



# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

---

Legislative Document

No. 1456

H.P. 1041

House of Representatives, April 25, 2013

### **An Act To Promote Local or Community-based Generation Projects**

---

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

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative BOLAND of Sanford.  
Cosponsored by Representatives: BOLDUC of Auburn, CHENETTE of Saco, NADEAU of Winslow.

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

2 **Sec. 1. 35-A MRSA §3105** is enacted to read:

3 **§3105. Meter technology**

4 An electric meter installed by a transmission and distribution utility for the purpose of  
5 measuring a consumer's electricity consumption must be an electromechanical meter that  
6 does not require a switching mode power supply or other conversion of alternating  
7 current to direct current power in order to operate and that does not contain a radio  
8 frequency communication device or capacity for such a device.

9 **Sec. 2. 35-A MRSA §3144** is enacted to read:

10 **§3144. Neutral wire certification**

11 No later than January 1, 2015, the commission shall certify that each domestic  
12 transmission and distribution utility has installed neutral wires that have the capacity to  
13 return to the grid 150% of excess power and that the neutral wires return existing power  
14 at an efficiency rate that is greater than 95% as determined by the commission by rule.

15 **1. Neutral wire certification.** By January 1, 2015, and every 5 years thereafter, a  
16 domestic transmission and distribution utility shall submit documentation to the  
17 commission and the Office of the Public Advocate demonstrating that the transmission  
18 and distribution utility's neutral wires meet the requirements of this section. If, after  
19 reviewing the documentation in consultation with the Office of the Public Advocate, the  
20 commission determines that the neutral wires are of adequate size and that the insulation  
21 and other system components are in sufficiently good condition to meet the requirements  
22 of this section, the commission shall certify that the domestic transmission and  
23 distribution utility meets the requirements of this section.

24 **2. Report to Legislature.** The commission shall include a report regarding the  
25 certifications under this section in its annual report under section 120.

26 The commission may adopt rules to implement this section. Rules adopted pursuant  
27 to this section are routine technical rules as defined in Title 5, chapter 375, subchapter  
28 2-A.

29 **Sec. 3. 35-A MRSA §3201, sub-§8-A,** as enacted by PL 2009, c. 197, §2, is  
30 amended to read:

31 **8-A. Eligible small generator.** "Eligible small generator" means a generator that is  
32 not a small renewable generator as defined in subsection 16-A, that has a generating  
33 capacity of 5 megawatts or less and generates electricity using:

34 A. A renewable resource, as defined in section 3210, subsection 2, paragraph C; or

35 B. An efficient combined heat and power system.

36 **Sec. 4. 35-A MRSA §3201, sub-§16-A** is enacted to read:

1           **16-A. Small renewable generator.** "Small renewable generator" means a generator  
2 of electricity with a capacity of 10 megawatts or less powered by solar, wind or  
3 geothermal energy.

4           **Sec. 5. 35-A MRSA §3210-A**, as amended by PL 2009, c. 197, §§3 to 5, is further  
5 amended to read:

6           **§3210-A. Small generator aggregation**

7           **1. Standard-offer service provider purchase requirement.** In accordance with  
8 rules adopted pursuant to this section, the commission, at the request of the owner or  
9 operator of a generator with a capacity of 5 megawatts or less that is not a small  
10 renewable generator, shall:

11           A. If the generator is located in an area of this State within the New England  
12 independent system operator control area, require a standard-offer service provider  
13 that serves an area of this State within the New England independent system operator  
14 control area to purchase the output of that generator at applicable market clearing  
15 prices or at such other prices determined by the commission to be financially neutral  
16 to the standard-offer service provider; and

17           B. If the generator is located in an area of this State in which the retail market is  
18 administered by the independent system administrator for northern Maine and the  
19 commission finds that the market design will accommodate purchases in a manner  
20 that is financially neutral to the standard-offer service provider, require a standard-  
21 offer service provider that serves that area of the State, or a portion of that area, to  
22 purchase the output of that generator at prices determined by the commission to be  
23 financially neutral to the standard-offer service provider.

24           The requirements of this subsection apply only if they can be accomplished in a manner  
25 that is financially neutral to standard-offer service providers.

26           **1-A. Standard-offer service provider purchase requirement for small renewable**  
27 **generators.** In accordance with rules adopted pursuant to this section, the commission, at  
28 the request of the owner or operator of a small renewable generator, shall:

29           A. If the small renewable generator is located in an area of this State within the New  
30 England independent system operator control area, require a standard-offer service  
31 provider that serves an area of this State within the New England independent system  
32 operator control area to purchase the output of that generator at prices determined by  
33 the commission in accordance with paragraph C;

34           B. If the small renewable generator is located in an area of this State in which the  
35 retail market is administered by the independent system administrator for northern  
36 Maine, require a standard-offer service provider that serves that area of the State, or a  
37 portion of that area, to purchase the output of that generator at prices determined by  
38 the commission in accordance with paragraph C; and

39           C. Set the rates for the purchase of the electricity generated from the small renewable  
40 generator as follows:

1           (1) Except for a small renewable generator that meets the criteria of  
2           subparagraph (4), for the first 10 years of operation from the time the small  
3           renewable generator is connected to the grid, the standard-offer service provider  
4           shall pay 50¢ per kilowatt hour or 4 times the current average retail price for  
5           electricity in the State as determined by the commission, whichever is higher;

6           (2) Except for a small renewable generator that meets the criteria of  
7           subparagraph (4), for the time frame of between 11 years and 15 years of  
8           operation from the time the small renewable generator is connected to the grid,  
9           the utility shall pay the small renewable generator 30¢ per kilowatt hour or 2  
10           times the current average retail price for electricity in the State as determined by  
11           the commission, whichever is higher;

12           (3) Except for a small renewable generator that meets the criteria of  
13           subparagraph (4), after 15 years of operation from the time the small renewable  
14           generator is connected to the grid, the utility shall pay the small renewable  
15           generator the average wholesale market price for electricity in the State as  
16           determined by the commission; and

17           (4) If 75% or more of a small renewable generator's component parts are  
18           manufactured in the State, then the initial 10-year purchasing price under  
19           subparagraph (1) is for the first 15 years of operation from the time the small  
20           renewable generator is connected to the grid, and the purchasing price under  
21           subparagraph (2) is for the time frame of between 15 years and 25 years of  
22           operation from the time the small renewable generator is connected to the grid, so  
23           that a utility does not pay a small renewable generator the average wholesale  
24           market price for electricity in the State under subparagraph (3) until the small  
25           renewable generator has been operational and connected to the grid for 25 years.

26           **2. Transmission and distribution utility administration.** Transmission and  
27           distribution utilities shall administer the purchase and sale of electricity to a standard-  
28           offer service provider required under ~~subsection~~ subsections 1 and 1-A. Administrative  
29           costs incurred by a transmission and distribution utility under this subsection must be  
30           paid, in a manner established by the commission, by the generators of the electricity the  
31           purchase and sale of which the utility administers.

32           **2-A. Purchase by competitive electricity providers.** In addition to its obligations  
33           under subsection 2, a transmission and distribution utility may administer on behalf of  
34           any eligible small generator or small renewable generator the purchase and sale of  
35           electricity to a competitive electricity provider. In carrying out this function, a  
36           transmission and distribution utility may in its discretion aggregate the output of multiple  
37           eligible small generators and small renewable generators for the purpose of obtaining the  
38           most favorable purchase price on behalf of the generators. The parties to any resulting  
39           sale must be the eligible small generators or small renewable generators and the  
40           competitive electricity provider.

41           If a transmission and distribution utility aggregates the output of eligible small generators  
42           or small renewable generators under this subsection and is unable to sell the aggregated  
43           output to a competitive electricity provider, the transmission and distribution utility shall

1 administer the purchase and sale of the aggregated output to a standard-offer service  
2 provider in accordance with the provisions of subsections 1, 1-A and 2.

3 **3. Rules.** The commission shall adopt rules to implement the provisions of  
4 subsections 1, 1-A and 2, including, but not limited to, rules identifying how the  
5 commission assigns purchasing obligations to particular standard-offer service providers  
6 ~~and~~, the timing and manner of such obligations and the method used by the commission  
7 to determine the percentage of a small renewable generator's component parts that are  
8 manufactured in the State. The commission may adopt rules and may amend any rules  
9 necessary to implement the requirements of subsection 2-A, including rules to allow a  
10 transmission and distribution utility to collect an administrative fee from participating  
11 eligible small generators and small renewable generators to cover reasonable costs  
12 incurred by the transmission and distribution utility under subsection 2-A. Rules adopted  
13 pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375,  
14 subchapter 2-A.

15 **Sec. 6. Recommendations and report.** The Public Utilities Commission shall  
16 develop a set of recommendations including tax and regulatory incentives to encourage  
17 the development of decentralized microgrids or community-based or neighborhood-based  
18 clean energy generation facilities using solar, wind and geothermal energy as  
19 nontransmission alternatives. Those recommendations must be submitted to the Joint  
20 Standing Committee on Energy, Utilities and Technology by January 5, 2014. The Joint  
21 Standing Committee on Energy, Utilities and Technology may report out legislation  
22 based on the set of recommendations submitted by the commission during the Second  
23 Regular Session of the 126th Legislature.

## 24 SUMMARY

25 This bill:

26 1. Requires that all meters installed by an electric transmission and distribution  
27 utility be electromechanical;

28 2. Requires that electric transmission and distribution utilities have neutral wires  
29 with the capacity to return 150% of excess power to the grid and that the wires return  
30 existing power at a rate that is greater than 95%. The commission is required to certify  
31 that transmission and distribution utilities meet this standard for neutral wires;

32 3. Creates a new class of electricity generators, small renewable generators, for the  
33 purposes of requiring a standard-offer service provider to purchase the electricity  
34 generated from the small renewable generators at rates higher than market value for the  
35 first 15 to 25 years that the generator is connected to the grid; and

36 4. Directs the Public Utilities Commission to develop a set of recommendations  
37 including tax and regulatory incentives to encourage the development of decentralized  
38 microgrids or community-based or neighborhood-based clean energy generation facilities  
39 using solar, wind and geothermal energy as nontransmission alternatives.