

MAINE STATE LEGISLATURE

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*State Of Maine
122nd Legislature*

Second Regular Session

Bill Summaries

*Joint Standing Committee
on
Utilities and Energy*

July 2006

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Maine State Legislature



Office of Policy and Legal Analysis Office of Fiscal and Program Review

122nd Maine Legislature Second Regular Session

Summary of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills considered by the committees. It is arranged alphabetically by committee name and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla/billsumm.htm).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

CON RES XXX.....	Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE.....	Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES.....	House & Senate disagree; bill died
DIED IN CONCURRENCE.....	One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT.....	Action incomplete when session ended; bill died
EMERGENCY.....	Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE.....	Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE.....	Bill failed to get majority vote
FAILED MANDATE ENACTMENT.....	Bill imposing local mandate failed to get 2/3 vote
NOT PROPERLY BEFORE THE BODY.....	Ruled out of order by the presiding officers; bill died
INDEF PP.....	Bill Indefinitely Postponed
ONTP.....	Ought Not To Pass report accepted
OTP-ND.....	Committee report Ought To Pass In New Draft
P&S XXX.....	Chapter # of enacted Private & Special Law
PASSED.....	Joint Order passed in both bodies
PUBLIC XXX.....	Chapter # of enacted Public Law
RESOLVE XXX.....	Chapter # of finally passed Resolve
UNSIGNED (Pocket Veto).....	Bill held by Governor
VETO SUSTAINED.....	Legislature failed to override Governor's Veto

Please note that the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is August 23, 2006.

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Public Law 2005, chapter 582 was enacted as an emergency measure effective April 13, 2006.

LD 2041

An Act To Enhance Maine's Energy Independence and Security

PUBLIC 677

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FLETCHER BARTLETT	OTP-AM	H-1024 S-628 GAGNON

LD 2041 proposed the following:

1. To reduce the sales and use tax on motor fuels that contain at least 2% biodiesel by volume from 27.9¢ to 20¢ per gallon. Pursuant to the State Constitution, fuel tax revenues go to the Highway Fund; the bill proposed to reimburse from the General Fund the lost revenues to the Highway Fund;
2. To allow the Public Utilities Commission to incorporate cost-effective energy conservation and energy efficiency resources into the standard offer service product for electricity customers;
3. To set a policy of increasing the amount of energy generated in this State from “cost-competitive” new renewable generation resources by one percent per year beginning in 2007 to achieve 10% by 2017. The bill also proposed to permit the commission to direct transmission and distribution utilities to enter into long-term contracts (3- 20 years) with “cost-competitive” new or existing resources that emit no greenhouse gases and that meet certain other criteria.
4. To repeal an obsolete provision of law that directed the commission to adopt major substantive rules to provide for the incorporation of contracts with renewable resources into standard offer service as a hedging strategy. The commission submitted proposed rules to the Legislature in 2005, and they were rejected by the Legislature;
5. To allow the commission to direct transmission and distribution utilities to provide credit support for nonresidential customers to facilitate those customers obtaining generation service contracts; and
6. To direct the commission to adopt major substantive rules establishing minimum energy efficiency standards, including enforcement mechanisms, for commercial and consumer products sold or offered for sale in this State and not covered by the federal EPACKT (Energy Policy Act of 2005, Public Law 109-58, 119 Stat. 594 (2005)).

Committee Amendment “A” (H-1024) proposed to replace the bill. The amendment proposed the following:

1. To provide for a one-year reduction in the sales and use tax on biofuels and to direct the State Controller to transfer \$20,000 from the General Fund unappropriated surplus to the Highway Fund unappropriated surplus no later than June 30, 2007. It proposed to direct the Department of the Secretary of State, Bureau of Motor Vehicles to convene a study group to consider the revenue impacts of a differential tax on biodiesel, the impacts on tax administration and compliance and alternatives to a differential tax including a refund process. It proposed to authorize the Joint Standing Committee on Utilities and Energy to report out legislation on this matter to the First Regular Session of the 123rd Legislature.
2. To make various changes to the Public Utilities Commission's authority to manage standard-offer service. It would allow the commission to incorporate cost-effective demand-side measures into the supply of standard-

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offer service. It would authorize the commission to enter into various standard-offer service contract lengths and terms for residential and small commercial customers and direct the commission to report on its use of this authority by January 15, 2008. The Joint Standing Committee on Utilities and Energy would be authorized to report out legislation on this matter to the Second Regular Session of the 123rd Legislature. The amendment proposed to direct the commission to consider developing within its Efficiency Maine program one or more demand response programs for medium nonresidential customers.

3. To establish state policies to increase new renewable capacity resources, reduce electric prices and volatility and mitigate the effects of regional or federal capacity resource mandates. It would authorize the Public Utilities Commission to direct large transmission and distribution utilities to enter into long-term contracts for capacity resources and, under certain circumstances, for related energy. The commission would be authorized to enter into long-term contracts for interruptible, demand response or energy efficiency capacity resources. Only those capacity resources that are competitive and lowest priced, considering both the cost of the capacity and related energy when compared to other available offers, would be eligible for contracting under this provision.
4. To direct the commission by major substantive rule to adopt a long-term electric resource adequacy plan to ensure grid reliability and the availability of electricity to consumers at the lowest price. The rules would be required to be submitted for legislative review by March 1, 2008.
5. To add to the Governor's powers when the Governor declares a state of emergency relating to an energy shortage by authorizing the Governor to take appropriate action to secure capacity resources.
6. To establish the Maine Energy Council to monitor and evaluate matters affecting electricity supply and costs to consumers in this State and to provide recommendations to the Governor, the Public Utilities Commission, other agencies and the Legislature on these matters. It proposed to direct the council to undertake an examination of the feasibility and appropriate means of studying the impacts of electric industry restructuring in this State and to report its recommendations, together with any necessary implementing legislation, to the Joint Standing Committee on Utilities and Energy by January 15, 2007. The committee would be authorized to report out legislation on this matter to the First Regular Session of the 123rd Legislature.

Senate Amendment “A” to Committee Amendment “A” (S-628) proposed to implement the decision of the Legislative Council pursuant to its “Study Table” review of the amended bill to amend Committee Amendment “A” to establish the Maine Energy Council as a one-year study group.

Enacted law summary

Public Law 2005, chapter 677 does the following.

1. It provides for a one-year reduction in the sales and use tax on biofuels. It directs the State Controller to transfer \$20,000 from the General Fund unappropriated surplus to the Highway Fund unappropriated surplus no later than June 30, 2007 (to reimburse the Highway Fund for lost fuel tax revenue). It also directs the Department of the Secretary of State, Bureau of Motor Vehicles to convene a study group to consider the revenue impacts of a differential tax on biodiesel, the impacts on tax administration and compliance and alternatives to a differential tax including a refund process. The joint standing committee of the Legislature having jurisdiction over utilities matters is authorized to report out legislation on this matter to the First Regular Session of the 123rd Legislature.

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2. It makes various changes to the Public Utilities Commission's authority to manage standard-offer service. It allows the commission to incorporate cost-effective demand-side measures into the supply of standard-offer service. It authorizes the commission to enter into various standard-offer service contract lengths and terms for residential and small commercial customers and directs the commission to report on its use of this authority by January 15, 2008. The joint standing committee of the Legislature having jurisdiction over utilities matters is authorized to report out legislation on this matter to the Second Regular Session of the 123rd Legislature. The amendment also directs the commission to consider developing one or more demand response programs for medium nonresidential customers.
3. It establishes state policies to increase new renewable capacity resources, reduce electric prices and volatility and mitigate the effects of regional or federal capacity resource mandates. It authorizes the Public Utilities Commission to direct large transmission and distribution utilities to enter into long-term contracts for capacity resources and, under certain circumstances, for related energy. The commission is authorized to enter into long-term contracts for interruptible, demand response or energy efficiency capacity resources. Only those capacity resources that are competitive and lowest priced, considering both the cost of the capacity and related energy when compared to other available offers, may be contracted under this provision. It directs the commission by major substantive rule to adopt a long-term electric resource adequacy plan to ensure grid reliability and the availability of electricity to consumers at the lowest price. The rules are required to be submitted for legislative review by March 1, 2008. It also adds to the Governor's powers when the Governor declares a state of emergency relating to an energy shortage by authorizing the Governor to take appropriate action to secure capacity resources.
4. It establishes a study group called the Maine Energy Council to undertake an examination of the feasibility and appropriate means of studying the impacts of electric industry restructuring in this State. The Council is also authorized to monitor and evaluate matters affecting electricity supply and costs to consumers in this State and to provide recommendations to the Governor, the Public Utilities Commission, other agencies and the Legislature on these matters. The Council must report its recommendations, together with any necessary implementing legislation, to the joint standing committee of the Legislature having jurisdiction over utilities matters by January 15, 2007. The committee is authorized to report out legislation on these matters to the First Regular Session of the 123rd Legislature.

LD 2060 **Resolve, Regarding Legislative Review of Portions of Chapter 895: Under-
ground Facility Damage Prevention Requirements, a Major Substantive Rule of the Public Utilities Commission** **RESOLVE 184
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-948
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LD 2060 provided for legislative review of portions of Chapter 895: Underground Facility Damage Prevention Requirements, a major substantive rule of the Public Utilities Commission.

Committee Amendment “A” (H-948) proposed to authorize the Public Utilities Commission to finally adopt portions of Chapter 895: Underground Facility Damage Prevention Requirements, a provisionally adopted major substantive rule, as long as certain changes were made relating to commission enforcement proceedings. The changes would require the commission to hold a preliminary investigation prior to issuing a notice of probable violation. The proposed changes are those specified in the document submitted to the Joint Standing Committee on Utilities and Energy entitled “Amendment to Chapter 895, Underground Facility Damage Prevention