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An Act To Ensure Equitable Support for Long-term Energy Contracts

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

Sec. 1. 35-A MRSA §3210-C, sub-§8, as repealed and replaced by PL 2009, c. 415, Pt. A, §23, is amended to read:

8. Cost and benefit allocation. ~~The commission shall ensure that an investor-owned transmission and distribution utility recovers in rates all costs of and direct financial benefits associated with contracts entered into pursuant to subsection 3, including but not limited to any impacts on the utility's costs of capital under this section are allocated to ratepayers in accordance with section 3210-F. A price differential existing at any time during the term of the contract between the contract price and the prevailing market price at which the capacity resource is sold or any gains or losses derived from contracts for differences must be reflected in rates the amounts charged to ratepayers and may not be deemed to be considered imprudent.~~

Sec. 2. 35-A MRSA §3210-F is enacted to read:

§ 3210-F. Allocation of costs and benefits of long-term energy contracts

The commission shall ensure that all eligible costs and benefits associated with a long-term energy contract are allocated to ratepayers in accordance with this section.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible costs and benefits" means the net amount of all costs and direct financial benefits associated with long-term energy contracts entered into by investor-owned transmission and distribution utilities, including but not limited to any effects on a utility's cost of capital as a result of these contracts.

B. "Long-term energy contract" means a contract entered into under section 3210-C or section 3604.

2. Eligible costs and benefits. The commission shall determine eligible costs and benefits annually for a one-year period starting July 1st based on a forecast for that year, and shall reconcile any difference between actual and forecast eligible costs and benefits by means of an adjustment to the forecast for the ensuing year.

3. Allocation of eligible costs and benefits. The commission shall annually allocate to each investor-owned transmission and distribution utility its pro rata share of eligible costs and benefits as determined under subsection 2. The allocation must be based on each utility's total retail kilowatt hour energy sales for the previous calendar year. For each year, the commission shall determine the allocation under this subsection annually prior to May 1st, and that allocation must go into effect during the ensuing year beginning July 1st.

4. Assessments or remittances. Depending on whether the eligible costs and benefits for a particular year represent a net cost or benefit, the commission shall either assess upon or cause to be remitted to investor-owned transmission and distribution utilities an amount equal to each utility's allocated share of eligible costs and benefits as determined under subsection 3, which assessment or remittance must in turn be passed through by that utility to its electricity consumers.

5. Transition. The cost and benefit allocation mechanism set forth in this section applies to all long-term energy contracts, including contracts entered into prior to the effective date of this section.

6. Rules. The commission may adopt rules to implement this section. Rules adopted pursuant to this section are routine technical rules as defined by Title 5, chapter 375, subchapter 2-A.

Sec. 3. 35-A MRSA §3604, sub-§8, as enacted by PL 2009, c. 329, Pt. A, §4, is repealed and the following enacted in its place:

8. Cost and benefit allocation. The commission shall ensure that all costs and benefits associated with contracts entered into under this section are allocated to electricity consumers in accordance with section 3210-F.

SUMMARY

This bill ensures that consumers of investor-owned transmission and distribution utilities in the State equitably share in the costs and direct benefits of long-term capacity resource contracts and community-based renewable energy projects. The bill provides that eligible costs and benefits related to these contracts are determined annually based on a forecast and reconciled the following year. The recovery mechanism established in this bill applies to existing long-term contracts and replaces any other recovery mechanism currently in place.