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Legislative Document

No. 1513

H.P. 1037

House of Representatives, April 25, 2017

**An Act To Provide for Affordable Long-term Energy Prices in
Maine**

Reference to the Committee on Energy, Utilities and Technology suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative FREDETTE of Newport.
Cosponsored by Representative: WADSWORTH of Hiram.

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

2 **Sec. 1. 35-A MRS §3210-C, sub-§3**, as amended by PL 2013, c. 424, Pt. A,
3 §20, is further amended to read:

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

6 A. Capacity resources;

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

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

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

15 C. Any available renewable energy credits associated with capacity resources
16 contracted under paragraph A. The price paid by the investor-owned transmission
17 and distribution utility for the renewable energy credits must be lower than the price
18 received for those renewable energy credits at the time they are sold by the
19 investor-owned transmission and distribution utility.

20 The commission may permit, but may not require, investor-owned transmission and
21 distribution utilities to enter into contracts for differences that are designed and intended
22 to buffer ratepayers in the State from potential negative impacts from transmission
23 development. To the greatest extent possible, the commission shall develop procedures
24 for long-term contracts for investor-owned transmission and distribution utilities under
25 this subsection having the same legal and financial effect as the procedures used for
26 standard-offer service pursuant to section 3212 for investor-owned transmission and
27 distribution utilities.

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

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

39 The commission may not direct an investor-owned transmission and distribution utility to
40 enter into a long-term contract under this section unless the commission determines that
41 the instate economic benefits substantially outweigh the expected costs of the contract.

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

5 The commission shall ensure that any long-term contract authorized under this subsection
6 is consistent with the State's goals for greenhouse gas reduction under Title 38, section
7 576 and the regional greenhouse gas initiative as described in the state climate action plan
8 required in Title 38, section 577.

9 **SUMMARY**

10 This bill prohibits the Public Utilities Commission from directing an investor-owned
11 transmission and distribution utility to enter into a long-term contract for capacity
12 resources or energy or renewable energy credits associated with capacity resources unless
13 the commission determines that the instate economic benefits substantially outweigh the
14 expected costs of the contract.