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Legislative Document

No. 1634

H.P. 1177

House of Representatives, April 25, 2019

**An Act To Create the Maine Clean Energy Fund and To Authorize
a General Fund Bond Issue To Capitalize the Fund**

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 ZEIGLER of Montville.
Cosponsored by Representatives: ACKLEY of Monmouth, DAUGHTRY of Brunswick,
DOUDERA of Camden, HUBBELL of Bar Harbor, MATLACK of St. George, RYKERSON
of Kittery, Senators: CHIPMAN of Cumberland, SANBORN, L. of Cumberland.

1 **Sec. B-2. 35-A MRSA §10104, sub-§13** is enacted to read:

2 **13. Maine Clean Energy Fund.** The trust shall provide oversight for the Maine
3 Clean Energy Fund under section 10124.

4 **Sec. B-3. 35-A MRSA §10124** is enacted to read:

5 **§10124. Maine Clean Energy Fund**

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

8 A. "Alternative fuel vehicle project" means any project, technology, product, service,
9 function or measure that supports the development or deployment of alternative fuels
10 used for electricity generation, alternative fuel vehicles and related infrastructure,
11 including infrastructure for electric vehicle charging stations. "Alternative fuel
12 vehicle project" does not include the combustion of fossil fuels.

13 B. "Clean energy board" means the board of directors of the Maine Clean Energy
14 Fund.

15 C. "Demand response project" means any project, technology, product, service,
16 function or measure that changes the usage of electricity by retail customers from
17 normal consumption patterns in response to:

18 (1) Changes in the price of electricity over time; or

19 (2) Incentive payments designed to induce lower electricity use at times of high
20 market prices or when system reliability is jeopardized.

21 D. "Energy efficiency project" means any project, technology, product, service,
22 function or measure that:

23 (1) Results in the reduction of energy use required to achieve the same level of
24 service or output obtained before the application of the project, technology,
25 product, service, function or measure; or

26 (2) Substantially reduces greenhouse gas emissions relative to emissions that
27 would have been produced before the application of the project, technology,
28 product, service, function or measure.

29 E. "Fund" means the Maine Clean Energy Fund.

30 F. "Greenhouse gas" has the same meaning as in Title 38, section 574, subsection 1.

31 G. "Microgrid" means a group of interconnected loads and distributed energy
32 resources within clearly defined electrical boundaries that acts as a single controllable
33 entity in a larger electrical grid and that can connect to and disconnect from the larger
34 grid to operate in either grid-connected or isolation mode.

35 H. "Qualified clean energy project" means any alternative fuel vehicle project,
36 demand response project, energy efficiency project, renewable energy project or
37 system efficiency project.

- 1 I. "Renewable energy" means energy produced by:
2 (1) Solar resources;
3 (2) Wind resources;
4 (3) Geothermal resources;
5 (4) Nonhazardous organic biomass;
6 (5) Anaerobic digestion of organic waste streams;
7 (6) Small-scale hydropower that produces 30 megawatts or less of electricity;
8 (7) Tidal currents;
9 (8) Fuel cells using renewable resources; and
10 (9) Any other source that naturally replenishes over a human, rather than
11 geological, time frame and that is ultimately derived from solar, water or wind
12 resources.

13 J. "Renewable energy project" means the development, construction, deployment,
14 alteration or repair of any project, technology, product, service, function or measure
15 that generates electric power from renewable energy.

16 K. "System efficiency project" means the development, construction, deployment,
17 alteration or repair of any distributed generation system, energy storage system, smart
18 grid technology, advanced battery system, microgrid system, fuel cell system or
19 combined heat and power systems.

20 **2. Fund established.** The Maine Clean Energy Fund is established to support the
21 development of renewable and clean energy technologies and infrastructure through
22 providing financing support including loans, loan guarantees and other financial and risk
23 mitigation products. The fund is administered by the clean energy board with oversight
24 from the trust and consists of funds derived from the appropriations and allocations to the
25 fund and from other public and private sources. The fund, to be accounted within the
26 trust, must be held separate and apart from all other money, funds and accounts. Eligible
27 investment earnings credited to the assets of the fund and earned through the return of
28 fund activities become part of the assets of the fund. Any balance remaining in the fund
29 at the end of the fiscal year does not lapse but must be carried forward. Expenses of the
30 clean energy board and the trust in the administration and oversight of the activities of the
31 fund must be paid by the fund.

32 **3. Board of directors.** The board of directors of the Maine Clean Energy Fund
33 consists of 9 members, as follows:

34 A. The Director of the Governor's Energy Office;

35 B. The Commissioner of Economic and Community Development or the
36 commissioner's designee;

37 C. The director of the Real Estate Commission within the Department of
38 Professional and Financial Regulation or the director's designee;

1 D. The Superintendent of Financial Institutions within the Department of
2 Professional and Financial Regulation or the superintendent's designee;

3 E. The Executive Director of the Maine Public Employees Retirement System or the
4 executive director's designee;

5 F. The director of the Maine State Housing Authority or the director's designee;

6 G. A member of the public from a list of nominees submitted by labor organizations
7 in the State, appointed by the Governor;

8 H. A member of the public from a list of nominees submitted by the county
9 commissioners of the county in the State with the largest population, appointed by the
10 Governor; and

11 I. A member of the public from a list of nominees submitted by the county
12 commissioners of the counties not described in paragraph H, appointed by the
13 Governor.

14 When nominating or appointing members under paragraphs G to I, preference must be
15 given to nominees who have expertise in renewable energy, economic development,
16 banking, law, finance or other matters relevant to the work of the board and consideration
17 must be given to nominating or appointing members to reflect the ethnic and geographic
18 diversity of the State. Members under paragraphs G to I serve 3-year terms and may be
19 reappointed for additional 3-year terms. A vacancy occurring in the membership of the
20 board must be filled in the same manner as the original appointment. The members of the
21 board annually shall elect a chair from the membership, and the board shall meet at least
22 semiannually and may meet at other times upon the call of the chair. Five members of
23 the board constitute a quorum, and a quorum is required for the board to take action on
24 any matter. The board shall adopt rules for its own management and government. A
25 member of the board is entitled to receive the legislative per diem allowance and travel
26 expenses provided for state officers and employees generally.

27 **4. Board duties.** The duties of the board include:

28 A. Annually developing and adopting procedures to serve and support the
29 deployment of qualified clean energy projects in the State, including projects
30 benefiting single-family residential property; multifamily residential property,
31 commercial, industrial, educational and governmental property; hospitals and
32 nonprofit organization property; and any other project that advances the purposes of
33 this section;

34 B. Developing rules, policies and procedures that specify the eligibility of borrowers
35 and any other terms or conditions of financing support provided by the fund before
36 financing support is provided for any qualified clean energy project;

37 C. Developing and offering a range of financing structures, forms and techniques for
38 qualified clean energy projects, including loans, credit enhancements, guarantees,
39 securitization and other financial products and structures;

40 D. Leveraging private investment in qualified clean energy projects through
41 financing mechanisms that support, enhance and complement private investment;

1 E. Developing consumer protection standards to be enforced on all investments to
2 ensure the fund lend in a responsible and transparent manner that is in the financial
3 interests of borrowers;

4 F. Assessing reasonable fees for the financing and risk management activities
5 provided by the fund in amounts sufficient to cover the reasonable costs of the fund;

6 G. Collecting and making available to the public in a centralized database on a
7 publicly accessible website maintained by the clean energy board information
8 regarding rates, terms and conditions of all financing support transactions, except for
9 disclosure of a trade secret, confidential commercial information or confidential
10 financial information;

11 H. Working with market participants to provide information regarding best practices
12 for overseeing qualified clean energy projects and information regarding other
13 appropriate consumer protections;

14 I. Preparing an annual report for the public and the trust on the financing activities of
15 the fund;

16 J. Identifying sources of funding that may be used to capitalize the fund; and

17 K. Undertaking other activities necessary to carry out the provisions of this section.

18 **5. Board powers.** The board may:

19 A. Sue and be sued;

20 B. Have a seal;

21 C. Acquire real or personal property or any interest in real or personal property by
22 gift, purchase, foreclosure, deed in lieu of foreclosure, lease or option;

23 D. Prepare and enter into agreements with the Federal Government for the
24 acceptance of grants of money for the purposes of this section;

25 E. Enter into agreements or cooperate with 3rd parties to provide for enhanced
26 leveraging of money of the fund or additional financing mechanisms for the purpose
27 of expanding the scope of financial assistance available from the fund;

28 F. Bind the fund and board to terms of any agreements entered into pursuant to this
29 section;

30 G. Apply for and accept gifts, grants and donations from any source to carry out the
31 purposes of this section; and

32 H. Adopt routine technical rules as defined by Title 5, chapter 375, subchapter 2-A
33 to carry out the purposes of this section.

34 **Sec. B-4. Staggered terms.** Notwithstanding the Maine Revised Statutes, Title
35 35-A, section 10124, subsection 3, of the initial appointments of the board of directors of
36 the Maine Clean Energy Fund, for members appointed pursuant to Title 35-A, section
37 10124, subsection 3, paragraphs G to I, the Governor shall appoint the first appointment
38 to a one-year term, the next appointment to a 2-year term and any other appointment to a
39 3-year term. A member appointed under this section may be reappointed to a 3-year term

1 after the fulfillment of the member's initial term pursuant to the provisions of Title 35-A,
2 section 10124, subsection 3.

3 **Sec. B-5. Contingent effective date.** This Part takes effect only if the General
4 Fund bond issue proposed in Part A is approved by the voters of this State.

5 **SUMMARY**

6 This bill creates the Maine Clean Energy Fund within and with oversight from the
7 Efficiency Maine Trust to support the development of renewable and clean energy
8 technologies and infrastructure through providing financing support including loans, loan
9 guarantees and other financial and risk mitigation products. The fund is administered by a
10 9-member board of directors consisting of certain government officials and members of
11 the public appointed by the Governor.

12 This bill also provides for a bond issue in the amount of \$100,000,000 to be used to
13 capitalize the Maine Clean Energy Fund.