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H.P. 1159

House of Representatives, April 22, 2021

An Act To Provide Climate Change Transition Assistance for Maine's Energy-intensive Businesses

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ROBERT B. HUNT
Clerk

Presented by Representative WADSWORTH of Hiram.
Cosponsored by Senator STEWART of Aroostook and
Representatives: DUNPHY of Old Town, MARTIN of Sinclair, PAULHUS of Bath, Senator:
DILL of Penobscot.

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

- **Sec. 1. 35-A MRSA §10109, sub-§4,** as amended by PL 2019, c. 69, §1, is further amended to read:
- **4. Expenditures; projects.** Except for transfers required under subsection 3-A <u>and section 10128</u> and other costs authorized in accordance with this chapter, funds in the trust fund must be expended in accordance with this subsection.
 - A. Trust funds must be allocated for measures, investments, loans, technical assistance and arrangements that reduce electricity consumption, increase energy efficiency or reduce greenhouse gas emissions and lower energy costs at commercial or industrial facilities and for investment in measures that lower residential heating energy demand and reduce greenhouse gas emissions. The measures that lower residential heating demand must be fuel-neutral and may include, but are not limited to, energy efficiency improvements to residential buildings and upgrades to efficient heating systems that will reduce residential energy costs and greenhouse gas emissions, as determined by the board. The trust shall ensure that measures to reduce the cost of residential heating are available for low-income households as defined by the trust. When promoting electricity cost and consumption reduction, the trust may consider measures at commercial and industrial facilities that also lower peak capacity demand. Subject to the apportionment pursuant to this subsection, the trust shall fund conservation programs that give priority to measures with the highest benefit-to-cost ratio, as long as cost-effective collateral efficiency opportunities are not lost, and that:
 - (1) Reliably reduce greenhouse gas production and heating energy costs by fossil fuel combustion in the State at the lowest cost in funds from the trust fund per unit of emissions; or
 - (2) Reliably increase the efficiency with which energy in the State is consumed at the lowest cost in funds from the trust fund per unit of energy saved.
 - B. Expenditures from the trust fund relating to conservation of electricity and mitigation or reduction of greenhouse gases must be made predominantly on the basis of a competitive bid process for long-term contracts, subject to rules adopted by the board under section 10105. Rules adopted by the board to implement the competitive bid process under this paragraph may not include an avoided cost methodology for compensating successful bidders. Bidders may propose contracts designed to produce greenhouse gas savings or electricity conservation savings, or both, on a unit cost basis. Contracts must be commercially reasonable and may require liquidated damages to ensure performance. Contracts must provide sufficient certainty of payment to enable commercial financing of the conservation measure purchased and its installation.
 - C. The board may target bid competitions in areas or to participants as they consider necessary, as long as the requirements of paragraph A are satisfied.
 - D. Community-based renewable energy projects, as defined in section 3602, subsection 1, may apply for funding from the trust to the extent they are eligible under paragraph A.
 - E. The size of a project funded by the trust fund is not limited as long as funds are awarded to maximize energy efficiency and support greenhouse gas reductions and to fully implement the triennial plan.

- F. No more than \$800,000 of trust fund receipts in any one year may be used for the costs of administering the trust fund pursuant to this section. The limit on administrative costs established in this paragraph does not apply to the following costs that may be funded by the trust fund:
 - (1) Costs of the Department of Environmental Protection for participating in the regional organization as defined in Title 38, section 580-A, subsection 20 and for administering the allowance auction under Title 38, chapter 3-B; and
 - (2) Costs of the Attorney General for activities pertaining to the tracking and monitoring of allowance trading activity and managing and evaluating the trust's funding of conservation programs.
- G. In order to minimize administrative costs and maximize program participation and effectiveness, the trustees shall, to the greatest extent feasible, coordinate the delivery of and make complementary the energy efficiency programs under this section and other programs under this chapter.
- H. The trust shall consider delivery of efficiency programs by means of contracts with service providers that participate in competitive bid processes for reducing energy consumption within individual market segments or for particular end uses.
- I. A trade association aggregator is eligible to participate in competitive bid processes under this subsection.
- J. Trust fund receipts must, upon request by the Department of Environmental Protection, fund research approved by the Department of Environmental Protection in an amount of up to \$100,000 per year to develop new categories for carbon dioxide emissions offset projects, as defined in Title 38, section 580-A, subsection 6, that are located in the State. Expenditures on research pursuant to this paragraph are not considered administrative costs under paragraph F, subparagraph (1).

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

§10128. Industrial Climate Transition Fund

1. Industrial Climate Transition Fund. The Industrial Climate Transition Fund is established as a revolving, nonlapsing fund administered by the trust in the disbursement of funds received from the sale of carbon dioxide allowances pursuant to this subsection. The purpose of the Industrial Climate Transition Fund is to provide loans for projects and programs that assist businesses to sustainably transition to operations in support of the economic and climate goals of the State. The trust shall make a loan under this subsection as a 5-year, no-interest forgivable loan to an eligible business. If the recipient of the loan or the recipient's successor in interest meets the requirements of the loan and is in operation after 5 years from receipt of the loan and has at least the same number of employees as at the time of the receipt of the loan, the trust shall forgive the entire balance of the loan. A recipient of a loan under this subsection that fails to meet the requirements of this subsection must repay the loan within 2 years after the expiration of the 5-year term. The trust shall implement application procedures, criteria for a program or project to carry out the purposes of this subsection, verification measures to ensure the project or program funded was completed or implemented and other loan requirements as determined by the trust.

1 2 3 4	2. Sources of fund. Beginning with fiscal year 2021-22 and every fiscal year thereafter, the trust shall transfer into the Industrial Climate Transition Fund revenue in excess of \$6 per carbon dioxide allowance received by the trust from the sale of carbon dioxide allowances in that fiscal year:
5 6	A. Up to an aggregate limit of \$3,000,000 per year, for loans to affected customers, as defined in section 10109, subsection 3-A; and
7 8 9	B. Excess revenue after the aggregate limit in paragraph A is satisfied up to an additional aggregate of \$1,000,000 for loans to energy-intensive businesses based in the State other than affected customers.
10 11 12	Any excess revenue from the sale of carbon dioxide allowances under this subsection after the aggregate limits of paragraph A and B are met must be spent pursuant to section 10109, subsection 4.
13	SUMMARY
14 15	This bill creates the Industrial Climate Transition Fund administered by the Efficiency Maine Trust that uses revenue from the sale of carbon dioxide allowances to provide loans

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