

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-THREE

—
S.P. 751 - L.D. 1850

An Act Relating to Energy Storage and the State's Energy Goals

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

Sec. 1. 35-A MRSA §3145, as amended by PL 2021, c. 676, Pt. A, §49, is further amended to read:

§3145. State energy storage policy goals

The state goal for energy storage system development is at least 300 megawatts of installed capacity located within the State by December 31, 2025 and at least 400 megawatts of installed capacity located within the State by December 31, 2030. Beginning January 1, ~~2034~~ 2024, and every 2 years thereafter, the Governor's Energy Office established in Title 2, section 9 ~~shall set~~ may reevaluate and increase the state goal for energy storage system development and report that goal to the joint standing committee of the Legislature having jurisdiction over energy and utilities matters. For the purposes of this section, "energy storage system" has the same meaning as in section 3481, subsection 6.

Sec. 2. Maine energy storage program development. The Governor's Energy Office, established in the Maine Revised Statutes, Title 2, section 9, referred to in this section as "the office," shall, in consultation with the Public Utilities Commission, evaluate designs for a program to procure commercially available utility-scale energy storage systems connected to the transmission and distribution systems, including, but not limited to, through the use of an index storage credit mechanism.

1. In evaluating programs for the procurement of energy storage systems, the office shall consider programs that are likely to be cost-effective for ratepayers and that are likely to achieve the following objectives:

- A. Advance both the State's climate and clean energy goals and the state energy storage policy goals established in Title 35-A, section 3145 through the development of up to 200 megawatts of incremental energy storage capacity located in the State;
- B. Provide one or more net benefits to the electric grid and to ratepayers, including, but not limited to, improved reliability, improved resiliency and incremental delivery of renewable electricity to customers;

C. Maximize the value of federal incentives; and

D. Enable the highest value energy storage projects, specifically energy storage systems in preferred locations, projects that can serve as an alternative to upgrades of the existing transmission system and projects of optimal duration.

For purposes of this subsection, "index storage credit mechanism" means a mechanism for setting contract prices for energy storage capacity using the difference between a competitively bid price, or strike price, and daily reference prices calculated using an index designed to approximate wholesale market revenues available for each megawatt-hour of capacity and including a mechanism to provide for a net payment from the operator of the storage capacity project to ratepayers in the event the reference price exceeds the strike price.

2. The office shall encourage interested parties to submit relevant information to inform the evaluation under subsection 1.

3. No later than March 31, 2024, the office shall complete the evaluation required under subsection 1 and provide its recommendations to the Public Utilities Commission for a program to procure up to 200 megawatts of energy storage capacity.

4. No later than December 31, 2024, the Public Utilities Commission shall review the recommendations of the report and determine whether the program recommended by the office is reasonably likely to achieve the objectives established in subsection 1. Upon finding the proposed program reasonably likely to achieve the objectives established in subsection 1, the Public Utilities Commission shall take steps to implement the program in accordance with any applicable authority the commission may have under law and may submit to the joint standing committee of the Legislature having jurisdiction over energy matters recommendations for any changes to law needed to allow the commission to fully implement the program. The joint standing committee may report out legislation related to energy storage to the 132nd Legislature in 2025.

Sec. 3. Governor's Energy Office; long-duration energy storage report. The Governor's Energy Office shall study long-duration energy storage, including opportunities for new and emerging long-duration energy storage technology that would support the State's need for clean, firm power generation in support of the State's climate and clean energy goals. The office shall submit a report, along with any recommendations, to the Joint Standing Committee on Energy, Utilities and Technology no later than February 1, 2024. The joint standing committee may report out a bill related to the report to the Second Regular Session of the 131st Legislature. The report must include, but is not limited to:

1. A discussion of technology options for long-duration energy storage, including emerging technologies and a description of their technical operation and commercial viability, that may be feasible within the State and New England between 2023 and 2040;

2. An overview of known cost and performance characteristics, as well as development considerations by technology, such as development timelines, siting requirements or safety considerations;

3. A discussion of scenarios for long-duration energy storage technologies, such as serving as peaking capacity, providing winter reliability or providing benefits through colocation with renewable resources; and

4. Consideration of whether and under what conditions the use of long-duration energy storage would be cost-effective for ratepayers in the State.

Sec. 4. Funding. Upon written request of the Governor's Energy Office, for the purposes of allowing the office to fulfill its responsibilities under sections 2 and 3, the Public Utilities Commission shall provide:

1. Reasonable technical, legal and other assistance, including the provision of requested information; and

2. Notwithstanding the Maine Revised Statutes, Title 35-A, section 117, funding for staff and consultants in an amount not to exceed \$300,000 from the Public Utilities Commission Reimbursement Fund established under Title 35-A, section 117.

Sec. 5. Public Utilities Commission; utility ownership or control of energy storage. The Public Utilities Commission shall solicit stakeholder input on whether and, if so, at what cost and under what conditions, including commission approval on a case-by-case basis, an investor-owned transmission and distribution utility may own, have a financial interest in or otherwise control an energy storage system, as defined in the Maine Revised Statutes, Title 35-A, section 3481, subsection 6, in order to perform its obligations as a transmission and distribution utility in an effective, prudent and efficient manner. In making recommendations, in addition to the input received from stakeholders, the commission shall consider at a minimum:

1. The role that investor-owned transmission and distribution utility ownership of, financial interest in or control of energy storage systems may have in:

A. The achievement of the state energy storage goals established in Title 35-A, section 3145, including current and future state programs to encourage investment in energy storage;

B. The achievement of the objectives of Title 35-A, chapter 32;

C. The achievement of the greenhouse gas emissions reduction requirements established in Title 38, section 576-A;

D. The achievement of the renewable energy goals established in Title 35-A, section 3210;

E. The achievement of the renewable energy deployment goals of the State, including but not limited to the solar deployment goals established in Title 35-A, chapter 34-B and the wind energy development goals established in Title 35-A, chapter 34;

F. The procurement of nonwires alternatives under Title 35-A, section 3132-D; and

G. The achievement of lower electricity costs for ratepayers; and

2. Whether the competitive market for energy storage can meet the energy needs of transmission and distribution utilities at a reasonable cost.

The commission shall submit a report containing any recommendations based on the commission's activities under this section related to energy storage to the Joint Standing Committee on Energy, Utilities and Technology no later than February 15, 2024. The committee may report out a bill related to the subject matter of the report.