

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Clarify Laws Relating to Affiliate Ownership of Electric Generation

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

Sec. 1. 35-A MRSA §3204, sub-§5, as enacted by PL 1997, c. 316, §3, is amended to read:

5. Ownership of generation prohibited. Except as otherwise permitted under this chapter, ~~on or after March 1, 2000, an investor-owned transmission and distribution utility may not own, have a financial interest in or otherwise control generation or generation-related assets directly or indirectly, including through an affiliated interest:~~

- A. Have an ownership interest in generation or generation-related assets;
- B. Have a financial interest in generation or generation-related assets; or
- C. Control generation or generation-related assets.

Sec. 2. 35-A MRSA §3204, sub-§6-A is enacted to read:

6-A. Affiliate ownership of generation or generation-related assets. The commission by rule may allow an investor-owned transmission and distribution utility to have a generation affiliate as long as the investor-owned transmission and distribution utility does not have a financial interest in the generation affiliate sufficient to produce incentives for favoritism that would undermine the purposes of this chapter. The rules adopted by the commission must establish minimum standards necessary to protect ratepayers and standards of conduct governing the relationship between an investor-owned transmission and distribution utility and a generation affiliate. Standards of conduct adopted by the commission must ensure at a minimum that:

- A. A generation affiliate is not given preference over nonaffiliated competitive generators;
- B. Employees of an investor-owned transmission and distribution utility may not be shared with and must be physically separated from those of a generation affiliate;
- C. The books of accounts and records of an investor-owned transmission and distribution utility and a generation affiliate must be separate and are subject to review by the commission; and
- D. An investor-owned transmission and distribution utility may not subsidize the business of a generation affiliate at the expense of ratepayers.

For the purposes of this subsection, "generation affiliate" means an affiliate of an investor-owned transmission and distribution utility that owns or controls generation or generation-related assets.

Rules adopted under this subsection are major substantive rules pursuant to Title 5, chapter 375, subchapter 2-A.

SUMMARY

This bill clarifies language regarding ownership interest, financial interest or control of generation or generation-related assets by an investor-owned transmission and distribution utility.

This bill also allows the Public Utilities Commission to adopt rules to allow an investor-owned transmission and distribution utility to have an interest in a generation affiliate as long as that interest is not a financial interest sufficient to produce incentives for favoritism that would undermine the purposes of the Maine Revised Statutes, Title 35-A, chapter 32. This bill allows the commission to adopt major substantive rules that establish minimum standards necessary to protect ratepayers and standards of conduct that govern the relationship between an investor-owned transmission and distribution utility and a generation affiliate. This bill requires that standards of conduct adopted by commission rule ensure at a minimum that a generation affiliate is not given preference over nonaffiliated competitive generators; employees of an investor-owned transmission and distribution utility are physically separated from and not shared with those of a generation affiliate; the books of accounts and records of an investor-owned transmission and distribution utility and a generation affiliate are separate and are subject to review by the commission; and an investor-owned transmission and distribution utility does not subsidize the business of a generation affiliate at the expense of the ratepayer.

This bill defines "generation affiliate" as an affiliate of an investor-owned transmission and distribution utility that owns or controls generation or generation-related assets.