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In Senate, January 13, 2021

An Act To Promote Renewable Energy by Authorizing a Power-to-fuel Pilot Program

Received by the Secretary of the Senate on January 11, 2021. Referred to the Committee on Energy, Utilities and Technology pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator LAWRENCE of York.

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

2 Sec. 1. 35-A MRSA §3212-B is enacted to read:

3 **§3212-B. Power-to-fuel pilot program**

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

6 A. "Power-to-fuel pilot program" means a pilot program established by the
7 commission pursuant to this section.

8 B. "Power-to-fuel project" means a facility that creates hydrogen, methane gas or other fuel
derived from the process of electrolysis utilizing a renewable capacity resource or
environmental attributes of a renewable capacity resource.

9 C. "Renewable capacity resource" has the same meaning as in Section 3210,
subsection B-3

10 D. "Thermal renewable energy credit" has the same meaning as in section 3210,
11 subsection 2, paragraph E.

12 **2. Power-to-fuel pilot program; criteria.** The commission shall establish a power-
13 to-fuel pilot program in accordance with this section. The commission shall establish an
initial first application process to begin no later than January 15, 2022 and close no later than
March 15, 2022 unless the commission determines more time is needed to facilitate the process.
Annual application processes shall continue until December 31, 2027, or until two power-to-fuel
projects have been approved. In implementing a power-to-fuel pilot program, the commission
shall:

17 A. Limit the capacity of a power-to-fuel project's peak electricity demand to 10 megawatts;

18 B. Prioritize power-to-fuel projects with lower greenhouse gas emissions, or which
advance the viability of technology to reduce greenhouse gas emissions in the State;

19 C. Require that no thermal renewable energy credits may be bought or sold in relation
20 to fuel produced by a power-to-fuel project;

21 D. Find that the project is in the public interest and is not reasonably likely to create
substantial new costs for gas or electric ratepayers;

22 E. Require that the project demonstrate site control; and

23 F. Require that the project sponsor demonstrate technical and financial capacity to
construct, operate and decommission the project.

24 **3. Exemptions for sales of electricity to a power-to-fuel project.** Sales of electricity
25 to a power-to-fuel project under the power-to-fuel pilot program are exempt from:

26 A. Distribution charges regulated by the commission, including but not limited to
27 volumetric, demand and standby charges;

28 B. Charges associated with the procurement of energy efficiency resources by
29 transmission and distribution utilities ordered under section 10110, subsection 4-A; and

30 C. Renewable portfolio standards requirements under section 3210, subsections 3-A,
31 3-B and 3-C.

32 The exemptions provided under this subsection begin on the date of operation of a power-
33 to-fuel project and end 15 years after that date, except that the commission may approve
34 continuation of the exemptions beyond 15 years on the basis of project need.

35 **Sec. 2. Report.** The Public Utilities Commission, by November 1, 2023, shall submit
36 a report to the joint standing committee of the Legislature having jurisdiction over energy

37 and utility matters regarding the progress made on establishing the power-to-fuel pilot
38 program under the Maine Revised Statutes, Title 35-A, section 3212-B, including the
39 number of power-to-fuel projects approved under the pilot program, a description of the
participating project or projects and the amount of electricity from a renewable capacity
resource converted into hydrogen gas, methane gas or other fuel by the participating project or
projects. The joint standing committee may report out a bill to the Second Regular Session of
the 131st Legislature based on the report, which may include legislation to extend, repeal or make
permanent the pilot program.

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SUMMARY

2 This bill requires the Public Utilities Commission to establish and oversee a power-to-
3 fuel pilot program. The commission is required to approve up to two power-to-fuel projects
4 between January 1, 2022 and December 31, 2027, each with a peak electric demand of 10
megawatts, that convert electricity from a renewable capacity resource to hydrogen gas, methane
gas or other fuel. Under the pilot program, sales of electricity from a renewable capacity
resource to a power-to-fuel project are exempt from distribution charges, charges associated
with the procurement of energy efficiency
5 resources and renewable portfolio standards requirements for a period of 15 years from the
6 date of operation of the power-to-fuel project. The bill requires the commission to submit
7 a report on the pilot program by November 1, 2023 to the joint standing committee of the
8 Legislature having jurisdiction over energy and utility matters.

