STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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Testimony of the Maine Public Utilities Commission

Neither For Nor Against

LD 1778, An Act to Ensure a Sustainable Electric Grid

May 18, 2023

Senator Lawrence, Representative Zeigler, and Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying neither for nor against LD 1778, An Act to Ensure a Sustainable Electric Grid on behalf of the Public Utilities Commission (Commission)

Except for a change to what qualifies as a renewable capacity resource under the renewable portfolio law, sections 1 through 9 of LD 1778 contain the same provisions that are proposed in LDs 43, 622 and 1347 (Commission testimony attached) The Commission is unclear if the amendment to existing law proposed in Section 5 of the bill is intended to effectuate a substantive change Section 5 removes from what qualifies as a source of electrical generation "anaerobic digestion of by-products of waste from animals " This amendment to existing law and the inclusion of "agricultural products, by-products or wastes" in what qualifies as biomass is consistent with the sources of electrical generation that qualify as a renewable resource Since existing law currently addresses anaerobic digestion differently in relation to renewable capacity resources and renewable resources it is ambiguous if this change could impact any existing facilities that may currently qualify or is being developed to qualify as a renewable capacity resource, such as a facility that produces renewable natural gas from the breakdown of cow manure

Section 10 of the bill relates to the Regional Greenhouse Gas Initiative Trust Fund (Fund) administered by the Efficiency Maine Trust (Trust) The approach proposed in LD 1778 seems in large part to reflect earlier iterations of the Fund, including a ceiling on energy efficiency spending by the Trust and disbursements to affected customers[1] by the Commission These changes are a policy decision but is administratively workable for the Commission as it reflects an approach that has been utilized in the past

The Commission would note that the language proposed in the last paragraph on page 3 of the bill relating to the distribution of funds to "electric ratepayers in a manner designed to provide the greatest benefit to the state economy as determined by the commission" may need further refinement It is

[1] Affected customer is defined as a customer who is not primarily in the business of selling electricity, is receiving service at a transmission or subtransmission voltage level as defined in section 10110, subsection 6 within the electrical utility transmission system administered by an independent system operator of the New England bulk power system or a successor organization and is an energy-intensive manufacturer, as defined in reports prepared by the United States Energy Information Administration The commission may also determine that a manufacturer not defined as an energy-intensive manufacturer in reports prepared by the United States Energy Information Administration is an affected customer if that manufacturer meets the other requirements of the definition under this subsection

unclear what factors the Commission should consider when deciding on how to allocate these funds to ratepayers and if "affected customers" should also be included in this distribution of funds If the Committee goes forward with this proposal, it would be helpful to have more clarity on the factors the Commission should consider, and if the Commission should consult with other entities, such as the Department of Economic and Community Development when making these determinations or adopting rules to implement this provision

I would be happy to answer any questions or provide additional information for the work session

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Testimony of the Maine Public Utilities Commission

Neither for Nor Against

LD 43, An Act to Reduce the Cost of Electricity by Removing the 100-megawatt Limit on Renewable Resources of Energy (and LD 622, An Act to Create Equal Opportunity Access to Clean Energy by Removing the 100-megawatt Limit on Clean Energy Sources)

March 28, 2023

Senator Lawrence, Representative Zeigler, and Honorable Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying neither for nor against LD 43 An Act to Reduce the Cost of Electricity by Removing the 100-megawatt Limit on Renewable Resources of Energy [1]

General Description of Portfolio Requirements

This bill amends the State s resource portfolio requirement (35-A M R S §3210) to remove the 100 MW eligibility cap on certain generation resources [2] A resource portfolio requirement, also typically referred to as a renewable portfolio standard or an RPS is a market mechanism used to encourage the development and operation of legislatively designated types of generating facilities (usually renewable resources) Generally, the purpose of a renewable resource portfolio requirement is to promote renewable resources and resource diversity in a competitive generation market It does so by creating an additional source of revenue over electricity wholesale market prices for resources that might not otherwise be developed or operated The mechanism works by creating a mandatory demand for designated resources by mandating that pre-specified percentages of a retail electricity provider's load must be served by the designated resources The market then operates to meet this legislatively created demand at the lowest cost The result of the portfolio requirement mechanism is that a premium over wholesale electricity market prices is created for the designated renewable resources This premium is paid for by electricity ratepayers through the supply portion of their bills The specific amount of the premium varies over time depending on the supply/demand balance for the Maine RPS as well as RPSs in other New England states

[1] This also serves as testimony on LD 622, An Act to Create Equal Opportunity Access to Clean Energy by Removing the 100-megawatt Limit on Clean Energy Sources as these two bills are the same

[2] Generation resources under §3210(2)(B-3)(1) include fuel cells, tidal power, geothermal installations hydroelectric, biomass, and anaerobic digestion Generation resources under §3210(2)(C)(2) include fuel cells, tidal power, solar, wind power geothermal installations hydroelectric biomass and generators fueled by municipal solid waste in conjunction with recycling

Maine's Portfolio Requirements

Maine currently has four portfolio requirements

1 A new renewable capacity resources requirement (referred to as Class I),
2 A new renewable capacity resources requirement other than a resource that for at least 2 years was not operated or was not recognized by the ISO-NE as a capacity resource and, after September 1, 2005, resumed operation or was recognized by ISO-NE as a capacity resource (referred to Class IA),
3 An eligible resource requirement (referred to as Class II), and
4 A thermal renewable energy credit requirement (referred to as TREC)

Maine s original restructuring legislation included a 30% eligible resource[3] portfolio requirement that became effective in 2000 (35-A M R S § 3210(3)) In 2007, the Legislature enacted a new renewable resource portfolio requirement that defines eligibility as a renewable resource that began service, resumed operation, or was substantially refurbished after September 2005 (35-A M R S § 3210(3-A))[4] The percentage requirement started at one percent in 2008 and increased in annual one percent increments until it reached ten percent in 2017 and remains at ten percent thereafter In 2019, the Legislature enacted a new resource portfolio requirement for Class IA resources The percentage requirement started at 2 5% in 2020 and increases annually until it reaches 40% in 2030 and remains at 40% thereafter The statutes limit portfolio requirement resource eligibility to generation facilities that are 100 MW or less, except for wind and solar facilities for Class I and Class IA eligibility

For the most part, suppliers demonstrate compliance with Maine s portfolio requirement by obtaining renewable energy credits (RECs) that are created and tracked by the New England Generation Information System (GIS)[5] This system allows for the trading of the renewable attribute separate from the energy commodity Eligible generators receive RECs from the GIS and may sell the RECs to retail electricity suppliers at market driven prices, thus creating a premium over market prices for the generators Suppliers then use the purchased RECs to satisfy the portfolio requirements in Maine and the other New England states

LD 43[6]

LD 43 would amend the portfolio requirement statute to remove the 100 MW eligibility cap for all generators for both the Class I, Class IA and Class II requirements The primary effect of this change would be to allow large hydro facilities (likely to be located in Canadian provinces) to qualify for Maine's portfolio requirements The determination of the specific types of resource, such as large Canadian hydroelectric facilities, that should be designated as eligible for a state's portfolio requirement (and thus receive a ratepayer funded premium above market prices) is an issue of general energy policy that should be determined by the Legislature As described above, a portfolio requirement creates a premium above market prices that is paid for by all ratepayers in the State through their electricity bills Thus, a portfolio requirement generally applies to specific resources that the Legislature determines are both desirable from an energy policy perspective and require ratepayer funded support to be developed or operated Accordingly, LD 43 raises the energy policy issue as to whether large hydro facilities located out of the State should be provided Maine ratepayer support

[3] Class II
[4] Class I
[5] Northern Maine uses the North American Renewable Registry a REC tracking system similar to the ISO-NE GIS system and run by the same company
[6] Also LD 622

The Commission notes that Maine REC prices for Class I/IA and Class II have risen significantly over the last couple of years Currently, Maine Class I RECs have a value in the range of $30 -35/MWh Maine REC prices for Class II have a value of $10-15/MWh The expansion of the portfolio eligibility requirements to large generating facilities could have the effect of increasing the eligible supply for Maine's portfolio requirements, thus placing downward pressure on prices for Maine RECs which could simultaneously reduce costs for electricity consumers and reduce the value of the RPS to renewable facilities However, there are other means to lower the cost, for example, the Legislature could consider requiring a lower alternative compliance rate

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Testimony of the Maine Public Utilities Commission

Neither for Nor Against

LD 1347, An Act to Eliminate the Current Net Energy Billing Policy in Maine

April 13, 2023

Senator Lawrence, Representative Zeigler, and Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying neither for nor against LD 1347, An Act to Eliminate the Current Net Energy Billing Policy in Maine on behalf of the Maine Public Utilities Commission (Commission).

This bill repeals 35-A M.R.S. §§ 3209-A and 3209-B, which apply to the State's current net energy billing (NEB) program and eliminates the Commission's statutory authority to adopt NEB rules. During the 129th Legislature, substantial changes were made to Maine's NEB program. These changes included (1) increasing the maximum capacity of eligible NEB facilities from 660 kW to less than 5 MW, (2) eliminating any limit on the number of meters or accounts that can be associated with an eligible facility (the prior limit was 10 meters or accounts) and (3) adding a "commercial and institutional" category of NEB (referred to as Tariff Rate NEB). In addition, the statute expanded the scope of NEB such that it allowed a distributed generation facility participating in NEB to be available to provide credits for subscribers, which was the first time that Maine was open for what is commonly referred to as "community solar." Subsequent to that legislation, the number of project sponsors seeking to develop and construct facilities that could be place in NEB in Maine expanded significantly. To deal with some of the issues arising from this rapid influx of development of NEB projects, in 2021 the Legislature enacted further refinements to sections 3209-A and 3209-B specifically requiring facilities seeking to participate in NEB to meet certain milestones for their development. The Commission has reported on the costs associated with the NEB program and the number and size of projects that are currently participating in NEB or are in development and construction and expect to participate in NEB [1]

In its current formulation, LD 1347 would have unintended consequences. As mentioned, LD 1347 would eliminate the Commission's authority to adopt NEB rules. The Commission notes that prior to the enactment of Public Law 2019, chapter 478, the Commission had in place NEB rules that focused on small renewable facilities located behind a customer's meter. The rules allowed for "traditional" NEB in which a customer would be billed on the basis of the difference between the kilowatt hours (kWh) delivered to customer by the T&D utility and the kWhs generated by the customer's facility that is delivered to the grid.

[1] Interconnection briefing - https://www.maine.gov/mpuc/sites/maine.gov.mpuc/files/inline-files/Interconnection%20presentation%2004-06-23.pdf, See also 12/01/21 - Presentation to the Committee on Energy, Utilities and Technology on Standard Offer and NEB; 04/01/21 - Presentation to the Committee on Energy, Utilities and Technology on NEB and 10/10/20 - Report on the Effectiveness of Net Energy Billing in Achieving State Policy Goals and Providing Benefits to Ratepayers that can be accessed here- https://www.maine.gov/mpuc/legislative/reports

The Committee may want to consider, if it pursues this bill to maintain the Commission s authority to adopt "traditional" NEB rules, for example, by returning to a statutory cap on NEB facilities of 660 kW and limiting the number of meters or accounts that can be associated with an eligible facility to 10 meters The Committee may also want to provide clarity on how this would impact current participants and projects under development

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