

Office of Policy and Legal Analysis

Date: March 15, 2022
To: Joint Standing Committee on Energy Utilities and Technology
From: Lindsay Laxon, Legislative Analyst
Re: LD 1350, An Act To Expand Maine's Clean Energy Economy

Summary

This bill amends the State's renewable portfolio standard procurement law to authorize 2 additional competitive solicitations by the Public Utilities Commission for contracts with Class IA resources to procure, in total, an amount of energy or renewable energy credits equal to 15% of retail electricity sales in the State during calendar year 2019. It requires 100% of the energy or renewable energy credits contracted following those additional competitive solicitations to come from Class IA resources that begin commercial operations after June 30, 2021, to the extent sufficient resources are available.

The bill also amends the renewable portfolio standard procurement law to require the Public Utilities Commission, in conducting the solicitation and selection of Class IA resources for contracts, to give special consideration to selection of projects in economically depressed areas of the State and to give consideration to evidence of project viability.

The bill also authorizes the Public Utilities Commission to adopt routine technical rules necessary to implement the requirements of the renewable portfolio standard procurement law, which may include provisions stipulating the financial security mechanisms that will be required as a condition of the selection of Class IA resources for contracts under that law.

Public Hearing: April 20, 2021

Work Session: June 4, 2021 – no analysis discussed

List of People that Submitted Written Testimony and/or Spoke at the Hearing

Proponents: Senator Vitelli (Sponsor); James Bass, ReEnergy; David Costello, NRCM; James Cote, Versant; Eliza Donoghue, Audubon; Matthew Kearns, Longroad Energy; Amy Kurt, EDP Renewables; Jeremy Payne, MREA; Matt Schlobohm, Maine AFL-CIO; Melissa Winne, GEO; Rob Wood, TNC; Steve Zuretti, Brookfield Renewables; Beth Ahearn, ME Conservation Voters; Matt Cannon, Sierra Club; Sean Mahoney, CLF; Jeff Marks, Acadia Center; Matt Marks, AGC of Maine; and Kathleen Newman, CMP; Steve Weems, SEAM.; and Ernest Grolimund

Opponents: Benji Borowski, IECG; Dan Dolan, NE Power Generation Assoc.

NFNA: Garrett Corbin, OUC; Ryan Gahagan, Treadwood, LLC; Ellen Griswold, ME Farmland Trust; Dan Hendrick, Clearway Energy Group; Jackson Parker, Reed & Reed; and Paul Towle, Aroostook Partnership

Information Requests from the Committee

- Representative Foster requested information related to repowering/refurbishment of solar and wind; is there a recycler available for that equipment? (MREA)
 - *Dan Hendrick spoke to this at the conclusion of his testimony – Clearway Energy Group is repowering a project in conjunction with USDOE*

- Representative Berry asked for specific standards/language for work session related to job quality and labor standards as recommended in testimony (Maine AFL-CIO)
- Representation Berry noted that CMP’s testimony included recommendations for cost recovery provisions and asked for the GEO’s perspective on that testimony. (GEO)
- Representative Berry asked if ReEnergy is able sell into markets outside of Maine, for example, in New Brunswick and take advantage of incentives offered in other regions (James Bass)
- Representative Berry requested information about the costs associated with interconnection and the ways that it could be financed if Maine were to provide renewable energy to meet demands outside of the state (Dan Hendrick)
- Representative Grohoski requested data regarding trends in the conversion of prime Maine farmland to nonagricultural purposes (Maine Farmland Trust)
- Representative Foster requested information from the PUC regarding whether it could recommend a long-term contract period.
 - *The PUC provided written follow-up on May 7, 2021 which stated, in part, “. . . 20-year terms appear to be sufficiently long to support projects with contractual pricing terms that appear favorable given current energy market outlooks.”*

Specific Language Suggestions from Testimony

- **Ellen Griswold, ME Farmland Trust (TNC and Audubon)** – “The amendment MFT is proposing along with The Nature Conservancy and Maine Audubon would further that recommendation [“*d*]velop policies by 2022 to ensure renewable energy project siting is streamlined and transparent while seeking to minimize impacts on natural and working lands and engaging key stakeholders.” from the state climate action plan] by directing the PUC to consult with the Department of Environmental Protection (DEP) and the Department of Agriculture, Conservation and Forestry (DACF) to incorporate site location elements into the bid evaluation criteria to guide the selection.”
 - C.-1 In conducting a solicitation and selecting Class IA resources with respect to the competitive solicitations described in paragraph B-1, subparagraphs (1) and (2), the commission shall weigh the benefits of each bid as follows:
 - (1) A weight of 70% must be given to the benefits to ratepayers;
 - (2) A weight of 15%-must be given to benefits to the economy, which may include, but are not limited to:
 - (a) Capital investments by the Class IA resource to improve long-term viability of an existing facility;
 - (b) Payments by the Class IA resource for the harvest of wood fuel;
 - (c) Employment resulting from the Class IA resource;
 - (d) Payments by the Class IA resource to a host community, whether or not required by law or rule;
 - (e) Excise, income, property and sales taxes paid by the Class IA resource;
 - (f) Purchases of goods and services by the Class IA resource; and
 - (g) Avoided emissions resulting from the operation of the Class IA resource.
 - (3) A weight of 15% must be given to benefits to natural resource conservation. The commission must determine these benefits in consultation with the Department of Environmental Protection and the Department of Agriculture, Conservation and Forestry. These benefits shall include, but are not limited to:
 - (a) Avoiding or minimizing impacts to areas of ecological significance such as undeveloped habitat blocks;
 - (b) Avoiding or minimizing impacts to areas of agricultural significance such as prime agricultural soils and soils of statewide significance;

(c) Locating fully or partially on, or in close proximity to, disturbed, developed, or contaminated lands.

- **Kathleen Newman, CMP** – “In order to reduce risk and provide direction and greater clarity to both utilities and the Maine Public Utilities Commission with regard to how the burdens and benefits of these additional long-term contracts should be allocated, we suggest the language below, copied from section §3210-C, be added to §3210-G.”
 - §3210-G. Renewable portfolio standard procurement is amended to add:
 - 2. Contract terms. A contract entered into pursuant to this section must be for a term of 20 years, unless the commission finds a contract for a longer term to be prudent. If a Class IA resource offers to sell capacity, the commission may allow a contract with that resource to include the purchase of such capacity, but the commission may not require any Class IA resource to offer or sell capacity in order to participate in any solicitation or contract under this section.

3. Disposition of resources. An investor-owned transmission and distribution utility shall sell capacity resources, energy or renewable energy credits purchased pursuant to subsection 3 or take other action relative to such capacity resources, energy or renewable energy credits as directed by the commission.

4. Cost recovery. The commission shall ensure that all costs and direct financial benefits associated with contracts entered into under this section are allocated to ratepayers in accordance with section 3210-F. A price differential existing at any time during the term of the contract between the contract.

Fiscal Impact

- Preliminary fiscal impact statement not yet received.