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An Act To Modernize Maine's Solar Power Policy and Encourage Economic Development

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

Sec. 1. 35-A MRSA §3210-F, sub-§1, as enacted by PL 2013, c. 454, §2, is amended to read:

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. For distributed generation resources, "eligible costs and benefits" includes the categories set forth in section 3476, subsection 3.

B. "Long-term energy contract" means a contract with an investor-owned transmission and distribution utility or a standard buyer entered into under section 3210-C ~~or~~, section 3604 or chapter 34-B.

Sec. 2. 35-A MRSA §3210-F, sub-§3, as enacted by PL 2013, c. 454, §2, is amended to read:

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 to ratepayers that receive the benefits and pay the costs of long-term energy contracts. The commission may determine the means to be used for the allocation required under this section, which may include the direct transfer of funds between investor-owned transmission and distribution utilities or to or from a standard buyer under chapter 34-B.

Sec. 3. 35-A MRSA §3212-B is enacted to read:

§ 3212-B. Solar power options

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

A. "Renewable energy credit" has the same meaning as in section 3210, subsection 2, paragraph B-2.

B. "Solar power supply" means renewable energy credits for electricity generated from renewable capacity resources as defined in section 3210, subsection 2, paragraph B-3, subparagraph (1), division (c).

2. Solar power offer. The commission shall arrange for a solar power offer that is composed of solar power supply in accordance with this subsection. Except as provided in this subsection, the commission shall ensure that the solar power offer is available to all residential and small commercial electricity customers, as defined by the commission by rule, and shall administer a competitive bid process to select a solar power offer provider or providers for the service territory of a transmission and distribution utility.

A. The solar power offer must be in addition to existing standard-offer service under section 3212.

B. The commission shall, in accordance with section 3210, subsection 7, inform residential and small commercial consumers of electricity in this State of the opportunity to purchase the solar power offer.

C. The commission is not required to arrange for a solar power offer in the event that the commission receives no bids to provide the solar power offer in a transmission and distribution utility's territory, determines that the bids it receives are inadequate or unacceptable or determines, based on prior experience arranging for a solar power offer in a utility's territory, that it is reasonably likely that it will not receive any adequate or acceptable bids.

D. The commission is not required to arrange for a solar power offer for the territory of a consumer-owned transmission and distribution utility. If the commission arranges standard-offer service for a consumer-owned transmission and distribution utility, the consumer-owned transmission and distribution utility may elect to have the commission arrange a solar power offer in accordance with this subsection. A consumer-owned transmission and distribution utility may establish a solar power offer through a competitive bidding process conducted in accordance with the commission's rules governing the selection of a solar power offer provider under this subsection.

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

3. Certification; information in bill inserts. Beginning July 1, 2017, information regarding the availability of the solar power offer and of solar power supply products and renewable energy credit products that are certified by the commission may, at the option of the provider of the offer or the product and with the cooperation of the transmission and distribution utility, be presented through inserts in customer bills issued by transmission and distribution utilities. The costs of the inserts, including but not limited to printing and postage costs, are the responsibility of the provider of the offer or product. The commission may define the criteria for certification of solar power supply products and renewable energy credit products by order or by rule, and the commission may limit the criteria for certification for consumer protection and eligibility verification purposes.

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

5. Repeal. This section is repealed April 1, 2021.

Sec. 4. 35-A MRSA §3471-A is enacted to read:

§ 3471-A. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Credit rate. "Credit rate" means the per kilowatt-hour rate used to calculate the monetary value of a subscriber's share of the output of the large-scale community solar distributed generation resource. The credit is equal to the per kilowatt-hour rate in the long-term contracts entered into between the standard buyer and the project sponsor pursuant to this section and must be the same for all subscribers of a particular large-scale community solar distributed generation resource.

2. Distributed generation resource. "Distributed generation resource" means an electric generating facility that uses a renewable fuel or technology as specified in section 3210, subsection 2, paragraph C or is a micro-combined heat and power system located in the service territory of a transmission and distribution utility.

3. Kilowatt. "Kilowatt" means 1,000 watts, measured in direct current.

4. Large-scale community solar distributed generation resource. "Large-scale community solar distributed generation resource" means a solar distributed generation resource with a nameplate capacity of up to 5 megawatts that is selected in a procurement in accordance with this section the beneficial use of the output of the resources of which belongs to the subscribers.

5. Megawatt. "Megawatt" means 1,000,000 watts, measured in direct current.

6. Micro-combined heat and power system. "Micro-combined heat and power system" means a system that:

A. Produces heat and electricity from one fuel input, without restriction to specific fuel or generating technology;

B. Has an electric generating capacity rating of at least one kilowatt and not more than 30 kilowatts and a fuel system efficiency of not less than 80% in the production of heat and electricity or has an electric generating capacity and a fuel system efficiency of not less than 65% in the production of heat and electricity; and

C. Is connected to the electric grid and operated in conjunction with the facilities of a transmission and distribution utility.

7. Output. "Output" means energy, capacity, renewable energy certificates and all other environmental attributes and market products that are available or may become available from a distributed generation resource.

8. Project sponsor. "Project sponsor" means any entity, its successor or its assignee selected by the commission under section 3478, subsection 4 that owns or operates one or more large-scale community solar distributed generation resources on behalf of subscribers.

9. Subscriber. "Subscriber" means a retail customer of a transmission and distribution utility who owns a subscription and who has identified an account to which the subscription is attributed.

10. Subscription. "Subscription" means a proportional interest in a large-scale community solar distributed generation resource. Each subscription must be sized to represent at least one kilowatt of the resource's generating capacity.

Sec. 5. 35-A MRSA §3473, sub-§§3 to 5 are enacted to read:

3. Solar procurements. The commission shall procure solar distributed generation resources in the grid-scale, large-scale community, commercial and industrial and residential and small business market segments to achieve the targets in section 3475 using the procurement methods described in this chapter.

4. Participation in wholesale markets. The commission and investor-owned transmission and distribution utilities shall take all reasonable steps to promote the participation of distributed generation resources in the wholesale electricity, capacity and ancillary service markets.

5. Change in tax treatment. If a change in federal tax laws, rules or policy materially modifies the burdens or costs to customers or utilities associated with the procurements under this chapter, the commission shall issue a report to the joint standing committee of the Legislature having jurisdiction over utility matters describing the impact of these changes and recommending any actions necessary to maintain the benefits of the procurements under this chapter.

Sec. 6. 35-A MRSA §§3475 to 3481 are enacted to read:

§ 3475. Solar procurement targets

1. Grid-scale. The procurement target for the grid-scale solar distributed generation resources under section 3477 is 60 megawatts by January 1, 2022.

2. Large-scale community. The procurement target for the large-scale community solar distributed generation resources under section 3478 is 45 megawatts by January 1, 2022.

3. Commercial and industrial. The procurement target for the commercial and industrial solar distributed generation resources under section 3479 is 25 megawatts by January 1, 2022.

4. Residential and small business. The procurement targets for the residential and small business solar distributed generation resources under section 3480 are:

A. Seven megawatts by January 1, 2018;

B. Twenty-one megawatts by January 1, 2019;

- C. Forty-five megawatts by January 1, 2020;
- D. Seventy megawatts by January 1, 2021; and
- E. One hundred eighteen megawatts by January 1, 2022.

§ 3476. Standard buyer

The standard buyer is designated pursuant to this section to aggregate the output of the portfolio of distributed generation resources procured pursuant to this chapter and sell or use the output of these resources in a manner that maximizes the value of this portfolio of resources to all ratepayers.

1. Designation of standard buyer. Each investor-owned transmission and distribution utility shall serve as the standard buyer in its service territory, except that the commission may designate another entity to serve as standard buyer if the commission determines that it is in the best interest of ratepayers. The standard buyer is subject to the jurisdiction of the commission.

2. Obligations of the standard buyer. The standard buyer designated pursuant to subsection 1 shall:

- A. Serve as counterparty to and enforce long-term contracts with project sponsors and customers for each market segment under this chapter;
- B. Reimburse investor-owned transmission and distribution utilities for any bill credit or payment to a customer, subscriber or project sponsor pursuant to section 3478, 3479 or 3480;
- C. Establish reasonable metering and measurement and verification requirements for distributed generation resources;
- D. Provide information needed to allocate costs and benefits pursuant to subsection 3;
- E. Provide aggregate data regarding the output of distributed generation resources to the commission; and
- F. Make renewable energy credits available for sale to the provider of the green power offer pursuant to section 3212-A.

The commission shall ensure that the rules and procedures established under this chapter provide opportunities for entities other than the standard buyer to aggregate and sell the output of distributed generation resources in the applicable markets.

3. Standard buyer cost allocation. The commission and each standard buyer designated pursuant to subsection 1 shall implement a transparent mechanism to track and recover or distribute the net costs or revenue from procuring distributed generation resources pursuant to this chapter. These net costs or benefits must be reviewed by the commission and allocated to customers and recovered as set forth in section 3210-C, subsection 8. Eligible costs and benefits include:

A. Incremental costs of serving as the standard buyer;

B. All payments to customers, subscribers and project sponsors under each procurement pursuant to sections 3477 to 3479;

C. Any costs of providing renewable energy credits to participating customers pursuant to section 3480, subsection 8; and

D. All revenue from sale of the output of distributed generation resources procured pursuant to this chapter.

4. Rules. The commission shall adopt rules to implement this section by January 1, 2017. Rules adopted under this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

§ 3477. Grid-scale solar procurement

1. Procurement. The commission shall conduct a competitive solicitation at least once per year for long-term contracts for the output of grid-scale solar distributed generation resources with a nameplate capacity of up to 5 megawatts. In each calendar year, the commission shall seek to procure approximately 20% of the capacity needed to meet the procurement target in section 3475, subsection 1, except that the commission may modify this annual allocation if it concludes that doing so would be in the best interests of all ratepayers. Prior to a solicitation, the commission shall develop, in consultation with the standard buyer, a standard contract that commits all parties to commercially reasonable behavior and includes provisions to ensure that projects proceed to commercial operation on a reasonable timeline.

2. Bidder eligibility. The commission may establish minimum requirements for bidders in a solicitation under subsection 1, including but not limited to site control, development experience, completion of an interconnection application and system details for potential bidders. The commission may require bidders to pay an application fee to defray administrative costs.

3. Ensuring competition. Prior to each solicitation under subsection 1, the commission shall establish standards to ensure that the solicitation has a sufficient number of unique bidders and quantity of offered capacity to be determined competitive. If the commission concludes based on these standards that a solicitation is not competitive, no bidders may be selected and the capacity available in that solicitation must be deferred to a subsequent solicitation. The commission may adjust the maximum project size eligible for a solicitation to ensure that there is more than one bid selected.

4. Bid selection. Following review of bids, if the commission determines that the solicitation under subsection 1 is competitive, the commission shall select one or more winning bidders and direct the standard buyer to negotiate and enter into a contract with the winning bidder or bidders for a term of 20 years at a specified contract rate. The commission shall select bids that maximize benefits or minimize costs to all ratepayers.

5. Rules. The commission shall adopt rules to implement this section by January 1, 2017. Rules adopted under this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

§ 3478. Large-scale community solar procurement

1. Procurement. The commission shall conduct competitive solicitations for long-term contracts for the output of large-scale community solar distributed generation resources. Solicitations may be conducted twice per year, or less frequently at the discretion of the commission, but no less than once per year. In each calendar year, the commission shall seek to procure approximately 20% of the capacity needed to meet the procurement target in section 3475, subsection 2; except that the commission may modify this annual allocation if it concludes that doing so would be in the best interests of all ratepayers. Prior to a solicitation, the commission shall develop, in consultation with the standard buyer, a standard contract that commits all parties to commercially reasonable behavior and includes provisions to ensure that projects proceed to commercial operation on a reasonable timeline.

2. Bidder eligibility. The commission may establish minimum requirements for bidders in a solicitation under subsection 1, including but not limited to site control, development experience, completion of an interconnection application and provision of system details. The commission may require bidders to pay an application fee to defray administrative costs.

3. Ensuring competition. Prior to each solicitation under subsection 1, the commission shall establish standards to ensure that the solicitation has a sufficient number of unique bidders and quantity of offered capacity to be determined competitive. If the commission concludes based on these standards that a solicitation is not competitive, no bidders may be selected and the capacity available in that solicitation must be deferred to a subsequent solicitation. The commission may adjust the maximum project size eligible for a solicitation to ensure that there is more than one bid selected.

4. Bid selection. Following review of bids in a solicitation under subsection 1, if the commission determines that the solicitation is competitive, the commission shall select one or more winning bidders and direct the standard buyer to negotiate and enter into a contract with the winning bidder or bidders for a term of 20 years at a specified contract rate. The commission shall select bids that maximize benefits or minimize costs to all ratepayers.

5. Payment and minimum subscription. The project sponsor and subscribers must receive the contract rate for the output of the large-scale community solar distributed generation resource, except that after one year of commercial operation any unsubscribed share of the project must be paid at the wholesale electricity rate. If less than 50% of a resource's subscriptions are 25 kilowatts or less, any amount less than 50% from subscriptions of this size are deemed unsubscribed. The project sponsor shall compensate the standard buyer in an amount equal to the difference between the contract rate and the wholesale electricity rate for the output of any share deemed unsubscribed under this subsection.

6. Determination of subscriber bill credit. The bill credit to be allocated to each subscriber to a particular large-scale community solar distributed generation resource must be based on each subscriber's percentage interest of the total production of the large-scale community solar distributed generation resource for the previous month. Each billing month, the value of the credits allocated to each subscriber must be calculated by multiplying the number of kilowatt-hours equal to each subscriber's share by the resource's credit rate. The project sponsor shall provide to the transmission and distribution

utility, on a monthly basis and within reasonable periods set by that utility, the information required to calculate the bill credit to be provided to each subscriber. Payments to subscribers must be credited against the subscriber's monthly electricity bill in accordance with section 3481.

The monthly output available for allocation as subscribed or unsubscribed energy must be determined by a revenue-grade meter installed and paid for by the project sponsor.

7. Exemption. A project sponsor or subscriber is not considered a public utility or competitive electricity supplier solely as a result of the project sponsor's or subscriber's interest or participation in a large-scale community solar distributed generation resource.

8. Renewable energy credits. The commission shall develop a standard disclosure to be provided by the project sponsor to all participating subscribers prior to their entering into a contract under this section that describes the effect of selling the renewable attributes of exported electricity to the standard buyer and explains how a subscriber may participate in the voluntary renewable energy credit market.

The commission shall establish a mechanism to allow a residential or small business customer who has entered into a long-term contract under this section to purchase renewable energy credits equivalent to those the customer has sold to the standard solar buyer at a price equal to 80% of market value.

9. Consumer protection. The commission shall establish by rule consumer protection standards to protect subscribers from fraud and other unfair and deceptive business practices. The commission may impose administrative penalties upon a project sponsor in accordance with chapter 15 and may order restitution for any party injured by a violation for which a penalty may be assessed pursuant to this subsection.

The commission through its own counsel or through the Attorney General may apply to the Superior Court of any county of the State to enforce any lawful order made or action taken by the commission pursuant to this subsection. The court may issue such orders, preliminary or final, as it considers proper under the facts established before it.

10. Disclosures. A project sponsor selling or reselling a subscription in a large-scale community solar distributed generation resource shall provide a disclosure to potential subscribers that includes the following prior to the sale or resale of that subscription:

- A. A good faith estimate of the annual kilowatt-hours to be delivered by the large-scale community solar distributed generation resource based on the size of the subscriber's interest;
- B. A plain language explanation of the terms under which the bill credits under section 3481 will be calculated;
- C. A plain language explanation of the contract provisions regulating the disposition or transfer of the subscription; and

D. A plain language explanation of the costs and benefits to the potential subscriber, based on the subscriber's current usage and applicable tariff, for the term of the proposed contract.

The commission may establish a standard disclosure to be provided to potential subscribers by a project sponsor to disclose this information or such other information as the commission may determine necessary to protect the interests of potential subscribers.

11. Transfer of subscriptions. A subscriber may transfer or assign a subscription to the associated project sponsor or to any person or entity who qualifies to be a subscriber in the large-scale community solar distributed generation resource. A project sponsor must provide a process for assignment or transfer of a subscription. A project sponsor may not impose fees on a subscriber who moves to a different location within the same utility service territory.

12. Utility participation in community solar. A transmission and distribution utility may collaborate with a project sponsor in a nondiscriminatory manner to increase customer participation in large-scale community solar distributed generation resource projects. Collaboration with a project sponsor may include, but is not limited to:

- A. Customer education;
- B. Lease of utility-owned land on a competitive basis;
- C. Project joint advertising;
- D. Assistance with customer outreach and acquisition; and
- E. Program administration.

A transmission and distribution utility may propose fees for services provided or may file annually to recover any reasonable costs of collaboration to advance large-scale community solar distributed generation resource projects under this section.

Collaboration with a project sponsor under this subsection does not create an affiliated interest or a financial interest in generation or generation-related assets.

13. Rules. The commission shall adopt rules to implement this section by January 1, 2017. Rules adopted under this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

§ 3479. Commercial and industrial solar procurement

1. Procurement. The commission shall conduct a competitive solicitation as frequently as the commission determines reasonable but no less than once per year for long-term contracts for the output of solar distributed generation resources of up to 2 megawatts associated with a single commercial or industrial customer account. In each calendar year, the commission shall seek to procure approximately

20% of the capacity needed to meet the procurement target in section 3475, subsection 3; except that the commission may modify this annual allocation if it concludes that doing so would be in the best interests of all ratepayers. Prior to a solicitation, the commission shall develop, in consultation with the standard buyer, a standard contract that commits all parties to commercially reasonable behavior and includes provisions to ensure that projects proceed to commercial operation on a reasonable timeline.

2. Bidder eligibility. The commission may establish minimum requirements for bidders in a solicitation under subsection 1, including but not limited to site control, development experience, completion of an interconnection application and system details for potential bidders. The commission may require bidders to pay an application fee to defray administrative costs.

3. Ensuring competition. Prior to each solicitation under subsection 1, the commission shall establish standards to ensure that the solicitation has a sufficient number of unique bidders and quantity of offered capacity to be determined competitive. If the commission concludes based on these standards that a solicitation is not competitive, no bidders may be selected and the capacity available in that solicitation must be deferred to a subsequent solicitation. The commission may adjust the maximum project size eligible for a solicitation to ensure that there is more than one bid selected.

4. Bid selection. Following review of bids, if the commission determines that the solicitation is competitive, the commission shall select one or more winning bidders and direct the standard buyer to negotiate and enter into a contract with the winning bidder or bidders for a term of 20 years at a specified contract rate to be paid as a bill credit to the commercial and industrial customer. The commission shall select bids that maximize benefits or minimize costs to all customers.

5. Determination of bill credit. The bill credit to be allocated to a commercial and industrial customer must be based on the total kilowatt-hours of energy production of the solar distributed generation resource for the previous month. Each billing month, the value of the credits must be calculated by multiplying the number of kilowatt-hours by the contract rate. Payments to customers must be credited against the customer's monthly electricity bill in accordance with section 3481.

The monthly production must be determined by a revenue-grade meter installed and paid for by the participating commercial and industrial customer.

6. Exemption. A customer is not considered a public utility or competitive electricity supplier solely as a result of entering into a contract with the standard buyer under this section.

7. Rules. The commission shall adopt rules to implement this section by January 1, 2017. Rules adopted under this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

§ 3480. Residential and small business procurement

1. Long-term contracts. The standard buyer shall enter into a long-term contract with a residential or small business customer for the output of a distributed generation resource of 250 kilowatts or less. The rate paid for the output must be set by the commission in accordance with subsection 2. Payments to customers under a contract under this section must be credited against the customer's monthly electricity bill in accordance with section 3481.

2. Rates. The commission shall establish the rates to be paid for the output of distributed generation resources under a contract between a residential or small business customer and the standard buyer under subsection 1.

The initial rate paid to new installations must decline as the total level of new residential and small business capacity relative to the targets in section 3475, subsection 4 increases.

Rates must be sufficient to ensure that the total capacity of installations meets the residential and small business procurement targets set forth in section 3475, subsection 4. In determining whether rates are sufficient, the commission shall consider independent analysis of installation costs and development projections in establishing the rates, including but not limited to those from the United States Department of Energy, Office of Energy Efficiency and Renewable Energy, National Renewable Energy Laboratory.

Rates must be set at levels intended to ensure that total annual contract payments for new solar distributed generation resources procured under this section are not expected to exceed \$10,500,000 per year in 2022, if the procurement targets in section 3475, subsection 4 are met, assuming an export rate of 50% and that the adjustment mechanism in subsection 3 is not triggered. Rates set under this subsection may be constant or increase over the term of the contract.

The commission may establish separate rates for specific types of distributed generation resources or additional incentives or a per kilowatt-hour increase in contract price for resources with attributes that maximize benefits or lower costs to all customers.

3. Rate adjustment mechanism. The commission shall establish an adjustment mechanism to automatically increase rates for new customers by a specified amount if the total solar distributed generation resource capacity installed by residential and small business customers under this section is less than 85% of the applicable target established in section 3475, subsection 4. The evaluation to determine whether this adjustment is triggered must occur at 6-month intervals.

4. Self-consumption. Notwithstanding section 1, a residential or small business customer may offset that customer's own consumption using that customer's distributed generation resource on an hourly basis. The commission may specify a longer period for measuring self-consumption if it determines that a transmission and distribution utility cannot track consumption on an hourly basis using a standard residential meter.

5. Small-scale community distributed generation resources. Residential and small business customers may jointly participate in a single distributed generation resource and receive payments under subsection 1 in proportion to each contracted share of the resource. The commission shall ensure that distributed generation resources with shared ownership at the same location are separate facilities. A customer or owner is not considered a public utility or competitive electricity supplier solely as a result of interest or participation in a single shared distributed generation resource under this subsection.

6. Continuation of net energy billing. The commission's net energy billing rules existing on the effective date of this subsection remain in effect, without modification, for all customers until new rules pursuant to subsection 10 take effect. On the effective date of the rules established pursuant to subsection 10, net energy billing pursuant to section 3209-A is not available to new customers, unless reinstated pursuant to the program review described in subsection 11.

7. Existing net energy billing customers. A customer who has elected net energy billing pursuant to section 3209-A prior to the effective date of rules established pursuant to subsection 10 continues to be eligible for compensation in the form of a kilowatt-hour credit on the customer's monthly electricity bill for generation in excess of that customer's consumption for that month, which may be carried forward and applied to the customer's subsequent monthly electricity bills over 12 months, or the financial equivalent of that credit, for 12 years from the effective date of rules established pursuant to subsection 10. The commission shall establish a process to permit customers under this subsection to enter into contracts and receive payments under subsections 1 and 2.

A customer who has elected net energy billing between January 1, 2016 and the effective date of the rules established pursuant to subsection 10 may choose to enter into a contract at the initial rate established by the commission under subsection 2 prior to any decline in rate, as long as that customer makes that choice within one year of the effective date of the rules.

The capacity of a net energy billing customer who has installed a solar distributed generation resource and participated in net energy billing under section 3209-A prior to the effective date of rules established pursuant to subsection 10 and elects to enter into a long-term contract under this subsection may not be counted against the procurement target in section 3475, subsection 4 or the cap on total annual contract payments under subsection 2 or trigger any decline in prices.

No later than December 31, 2028, the commission shall initiate a proceeding to consider methods to allow an owner of a distributed generation resource to continue to offset that owner's own consumption and receive fair compensation for exported power in a manner that benefits all ratepayers.

8. Renewable energy credits. A participating residential or small business customer retains all environmental attributes associated with electricity generated by a distributed generation resource that is not exported to the grid and sold to the standard buyer. The commission shall develop a standard

disclosure to be provided to all participating customers prior to their entering into a contract under this section that describes the effect of selling the renewable attributes of exported electricity to the standard buyer and explains how a customer may participate in the voluntary renewable energy credit market.

The commission shall establish a mechanism to allow a residential or small business customer who has entered into a long-term contract under this section to purchase renewable energy credits equivalent to those the customer has sold to the standard solar buyer at a price equal to 80% of market value.

9. Consumer-owned utility exemption. This section does not apply to a consumer-owned transmission and distribution utility and its customers.

10. Rules. The commission shall provisionally adopt rules to implement this section by December 31, 2016. Rules adopted under this subsection are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.

11. Program review. By 18 months after the effective date of rules adopted pursuant to subsection 10, or when 21 megawatts of capacity have been installed by residential and small business customers pursuant to this section, whichever is earlier, the commission shall initiate an expedited proceeding to determine whether:

- A. The procurement targets in section 3475, subsection 4 are likely to be met through 2022; and
- B. The total cost to all customers is likely to be less than if the procurement targets in section 3475, subsection 4 were installed under the commission's net energy billing rules.

If the commission concludes that both conditions under paragraphs A and B will be met, the rules established pursuant to subsection 10 remain in effect, and net energy billing pursuant to section 3209-A is not available to new customers in the future.

If the commission concludes that the condition under paragraph A or B will not be met, the commission shall make findings regarding the reasons the condition will not be met and provide a report summarizing its conclusions to the joint standing committee of the Legislature having jurisdiction over utility matters within 30 days of the start of the Second Regular Session of the 129th Legislature. If the commission determines that the rules adopted under this section can be modified to enable the program to meet procurement targets or reduce costs so that the conditions under paragraphs A and B are likely to be met in the future, it shall make and submit such changes to the Second Regular Session of the 129th Legislature. If the commission determines that these rules cannot be modified to meet these targets or reduce costs, the commission shall review its net energy billing rules or recommend alternative mechanisms to support distributed generation in a manner that benefits all ratepayers. If the commission does not propose changes to the rules adopted pursuant to subsection 10 or new rules are not adopted within 60 days of the adjournment of the Second Regular Session of the 129th Legislature, net energy billing pursuant to section 3209-A must be made available to new customers on that date.

§ 3481. Bill credits

This section applies to any credits assigned to a customer's bill under this chapter.

If the value of the credit to be applied to a customer's bill is less than the amount owed by the customer at the end of the applicable billing period, the customer must be billed for the difference between the amount shown on the bill and the value of the available credits.

If the value of the credits to be applied to a customer's bill is greater than the amount owed by the customer at the end of the billing period, the remaining value of the credit must carry over from month to month until a specified date each year. The commission shall establish a minimum of 2 standard credit expiration dates that provide customers the opportunity to use bill credits to the maximum extent practicable in a given 12-month period. Any remaining credits as of that date must be credited to the standard buyer and may not be applied against any future customer bill.

Sec. 7. Siting of solar distributed generation resources. By January 1, 2019, the Public Utilities Commission shall report to the joint standing committees of the Legislature having jurisdiction over utility matters and natural resources matters the number of new solar distributed generation resources procured pursuant to the Maine Revised Statutes, Title 35-A, sections 3477 to 3479 that have been built on pre-existing impervious surfaces or brownfields where future development is affected by the presence or potential presence of a hazardous substance. The report must include measures to encourage siting of distributed generation resources at such locations identified by the commission in cooperation with the Department of Environmental Protection.

SUMMARY

This bill is reported out by the Joint Standing Committee on Energy, Utilities and Technology pursuant to Resolve 2015, chapter 37, section 2. The resolve directed the Public Utilities Commission to convene a stakeholder group to develop an alternative to net energy billing. This bill reflects the consensus developed in that process and subsequent negotiations between stakeholders and establishes a comprehensive framework to support distributed generation in Maine.

The committee has not taken a position on the substance of this bill, and by reporting this bill out, the committee is not suggesting and does not intend to suggest that it agrees or disagrees with any aspect of this bill. The committee is reporting the bill out for the sole purpose of turning the commission's proposal into a printed bill that can be referred to the committee for an appropriate public hearing and subsequent processing in the normal course. The committee is taking this action to ensure clarity and transparency in the legislative review of the proposal.

The bill directs the Public Utilities Commission to enter into long-term contracts with a duration of 20 years for the procurement of 248 megawatts of solar energy over a 5-year period beginning in 2017. The bill specifies that 24% or 60 megawatts are to be allotted to grid-scale solar distributed generation resources; 19% or 45 megawatts to large-scale community solar distributed generation resources; 10% or 25 megawatts to commercial and industrial distributed generation resources; and 47% or 118 megawatts to residential and small business distributed generation resources.

The bill creates a standard buyer, which the bill specifies is the investor-owned transmission and distribution utility in its service territory. The bill allows the commission to designate another entity as the standard buyer if it determines it is in the best interest of ratepayers to do so. The purpose of the

standard buyer is to purchase the output of each category of distributed generation resource, aggregate the portfolio of distributed generation resources procured and sell it into the relevant New England markets.

The bill directs the commission to conduct competitive solicitations for 20% of the 5-year target procurement for long-term contracts for the output of grid-scale, large-scale community, and commercial and industrial solar distributed generation. The frequency of solicitation varies with the particular category of distributed generation resource. The bill directs the commission and standard buyer to develop a contract prior to a solicitation that will ensure that projects proceed to commercial operation on a reasonable timeline and commits all parties to commercially reasonable behavior. The bill gives the commission authority to establish requirements for bidder eligibility and standards to ensure competition in the bidding process. The bill also specifies that if the solicitation is deemed competitive the commission must select one or more winning bids and direct the standard buyer to negotiate and enter into a contract with the winning bidder or bidders. The bill requires the commission to select bids that maximize the benefits or minimize the costs to all ratepayers.

The bill provides that residential and small business customers receive 20-year contracts at a set price for new distributed generation resources that are 250 kilowatts or less. The bill specifies that those customers would have the option of selling their entire output or using their generation to offset their electric consumption with the ability to sell any excess electricity at prices established under the contracts. The bill provides that the commission would set the contract price and the price new customers receive would decrease over time as the installations increase. Contract prices set by the commission must be high enough to meet the specified targets but be below a cap on the overall cost of this portion of the program. The bill also allows the commission to establish a rate adjustment mechanism to increase rates for new customers to increase the number of installations and to meet targets.

The bill specifies that existing net metering customers may continue to net meter under commission rules for 12 years after the effective date of major substantive rules adopted as required by the bill to implement the residential and small business solar program. The bill allows existing net metering customers to enter into a long-term contract under the new program, but does not allow new customers to participate in net metering.

The bill requires the commission to initiate a proceeding 18 months after the effective date of major substantive rules adopted to implement the residential and small business solar program, or 21 megawatts of capacity has been installed, whichever is sooner, to determine if installation targets are likely to be met by 2022, and the total cost to all customers is likely to be less using long-term contracts, rather than net metering. The bill specifies that if the commission does not find that installation targets are going to be met and long-term contracts are not going to be more cost-effective than net metering, the commission may modify the rules, with legislative approval, to meet the goals and reduce costs. If the rules cannot be modified and the commission does not propose an alternative to the Second Regular Session of the 129th Legislature, or if the Legislature fails to act, then net metering will be available to new customers.

The bill also allows for a solar power offer, in addition to the existing green power offer under the Maine Revised Statutes, Title 35-A, section 3212-A, that is available to all residential and small commercial electricity customers. Like the green power offer, the solar power offer sunsets on April 1, 2021.