

## STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND NINETEEN

S.P. 457 - L.D. 1494

**An Act To Reform Maine's Renewable Portfolio Standard****Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 35-A MRSA §3210**, as amended by PL 2017, c. 291, §1, is further amended to read:

**§3210. Renewable resources**

**1. Policy.** In order to ensure an adequate and reliable supply of electricity for Maine residents and to encourage the use of renewable, efficient and indigenous resources, it is the policy of this State to encourage the generation of electricity from renewable and efficient sources and to diversify electricity production on which residents of this State rely in a manner consistent with this section.

**1-A. State goals for consumption of electricity from renewable resources.** The State's goals for increasing consumption of electricity in the State that comes from renewable resources are as follows:

A. By January 1, 2030, 80% of retail sales electricity in the State will come from renewable resources; and

B. By January 1, 2050, 100% of retail sales electricity in the State will come from renewable resources.

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

A. "Efficient resource" means a source of electrical generation that:

(1) Qualifies as a qualifying cogeneration facility under the Federal Energy Regulatory Commission rules, 18 Code of Federal Regulations, Part 292, Subpart B, as in effect on January 1, 1997, was constructed prior to January 1, 1997 and meets the following efficiency standard:

(a) During any calendar year, the sum of the useful power output and the useful thermal energy output of the facility is no less than 60% of the total energy input to the facility.

For purposes of this paragraph, the term "useful power output" means the electrical or mechanical energy made available for use, exclusive of any energy used in the power production process. For purposes of this paragraph, the term "useful thermal energy" means ~~thermal~~ heat energy made available to an industrial or commercial process, net of any heat contained in condensate return and makeup water, used in a heating application or used in a space cooling application.

A-1. "Alternative compliance payment rate" means a certain dollar amount per kilowatt-hour set by the commission that a competitive electricity provider may pay to the commission to satisfy the portfolio requirements of ~~subsection~~ subsections 3-A, 3-B and 3-C.

A-2. "Class I resource" means a new renewable capacity resource.

A-3. "Class IA resource" means a Class I resource other than a Class I resource that for at least 2 years was not operated or was not recognized by the New England independent system operator as a capacity resource and, after September 1, 2005, resumed operation or was recognized by the New England independent system operator as a capacity resource.

B. "Eligible resource" or "Class II resource" means a source of electrical generation that:

(1) Generates power that can physically be delivered to the control region in which the New England Power Pool, or its successor as approved by the Federal Energy Regulatory Commission, has authority over transmission, or to the Maritimes Control Area; and

(2) Is either a renewable resource or an efficient resource.

B-2. "Renewable energy credit" means a tradable instrument that represents an amount of electricity generated from eligible resources or renewable capacity resources.

B-3. "Renewable capacity resource" means a source of electrical generation:

(1) Whose total power production capacity does not exceed 100 megawatts and relies on one or more of the following:

(a) Fuel cells;

(b) Tidal power;

~~(c) Solar arrays and installations;~~

(d) Geothermal installations;

(e) Hydroelectric generators that meet all state and federal fish passage requirements applicable to the generator;

(f) Biomass generators that are fueled by wood, wood waste or landfill gas; or

(g) Anaerobic digestion of by-products of waste from animals or agricultural crops, food or vegetative material, algae or organic refuse; or

(2) That relies on wind power installations or solar power installations.

B-4. "New" as applied to ~~any~~ a renewable capacity resource means qualified hydroelectric output or a renewable capacity resource that:

(1) Has an in-service date after September 1, 2005;

(2) Was added to an existing facility after September 1, 2005;

(3) For at least 2 years was not operated or was not recognized by the New England independent system operator as a capacity resource and, after September 1, 2005, resumed operation or was recognized by the New England independent system operator as a capacity resource. For the purposes of this subparagraph, "capacity resource" has the same meaning as in section 3210-C, subsection 1, paragraph A; or

(4) Was refurbished after September 1, 2005 and ~~is operating beyond its previous useful life or is employing an alternate technology that significantly increases the efficiency of the generation process.~~ received certification from the commission:

(a) Before September 1, 2019 that it is operating beyond its previous useful life or is employing an alternate technology that significantly increases the efficiency of the generation process; or

(b) On or after September 1, 2019 that it is operating beyond its previous useful life as evidenced by a finding that the facility would be reasonably likely to cease operation if not for substantial capital investment made after September 1, 2018, except for capital investment required to meet state and federal fish passage standards.

For the purposes of this subparagraph, "refurbished" means an investment has been made in equipment or facilities, other than for routine maintenance and repair, to renovate, reequip or restore the renewable capacity resource.

~~For the purposes of this paragraph, "capacity resource" has the same meaning as in section 3210-C, subsection 1, paragraph A. For the purposes of this paragraph, "to refurbish" means to make an investment in equipment or facilities, other than for routine maintenance and repair, to renovate, reequip or restore the renewable capacity resource.~~

B-5. "Qualified hydroelectric output" means the following annual percentages of the total electrical output of a hydroelectric generator licensed by the Federal Energy Regulatory Commission that is a renewable capacity resource and that on January 1, 2019 had a total nameplate capacity of at least 25 megawatts, as specified in the license issued by the Federal Energy Regulatory Commission, is located outside of the historic freshwater range of the Gulf of Maine distinct population segment of Atlantic salmon as defined by the National Oceanic and Atmospheric Administration, National Marine Fisheries Service in 74 Federal Register, 29299 (2009) and 29343 (2009), and is interconnected to an electric distribution system located in the State:

(1) In 2020, 40%, not to exceed an aggregate of 200,000 megawatt-hours for all qualified hydroelectric output;

(2) In 2021, 50%, not to exceed an aggregate of 250,000 megawatt-hours for all qualified hydroelectric output;

(3) In 2022, 60%, not to exceed an aggregate of 300,000 megawatt-hours for all qualified hydroelectric output;

(4) In 2023, 70%;

(5) In 2024, 80%;

(6) In 2025, 90%; and

(7) In 2026 and each year thereafter, 100%.

C. "Renewable resource" means a source of electrical generation:

(1) That qualifies as a small power production facility under the Federal Energy Regulatory Commission rules, 18 Code of Federal Regulations, Part 292, Subpart B, as in effect on January 1, 1997; or

(2) Whose total power production capacity does not exceed 100 megawatts and that relies on one or more of the following:

(a) Fuel cells;

(b) Tidal power;

(c) Solar arrays and installations;

(d) Wind power installations;

(e) Geothermal installations;

(f) Hydroelectric generators;

(g) Biomass generators that are fueled by wood or wood waste, landfill gas or anaerobic digestion of agricultural products, by-products or wastes; or

(h) Generators fueled by municipal solid waste in conjunction with recycling.

D. "Thermal energy" means heat, steam, hot water or another form of thermal energy:

(1) Produced directly by a facility using sunlight, biomass, biogas or liquid biofuel or produced as a byproduct of electricity generated by a Class I or Class IA resource;

(2) That begins operation after June 30, 2019, as certified by the commission;

(3) Delivered to an end user in the State in a manner that can be verified by metering or other means certified by the commission to allow for auditable validation of useful thermal energy generated;

(4) Used for heating, cooling, humidity control, process use or other end use to meet a need of the end user that would otherwise be met using another energy source such as electricity or an on-site thermal energy system; and

(5) Generated or delivered in accordance with any efficiency performance standards established by the commission.

E. "Thermal renewable energy credit" means a tradable instrument that represents an amount of thermal energy equivalent to a unit of electricity. A thermal renewable energy credit of one megawatt represents 3,412,000 British thermal units of thermal energy, as verified by the commission.

The commission shall establish by rule or order standards and procedures necessary to implement any definition under this subsection, including but not limited to certifications and performance and verification standards necessary for purposes of paragraphs B-4, D and E. Rules adopted under this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

**3. Portfolio requirements; Class II resources.** As a condition of licensing pursuant to section 3203, each competitive electricity provider in this State must demonstrate in a manner satisfactory to the commission that no less than 30% of its portfolio of supply sources for retail electricity sales in this State is accounted for by ~~eligible~~ Class II resources. If a competitive electricity provider represents to a customer that the provider is selling to the customer a portfolio of supply sources that includes more than 30% ~~eligible~~ Class II resources, the resources necessary to supply more than 30% of that customer's load may not be applied to meet the aggregate 30% portfolio requirement. Rules adopted under this subsection are major substantive rules pursuant to Title 5, chapter 375, subchapter ~~H-A~~ 2-A.

A. For the purposes of meeting the portfolio requirement under this subsection, a 300% multiplier is applied to the output of a generator fueled by municipal solid waste in conjunction with recycling that has obtained a solid waste facility license from the Department of Environmental Protection.

This paragraph is repealed January 1, 2025.

**3-A. Portfolio requirements; Class I resources.** Portfolio requirements for ~~new renewable capacity~~ Class I resources are governed by this subsection.

A. Except as provided in paragraph B, beginning January 1, 2008, as a condition of licensing pursuant to section 3203, each competitive electricity provider in this State must demonstrate in a manner satisfactory to the commission that the percentage of its portfolio of supply sources for retail electricity sales in this State accounted for by ~~new renewable capacity~~ Class I resources is as follows:

- (1) One percent for the period from January 1, 2008 to December 31, 2008;
- (2) Two percent for the period from January 1, 2009 to December 31, 2009;
- (3) Three percent for the period from January 1, 2010 to December 31, 2010;
- (4) Four percent for the period from January 1, 2011 to December 31, 2011;
- (5) Five percent for the period from January 1, 2012 to December 31, 2012;

- (6) Six percent for the period from January 1, 2013 to December 31, 2013;
- (7) Seven percent for the period from January 1, 2014 to December 31, 2014;
- (8) Eight percent for the period from January 1, 2015 to December 31, 2015;
- (9) Nine percent for the period from January 1, 2016 to December 31, 2016; and
- (10) Ten percent for the period from January 1, 2017 to December 31, 2022 and each year thereafter.

~~New renewable capacity~~ Class I resources used to satisfy the requirements of this paragraph may not be used to satisfy the requirements of subsection 3 or 3-B.

B. Suspensions of scheduled increases in the portfolio requirements as provided in paragraph A are governed by this paragraph.

(1) If by March 31st of the years 2010, 2012, 2014 and 2016 the commission determines that investment in ~~new renewable capacity~~ Class I resources in the preceding 2 calendar years has not been sufficient for competitive electricity providers to meet the portfolio requirements under paragraph A and that the resulting use of renewable energy credits pursuant to subsection 8 or the alternative compliance payment mechanism pursuant to subsection 9, or both of these methods, has burdened electricity customers in the State without providing the benefits of ~~new renewable capacity~~ Class I resources, the commission may suspend all or some of the future scheduled increases in the portfolio requirements under paragraph A.

(2) If the commission finds that alternative compliance payments are made pursuant to subsection 9 in 3 consecutive calendar years, the commission shall temporarily suspend all or some of the future scheduled increases in the portfolio requirements under paragraph A.

(3) If the commission suspends any scheduled increases in the portfolio requirements under paragraph A pursuant to subparagraph (1) or (2), the commission may resume increases, limited to no more than one percentage point per year over the previous year, in the portfolio requirements after a minimum of one year.

C. No later than March 31, 2008 and annually thereafter, the commission shall submit a report regarding the status of ~~new renewable capacity~~ Class I resources in the State and compliance with the portfolio requirements under paragraph A to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters. The report must include, but is not limited to, a description of ~~new renewable capacity~~ Class I resources available to meet the portfolio requirements under paragraph A, documentation of the loss of any existing renewable generation capacity in the State, the status of implementation of the ~~new renewable capacity~~ resources portfolio requirements under paragraph A, including any suspensions pursuant to paragraph B, and recommendations to stimulate investment in ~~new renewable capacity~~ Class I resources.

D. Retail electricity sales pursuant to a supply contract or standard-offer service arrangement executed by a competitive electricity provider that is in effect on the

effective date of this subsection is exempt from the requirements of this subsection until the end date of the current term of the supply contract or standard-offer service arrangement.

The commission shall adopt rules to implement this subsection. Rules adopted under this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

**3-B. Portfolio requirements; Class IA resources.** Portfolio requirements for Class IA resources are governed by this subsection.

A. Except as provided in paragraph B, beginning January 1, 2020, as a condition of licensing pursuant to section 3203, each competitive electricity provider in this State must demonstrate in a manner satisfactory to the commission that the percentage of its portfolio of supply sources for retail electricity sales in this State, other than to customers who have made an election pursuant to subsection 10 that is in effect with respect to this subsection, accounted for by Class IA resources is as follows:

- (1) Two and one-half percent for the period from January 1, 2020 to December 31, 2020;
- (2) Five percent for the period from January 1, 2021 to December 31, 2021;
- (3) Eight percent for the period from January 1, 2022 to December 31, 2022;
- (4) Eleven percent for the period from January 1, 2023 to December 31, 2023;
- (5) Fifteen percent for the period from January 1, 2024 to December 31, 2024;
- (6) Nineteen percent for the period from January 1, 2025 to December 31, 2025;
- (7) Twenty-three percent for the period from January 1, 2026 to December 31, 2026;
- (8) Twenty-seven percent for the period from January 1, 2027 to December 31, 2027;
- (9) Thirty-one percent for the period from January 1, 2028 to December 31, 2028;
- (10) Thirty-five percent for the period from January 1, 2029 to December 31, 2029; and
- (11) Forty percent for the period from January 1, 2030 to December 31, 2030 and each year thereafter.

Class IA resources used to satisfy the requirements of this paragraph may not be used to satisfy the requirements of subsection 3 or 3-A.

B. Suspensions of scheduled increases in the portfolio requirements as provided in paragraph A are governed by this paragraph.

- (1) If by March 31st of the year 2022 and every 2 years thereafter the commission determines that investment in Class IA resources in the preceding 2 calendar years has not been sufficient for competitive electricity providers to meet the portfolio requirements under paragraph A and that the resulting use of renewable energy credits pursuant to subsection 8 or the alternative compliance

payment mechanism pursuant to subsection 9, or both of these methods, has burdened electricity customers in the State without providing the benefits of new Class IA resources, the commission may suspend all or some of the future scheduled increases in the portfolio requirements under paragraph A.

(2) If the commission finds that more than 10% of the obligations required to satisfy the portfolio requirements for Class IA resources under paragraph A are met through alternative compliance payments made pursuant to subsection 9 in 3 consecutive calendar years, the commission shall temporarily suspend all or some of the future scheduled increases in the portfolio requirements under paragraph A.

(3) If the commission suspends any scheduled increases in the portfolio requirements under paragraph A pursuant to subparagraph (1) or (2), the commission shall report its rationale for suspension to the joint standing committee of the Legislature having jurisdiction over energy and utilities matters, the Governor's Energy Office and the Office of the Public Advocate and make recommendations for modifications to the schedule of increases. The commission may resume increases, limited to no more than one percentage point per year over the previous year, in the portfolio requirements after a minimum of one year unless otherwise directed by the Legislature.

C. No later than March 31, 2021 and annually thereafter, the commission shall submit a report regarding the status of Class IA resources in the State and compliance with the portfolio requirements under paragraph A to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters. The report must include, but is not limited to, a description of Class IA resources available to meet the portfolio requirements under paragraph A, documentation of the loss of any existing renewable generation capacity in the State, the status of implementation of the portfolio requirements under paragraph A, including any suspensions pursuant to paragraph B, and recommendations to stimulate investment in Class IA resources. If the commission has reliable information about benefits and costs of the portfolio requirements under paragraph A, over both the short and long terms with respect to the State's economy, environmental quality or electricity consumers, the commission shall include that information in the report. The report required under this paragraph may be submitted in conjunction with the report required under subsection 3-A, paragraph C.

D. Retail electricity sales pursuant to a supply contract or standard-offer service arrangement executed by a competitive electricity provider that is in effect on the effective date of this subsection are exempt from the requirements of this subsection until the end date of the existing term of the supply contract or standard-offer service arrangement.

The commission shall adopt rules to implement this subsection. Rules adopted under this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

**3-C. Portfolio requirements; thermal renewable energy credits.** Each competitive electricity provider must, in addition to meeting the other portfolio requirements of subsections 3, 3-A and 3-B, demonstrate in a manner satisfactory to the commission that it has purchased thermal renewable energy credits in an amount at least

equal to the following percentages of its portfolio of supply sources for retail electricity sales in this State other than to customers who have made an election pursuant to subsection 10 that is in effect with respect to this subsection:

- A. For calendar year 2021, 0.4%;
- B. For calendar year 2022, 0.8%;
- C. For calendar year 2023, 1.2%;
- D. For calendar year 2024, 1.6%;
- E. For calendar year 2025, 2%;
- F. For calendar year 2026, 2.4%;
- G. For calendar year 2027, 2.8%;
- H. For calendar year 2028, 3.2%;
- I. For calendar year 2029, 3.6%; and
- J. For calendar year 2030, and each year thereafter, 4%.

~~**4. Report.** In view of property tax benefits, developments in other states and the development of a market for tradable credits for satisfying eligible resource requirements, the commission shall review the 30% portfolio requirement and make a recommendation for any change to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters no later than 5 years after the beginning of retail competition.~~

**7. Information.** To the extent that funding is available, the commission shall inform electricity consumers in this State of the benefits of electricity generated in this State using renewable resources and of the opportunities available in this State to purchase electricity that is generated using those resources, including, but not limited to, the green power offer and other green power supply products and renewable energy credit products certified under section 3212-A. The commission may not promote any renewable resources over others. The commission may apply for, receive and expend grant money from the United States Department of Energy and other government agencies for this purpose. The commission may create or cause to be created a brand or logo to identify Maine renewable resources, including the green power offer and other green power supply products and renewable energy credit products certified under section 3212-A, to consumers. The commission shall register any mark or logo created pursuant to this subsection with the United States Patent and Trademark Office or in accordance with Title 10, chapter 301-A, or both. Any brand or logo created pursuant to this subsection may only be used in accordance with the purposes of this subsection as approved by the commission.

**8. Credit trading.** The commission shall allow competitive electricity providers to satisfy the portfolio requirements of subsections 3 ~~and 3-A, 3-B and 3-C~~ through the use of renewable energy credits if the commission determines that a reliable system of electrical attribute trading exists. When renewable energy credits are used to satisfy the portfolio requirements of subsections 3 and 3-A, the value of a renewable energy credit for electricity generated by a community-based renewable energy project, as defined in

section 3602, that is participating in the community-based renewable energy pilot program established in section 3603 and elects the renewable energy credit multiplier under section 3605 is 150% of the amount of the electricity.

**9. Alternative compliance payment.** The commission shall allow competitive electricity providers to satisfy the portfolio requirements for ~~new renewable capacity Class I~~ resources under subsection 3-A, Class IA resources under subsection 3-B and thermal renewable energy credits under subsection 3-C through an alternative compliance payment mechanism in accordance with this subsection.

A. The commission shall set the alternative compliance payment rate by rule, which may not be greater than \$50, and shall publish the alternative compliance payment rate by January 31st of each year. In setting the rate, the commission shall take into account prevailing market prices, standard-offer service prices for electricity, reliance on alternative compliance payments to meet the requirements of ~~subsection subsections~~ subsections 3-A, 3-B and 3-C and investment in ~~new renewable capacity resources Class I and Class IA resources and thermal renewable energy credits~~ in the State during the previous calendar year.

B. The commission shall collect alternative compliance payments made by competitive electricity providers and shall deposit all funds collected under this paragraph in the Energy Efficiency and Renewable Resource Fund established under section 10121, subsection 2 to be used to fund research, development and demonstration projects relating to renewable energy technologies and to fund rebates for cost-effective renewable energy technologies.

The commission shall adopt rules to implement this subsection. Rules adopted under this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

**10. Transmission or subtransmission customer options.** A customer receiving service at a transmission or subtransmission voltage level, referred to in this subsection as "a large customer," may make an election under this subsection relating to Class IA resources portfolio requirements under subsection 3-B, the thermal renewable energy credit requirements under subsection 3-C and the costs and benefits resulting from Class IA resource contracts under section 3210-G. The election must be made no later than December 31, 2019. If a large customer makes an election under this paragraph, the following provisions apply.

A. With respect to Class IA resources portfolio requirements under subsection 3-B and the thermal renewable energy credit requirements under subsection 3-C:

(1) The election applies through December 31, 2027, unless rescinded earlier in accordance with this subsection. The customer may rescind an election in accordance with paragraph C. If the customer does not rescind an election in accordance with paragraph C, the customer may rescind its election solely with respect to Class IA resources portfolio requirements under subsection 3-B and the thermal renewable energy credit requirements under subsection 3-C by providing notice to the commission. The election with respect to Class IA resources portfolio requirements under subsection 3-B and the thermal renewable energy credit requirements under subsection 3-C is rescinded 6 months after the date of

notice provided under this subparagraph. After December 31, 2027, the election with respect to Class IA resources portfolio requirements under subsection 3-B and the thermal renewable energy credit requirements under subsection 3-C is automatically terminated; and

(2) As long as the election remains in effect:

(a) All retail sales of electricity to that customer are exempt from the requirements of subsections 3-B and 3-C; and

(b) No electricity generation or renewable energy credits produced by the customer may be used or applied to satisfy the requirements of subsection 3-B or 3-C.

B. With respect to the costs and benefits resulting from Class IA resource contracts under section 3210-G:

(1) The election may not be rescinded except as provided in paragraph C. Except as provided in paragraph C, if a large customer makes an election under this subsection, the commission shall ensure that the customer:

(a) Does not pay any costs or receive any savings that the commission determines to result from contracts approved under section 3210-G; and

(b) Is not allowed to bid on any solicitation or obtain a contract under any procurement under section 3210-G.

C. A large customer may rescind an election in accordance with this paragraph. In order to rescind an election under this paragraph, the customer must provide notice to the commission no later than 30 days after the commission initiates the 2nd solicitation under section 3210-G. An election is rescinded 6 months after the date of notice provided under this paragraph. If an election is rescinded under this paragraph, it is rescinded with respect to Class IA resources portfolio requirements under subsection 3-B, the thermal renewable energy credit requirements under subsection 3-C and the costs and benefits resulting from Class IA resource contracts under section 3210-G, except that with respect to contracts under section 3210-G that are approved pursuant to the first solicitation before December 31, 2020, the commission shall continue to ensure that the customer does not pay any costs or receive any savings that the commission determines to result from those contracts, for the duration of those contracts.

The commission shall review and report on the use of the election allowed under this subsection as part of its annual report on Class IA resource portfolio requirements under subsection 3-B, paragraph C. No later than January 1, 2027, the joint standing committee of the Legislature having jurisdiction over energy and utilities matters shall review the elections that have been made under this subsection and examine whether the December 31, 2027 date established in paragraph A, subparagraph (1) should be extended. The committee may report out a bill relating to the subject matter of this subsection to the First Regular Session of the 133rd Legislature.

**11. Report; Class IA resource and thermal renewable energy credit portfolio requirements.** By March 31, 2024 and every 5 years thereafter, the commission shall submit a report to the joint standing committee of the Legislature having jurisdiction over

energy matters based on a review, conducted in consultation with the Governor's Energy Office, of the status and impacts of the implementation of the portfolio requirements for Class IA resources under subsection 3-B and thermal renewable energy credits under subsection 3-C. The review must be completed through a public process and must include consideration of impacts of these renewable portfolio requirements on energy prices and assessment of benefits on greenhouse gas emissions and the economy of the State. The report required under this subsection may be submitted in conjunction with the report required under subsection 3-A, paragraph C. After reviewing the report required under this subsection, the committee may report out legislation regarding renewable portfolio requirements.

**Sec. 2. 35-A MRSA §3210-G** is enacted to read:

**§3210-G. Renewable portfolio standard procurement**

The commission shall direct investor-owned transmission and distribution utilities to enter into one or more contracts for energy or renewable energy credits from Class IA resources in accordance with this section. Customers who have made an election pursuant to section 3210, subsection 10 are subject to prohibitions on bidding on or obtaining a contract under this section as provided in section 3210, subsection 10. For purposes of this section, "Class IA resource" and "renewable energy credit" have the same meanings as in section 3210, subsection 2.

**1. Competitive procurement.** The commission shall conduct 2 competitive solicitations in order to select Class IA resources for contracts under this section.

A. Through competitive solicitations under this section, 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 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 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, 75% of the energy or renewable energy credits contracted under this section 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.

C. In conducting a solicitation and selecting Class IA resources 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.

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.

**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. Report.** No later than March 31, 2023 and biennially thereafter, the commission shall submit a report regarding the status of contracts for Class IA resources under this section to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters. The report must include, but is not limited to, a description of Class IA resources participating in competitive solicitations, information about the resources selected for contracts and the selection process, the benefits and costs of the contracts and recommendations about how to further stimulate investment in Class IA resources or achieve ratepayer benefits from Class IA resources. The report may include information about benefits and costs of the contracts to the State's economy, environmental quality or electricity consumers over both the short and long terms. Any analysis of the benefits or costs of the contracts must be based on a forecast of all avoided costs resulting from the contracts that is transparent and balanced over the long term.

**Sec. 3. Study; report; renewable energy goals market assessment.** The Governor's Office of Policy and Management and the Governor's Energy Office shall jointly conduct a market assessment study, including an in-depth analysis and review of the opportunities, potential and challenges facing the State in reaching the goal by January 1, 2030 that 80% of retail electricity sales in this State will come from renewable energy resources, and shall, no later than January 31, 2021, submit a report on the market assessment study, along with any recommendations on adjustments or changes to the renewable portfolio requirements in the Maine Revised Statutes, Title 35-A, section 3210, to the joint standing committee of the Legislature having jurisdiction over energy and utilities matters.

1. The market assessment study must include, but is not limited to, examination of:

A. The availability of commercially viable renewable energy technologies, including emerging technologies, in the State and region between 2020 and 2030;

B. The estimated electricity costs and benefits for ratepayers and the capacity of commercially viable renewable energy technologies during the 10-year period between 2020 and 2030, including the remaining useful lives of existing technology in use during that period;

C. The time frames for permitting, financing and construction for commercially viable renewable technologies in the State and region;

D. The policy and regulatory options and structures that may influence the speed, predictability and cost to ratepayers associated with the development of renewable energy technologies in this State and the amount of renewable energy generated;

E. Policies and regulations in other states and the region, including an analysis of the dynamics between and among the various states, provinces and this State, and the importance and role of generating 80% of electricity from renewable capacity resources in achieving the greenhouse reduction limits in Title 38, chapter 3-A in a cost-effective manner; and

F. In coordination with the Department of Environmental Protection, the benefits and costs of incentives provided to generators fueled by municipal solid waste, landfill gas facilities and anaerobic digestion facilities under the State's renewable portfolio requirements. The examination must also consider and make recommendations for further alignment between renewable energy and solid waste policy initiatives.

2. Upon written request of the Governor's Office of Policy and Management or the Governor's Energy Office, the Public Utilities Commission shall provide for the study:

A. Reasonable technical, legal and other assistance, including the provision of requested information; and

B. Funding for staff and consultants in an amount not to exceed \$150,000. Any such costs must be recovered through assessments on transmission and distribution utilities in accordance with Title 35-A, section 116.

3. The Governor's Office of Policy and Management and the Governor's Energy Office shall encourage state agencies, including the Office of the Public Advocate, and other interested parties to submit relevant information, including data, to inform the market assessment study. Not more than 60 days prior to issuance of the report required by this section, the offices shall invite interested parties to provide comments on draft proposed conclusions of the study.

**Sec. 4. Appropriations and allocations.** The following appropriations and allocations are made.

#### **PUBLIC UTILITIES COMMISSION**

##### **Public Utilities - Administrative Division 0184**

Initiative: Provides an allocation for consulting services related to the analysis of the economic benefit of renewable portfolio requirements and the procurement of renewable energy.

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2019-20</b>	<b>2020-21</b>
All Other	\$300,000	\$300,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<u>\$300,000</u>	<u>\$300,000</u>