

An Act to Implement Recommendations of the Distributed Generation Stakeholder Group

Sec. 1. 35-A MRSA §3209-C is enacted to read:

§3909-C. Distributed Generation

1. Definitions. As used in this section, the following terms have the following meanings.

A. “Community” means one of the following entities:

- (1) The State or an agency of the State;
- (2) A municipality;
- (3) A school administrative unit, as defined in Title 20-A section 1, subsection 26; or
- (4) A federally recognized Indian nation, tribe or band in the State.

B. “Distributed generation resource” means an electric generating facility that uses a renewable fuel or technology under section 3210, subsection 2, paragraph B-3, is located in the service territory of a transmission and distribution utility in the State and has a nameplate capacity of 1 megawatt or greater and not more than 5 megawatts.

C. “Energy storage system” has the same meaning as that term defined in section 3481, subsection 6.

D. “Combined project” means a distributed generation resource that is paired with an energy storage system in accordance with rules adopted by the commission.

E. “Previously developed or impacted land” has the same meaning as that term defined in section 3484, subsection 6.

F. “Program goal” means the development, by 2028, of commercially operational combined projects in the State that have a combined capacity to generate an amount of electric energy that is, as close as possible, equal to 7% of the total megawatts of electricity load in this State minus any amount of capacity in excess of 750 megawatts procured pursuant to section 3209-A and 3209-B, as determined by the commission by rule.

2. Program. The Distributed Generation and Energy Storage System Program, referred to in this section as “the program”, is established to achieve the program goal. The commission, in consultation with the Governor’s Energy Office, shall by rule design the program to achieve the program goal. Rules adopted under this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

3. Competitive procurement. Under the program, beginning in 2024, the commission shall seek to procure at least 70% of the program goal through a competitive procurement process in accordance with this subsection.

A. Each year, beginning in 2024 and ending in 2028, the commission shall seek to procure 25% of the total amount to be procured under this subsection. If the commission fails to procure this target amount in any year, the commission shall increase the amount solicited in the following year in order to achieve the program goal.

B. Each year, beginning in 2024 and ending in 2028, the commission shall conduct annual competitive solicitations for power purchase agreements in accordance with this subsection. A bid in response to a competitive solicitation under this paragraph must offer both the energy and the associated renewable energy credits from a combined project and must offer a fixed price or a price with an annual escalator. The commission shall evaluate a bid for a combined project located on previously developed or impacted land as if it were 15% lower than the price actually bid.

C. Upon selecting winning bids in a competitive solicitation, the commission shall direct the transmission and distribution utility in whose service territory a winning bidder’s combined project is located to enter into a power purchase agreement for that combined project on terms established by the commission by rule and at the bid price for the combined project.

(1) A contract under this paragraph may not exceed 20 years.

(2) The commission shall require a transmission and distribution utility to apply the value of the renewable energy credits purchased under the contract to benefit low-or-moderate-income customers of the transmission and distribution utility. The manner in which this value is applied must be designed to ensure that the combined project from which the credits are purchased qualifies for the maximum available federal income tax credits.

4. Community owners. Under the program, the commission shall seek to procure up to 30% of the program goal from community owned combined projects in accordance with this subsection.

A. Each year, beginning in 2024 and ending in 2028, the commission shall seek to procure 1/4 of the amount of the program goal to be procured under this subsection. If the commission fails to procure this amount in any year, the commission shall increase the amount to be procured in following year in order to achieve the program goal.

B. Each year, beginning in 2024 and ending in 2028, the commission shall establish an open enrollment for communities to apply for contracts under this subsection. The commission shall establish the terms of the contracts by rule. The commission shall award contracts to community owners of combined projects that meet requirements established by the commission by rule on a first-come-first-award basis. Each year, until 2028, the commission shall set the base contract price for contracts available under this subsection equal to the capacity-weighted 50th percental of all selected bids under subsection 3 for that year, as determined by the commission by rule, except that any combined project located on previously developed or impacted land must receive

a contract price that is equal to the base price divided by 0.85. The commission by rule may include an escalator on a base price.

C. The commission shall require a transmission and distribution utility to apply the value of the renewable energy credits purchased under the contract pursuant to this subsection in a manner that maximizes the benefits to all customers of the transmission and distribution utility, as determined by the commission by rule.

SUMMARY

This bill establishes the Distributed Generation and Energy Storage System Program. Under the program the Public Utilities Commission, beginning in 2024, is directed to seek to procure distributed generation resources paired with energy storage systems, called combined projects.

By 2028 the commission is directed to procure combined projects that will have a capacity to generate an amount of electric energy that is, as close as possible, equal to 7% of the total megawatts of electricity load in this State minus any amount of capacity in excess of 750 megawatts that is procured through current net energy billing programs. The commission is directed to procure at least 70% of this amount from through a competitive procurement process resulting in power purchase agreements. The commission is directed to procure up to 30% of the amount from community-owned projects through an open enrollment process resulting in standardized power purchase agreements with prices set in relation to the winning bids under the competitive procurement.

A contract with a combine project under the program must be for both the energy from the project and renewable energy credits associated with that energy. The renewable energy credits purchased under the program must be monetized and applied to benefit transmission and distribution utility ratepayers.

An Act to Address Abandoned Capital Credits Held by a Maine Consumer-owned Electric Utility

Sec. 1. 33 MRSA §2061, sub-§12 is amended to read:

12. Deposit or refund owed by a utility. A deposit or refund, other than an abandoned capital credit as defined in Title 35-A, section 3503, subsection 2, paragraph B, owed to a subscriber by a utility one year after the deposit or refund becomes payable;

Sec. 2. 35-A MRSA §3503 is amended to read:

§3503. Rates for consumer-owned transmission and distribution utilities

1. Scope of section. Notwithstanding any other provision of law or any charter to the contrary and in addition to any charter or private and special laws creating or affecting any consumer-owned transmission and distribution utility, the rate, toll or charge made, exacted, demanded or collected by the consumer-owned transmission and distribution utility is governed by this section.

2. Definition. ~~As used in this section, the term~~ **Definitions.** Unless the context indicates otherwise, the following terms have the following meanings.

A. "Governing body" means the governing body of a consumer-owned transmission and distribution utility.

B. "Abandoned capital credit" means a deposit or refund owed to a consumer of the consumer-owned transmission and distribution utility that is unclaimed by the consumer 1 year after the deposit or refund becomes payable.

3. Just and reasonable rates. The governing body shall establish and file rates, tolls and charges that are just and reasonable and that provide revenue as may be required for the consumer-owned transmission and distribution utility to perform its public utility service and to attract necessary capital on just and reasonable terms.

4. Nondiscriminatory rates. The governing body shall establish and file rates that are nondiscriminatory and that are applied on a nondiscriminatory basis.

5. Purposes. The governing body may establish and file rates under this section to provide revenue for the following purposes, but no other:

A. To pay the current expenses for operating and maintaining the transmission and distribution system and to provide for normal renewals and replacements;

B. To provide for the payment of the interest on the indebtedness created or assumed by the utility;

C. For consumer-owned transmission and distribution utilities, except rural electrification cooperatives:

(1) To provide each year a sum equal to not less than 2% nor more than 10% of the term indebtedness represented by the issuance of bonds created or assumed by the utility, which sum must be turned into a sinking fund and kept to provide for the extinguishment of term indebtedness. The money set aside in this sinking fund and all interest accrued to this fund must be devoted to the retirement of the term obligations of the utility and may be invested in such securities as savings banks in the State are allowed to hold;

(2) To provide for annual principal payments on serial indebtedness created or assumed by the utility; and

(3) To provide for a contingency reserve fund, 1/2 of which may be used for capital purposes, to reflect up to a 25% addition to yearly revenues over the amount required to operate the utility, not including purchased power supply costs, if any. Any surplus in excess of this 25% must be used to offset future revenue requirements in the setting of rates. Any interest generated on these funds must be deposited into the contingency reserve fund. The balance in the contingency reserve fund at the close of the utility's fiscal year may not exceed 25% of the yearly revenues over the amount required to operate the utility, not including purchased power supply costs, if any; and

D. For rural electrification cooperatives supplying or authorized to supply energy, to provide for debt service coverage by providing rates to reflect an additional amount no more than the amount of yearly long-term interest payments. The total amount of equity may not exceed the level of equity required by the lender and in no case may exceed 40% of the rural electrification cooperative's total assets minus total reserves as shown on the cooperative's annual report to the commission submitted pursuant to section 504, subsection 2. Any surplus in excess must be used to offset future revenue requirements in the setting of rates.

The limitations set out in this subsection apply only in the case of rates established pursuant to this section and do not limit the discretion of the commission in setting rates under any other section.

6. Penalty. If, as a result of investigation pursuant to section 310, 1302 or 1303, the commission finds that the utility has set rates pursuant to section 3502 that significantly exceed the limits of this section, the commission may order the utility to use any existing surplus to offset future revenue requirements and may suspend the utility's rights pursuant to section 3502 for a specified time period.

7. Abandoned capital credits. Abandoned capital credits must be used to provide assistance to low-income households in accordance with section 3214.

SUMMARY

The bill provides that abandoned capital credits must be used to provide assistance to low-income households. Abandoned capital credits are defined as a deposit or refund owed to a consumer of the consumer-owned transmission and distribution utility that is unclaimed by the consumer 1 year after the deposit or refund becomes payable.

An Act to Strengthen Consumer Protections for Consumers of Retail Electricity Supply

Sec. 1. 35-A MRSA §3203, sub-§1-A is enacted to read:

A-1. Limitations. A competitive electricity provider may not provide generation service, other than as a standard-offer service provider in accordance with section 3212, to a consumer receiving financial assistance under a low-income assistance program under section 3214, subsection 2, unless the rate for such generation service is lower than the standard-offer rate that would be applicable to that consumer.

Sec. 2. 35-A MRSA §3203, sub-§4-B is amended to read:

4-B. Residential consumer protections. As a condition of licensing, a competitive electricity provider that provides or proposes to provide generation service to a residential consumer:

- A. Shall disclose, before entering into an agreement to provide service to a residential consumer, to the residential consumer where the residential consumer can obtain information with which to compare the service provided by the competitive electricity provider and the standard-offer service;
- B. May not renew a contract for generation service without providing a residential consumer with notice of renewal in advance by mail;
- C. May not renew a contract for generation service at a fixed rate that is 20% or more above the contract rate in the expiring contract without the express consent of the residential consumer;
- D. May not renew a contract for generation service for a term that is longer than the term of the expiring contract or 12 months, whichever is shorter, without the express consent of the residential consumer; and
- E. May not ~~impose~~ enter into or renew a contract for generation service that includes an early termination fee for any contract for generation service that was renewed without express consent from the residential consumer.

If a residential consumer does not provide the express consent required by paragraphs C and D, the residential consumer must be transferred to standard-offer service.

SUMMARY

This bill prohibits a competitive electricity provider from providing generation service to a consumer receiving financial assistance under a low-income assistance program under the Maine Revised Statutes, Title 35-A, section 3214, subsection 2, unless the rate for such service is lower than the standard-offer rate that would be applicable to that customer. It also prohibits a competitive electricity provider from entering into or renewing a contract for generation service that imposes an early termination fee.