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H.P. 1072 House of Representatives, April 2, 2019

An Act To Diversify Maine's Energy Portfolio with Renewable Energy

Reference to the Committee on Energy, Utilities and Technology suggested and ordered printed.

ROBERT B. HUNT
Clerk

Presented by Representative HUBBELL of Bar Harbor.

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

Sec. 1. 35-A MRSA §3209-A, as corrected by RR 2017, c. 1, §32, is amended to read:

§3209-A. Net energy billing

The commission ~~may~~ shall adopt or amend rules governing net energy billing. Rules adopted or amended pursuant to this section must allow up to 200 customers to share ownership of an electricity generating facility under net energy billing; must allow electricity generating facilities of up to one megawatt installed capacity to qualify for net energy billing; and must require the commission to review net energy billing when the cumulative capacity of electricity generating facilities that participate in net energy billing in the service territory of a transmission and distribution utility reaches 10% of the utility's peak demand. Rules adopted or amended under this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. "Net energy billing" means a billing and metering practice under which a customer is billed on the basis of net energy over the billing period taking into account accumulated unused kilowatt-hour credits from the previous billing period.

Sec. 2. 35-A MRSA §3210, sub-§2, ¶B-3, as amended by PL 2015, c. 220, §1, is further amended to read:

B-3. "Renewable capacity resource" means a source of electrical generation:

(1) Whose total power production capacity does not exceed 100 megawatts and relies on one or more of the following:

(a) Fuel cells;

(b) Tidal power;

~~(c) Solar arrays and installations;~~

(d) Geothermal installations;

~~(e) Hydroelectric generators that meet all state and federal fish passage requirements applicable to the generator;~~

(f) Biomass generators that are fueled by wood, wood waste or landfill gas; or

(g) Anaerobic digestion of by-products of waste from animals or agricultural crops, food or vegetative material, algae or organic refuse; ~~or~~

(2) That relies on solar arrays and installations or wind power installations~~.~~; or

(3) That relies on hydroelectric generators whose total power production is greater than or equal to 25 megawatts, that meet all state and federal fish passage requirements applicable to the generator and that are highly productive, as defined by the commission by rule.

Sec. 3. 35-A MRSA §3210, sub-§2, ¶B-4, as amended by PL 2011, c. 413, §1, is further amended to read:

B-4. "New" as applied to any renewable capacity resource means a renewable capacity resource that:

(1) Has an in-service date after September 1, 2005;

(2) Was added to an existing facility after September 1, 2005;

(3) For at least 2 years was not operated or was not recognized by the New England independent system operator as a capacity resource and, after September 1, 2005, resumed operation or was recognized by the New England independent system operator as a capacity resource; or

(4) Was refurbished after September 1, 2005 and before September 1, 2019 and is operating beyond its previous useful life or is employing an alternate technology that significantly increases the efficiency of the generation process.

For the purposes of this paragraph, "capacity resource" has the same meaning as in section 3210-C, subsection 1, paragraph A. For the purposes of this paragraph, "to refurbish" means to make an investment in equipment or facilities, other than for routine maintenance and repair, to renovate, reequip or restore the renewable capacity resource.

Sec. 4. 35-A MRSA §3210, sub-§3-A, ¶A, as amended by PL 2017, c. 291, §1, is further amended to read:

A. Except as provided in paragraph B, beginning January 1, 2008, as a condition of licensing pursuant to section 3203, each competitive electricity provider in this State must demonstrate in a manner satisfactory to the commission that the percentage of its portfolio of supply sources for retail electricity sales in this State accounted for by new renewable capacity resources is as follows:

(1) One percent for the period from January 1, 2008 to December 31, 2008;

(2) Two percent for the period from January 1, 2009 to December 31, 2009;

(3) Three percent for the period from January 1, 2010 to December 31, 2010;

(4) Four percent for the period from January 1, 2011 to December 31, 2011;

(5) Five percent for the period from January 1, 2012 to December 31, 2012;

(6) Six percent for the period from January 1, 2013 to December 31, 2013;

(7) Seven percent for the period from January 1, 2014 to December 31, 2014;

(8) Eight percent for the period from January 1, 2015 to December 31, 2015;

(9) Nine percent for the period from January 1, 2016 to December 31, 2016; ~~and~~

(10) Ten percent for the period from January 1, 2017 to December 31, ~~2022.~~ 2019;

(11) Fourteen percent for the period from January 1, 2020 to December 31, 2020;

(12) Eighteen percent for the period from January 1, 2021 to December 31, 2021;

(13) Twenty-two percent for the period from January 1, 2022 to December 31, 2022;

(14) Twenty-six percent for the period from January 1, 2023 to December 31, 2023;

(15) Thirty percent for the period from January 1, 2024 to December 31, 2024;

(16) Thirty-four percent for the period from January 1, 2025 to December 31, 2025;

(17) Thirty-eight percent for the period from January 1, 2026 to December 31, 2026;

(18) Forty-two percent for the period from January 1, 2027 to December 31, 2027;

(19) Forty-six percent for the period from January 1, 2028 to December 31, 2028; and

(20) Fifty percent beginning January 1, 2029.

New renewable capacity resources used to satisfy the requirements of this paragraph may not be used to satisfy the requirements of subsection 3. The commission by rule shall establish a 40% minimum efficiency standard, to be phased in over a 5-year period, for biomass resources that are used to satisfy portfolio requirements under this paragraph. The rules must limit the use of a biomass resource to meet the portfolio requirements to 25% of the output of the resource if the resource does not meet the minimum efficiency standard after the 5-year phase-in period. For the purposes of this paragraph, "biomass resource" means a source of electrical generation described under subsection 2, paragraph B-3, subparagraph (1), division (f) or (g).

Sec. 5. 35-A MRSA §3210-C, sub-§3-A is enacted to read:

3-A. Long-term contracts for renewable resources. The commission shall direct investor-owned transmission and distribution utilities to enter into long-term contracts for:

A. New renewable capacity resources that are grid-scale, as defined by the commission by rule, referred to in this paragraph as "grid-scale renewable resources," in accordance with this paragraph.

(1) Over a 5-year period beginning January 1, 2020, the commission shall direct investor-owned transmission and distribution utilities to enter into long-term contracts to procure, to the maximum extent possible, 800 megawatts from grid-scale renewable resources.

(2) The commission shall conduct annual competitive solicitations for the long-term contracts and consider benefits to the state economy in selecting bids. If multiple bids are submitted, the commission shall select one or more winning bidders.

(3) Contracts must include energy, renewable energy credits or both energy and renewable energy credits associated with grid-scale renewable resources, and may include capacity. Renewable energy credits contracted under this paragraph may be used to satisfy the portfolio requirements of section 3210, subsection 3-A.

(4) At least 80% of resources contracted under this paragraph must be from grid-scale renewable resources that have an in-service date after December 31, 2018;

B. New renewable capacity resources that are community-based, as defined by the commission by rule, referred to in this paragraph as "community-based renewable resources," in accordance with this paragraph.

(1) Over a 5-year period beginning January 1, 2020, the commission shall direct investor-owned transmission and distribution utilities to enter into long-term contracts to procure, to the maximum extent possible, 90 megawatts from community-based renewable resources.

(2) The commission shall conduct annual competitive solicitations for the long-term contracts. The first annual solicitation must be for 10 megawatts and the 4 subsequent annual solicitations must be for 20 megawatts. If multiple bids are submitted, the commission shall select one or more winning bidders. Nongreenfield sites, as defined by the commission by rule, must be eligible for a bid enhancement value for the purpose of selecting winning bids.

(3) Contracts must include energy, capacity or both energy and capacity associated with community-based renewable resources, and may include renewable energy credits.

(4) To be eligible for contracting under this paragraph, a community-based renewable resource must have:

(a) An in-service date after December 31, 2018 and a nameplate capacity of no more than 5 megawatts; and

(b) At least 50% of the ownership of the resource accounted for by individual ownership shares that each represent no more than 25 kilowatts of generating capacity and at least 5% of the ownership of the resource accounted for by low-income to moderate-income customers, as defined by the commission by rule.

(5) Contracts must provide the owners of the community-based renewable resource a monthly credit, with a dollar value, on the owners' utility bills based on each owner's percentage interest in total production of the resource; and

C. New renewable capacity resources that are commercial and industrial, as defined by the commission by rule, referred to in this paragraph as "commercial and industrial renewable resources," in accordance with this paragraph.

(1) Over a 5-year period beginning January 1, 2020, the commission shall direct investor-owned transmission and distribution utilities to enter into long-term contracts to procure, to the maximum extent possible, 135 megawatts from commercial and industrial renewable resources.

(2) The commission shall conduct annual competitive solicitations for the long-term contracts. The first annual solicitation must be for 15 megawatts and the 4 subsequent annual solicitations must be for 30 megawatts. If multiple bids are submitted, the commission shall select one or more winning bidders.

Nongreenfield sites, as defined by the commission by rule, must be eligible for a bid enhancement value for the purpose of selecting winning bids.

(3) To be eligible for contracting under this paragraph, a commercial and industrial renewable resource must have an in-service date after December 31, 2018.

(4) Contracts must provide the owner of the commercial and industrial renewable resource a monthly credit, with a dollar value, on the owner's utility bill.

Sec. 6. Rulemaking. The Public Utilities Commission shall amend its net energy billing rules within 90 days of the effective date of this Act to conform with the changes to the Maine Revised Statutes, Title 35-A, section 3209-A under this Act.

Sec. 7. Thermal renewable portfolio standard. The Public Utilities Commission shall develop a plan for implementing a thermal renewable resource portfolio standard in accordance with this section. The thermal renewable resource portfolio standard must:

1. Define thermal renewable resources to include, at a minimum, commercial and industrial pellet and wood heating systems, residential biomass systems and combined heat and power systems fueled by biomass;

2. Require each competitive electricity provider in the State to demonstrate in a manner satisfactory to the commission that by 2030 4% of its portfolio of supply sources for retail electricity sales in this State is accounted for by thermal renewable resources;

3. Require emission control standards for large thermal renewable energy generating systems; and

4. Establish a renewable energy credit value for net thermal energy produced and allow thermal renewable energy credits to be used to satisfy portfolio requirements as is allowed for other renewable resources.

The commission shall submit the plan, along with implementing legislation, to the Joint Standing Committee on Energy, Utilities and Technology by January 1, 2020. The committee may submit a bill to the Second Regular Session of the 129th Legislature related to the thermal renewable resource portfolio standard.

Sec. 8. Distributed generation pilot program. The Public Utilities Commission, by rule or order, shall develop and implement a distributed generation pilot program, referred to as "the pilot program," to encourage on-site renewable energy generation in accordance with this section. For purposes of this section, "distributed generation" means an electricity generating facility that is interconnected to the electric distribution system but not owned by a transmission and distribution utility.

1. The pilot program must be made available to electricity customers that pay a demand charge based on the peak electricity usage during a billing period and own a distributed generation resource that has a nameplate capacity of at least 50 kilowatts and

not more than one megawatt and that is fueled by a renewable resource, as defined by the commission by rule.

2. The commission shall determine how the rate, or tariff, is set for the purchase of electricity generated by pilot program participants. In determining the rate or tariff, the commission shall consider whether capacity associated with the energy is included in the program, and rate or tariff, or stays with the pilot program participant.

3. The commission shall implement the pilot program no later than January 1, 2020. The commission shall evaluate the pilot program and report its findings and recommendations to the joint standing committee of the Legislature having jurisdiction over energy matters no later than April 15, 2023. The committee may submit a bill related to the pilot program to the First Regular Session of the 131st Legislature.

SUMMARY

This bill does the following.

1. It increases the portfolio requirement for new renewable resources from 10% to 50% by 2030 and makes several changes to resource eligibility for the requirement to encourage solar generation and highly productive hydropower resources and to provide minimum efficiency standards for biomass resources.

2. It directs the Public Utilities Commission to procure long-term contracts over a 5-year period for 800 megawatts of grid-scale renewable resources, 90 megawatts of community-based renewable resources and 135 megawatts of renewable resources owned by commercial and industrial electricity customers. For each of these 3 types of renewable resources, the bill requires the commission to conduct annual solicitations for the long-term contracts and specifies requirements for the procurement process, resulting contracts and resource qualification.

3. It requires that the Public Utilities Commission rules governing net energy billing allow up to 200 customers to share ownership of an electricity generating facility for net energy billing, allow electricity generating facilities of up to one megawatt installed capacity to qualify for net energy billing and require the commission to review net energy billing when the cumulative capacity of electricity generating facilities that participate in net energy billing in the service territory of a transmission and distribution utility reaches 10% of the utility's peak demand.

4. It directs the Public Utilities Commission to develop a plan for implementing a thermal renewable resource portfolio standard to encourage commercial and industrial pellet and wood heating systems, residential biomass systems and combined heat and power systems fueled by biomass. It requires the commission to submit a plan for the thermal renewable resource portfolio standard by January 1, 2020.

5. It directs the Public Utilities Commission to develop, implement and evaluate a distributed generation pilot program to encourage on-site renewable energy generation. It requires the commission to evaluate the pilot program after 3 years of operation and

report its findings and recommendations to the joint standing committee of the Legislature having jurisdiction over energy matters by April 15, 2023.