

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

2 **Sec. 1. 35-A MRSA §2111** is enacted to read:

3 **§2111. Efficient fuel switching financing**

4 **1. Eligible utilities.** A transmission and distribution utility or a gas utility may
5 provide a grant or loan to a qualifying customer for the cost of the installation of
6 qualifying fuel switching equipment for a building or facility receiving service within the
7 utility's service territory, including the cost associated with installing new or enhanced
8 connection facilities. The financing charge for a loan must be established by the utility.
9 The utility may include in its rate base the reasonable cost of any grant and the reasonable
10 cost of any loan in excess of amounts recovered from borrowers and may earn a return on
11 such costs based on the utility's weighted average cost of capital as established by the
12 commission for the utility's distribution service and recovered through rates recoverable
13 from all customers. For purposes of this section, costs of a grant or loan that causes a
14 reduction in greenhouse gas emissions from the affected end uses or that reduces the
15 customer's cost of energy consumption for affected end uses by more than 20% are
16 presumptively reasonable.

17 **2. On-bill financing.** To facilitate the repayment of a loan made under subsection 1,
18 periodic financing payments may be included on the bill for utility service that is issued
19 by the qualifying customer's transmission and distribution utility or gas utility, as the case
20 may be. Any administrative or other costs to the utility associated with on-bill financing,
21 including any collection, delinquency or bad debt expenses, must be recovered and
22 retained by the utility as part of the financing payments made by a customer who receives
23 a loan under subsection 1.

24 **3. Rate-making treatment.** The costs and earnings of a transmission and
25 distribution utility or a gas utility attributable to grants and loans made under subsection 1
26 must be accounted for as direct costs and earnings of the utility for rate-making purposes,
27 and such activities may not be considered unregulated activities under section 713.

28 **4. Rulemaking.** The commission shall adopt any rules necessary to administer this
29 section. Rules adopted under this subsection are routine technical rules pursuant to Title
30 5, chapter 375, subchapter 2-A.

31 **SUMMARY**

32 This bill allows transmission and distribution utilities and gas utilities to provide
33 grants and loans, including loans with on-bill financing, for customers converting to
34 alternative energy sources.