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S.P. 236

In Senate, March 1, 2021

An Act To Establish the Wood Energy Investment Program

Received by the Secretary of the Senate on February 25, 2021. Referred to the Committee on Energy, Utilities and Technology pursuant to Joint Rule 308.2 and ordered printed.

DAREK M. GRANT Secretary of the Senate

Presented by President JACKSON of Aroostook.

Cosponsored by Representative DUNPHY of Old Town and
Senators: VITELLI of Sagadahoc, WOODSOME of York, Representatives: BERRY of
Bowdoinham, GROHOSKI of Ellsworth, STEARNS of Guilford, WADSWORTH of Hiram.

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

- **Sec. 1. 35-A MRSA §3210, sub-§9,** as amended by PL 2019, c. 477, §1, is further amended to read:
- **9. Alternative compliance payment.** The commission shall allow competitive electricity providers to satisfy the portfolio requirements for 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 subsections 3-A, 3-B and 3-C and investment in 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 to meet the requirements of subsections 3-A and 3-B 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.
 - C. The commission shall collect alternative compliance payments to meet the requirements of subsection 3-C made by competitive electricity providers and shall deposit all funds collected under this paragraph in the Wood Energy Investment Fund established under section 10128, subsection 2 to be used to fund incentives and low-interest or no-interest loans to businesses, municipalities, educational institutions and nonprofit entities in the State for the installation of new wood-derived thermal energy or cogeneration projects.
- 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.

Sec. 2. 35-A MRSA §10128 is enacted to read:

§10128. Wood Energy Investment Program

- 1. Establishment; purpose. The Wood Energy Investment Program is established within the trust to provide incentives and low-interest or no-interest loans in consultation with the Finance Authority of Maine, established in Title 10, chapter 110, in order to strengthen the State's forest products industry and lower energy costs by increasing the efficient use of wood for energy production.
- 2. Wood Energy Investment Fund. There is established in the custody of the trust a special nonlapsing fund, to be known as the Wood Energy Investment Fund. The Wood Energy Investment Fund consists of the following:
 - A. Sums the commission collects from alternative compliance payments made by competitive electricity providers to satisfy the portfolio requirements for thermal renewable energy credits established in section 3210, subsection 3-C;

- B. Funds that the trust may receive from the State or from the Federal Government or funds from other agreements whose purpose is consistent with this section;
 - C. Principal and interest received from the repayment of loans made from the Wood Energy Investment Fund; and
 - D. Interest earned from the investment of Wood Energy Investment Fund balances.
 - 3. Program details. The trust, through the Wood Energy Investment Program established in subsection 1, shall provide incentives and low-interest or no-interest loans to businesses, municipalities, educational institutions and nonprofit entities in the State for the installation of new wood-derived thermal energy or cogeneration projects from the Wood Energy Investment Fund established in subsection 2. The trust shall require Wood Energy Investment Program participants to substantially share in the cost of projects funded under this section. The trust shall seek to maximize the Wood Energy Investment Program's impact per dollar of expenditure from the wood energy investment fund and shall set limits it determines prudent on the size of incentives. The trust may not provide incentives or loans from the Wood Energy Investment Fund for the refurbishment or maintenance of existing facilities.
 - The trust shall develop activities promoting the Wood Energy Investment Program in consultation with the Finance Authority of Maine, established in Title 10, chapter 110. The trust shall consult with the Finance Authority of Maine, when appropriate, in its decisions to award incentives and loans. To the extent that funding is available, the trust shall offer technical assistance to eligible projects in a manner that is coordinated and consistent with other trust programs.
 - For purposes of this subsection, "new wood-derived thermal energy or cogeneration project" includes, but is not limited to, wood-fueled combined heat and power cogeneration boiler installations; colocation development that increases the efficient use of wood for energy production; conversion of fossil fuel-fired boilers to wood-fueled boilers or boilers using biofuels derived from wood; and the installation of new wood-fueled boilers or boilers using biofuels derived from wood.

29 SUMMARY

This bill establishes the Wood Energy Investment Fund and creates the Wood Energy Investment Program within the Efficiency Maine Trust. The bill specifies that funds collected from alternative compliance payments made by competitive electricity providers to satisfy the portfolio requirements for thermal renewable energy credits must be used to fund the Wood Energy Investment Fund. It requires the trust to use funds from the fund, if there are any, to provide incentives and low-interest or no-interest loans for new wood-derived thermal energy or cogeneration projects. It requires that the trust consult with the Finance Authority of Maine, when appropriate, in the development of any Wood Energy Investment Program incentives and the distribution of money from the Wood Energy Investment Fund. It prohibits the use of funds for incentives or loans for the refurbishment or maintenance of existing facilities.