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Legislative Document

No. 2016

S.P. 838

In Senate, June 22, 2023

An Act to Implement Recommendations of the Distributed Generation Stakeholder Group

Reported by Senator LAWRENCE of York for the Joint Standing Committee on Energy, Utilities and Technology pursuant to Joint Order 2023, S.P. 747.

Reference to the Committee on Energy, Utilities and Technology suggested and ordered printed pursuant to Joint Rule 218.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

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

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

3 **§3209-C. Distributed generation**

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

6 A. "Combined project" means a distributed generation resource that is paired with an
7 energy storage system in accordance with rules adopted by the commission.

8 B. "Community" means:

9 (1) The State or an agency of the State;

10 (2) A municipality;

11 (3) A school administrative unit, as defined in Title 20-A, section 1, subsection 26;
12 or

13 (4) A federally recognized Indian nation, tribe or band in the State.

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

18 D. "Energy storage system" has the same meaning as in section 3481, subsection 6.

19 E. "Previously developed or impacted land" has the same meaning as in section 3484,
20 subsection 6.

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

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

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

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

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

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

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

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

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

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

27 B. Each year, beginning in 2024 and ending in 2028, the commission shall establish
28 an open enrollment for communities to apply for contracts under this subsection. The
29 commission shall establish the terms of the contracts by rule. The commission shall
30 award contracts to community owners of combined projects that meet requirements
31 established by the commission by rule on a first-come, first-awarded basis. Each year,
32 beginning in 2024 and ending in 2028, the commission shall set the base contract price
33 for contracts available under this subsection equal to the capacity-weighted 50th
34 percentile of all selected bids under subsection 3 for that year, as determined by the
35 commission by rule, except that any combined project located on previously developed
36 or impacted land must receive a contract price that is equal to the base price divided by
37 0.85. The commission by rule may include an escalator on a base price.

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

1 **SUMMARY**

2 This bill is reported out by the Joint Standing Committee on Energy, Utilities and
3 Technology pursuant to Public Law 2021, chapter 390 and Joint Order, S.P. 747 for the
4 sole purpose of obtaining a printed bill that can be referred to the committee.

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

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

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