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## **An Act To Reduce Energy Prices for Maine Consumers**

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

**Sec. 1. 35-A MRSA §3210, sub-§3-A, ¶A**, as corrected by RR 2007, c. 2, §20, is amended to read:

A. ~~Except as provided in paragraph B, beginning~~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; and
- (4) Four percent for the period from beginning 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, 2017.

New renewable capacity resources used to satisfy the requirements of this paragraph may not be used to satisfy the requirements of subsection 3.

**Sec. 2. 35-A MRSA §3210, sub-§3-A, ¶B,** as enacted by PL 2007, c. 403, §4, is repealed.

**Sec. 3. 35-A MRSA §3210, sub-§3-A, ¶C,** as enacted by PL 2007, c. 403, §4, is amended to read:

C. No later than March 31, 2008 and annually thereafter, the commission shall submit a report regarding the status of new renewable capacity resources in the State and compliance with the portfolio requirements under paragraph A to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters. The report must include, but is not limited to, a description of new renewable capacity resources available to meet the portfolio requirements under paragraph A, documentation of the loss of any existing renewable generation capacity in the State, the status of implementation of the new renewable capacity resources portfolio requirements; ~~including any suspensions pursuant to paragraph B,~~ and recommendations to stimulate investment in new renewable capacity resources.

**Sec. 4. 35-A MRSA §3210, sub-§9, ¶A,** as enacted by PL 2007, c. 403, §7, is amended to read:

A. The commission shall set the alternative compliance payment rate, which may not be greater than 110% of the previous year's average market prices of renewable energy credits, by rule and shall publish the alternative compliance payment rate by January 31st of each year. ~~In setting the rate, the commission shall take into account prevailing market prices, standard-offer service prices for electricity, reliance on alternative compliance payments to meet the requirements of subsection 3-A and investment in new renewable capacity resources in the State during the previous calendar year.~~

**Sec. 5. 35-A MRSA §3210-C, sub-§3,** as amended by PL 2009, c. 518, §3, is further amended to read:

**3. Commission authority.** The commission may direct investor-owned transmission and distribution utilities to enter into long-term contracts for:

A. Capacity resources;

B. Any available energy associated with capacity resources contracted under paragraph A:

(1) To the extent necessary to fulfill the policy of subsection 2, paragraph A; or

(2) If the commission determines appropriate for purposes of supplying or lowering the ~~cost~~price of standard-offer service or otherwise lowering the ~~cost~~price of electricity for the ratepayers in the State. Available energy contracted pursuant to this subparagraph may be sold into the wholesale electricity market in conjunction with solicitations for standard-offer supply bids; and

C. Any available renewable energy credits associated with capacity resources contracted under paragraph A to the extent the cost of the renewable energy credits is below market value or the purchase of renewable energy credits adds value to the transaction.

The commission may not approve a long-term contract that is greater than 90% of the average market price at the time of delivery to the market for capacity resources, available energy associated with capacity resources or available renewable energy credits associated with capacity resources.

If at any time after July 1, 2011 the commission determines that the assessments on transmission and distribution utilities under section 10110, subsections 4 and 5 will not provide sufficient funds to meet the energy efficiency program budget allocations articulated in the triennial plan approved by the commission pursuant to section 10104, subsection 4 or any annual update plan approved by the commission pursuant to section 10104, subsection 6, the commission may, after providing notification to the joint standing committee receiving the approval of the Legislature having jurisdiction over utilities and energy matters, direct investor-owned transmission and distribution utilities to enter into long-term contracts for energy efficiency capacity resources and any available energy associated with such resources to the extent necessary to meet the energy efficiency program budget allocations articulated in the triennial plan or annual update plan.

The commission may direct investor-owned transmission and distribution utilities to enter into contracts under this subsection only as agents for their customers, only when such contracts are in the best interest of customers and only in accordance with this section. The commission may permit, but may not require, investor-owned transmission and distribution utilities to enter into contracts for differences that are designed and intended to buffer ratepayers in the State from potential negative impacts from transmission development. To the greatest extent possible, the commission shall develop procedures for long-term contracts for investor-owned transmission and distribution utilities under this subsection having the same legal and financial effect as the procedures used for standard-offer service pursuant to section 3212 for investor-owned transmission and distribution utilities.

The commission may enter into contracts for interruptible, demand response or energy efficiency capacity resources. These contracts are not subject to the rules of the State Purchasing Agent. In a competitive solicitation conducted pursuant to subsection 6, the commission shall allow transmission and distribution utilities to submit bids for interruptible or demand response capacity resources.

Capacity resources contracted under this subsection may not exceed the amount necessary to ensure the reliability of the electric grid of this State, to meet the energy efficiency program budget allocations articulated in the triennial plan as approved by the commission pursuant to section 10104, subsection 4 or any annual update plan approved by the commission pursuant to section 10104, subsection 6 or to lower customer costs as determined by the commission pursuant to rules adopted under subsection 10.

Unless the commission determines the public interest requires otherwise, a capacity resource may not be contracted under this subsection unless the commission determines that the capacity resource is recognized as a capacity resource for purposes of any regional or federal capacity requirements.

The commission shall ensure that any long-term contract authorized under this subsection is consistent with the State's goals for greenhouse gas reduction under Title 38, section 576 and the regional greenhouse gas initiative as described in the state climate action plan required in Title 38, section 577.

## SUMMARY

This bill does the following.

1. It eliminates the requirement that an electricity provider demonstrate that more than 4% of its supply sources for retail electricity sales come from new renewable capacity resources. Current law increases by 1% each year the amount of supply sources for retail electricity sales that must come from new renewable capacity resources until it reaches 10% in 2017.

2. It eliminates the requirement that the Public Utilities Commission determine in 2012, 2014 and 2016 whether an investment by an electricity provider in new renewable capacity resources is sufficient to meet the requirements of the law.

3. It requires the Public Utilities Commission to set the price of the alternative compliance payment rate for meeting the new renewable capacity resource requirement at no more than 110% of the prior year's average market prices of renewable energy credits.

4. It allows the Public Utilities Commission to enter into long-term contracts for the purposes of supplying or lowering the price of standard-offer service or electricity to ratepayers; current law allows the commission to do this for the purpose of lowering the cost of standard-offer service or electricity.

5. It specifies that any long-term contract negotiated by the Public Utilities Commission for capacity resources, available energy associated with capacity resources or available renewable energy credits associated with capacity resources may not be greater than 90% of the market price of capacity resources, available energy associated with capacity resources or available renewable energy credits associated with capacity resources.

6. It requires the Public Utilities Commission to obtain the approval of the Legislature, instead of providing notice to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters, prior to requiring an investor-owned transmission and distribution utility to enter into a long-term contract for energy efficiency capacity resources.