



Committee on Energy, Utilities, and Technology
c/o Legislative Information Office
100 State House Station
Augusta, ME 04333

April 20, 2021

RE: LD 1350, An Act To Expand Maine's Clean Energy Economy

Dear Senator Lawrence, Representative Berry, and Members of the Committee:

Thank you for the opportunity to submit testimony in support of LD 1350, An Act To Expand Maine's Clean Energy Economy, including an important, friendly amendment to the bill, on behalf of Maine Audubon and our 30,000 members and supporters.

LD 1350 would authorize Maine's Public Utilities Commission (PUC) to conduct additional competitive solicitations for contracts to procure new renewable energy resources, including solar and land-based wind. The amount of energy procured would equal 15% of retail electricity sales in the state during calendar year 2019, a substantial step toward Maine's mandatory target of 80% of retail electricity sales from renewable resources by 2030 and 100% by 2050. Maine Audubon supports this legislation as a critical strategy to protect wildlife and wildlife habitat by reducing the need for energy powered by fossil fuels, the largest contributor to climate change.

The bill would also require the PUC, in conducting their solicitation and selection of resources, to give special consideration to projects in economically depressed areas of the state, evidence of project viability, benefits to ratepayers, and benefits to the economy. Similar considerations contributed to a very successful first procurement in 2020, with energy prices averaging 3.5 cents per kilowatt-hour. Maine Audubon is pleased that LD 1350 would carry these considerations into another procurement. However, we believe that consideration must also be given to the projects' "benefits to natural resource conservation[.]" specifically whether the project has been located to avoid or minimize impacts to areas of ecological or agricultural significance. Please see the attached friendly amendment, composed by Maine Audubon, the Nature Conservancy in Maine, and Maine Farmland Trust.

As previously mentioned, the 2020 procurement was immensely successful, with energy prices averaging 3.5 cents per kilowatt-hour. Much of that low cost can be attributed to the economies of scale; these are big projects, ranging from 20 to 100 megawatts. It is highly likely that LD 1350 would procure similarly sized projects. On average, it takes about 5 to 8 acres to support the production of one megawatt of solar energy, meaning the winning bids from the first procurement would be 100 to 800 acres each. This is valuable space that is needed to meet Maine's

other climate goals, such as growing food, providing connected wildlife habitat, and conserving carbon-absorbing forests and farmland.

The attached friendly amendment would direct the PUC to consult with the Department of Environmental Protection (DEP) and Department of Agriculture, Conservation, and Forestry (DACF) to adopt routine technical rules to guide the selection of projects, including economic and project viability considerations (as proposed by the originally printed bill), as well as the extent to which projects avoid or minimize natural resource impacts. Maine law doesn't specifically guide the location of new renewable energy projects, and we believe that the proposed procurement is a great place to start, because it will guide many of the largest projects coming to Maine.

We know this can be done because it's happening already. Some solar projects in Maine are avoiding unnecessary impacts by building on previously developed lands, such as landfills, business parks, or farm fields, in a manner that still permits agricultural production. The proposed language would put a "thumb on the scale" for projects located in similar areas, while maintaining a strong bias toward low-cost projects.

Very similar language was included in the 2019 "solar bill" (LD 1711, An Act To Promote Solar Energy Projects and Distributed Generation Resources in Maine) and led to the creation of siting criteria that was well-received by renewable energy developers, the conservation community, and Maine's natural resource agencies. We believe that criteria will be a great jumping-off point for the next grid-scale procurement.

Furthermore, the suggested amendment is consistent with Maine's recently adopted "Climate Action Plan" which calls for the "[development] of 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." The Natural and Working Lands Working Group for the Maine Climate Council will convene this spring to discuss and recommend natural resource siting policy. The PUC, DEP, and DACF will benefit from this group's work, which will represent a variety of interests, including the interests of the renewable energy development community.

Thank you for your consideration of our comments and the attached amendment.

Sincerely,

A handwritten signature in black ink that reads "Eliza Donoghue". The signature is written in a cursive, flowing style.

Eliza Donoghue, Esq.
Director of Advocacy

An Act To Expand Maine's Clean Energy Economy

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

Sec. 1. 35-A MRSA §3210-G, sub-§1, as enacted by PL 2019, c. 477, §2, is amended to read:

1. Competitive procurement. The commission shall conduct 2 competitive solicitations pursuant to paragraph A and 2 competitive solicitations pursuant to paragraph B-1 in order to select Class IA resources for contracts under this section.

A. Through the competitive solicitations under this section described in subparagraphs (1) and (2), the commission shall procure an amount of energy or renewable energy credits from Class IA resources that is equal to 14% of retail electricity sales in this State for the period from January 1, 2018 to December 31, 2018, as determined by the commission.

(1) The commission shall initiate a first competitive solicitation under this paragraph and ensure that solicitation results in the approval of contracts by December 31, 2020 for energy or renewable energy credits equal to at least 7% of retail electricity sales for the period from January 1, 2018 to December 31, 2018, as determined by the commission. If the commission determines that contracts for an amount greater than 7% of retail electricity sales will provide financial benefits to ratepayers, it may approve contracts by December 31, 2020 for up to 10% of retail electricity sales.

(2) No later than January 15, 2021, the commission shall initiate a 2nd competitive solicitation under this paragraph for an amount of energy or renewable energy credits equal to the difference between 14% of retail electricity sales and the amount approved in contracts by December 31, 2020.

B. To the extent sufficient resources are available, with respect to the competitive solicitations described in paragraph A, subparagraphs (1) and (2), 75% of the energy or renewable energy credits contracted under this section pursuant to those competitive solicitations must come from Class IA resources that begin commercial operations after June 30, 2019 and 25% must come from Class IA resources that began commercial operations on or prior to June 30, 2019.

B-1. Through the competitive solicitations described in subparagraphs (1) and (2), the commission shall procure an amount of energy or renewable energy credits from Class IA resources that is equal to 15% of retail electricity sales in this State for the period from January 1, 2019 to December 31, 2019, as determined by the commission.

(1) The commission shall initiate a first competitive solicitation under this paragraph and ensure that solicitation results in the approval of contracts by December 31, 2021 for energy or renewable energy credits equal to at least 10% of retail electricity sales for the period from January 1, 2019 to December 31, 2019, as determined by the commission. If the commission determines that contracts for an amount greater than 10% of retail electricity sales will provide financial benefits to ratepayers, it may approve contracts by December 31, 2021 for up to 15% of retail electricity sales.

(2) No later than January 15, 2022, the commission may initiate a 2nd competitive solicitation under this paragraph for an amount of energy or renewable energy credits equal to the difference between 15% of retail electricity sales and the amount approved in contracts by December 31, 2021.

B-2. To the extent sufficient resources are available, with respect to the competitive solicitations described in paragraph B-1, subparagraphs (1) and (2), 100% of the energy or renewable energy credits contracted under this section pursuant to those competitive

solicitations must come from Class IA resources that begin commercial operations after June 30, 2021.

B-3. In conducting a solicitation and selecting Class IA resources for contracts under this section, the commission shall give special consideration to selection of projects in economically depressed areas of the State as determined by the commission.

B-4. In conducting a solicitation and selecting Class IA resources for contracts under this section, the commission shall give consideration to evidence of project viability, including, but not limited to, the submission of a preapplication with the relevant siting authority or the submission of an interconnection request with the New England independent system operator.

C. In conducting a solicitation and selecting Class IA resources with respect to the competitive solicitations described in paragraph A, subparagraphs (1) and (2), for contracts under this section, the commission shall weigh the benefits to ratepayers and the benefits to the State's economy as follows:

- (1) A weight of 70% must be given to the benefits to ratepayers; and
- (2) A weight of 30% 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.

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.

D. The commission shall, in accordance with this paragraph, allow energy storage systems to participate in solicitations or be awarded contracts under this section.

(1) The commission shall permit an energy storage system to bid on solicitations or to be contracted under this section only if the energy storage system is connected to the State's electricity grid, paired as a complementary resource with a Class IA resource and either:

(a) Colocated with the Class IA resource, whether metered jointly with or separately from the Class IA resource; or

(b) Located at a different location from the Class IA resource and the commission finds that inclusion of the energy storage system would result in a reduction in greenhouse gas emissions.

(2) A bid under this section that includes an energy storage system must include 2 separate bid proposals, one with the energy storage system and one without. The commission shall assess the bid proposals based on the benefits to ratepayers, which may include, but are not limited to:

(a) Reduction in costs;

(b) Decrease in peak electricity demand;

(c) Deferral of investments in the transmission and distribution system;

(d) Deferral of capital investments in new generating capacity;

(e) Increase in the electricity grid's overall flexibility, reliability and resiliency; and

(f) Reduction in greenhouse gas emissions.

(3) An energy storage system that is not colocated with a Class IA resource may receive renewable energy credits only for stored energy generated from a Class IA resource.

(4) If chosen for a contract under this section, an energy storage system must remain stationary and under the same ownership throughout the contract term.

(5) The commission may permit an energy storage system to be paired with and added to a Class IA resource after that resource has been awarded a contract.

For the purposes of this paragraph, "energy storage system" means a commercially available technology that uses mechanical, chemical or thermal processes for absorbing energy and storing it for a period of time for use at a later time.

Sec. 2. 35-A MRSA §3210-G, sub-§4 is enacted to read:

4. Rules. The commission may adopt rules necessary for the implementation of this section. Rules adopted by the commission may include, but are not limited to, provisions stipulating the financial security mechanisms that will be required as a condition of the selection of Class IA resources for contracts under this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

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.

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. It 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.