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STATE OF MAINE PUBLIC UTILITIES COMMISSION

Harry Lanphear ADMINISTRATIVE DIRECTOR

September 24, 2021

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: Maine Public Utilities Commission Inter-Session Update

Dear Senator Lawrence, Representative Berry, and Committee Members:

When the Legislature is not in session, the Commission has traditionally provided the Energy, Utilities, and Technology Committee with updates regarding some of the most noteworthy activities we have underway. Provided for your information below are descriptions of some of the actions taken by the Commission since the adjournment of the first special legislative session. Following these descriptions, a general summary is provided of key Commission Inquiries, Procurements, and Rulemakings being conducted pursuant to legislation enacted this year, as well as a preview of upcoming reports. Following the memo, a list of all requirements of the Commission that have been enacted this year is provided for your reference.

We intend to provide another update to you this fall summarizing additional progress.

Renewable Resource Procurement

An Act To Reform Maine's Renewable Portfolio Standard, P.L. 2019, Chapter 477, directed the Commission to conduct two competitive solicitation processes to procure, in the aggregate, an amount of energy or Renewable Energy Credits (RECs) from Class 1A resources that is equal to 14% of retail electricity sales in the State during calendar year 2018, or 1.715 million MWh. Of that 14% total, the Act directs the Commission to acquire at least 7%, but not more than 10%, through contracts approved by December 31, 2020 (Tranche 1), and to acquire the remaining amount through a solicitation process to be initiated in 2021 (Tranche 2).

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The Commission's <u>Tranche 1 process</u> was completed last year, and the <u>Tranche 2 process</u> began in accordance with the law on January 15, 2021. A bidders' information session was held in February, proposals were due in March, and on June 29 of this year the Commission approved term sheets for the projects below. Contracts for these projects should be finalized by October.

Bidder	Project	Resource Type	Nameplate Capacity (MW)
C2 Energy Capital LLC	Parkman	Solar	14
Glenvale - Turner Meadow Solar Station, LLC	Turner Meadow Solar	Solar	10
Glenvale - Warren Meadow Solar Station, LLC	Warren Meadow Solar	Solar	75
Greene Apple Solar Power LLC	Greene Apple	Solar	120
Helix Maine Wind Development LLC	Kibby Mountain Wind	Wind	132
Walden Renewables - Goose Cove Solar, LLC	Goose Cove	Solar	40
Walden Renewables - Oyster River Solar, LLC	Oyster River	Solar	31

Grid Modernization

The Commission has initiated an investigation in Docket No. 2021-00039 regarding the design and operation of Maine's electric distribution system. The Commission has engaged a consultant to conduct an in-depth and comprehensive examination, particularly with respect to system design and operation to accommodate Distributed Energy Resources (DER), electrification in certain end-use sectors such as heating and transportation, and other potential changes. The consultants are Electric Power Engineers (EPE) and GridStrategies, LLC. EPE's examination will focus on the engineering and technical aspects of the Investigation, and GridStrategies will focus on stakeholder issues. Among the confirmed stakeholders are the Chairs and Leads of the EUT Committee, AARP, Aroostook Energy Association, Conservation Law Association, Eastern Maine Electric Cooperative, Governor's Energy Office, Efficiency Maine Trust, Industrial Energy Consumer Group, ISO-New England, Maine Renewable Energy Association, Northern Maine Independent System Administrator, and Revision Energy. Several additional stakeholders have been invited to participate, including the Office of the Public Advocate and the Chamber of Commerce. The focus will be on the distribution systems of Maine's Investor-owned T&D Utilities, Central Maine Power and Versant Power.

Net Energy Billing and Distributed Generation Procurement

On July 1, 2021, the Legislature enacted *An Act to Amend State Laws Relating to Net Energy Billing and the Procurement of Distributed Generation*, P.L. 2021 Ch. 390 (LD 936). This

Legislation amended section <u>3482(1)</u> of <u>Title 35-A</u> to provide that the Commission "may not procure distributed generation resources in the shared distributed generation and commercial or institutional distributed generation market segments using the targets and procurement methods described in this chapter." In light of this legislation, the Commission suspended the Procurement Announcement in <u>Docket No. 2021-00108</u>.

One aspect of this law that is generating significant attention at the Commission is the provision (added as Title 35-A §3209-A(7)) allowing all developers who are unable to meet the law's eligibility requirements to petition the Commission for a good-cause exemption due to external delays outside of the entity's control. On July 21, the Commission issued a Notice Regarding Amendments to the NEB Law to address inquiries regarding how certain provisions in the legislation will be interpreted and how requests for relief will be handled. The Notice clarified that interested persons may file requests for advisory rulings and confirmed the Commission will conduct fact-findings to determine whether petitioners could reasonably have been expected to meet the requirements of the statute without external delays. The Commission also developed a process to accept DEP and other permitting certifications. The Commission is currently aware of 18 projects seeking a good cause exemption and is considering each on a case-by-case basis.

CMP Management Audit Report

In July 2021, the *Management Audit of Central Maine Power Company's Management Structure and Affiliate Services* (Management Audit), undertaken at the request of the Commission in Docket No. 2018-00194, was completed by Liberty Consulting (Liberty). This audit sought to determine how the management structure and services from Central Maine Power Company's (CMP) parent and affiliates have affected the interests of Maine residents, businesses, and institutions CMP serves. Liberty examined the management structure and services beginning with the end-of-2015 acquisition of UIL Holdings, which produced the creation of Avangrid.

The audit found that the company "faced an unusual array of substantial and continuing difficulties in integrating the operating utilities brought together by the UI Holdings acquisition." It concluded that an over-emphasis on staffing cuts and other limits on resources as a means for closing gaps in meeting the earnings expectations of the equity investment community had sacrificed effectiveness in providing service. The audit found that actions begun in 2019 have restored resources and provided a greater focus on what is needed to ensure effective service delivery, while acknowledging the prudence of questioning the sustainability of the positive changes that have occurred.

The combination of (1) Iberdrola S.A.'s U.S. utility operations, (2) top-level personnel changes, and (3) initiatives potentially driving Avangrid and Iberdrola S.A. priorities, decisions, and actions, led

Liberty to recommend watching carefully just "how assiduously Avangrid will continue the increased emphasis more recently given to operations versus financial, regulatory, and stakeholder management concerns, particularly following resolution of the NECEC and franchise issues."

The audit report concludes that Avangrid should undertake a comprehensive program designed to stabilize its organizations dedicated to operations, develop resources capable of building and sustaining an organization that has greater depth of experience in U.S. utility operations, and promote substantially greater stability in senior management and executive positions.

The Commission will consider its response to the audit at its next scheduled deliberations on September 28.

(207) Area Code

Since 1947, Maine's solitary telephone area code has come to be considered an aspect of the State's identity. Yet its roughly 8 million number combinations could be exhausted by 2024, meaning no more usable phone numbers available for new customers. According to an April 2021 analysis, the 207-area code could exhaust in the fourth Quarter of 2024.

The Investigation in <u>Docket No. 2021-00212</u> directs Verizon to provide the Commission with detailed information including available phone numbers and percentage utilization in all rate centers and a detailed explanation of why forecasted growth is greater than historic growth. While the Investigation is still ongoing, one initial result to report is that Verizon has revised its request downward after realizing its initial request contained a calculation error.

Meanwhile, the Commission has petitioned the Federal Communications Commission (FCC) to direct the North American Numbering Plan Administrator to report on the technical, operational, and cost requirements to implement number optimization measures in the 207 area code. Not only has the Commission received the support of the states of Massachusetts, New Hampshire, and North Dakota in its petition, all four members of Maine's Congressional Delegation wrote a letter to the acting FCC Chair in strong support of the Commission's petition as well. The Commission has also worked with carriers on mitigation strategies, which have resulted in the return of more than 600,000 numbers to the numbering pool from unused or slightly used blocks. More will be known by the time of the Commission's next update to your Committee in terms of any opposition to the Commission's request, and new timing forecasts regarding phone number exhaustion within our area code.

Emergency Water Supply Rulemaking

Maine has been experiencing drought conditions throughout the State for several years, and 2021 is no exception. As of July 6, 2021, 100% of Maine was "abnormally dry" with nearly 50% of the State in

"moderate drought" and over 20% of the State in "severe drought." Given that the entire State of Maine has been experiencing, to some degree, dry and drought conditions, in 2016 the Commission initiated an inquiry in Docket No. 2016-00233 into water supply issues to assess the extent to which these conditions are impacting the ability of water utilities to provide water. On July 1, the Maine Emergency Management Agency's Maine Drought Task Force issued its Report on Current Hydrologic Conditions. In consideration of information obtained through the Commission's Inquiry as well as the Task Force Report, the Commission determined that emergency adoption of amendments to its Chapter 62 Rule, Service Standards for Water Utilities, is necessary to avoid an immediate threat to public health, safety, or general welfare.

The Commission's emergency rulemaking Order on September 10, 2021 in Docket No. 2021-00271 is intended to provide water utilities with clear authority to address the current threat to their ability to provide service. The amended rule gives water utilities authority to implement specific mandatory water use curtailment or water conservation measures if required to mitigate or alleviate water shortages caused by on-going drought conditions. The proposed emergency amendments allow water utilities to appropriately manage and maintain their sources of supply to ensure water is available for sanitary uses, fire protection, and drinking water.

The Commission amended Chapter 62 to add Subsection L to Section 2 of the Rule. Subsection L is titled "Water Supply Emergency" and expressly allows water utilities without specific provisions in their terms and conditions of service to declare a "water supply emergency" to curtail water supply under certain circumstances, including insufficient supply to meet water demand, compliance with orders of the Maine or federal centers for disease control, maintenance and repair, and other conditions which substantially limit the utility's ability to supply sufficient water to its customers. Subsection L also provides detailed notice requirements in advance of the implementation of water curtailment or conservation measures, allows water utilities to temporarily disconnect customers who do not comply with the utilities water curtailment or conservation measures, and provides for Commission notification of any declared water supply emergency.

Crisis Response Services

Pursuant to Resolves 2021, Ch. 29 (LD 1306), the Commission is moving forward with its examination of a system of E-911 protocols to be used by dispatchers in response to callers who are potentially undergoing a mental health crisis, separate from any protocols used for law enforcement, fire, or medical response. The RFP for consulting services to study and report on the delivery of crisis response services under Maine's 911 system was issued in late July and RFP responses are currently under review.

Summary of Commission Activity Related to Legislation

The Commission is implementing new rules and policies, or undertaking additional proceedings, in accordance with 20 legislative measures which received majority support from the Committee. A list of each new law and its requirements of the Commission is attached to the end of this update letter. Eight proceedings are underway pursuant to laws enacted this year. Of the nearly 200 proceedings the Commission has open or plans to open in the remainder of this year, roughly 10% are being conducted pursuant to enacted legislation. These include the following dockets, organized by LD number:

Law/LD	Procee-	Docket	Docket Name	Due
LD's 347 (P.L. 2021 Ch. 402), 528 (P.L. 2021 Ch. 298) and 1431 (P.L. 2021 Ch. 244)	ding Inquiry	No. 2021- 00198	Commission Initiated Inquiry into Rate Design Issues Associated with 2021 Legislation	Feb. 1, 2022 & Feb. 15, 2022
<u>LD 528</u> P.L. 2021 Ch. 298	Inquiry	<u>2021-</u> <u>00208</u>	Commission Initiated Inquiry into Power-to-Fuel Pilot Program	Feb. 1, 2022
<u>LD 597</u> P.L.2021 Ch. 199	Rule- Making	<u>2021-</u> <u>00213</u>	Commission Amendments to Portfolio Requirement Rule Pertaining to Chapter 311	Rulemaking in progress
LD 1025 P.L. 2021 Ch. 370	Inquiry	<u>2021-</u> <u>00253</u>	Commission Amendments to Net Energy Billing Rule Chapter 313	Rule comments due 10/4
LD 1181 P.L. 2019, c. 298	Inquiry	<u>2020-</u> <u>00125</u>	Commission Initiated Inquiry of the Nonwires Alternatives Investigation Process	Ongoing
LD 1328 P.L. 2021 Ch. 347	Rule- making	2021- 00266	Commission Initiated Rulemaking Amendments to Consumer Protection Standards for Electric and Gas Utilities for Chapter 815	Complete
LD 1424 P.L. 2019 Ch. 365 §5	Rule- Making	2019- 00217	Commission Initiated Request For Proposals for Pilot Programs to Support Beneficial Electrification of the Transportation Sector	August 2022
<u>LD 1494</u> <u>PL 2019 c. 477</u>	Rule- making	<u>2020-</u> <u>00004</u>	Commission Amendments to Small Generator Interconnection Procedures Rule Chapter 324	Jan. 1, 2022
<u>LD 1494</u> <u>PL 2019 c. 477</u>	Procure -ment	<u>2021-</u> <u>00004</u>	Commission Initiated Request For Proposals for the Sale of Energy or Renewable Energy Credits from Qualifying Renewable Resources Pertaining to Versant Power and Central Maine Power Company ("Tranche 2")	Contracts will be completed in October
LD 1710 P.L. 2021, Ch. 380	Inquiry	<u>2021-</u> <u>00223</u>	Commission Initiated Inquiry into the Procurement of Transmission and Energy Products Pursuant to An Act To Require Prompt and Effective Use of the Renewable Energy Resources of Northern Maine	Contracts required to be in place by Nov. 1, 2022
LD 1711 P.L. 2019 Ch. 478	Inquiry	<u>2020-</u> <u>00199</u>	Commission Inquiry Regarding Net Energy Billing Evaluation	Dec. 1, 2021

Upcoming Reports

The Commission is also in the process of preparing 10 new reports, in addition to previously required reports. In total the Commission will be delivering 13 reports outlined below to the Committee prior to, during, or on the heels of the second regular session.

Topic	Law	Due
Government Evaluation Act Program Evaluation	<u>Title 3, §956</u>	Nov. 1, 2021
2. Investor-Owned T&D Metering & Billing Capacity Status	PL 2019 Ch. 478	Dec. 1, 2021
3. Long-term Capacity Contracting	P.L. 2019 Ch. 476	Jan. 1, 2022
4. Fees and Penalties Calculations	P.L. 2021 Ch. 318	Jan. 15, 2022
5. AMP Low income	P.L. 2021 Ch. 101	Jan. 15, 2022
6. Multi-Utility Energy Data Platform Request For Information	Resolves 2021 Ch. 63	Jan. 31, 2022
7. Annual Report	P.L. 1987, c. 141(A)(6)	Feb. 1, 2022
8. Offshore Wind Transmission	P.L. 2021 Ch. 327	Feb. 1, 2022
9. Power to Fuel Evaluation	P.L. 2021 Ch. 298	Feb. 1, 2022
10. E-911 Mental Health Crisis Protocols	Resolves 2021 Ch. 29	Feb. 1, 2022
11. EV Incentive Rate Schedule	P.L. 2021 Ch. 402	February 15, 2022
12. Class 1 Resources	PL 2019 c. 477	March 31, 2022
13. Class 1A Resources	PL 2019 c. 477	March 31, 2022
14. Beneficial Electrification in Transportation Pilots	PL 2019 c. 365	August 31, 2022

Additional Important Matters

The Commission is working diligently to comply with each of the 20 laws enacted this year that require Commission action (detailed in an attachment to this letter for your reference). Several important matters are under active consideration, including but not limited to low-income assistance, interconnection, rate design, electrification pilots, offshore wind, utility pole attachments, and NEB-related consumer protection issues. The Commission will provide details on these items in the interim update targeted for distribution to the Committee later this fall.

Finally, pursuant to laws enacted this year, the Commission is beginning the process of advertising to hire the six new personnel (two attorneys, two consumer assistance specialists, and two utility analysts). The Commission will complete the hiring process once the authorizing laws take effect.

As always, if you have questions or would like additional information on any of these items, or any other Commission related matter, please do not hesitate to contact me.

Sincerely,

Garrett Corbin Legislative Liaison

cc: Energy, Utilities and Technology Committee Members Deirdre Schneider, Daniel Tartakoff, OPLA Analysts

PUC Requirements Under EUT Committee Supported Laws Enacted in 2021

LD/PL	Title or Topic	Requirement
LD 143	LD 143 An Act To Make the Arrearage Management Program Permanent	Amend rule to ensure T&D materials regarding AMP state in plainly worded language of at least 12-point font that state law requires the utility to offer the AMP program and it is not paid for by the utility.
		Consider in Docket No. <u>2021-00061</u> proven global best practices to assist low-income ratepayers, including, but not limited to, the use of lower tier rates for customers based on income and report (Jan. 2022) any information or decisions made in relation to low-income ratepayer assistance in the docket.
LD 251 P.L. 2021 Ch. 318	An Act Regarding Public Utility Assessments, Fees and Penalties	 Apportion and apply assessments separately to investor-owned utilities and consumer-owned utilities; portion applicable to IOU or COU w/in each category must be determined based on an accounting by the Commission of the relative portion of the Commission's resources devoted to COU or IOU matters.
		 CPI adjustment for penalties in annual report and draft legislation and submit initial calculations report in January 2022.
LD 314 P.L. 2021 Ch. 40	An Act To Continue the Green Power Electricity Offer	 Arrange for Green Power Offer. Renew enrollment offering for prospective new customers.
LD 336 P.L. 2021 Ch. 327	Encourage Research To Support the Maine	• Order negotiation of contract of at least 20 year duration, and direct T&D to enter into contract, within 9 months of receiving a petition from NEAV for a long-term capacity, energy, or REC contract, in accordance with added contracting requirements in the Act (i.e. require use of project labor agreement in accordance with Act).
		• Submit one or more reports to EUT, in conjunction with GEO and OPA, including information regarding options for the technology, location and creation of transmission infrastructure related to the development of offshore wind ("OSW") generation in the Gulf of Maine and transmission solutions proposed or built in other states and countries.
LD 347 P.L. 2021 Ch. 402	. 2021 Climate Goals by	Open inquiry to review alternative rate structures to support electric vehicle charging stations for nonresidential applications, including, but not limited to, for light duty vehicles, medium duty vehicles, heavy duty vehicles and transit and other fleet vehicles,
		 Direct each transmission and distribution utility in the State to develop and submit by November 1, 2021 one or more proposed rate schedules that meet terms of law.
		Report findings and recommendations by Feb. 15, 2022.
		Require utilities adopt rate schedule after April 1, 2022.
<u>LD 507</u>	An Act To Improve Consumer	 Ch. 313 Rulemaking to apply CEP consumer protection standards to community solar developments (include donation of unused credits)
P.L.2021 Ch. 107	Protections for Community Solar Projects	Hire staff: 1 attorney, 2 CASD specialists.

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LD/PL	Title or Topic	Requirement
LD 508	An Act To Improve Regulation of Door-	 Develop disclosure forms and issue registration numbers for 3rd party CEP sales agents.
P.L.2021 Ch. 108	to-door Marketing of Retail Energy	 Add updated disclosure requirement to Ch. 305 rules as well as prohibition on agents holding themselves out as affiliated with T&D.
	Supply	• Subject 3 rd party agents to penalties and dispute resolution.
<u>LD 528</u>	An Act To Advance Energy Storage in Maine	 Investigate and, where appropriate, implement T&D rate designs that account for variation in the cost components of electricity as the load or demand on the electricity system fluctuates.
P.L. 2021 Ch. 298		 Open a docket to investigate TOU, implement a pilot program, and develop schedule for regular review.
		 Assist GEO with its market assessment study.
		• Evaluate whether power-to-fuel would benefit the grid, estimate ratepayer impact, review impact in other states, and report.
		Hire staff: 1 analyst and 1 attorney.
LD 597 P.L.2021 Ch. 199	An Act To Establish the Thermal Energy Investment Program	 Collect and deposit new ACP funds. Adopt routine technical rules to implement.
LD 936	An Act To Amend	New NEB eligibility. Ch. 324 rulemaking pursuant to LD 1100.
P.L. 2021	State Laws Relating	• DG procurement at levels specified in law prohibited per this Act.
<u>Ch. 390</u>	to Net Energy Billing and the	 Accept and rule on good cause exemption petitions.
	Procurement of	Participate in GEO stakeholder group.
	Distributed Generation	Hire staff: 1 analyst.
LD 1025 P.L. 2021 Ch. 370	An Act To Support AMP through Unused NEB kWh Credits	Adopt Ch. 313 rules that enable application of unused kWh to AMP.
LD 1053	An Act To Allow	Approve and Oversee microgrids according to terms of law.
P.L. 2021	Microgrids That	Rules adoption authorized.
<u>Ch. 236</u>		 Report to EUT by Jan. 7, 2023 on activities and recommendations. Include activities in Annual Report starting in 2025.
LD 1100 P.L. 2021 Ch. 264	An Act To Support the Continued Access to Solar Energy and Battery Storage by Maine Homes and Businesses	 Adopt interconnection rules – Ch. 324. RFP issued to contract with expert to evaluate near-term reforms to interconnection practices, with directives to improve transparency of interconnection screens, ensure dispute resolution is fair etc. Two RFP responses received. Conduct a proceeding and issue an order relating to the near-term reforms identified in the evaluation conducted by the consultant.

LD/PL	Title or Topic	Requirement
LD 1306 Resolves 2021 Ch. 29	Crisis Response Services in Emergency Services Offered through the E-9-1-1 System	• Emergency Services Communication Bureau to research and review and report on the protocols and procedures necessary to ensure delivery of crisis response services (all non- fire, EMS, or police emergencies) under the E-911 system.
LD 1328 P.L. 2021 Ch. 347	Winter Disconnection Language	Conduct rulemaking to update disconnection notice language allowances and prohibitions.
LD 1431 P.L. 2021 Ch. 244	Residential rates for VFW halls and PUC rate design considerations	 Consider in current proceeding on grid modernization rate design modifications, including adjustments to fixed charges and demand charges.
LD 1619 P.L. 2021 Ch. 407	An Act To Prohibit Offshore Wind Power Development in Maine Waters & Territory	• Submit legislation necessary to align provisions of law under PUC jurisdiction with the prohibition on offshore wind power projects under 35-A section 3405.
LD 1666 Res. 2021 Ch. 63	PUC Statewide Energy Data Platform RFI	Issue RFI to study statewide, multiple-use online energy data platform and deliver report by January 2022.
LD 1682 P.L. 2021 Ch. 279	An Act To Require Consideration of Climate and Equity Impacts by the PUC	 Prioritize consideration of environmental impacts to facilitate the achievement by the State of the greenhouse gas emissions reductions levels set forth in Title 38, section 576-A. Work with Governor's Office of Policy Innovation and the Future (GOPIF) on developing definitions for "environmental justice" & "frontline communities" for equity considerations in decision-making at the PUC and other agencies.
LD 1710 P.L. 2021 Ch. 380	An Act To Require Prompt and Effective Use of the Renewable Energy Resources of Northern Maine	 Administer the Northern Maine Renewable Energy Development Program. RFP awarded pursuant to detailed process, for both generation connection line as well as renewable generation projects, with related contracts in place by November 2022.