



# 130th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2021

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No. 597

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S.P. 236

In Senate, March 1, 2021

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### An Act To Establish the Wood Energy Investment Program

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Received by the Secretary of the Senate on February 25, 2021. Referred to the Committee on Energy, Utilities and Technology pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by President JACKSON of Aroostook.  
Cosponsored by Representative DUNPHY of Old Town and  
Senators: VITELLI of Sagadahoc, WOODSOME of York, Representatives: BERRY of  
Bowdoinham, GROHOSKI of Ellsworth, STEARNS of Guilford, WADSWORTH of Hiram.

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

2 **Sec. 1. 35-A MRSA §3210, sub-§9**, as amended by PL 2019, c. 477, §1, is further  
3 amended to read:

4 **9. Alternative compliance payment.** The commission shall allow competitive  
5 electricity providers to satisfy the portfolio requirements for Class I resources under  
6 subsection 3-A, Class IA resources under subsection 3-B and thermal renewable energy  
7 credits under subsection 3-C through an alternative compliance payment mechanism in  
8 accordance with this subsection.

9 A. The commission shall set the alternative compliance payment rate by rule, which  
10 may not be greater than \$50, and shall publish the alternative compliance payment rate  
11 by January 31st of each year. In setting the rate, the commission shall take into account  
12 prevailing market prices, standard-offer service prices for electricity, reliance on  
13 alternative compliance payments to meet the requirements of subsections 3-A, 3-B and  
14 3-C and investment in Class I and Class IA resources and thermal renewable energy  
15 credits in the State during the previous calendar year.

16 B. The commission shall collect alternative compliance payments to meet the  
17 requirements of subsections 3-A and 3-B made by competitive electricity providers and  
18 shall deposit all funds collected under this paragraph in the Energy Efficiency and  
19 Renewable Resource Fund established under section 10121, subsection 2 to be used to  
20 fund research, development and demonstration projects relating to renewable energy  
21 technologies and to fund rebates for cost-effective renewable energy technologies.

22 C. The commission shall collect alternative compliance payments to meet the  
23 requirements of subsection 3-C made by competitive electricity providers and shall  
24 deposit all funds collected under this paragraph in the Wood Energy Investment Fund  
25 established under section 10128, subsection 2 to be used to fund incentives and low-  
26 interest or no-interest loans to businesses, municipalities, educational institutions and  
27 nonprofit entities in the State for the installation of new wood-derived thermal energy  
28 or cogeneration projects.

29 The commission shall adopt rules to implement this subsection. Rules adopted under this  
30 subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

31 **Sec. 2. 35-A MRSA §10128** is enacted to read:

32 **§10128. Wood Energy Investment Program**

33 **1. Establishment; purpose.** The Wood Energy Investment Program is established  
34 within the trust to provide incentives and low-interest or no-interest loans in consultation  
35 with the Finance Authority of Maine, established in Title 10, chapter 110, in order to  
36 strengthen the State's forest products industry and lower energy costs by increasing the  
37 efficient use of wood for energy production.

38 **2. Wood Energy Investment Fund.** There is established in the custody of the trust a  
39 special nonlapsing fund, to be known as the Wood Energy Investment Fund. The Wood  
40 Energy Investment Fund consists of the following:

41 A. Sums the commission collects from alternative compliance payments made by  
42 competitive electricity providers to satisfy the portfolio requirements for thermal  
43 renewable energy credits established in section 3210, subsection 3-C;

- 1 B. Funds that the trust may receive from the State or from the Federal Government or  
2 funds from other agreements whose purpose is consistent with this section;  
3 C. Principal and interest received from the repayment of loans made from the Wood  
4 Energy Investment Fund; and  
5 D. Interest earned from the investment of Wood Energy Investment Fund balances.

6 **3. Program details.** The trust, through the Wood Energy Investment Program  
7 established in subsection 1, shall provide incentives and low-interest or no-interest loans to  
8 businesses, municipalities, educational institutions and nonprofit entities in the State for  
9 the installation of new wood-derived thermal energy or cogeneration projects from the  
10 Wood Energy Investment Fund established in subsection 2. The trust shall require Wood  
11 Energy Investment Program participants to substantially share in the cost of projects funded  
12 under this section. The trust shall seek to maximize the Wood Energy Investment  
13 Program's impact per dollar of expenditure from the wood energy investment fund and shall  
14 set limits it determines prudent on the size of incentives. The trust may not provide  
15 incentives or loans from the Wood Energy Investment Fund for the refurbishment or  
16 maintenance of existing facilities.

17 The trust shall develop activities promoting the Wood Energy Investment Program in  
18 consultation with the Finance Authority of Maine, established in Title 10, chapter 110. The  
19 trust shall consult with the Finance Authority of Maine, when appropriate, in its decisions  
20 to award incentives and loans. To the extent that funding is available, the trust shall offer  
21 technical assistance to eligible projects in a manner that is coordinated and consistent with  
22 other trust programs.

23 For purposes of this subsection, "new wood-derived thermal energy or cogeneration  
24 project" includes, but is not limited to, wood-fueled combined heat and power cogeneration  
25 boiler installations; colocation development that increases the efficient use of wood for  
26 energy production; conversion of fossil fuel-fired boilers to wood-fueled boilers or boilers  
27 using biofuels derived from wood; and the installation of new wood-fueled boilers or  
28 boilers using biofuels derived from wood.

29 **SUMMARY**

30 This bill establishes the Wood Energy Investment Fund and creates the Wood Energy  
31 Investment Program within the Efficiency Maine Trust. The bill specifies that funds  
32 collected from alternative compliance payments made by competitive electricity providers  
33 to satisfy the portfolio requirements for thermal renewable energy credits must be used to  
34 fund the Wood Energy Investment Fund. It requires the trust to use funds from the fund, if  
35 there are any, to provide incentives and low-interest or no-interest loans for new wood-  
36 derived thermal energy or cogeneration projects. It requires that the trust consult with the  
37 Finance Authority of Maine, when appropriate, in the development of any Wood Energy  
38 Investment Program incentives and the distribution of money from the Wood Energy  
39 Investment Fund. It prohibits the use of funds for incentives or loans for the refurbishment  
40 or maintenance of existing facilities.