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An Act To Advance Locally Owned Solar Energy Systems

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

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

B. "Long-term energy contract" means a contract with an investor-owned transmission and distribution utility entered into under section 3210-C, 3475 or ~~section~~ 3604.

Sec. 2. 35-A MRSA §3475 is enacted to read:

§ 3475. Grid-scale solar procurement

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

A. "Grid-scale solar electricity generating facility" or "grid-scale project" means a photovoltaic electricity generating system with a generating capacity between 2 megawatts and 10 megawatts.

B. "Qualifying brownfields site" means a municipally owned inactive capped landfill, a municipally owned active landfill with capped sections that can accommodate a solar installation, or a site that is contaminated with hazardous material that has been capped or remediated in accordance with a plan approved by the appropriate state or federal agency.

C. "Qualifying local owner" means an individual who is a resident of the State or a business or corporation organized under the laws of the State, at least 51% of which is owned by one or more residents of the State.

2. Procurement. The commission shall issue a request for proposals within 6 months of the effective date of this section to procure 35 megawatts of installed generating capacity from grid-scale solar electricity generating facilities as follows:

A. One grid-scale project, 10 megawatts in size, located on a qualifying brownfields site;

B. Three grid-scale projects, 5 megawatts in size; and

C. Five grid-scale projects, 2 megawatts in size.

If the commission does not receive eligible proposals to procure all 35 megawatts of installed generating capacity from grid-scale solar electricity generating facilities, the commission may issue additional requests for proposals every 6 months until all 35 megawatts are procured.

The commission shall give preference to a 2-megawatt or 5-megawatt grid-scale project that is proposed to be located on a qualifying brownfields site. The commission shall give preference to those proposals that are most likely to begin commercial operation the soonest.

Prior to the issuance of a request for proposals, the commission shall develop, in consultation with an investor-owned transmission and distribution utility, a standard contract that commits all parties to commercially reasonable behavior and includes provisions to ensure that grid-scale projects proceed to commercial operation within 24 months of receiving a contract.

3. Eligibility. In order to be eligible for a contract under this section, an applicant for a grid-scale project must submit to the commission in response to a request for proposals:

- A. Documentation of a resolution of support passed by the municipal legislative body or municipal officers of the municipality in which the grid-scale project is proposed to be located;
- B. Evidence of approved interconnection into the electric grid of the State or that an interconnection application has been filed with the appropriate transmission and distribution utility and that required applicable fees and costs have been paid;
- C. Evidence that the applicant is actively engaged in all necessary permitting processes required for the grid-scale project to be constructed;
- D. Written assurance that the project will be operational within 24 months of receiving a contract; and
- E. Evidence that at least 51% of the facility is owned by a qualifying local owner.

4. Long-term contracts. After reviewing proposals, the commission may direct an investor-owned transmission and distribution utility to enter into a long-term contract for the energy and capacity of an eligible grid-scale project located within the service territory of the utility. The contract must include the following provisions:

- A. A term of 20 years, commencing from when the grid-scale project first delivers energy to the transmission and distribution utility's system;
- B. A price per kilowatt-hour to be paid for both the energy and capacity of the grid-scale project of \$0.067 regardless of project size or location; and
- C. A provision requiring ownership and monetary benefits from any renewable energy credit generated by the grid-scale project to be retained by the owner of the grid-scale project.

Notwithstanding paragraph C, the commission may direct the utility to enter into a long-term contract for the purchase of renewable energy credits if, in its discretion, it determines there is a benefit to ratepayers based on the terms and pricing offered to the utility from the grid-scale project. A contract for renewable energy credits may not be for a term exceeding 15 years.

An investor-owned transmission and distribution utility shall sell energy, capacity or renewable energy credits purchased pursuant to this section into the wholesale electricity market or take any other action, as directed by the commission, related to energy, capacity or renewable energy credits purchased pursuant to this section.

A consumer-owned transmission and distribution utility may, at the option of the utility, and with commission approval, enter into long-term contracts for eligible grid-scale projects located within the service territory of the utility for energy, capacity or renewable energy credits, as long as the necessary infrastructure exists to transmit the electricity generated into an investor-owned transmission and distribution utility's service territory.

Contract payments for energy may be made only after the contracted amounts of energy have been provided.

5. Cost recovery. The commission shall ensure that all costs and direct financial benefits associated with contracts entered into 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 energy, capacity or renewable energy credit is sold must be reflected in the amounts charged to ratepayers and may not be considered imprudent.

For the purposes of this subsection, "ratepayer" does not include those customers receiving service at a transmission or subtransmission voltage level as defined in section 10110, subsection 6.

6. Rules. The commission shall adopt rules to provide protections for ratepayers over the term of the contracts entered into pursuant to this section. Rules adopted under this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 3. Rules. Within 6 months of the effective date of this Act, the Public Utilities Commission shall adopt rules necessary to implement the Maine Revised Statutes, Title 35-A, section 3475.

SUMMARY

This bill requires the Public Utilities Commission to issue a request for proposals to procure 35 megawatts of grid-scale solar electricity. This bill requires that one project be 10 megawatts in size and be located on a qualifying brownfields site, 3 projects be 5 megawatts in size and 5 projects be 2 megawatts in size. In addition to meeting other requirements, an applicant for a grid-scale project must show that at least 51% of the facility is owned locally in order to be eligible for a contract. The commission may direct investor-owned transmission and distribution utilities to enter into contracts with a term of 20 years for the energy and capacity of a project at a rate of \$0.067 per kilowatt-hour. The bill directs the commission to adopt rules to implement the procurement process and to ensure protections for ratepayers.