



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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**Testimony Neither For Nor Against
LD 1435 – An Act Regarding the Solicitation of Contracts for
Distributed Resources That Use Renewable Energy**

April 20, 2021

Senator Lawrence, Representative Berry, honorable members of the Committee on Energy, Utilities, and Technology, the Public Utilities Commission (Commission) testifies neither for nor against LD [1435](#), *An Act Regarding the Solicitation of Contracts for Distributed Resources That Use Renewable Energy*.

LD 1435 Section 3 – Repeal of Title 35-A, Ch 34-C

Section 3 of the Act repeals [Chapter 34-C](#) of Title 35-A. This Chapter, which was enacted in 2019, requires the Commission to conduct a series of five procurements for target amounts of 375 MW of renewable distributed generation (DG) resources, sourced from facilities producing less than 5 MW, under long-term (20-year) power purchase contracts.

As required, the Commission initiated the first procurement in early 2020. The Commission was not able to accept any bids after finding that the procurement was not competitive. The Commission's findings are detailed in its Report on Renewable Distributed Generation Solicitation;¹ a key conclusion is that, if the Commission had accepted the bids, the "clearing price" would have been more than 19 cents/kWh.² For context, the first year prices for bids in the solicitation for renewable

¹ The Report is available on the Commission's website [here](#).

² The 2019 Act requires that all accepted bid receive the "clearing price," which is the highest accepted bid price. Thus, under this structure, a project that bids 10 cents/kWh would receive a 19 cent/kWh clearing price.

resources conducted pursuant to Title 35-A [section 3210-G](#) also conducted in 2020 ranged between 2.0 and 4.2 cents/kWh.

Given the Commission's finding that the procurement was not competitive as detailed above, the Commission fully supports the repeal of Chapter 34-C.

LD 1435 Section 2 – New Long-Term Contract Solicitations

Section 2 of the Act adds a new long-term contract section to Title 35-A (proposed section 3210-H). This Section directs the Commission to conduct, by 2025, at least two competitive solicitations for renewable “distributed resources”, for a total amount of capacity up to 375 MWs (assuming the aggregate projected costs of the contracts do not exceed the Commission's estimate of the aggregate costs of long-term contracts entered pursuant to Section 3210-G). The Act specifies that the Commission “coordinate” these solicitations with its other procurements. The Act also allows these solicitations to be conducted for any level of production – there is no cap on wattage as is the case in most other renewable resource laws.

The Commission is in the process of conducting its second of two required solicitations pursuant to Section 3210-G. Through these two solicitations, the Commission is required to procure approximately 800 MWs of renewable generation. While we believe that the prices obtained in the first round of the procurement will benefit ratepayers based on energy price forecasts, history has proven that unforeseen changes in market conditions should be expected.

Under current law, there is no further requirement for larger scale project procurements; however, the Commission does have the discretion to conduct long-term contract procurements pursuant to Title 35-A, section [3210-C](#). As noted in our testimony on LD 1350, the Commission urges the Committee to carefully consider how additional procurements might impact the State's long-term strategy to meet our renewable energy goals. Important questions include: When will additional generation be needed to serve Maine consumers? How much risk should ratepayers take on at a time? Is there a benefit to spacing out procurements to allow for an evaluation of changes in regional electricity markets?

Distributed Resource Size

Under the Act, the Commission is required to procure “distributed resources.” Although the terminology “distributed resources” generally refers to smaller resources (such as those below 5 MW), LD 1435 specifies that any renewable project would qualify “regardless of the facility's power production capacity.” The Committee may want to clarify its intent in this regard and would suggest

removing the terminology “distributed resources” if future required solicitations include larger scale resources.

In conclusion, the Commission respectfully urges the Committee to carefully consider how this legislation fits into the larger context of the State’s long-term plan to meet the State’s renewable energy goals. The Commission welcomes any questions and will be present for the work session.

Sincerely,

A handwritten signature in black ink, appearing to read "Garrett Corbin", is displayed within a white rectangular box.

Garrett Corbin
Legislative Liaison

cc: Energy, Utilities, and Technology Committee Members
Deirdre Schneider and Daniel Tartakoff