain information including, but not limited to, the number of requests for proposals by the commission for long-term contracts, the number of responses to requests for proposals pursuant to which a contract has been finalized, the number of executed term sheets or contracts resulting from the requests for proposals, the commission's initial estimates of ratepayer costs or savings associated with any approved term sheet, actual ratepayer costs or savings for the previous year associated with any procurement, the total ratepayer costs or savings at the time of the report and the megawatt-hours, renewable energy credits or capacity produced or procured through contracts. The report must also include a plan for the succeeding 12 months pertaining to the procurement of capacity resources, energy and renewable energy credits, including dates for requests for proposals, and types of resources to be procured.

The Commission hereby submits its annual report to the Energy, Utilities and Technology Committee regarding long-term contracts.

II. COMPETITIVE SOLICITATIONS DURING 2018

A. Competitive Solicitations pursuant to 35-A M.R.S. §3210-C

On July 24, 2018, the Commission issued a Request for Proposals for Long-term Contracts for Capacity Resources and Associated Energy (2018 RFP). As specified in the 2018 RFP, initial proposals were due on or before September 7, 2018. The Commission has not yet approved any term sheets or contracts resulting from the 2018 RFP and expects to consider the proposals early in 2019. The Commission currently has no plans to conduct any additional competitive solicitation during 2019.

¹ P.L. 2017, c. 134.

B. Competitive Solicitations pursuant to the Community-Based Renewable Energy Pilot Program

During 2018, the Commission did not conduct any competitive solicitations for the Community-Based Renewable Energy Pilot Program. The Commission's authority to award contracts governed by this program expired on December 31, 2015. Accordingly, no future solicitations are planned.

C. Competitive Solicitations Pursuant to the Deep-water Offshore Wind Energy Pilot Program

During 2018, the Commission did not conduct any competitive solicitations. The Commission no longer has the authority to award additional contracts governed by this program. Accordingly, no future solicitations are planned.

III. RATEPAYER COSTS OR SAVINGS ASSOCIATED WITH PRIOR SOLICITATIONS

The Commission's Annual Report on Long-Term Contracts dated January 1, 2018 included extensive information on the contracts that have been authorized or executed and the historical cost or benefit to ratepayers of contracts authorized pursuant to Section 3210-C, the Community Based Renewable Energy Pilot Program and the Offshore Wind Pilot Program. The attached Appendix 1 provides the September 2018 year-to-date MWh generation, contract costs and revenues for each contract facility that has reached commercial operations.

**Long-Term Contract Summary
January-September 2018**

Appendix 1

Community Based Program

			Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	YTD Sept 2018
CMP	Athens Energy	MWh	4,888	4,172	5,161	2,962	5,244	4,907	5,218	5,223	4,556	42,331
		Contract Payments	\$ 483,863	\$ 413,043	\$ 510,960	\$ 293,224	\$ 619,149	\$ 485,815	\$ 516,629	\$ 517,039	\$ 451,093	\$ 4,190,816
		Entitlement Revenue	\$ 436,521	\$ 150,745	\$ 145,925	\$ 98,213	\$ 119,479	\$ 122,569	\$ 168,586	\$ 193,910	\$ 154,868	\$ 1,590,815
		Net Ratepayer (Cost)/Benefit	\$ (47,342)	\$ (262,299)	\$ (365,035)	\$ (195,012)	\$ (399,670)	\$ (363,246)	\$ (348,043)	\$ (323,129)	\$ (296,226)	\$ (2,600,001)
CMP	Goose River Hydro	MWh	0.00	0.01	0.19	9.10	3.43	0.46	0.00	0.00	1.15	14.32
		Contract Payments	\$ -	\$ 0.50	\$ 18.60	\$ 909.70	\$ 343.20	\$ 45.50	\$ -	\$ -	\$ 114.50	\$ 1,432
		Entitlement Revenue	\$ -	\$ 0.10	\$ (3.81)	\$ 315.11	\$ 83.31	\$ 10.16	\$ -	\$ -	\$ 31.25	\$ 436
		Net Ratepayer (Cost)/Benefit	\$ -	\$ (0)	\$ (22)	\$ (595)	\$ (260)	\$ (35)	\$ -	\$ -	\$ (83)	\$ (996)
Emera Maine	Pisgah Mountain Wind	MWh	3,730	2,897	3,453	2,543	2,437	1,869	1,620	1,487	1,770	21,805
		Contract Payments	\$ 346,867	\$ 269,416	\$ 321,169	\$ 236,523	\$ 226,649	\$ 173,782	\$ 150,630	\$ 138,247	\$ 164,593	\$ 2,027,877
		Entitlement Revenue	\$ 234,813	\$ 102,151	\$ 91,335	\$ 24,139	\$ 117	\$ 48,163	\$ 46,795	\$ 41,761	\$ 61,002	\$ 650,276
		Net Ratepayer (Cost)/Benefit	\$ (112,054)	\$ (167,265)	\$ (229,834)	\$ (212,384)	\$ (226,532)	\$ (125,619)	\$ (103,835)	\$ (96,486)	\$ (103,591)	\$ (1,377,600)
Emera Maine	Exeter Agri-Energy	MWh	1,076	1,053	1,355	1,215	1,136	851	1,099	1,221	1,403	10,408
		Contract Payments	\$ 102,089	\$ 99,365	\$ 126,040	\$ 113,752	\$ 107,349	\$ 81,778	\$ 103,936	\$ 114,536	\$ 129,708	\$ 978,552
		Entitlement Revenue	\$ 49,169	\$ 23,720	\$ 14,408	\$ 14,770	\$ 5,677	\$ 13,631	\$ 19,178	\$ 22,767	\$ 22,767	\$ 186,088
		Net Ratepayer (Cost)/Benefit	\$ (52,920)	\$ (75,645)	\$ (111,631)	\$ (98,982)	\$ (101,671)	\$ (68,146)	\$ (84,758)	\$ (91,769)	\$ (106,941)	\$ (792,464)

35-A M.R.S. §3210-C

CMP	Rollins Wind (80%)	MWh	13,808	10,809	14,230	9,776	9,704	7,558	6,785	5,255	6,589	84,515
		Contract Payments	\$ 1,077,580	\$ 598,967	\$ 784,895	\$ 529,209	\$ 507,019	\$ 382,072	\$ 334,094	\$ 256,321	\$ 328,787	\$ 4,798,944
		Entitlement Revenue	\$ 189,303	\$ 183,113	\$ (1,072)	\$ 23,019	\$ (26,317)	\$ 144,342	\$ 191,937	\$ 184,274	\$ 196,829	\$ 1,085,428
		Net Ratepayer (Cost)/Benefit	\$ (888,277)	\$ (415,854)	\$ (785,968)	\$ (506,189)	\$ (533,336)	\$ (237,731)	\$ (142,156)	\$ (72,047)	\$ (131,959)	\$ (3,713,516)
Emera Maine	Rollins Wind (20%)	MWh	3,452	2,702	3,557	2,444	2,426	1,890	1,896	1,314	1,647	21,129
		Contract Payments	\$ 269,409	\$ 149,757	\$ 196,239	\$ 132,317	\$ 126,770	\$ 95,533	\$ 83,538	\$ 64,095	\$ 82,212	\$ 1,199,870
		Entitlement Revenue	\$ 40,231	\$ 49,603	\$ (7,219)	\$ (5,975)	\$ (17,322)	\$ 45,777	\$ 43,358	\$ 36,461	\$ 52,159	\$ 237,074
		Net Ratepayer (Cost)/Benefit	\$ (229,177)	\$ (100,154)	\$ (203,458)	\$ (138,292)	\$ (144,091)	\$ (49,756)	\$ (40,180)	\$ (27,634)	\$ (30,053)	\$ (962,796)

Offshore Wind Pilot Program

Emera Maine	Ocean Renewable Power Corporation	MWh	0	0	0	0	0	0	0	0	0	0	
		Contract Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Entitlement Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Net Ratepayer (Cost)/Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Includes facilities which have reached commercial operations