

**LD 1408
MAJORITARY AMENDMENT**

Sen. Lawrence & Grohoski, Rep. Zeigler, Babin, Boyle, Foster, Kessler, Paul, Runte, & Warren

An Act to Reduce Maine's Dependence on Fossil Fuels and Carbon Footprint for Energy Production Using Waste Wood Fuel

Strike everything after the title and before the summary and replace with the following:

Sec. 1. 12 MRSA §8884, sub-§5 is enacted to read:

5. Report. By February 1 of each year, the bureau shall provide a report compiling the wood processor reports received in accordance with subsection 1 to the joint standing committee having jurisdiction over energy matters.

Sec. 2. 35-A MRSA §3622, sub-§2 is amended as to read:

2. Net generating capacity. "Net generating capacity" means the electric output of an electricity generating facility delivered to the transmission and distribution utility system. "Net generating capacity" does not include any energy consumed by the generator to operate the electricity generating facility, energy provided behind the meter to facilities adjacent to the electric generating facility or any energy consumed for facility lighting, power and auxiliary facilities.

Sec. 3. 35-A MRSA §3623 is amended as to read:

§3623. Combined heat and power program

1. Program established. The combined heat and power program, referred to in this chapter as "the program," is established to encourage the development in the State of combined heat and power projects that will promote the climate action plan developed in accordance with Title 38, section 577, subsection 1. The program is administered by the commission.

2. Program scope; limits on net generating capacity. The commission shall limit participation in the program in accordance with this subsection.

A. The net generating capacity of a program participant may not be less than 3 megawatts or more than ~~10~~ 15 megawatts.

B. The total net generating capacity of all program participants combined may not exceed ~~20~~ 30 megawatts.

The commission may modify the amount of total net generating capacity stipulated under this paragraph based on program experience.

3. Program eligibility criteria. To be eligible to participate in the program, a combined heat and power project must:

- A. Be connected to the electric grid of this State;
- B. Have an in-service date after November 1, 2022;

- C. Satisfy the limits on net generating capacity established in subsection 2, paragraph A;
- D. Be highly efficient, as determined by the commission on a technology specific basis; and
- E. Not be a participant in net energy billing under section 3209-A or 3209-B.

Sec. 4. 35-A MRSA §3624 is amended to read:

§3624. Long-term contracts for combined heat and power

1. Investor-owned transmission and distribution utilities; required participation.

Notwithstanding section 3204, the commission may direct an investor-owned transmission and distribution utility to enter into long-term contracts for energy with one or more program participants if the program participant is:

A. Located within the service territory of the investor-owned transmission and distribution utility; or -for energy, capacity resources or renewable energy credits.

B. Located within the service territory of a consumer-owned transmission and distribution utility if:

(1) The program participant delivers energy to a location within the service territory of the investor-owned transmission and distribution utility;

(2) The program participant does not sell energy to the consumer-owned transmission and distribution utility in whose territory the program participant is located; and

(3) The consumer-owned transmission and distribution utility consents to the sale and transmission of such energy pursuant to a long-term contract.

The commission may direct investor-owned transmission and distribution utilities to enter into contracts under this subsection only as agents for their customers and only in accordance with this section. An investor-owned transmission and distribution utility shall sell energy, ~~capacity resources or renewable energy credits purchased~~ pursuant to this subsection into the wholesale electricity market or take other action relative to such energy, ~~capacity resources or renewable energy credits~~ as directed by the commission.

2. Consumer-owned transmission and distribution utilities; voluntary participation. A consumer-owned transmission and distribution utility may, at the option of the utility, enter into long-term contracts with one or more program participants located within the service territory of the utility for energy, ~~capacity resources or renewable energy credits~~. Consumer-owned transmission and distribution utilities may enter into contracts under this subsection only as agents for their customers and only in accordance with this section.

3. Sale of energy; contract procedures. Energy, ~~capacity resources or renewable energy credits~~ contracted through long-term contracts pursuant to this section may be sold into the wholesale electricity market separately or in conjunction with solicitations for standard-offer supply bids under section 3212 or solicitations for green power offer bids under section 3212-B. To the greatest extent possible, the commission shall develop procedures for long-term contracts for transmission and distribution utilities under this section having the same legal and financial effect as the procedures used for standard-offer service pursuant to section 3212 for transmission and distribution utilities.

4. Contract term. A contract entered into pursuant to this section may not be for more than 20 years.

5. Contract pricing; cost containment. The commission shall solicit contract bids under the program. In selecting contracts, the commission shall weigh the characteristics of a proposed combined heat and power project as follows:

A. A weight of 30% must be given to the combined efficiency of the electricity generation and heat utilization of the project;

B. A weight of 40% must be given to the total cost of the project; and

C. A weight of 30% must be given to the following factors:

(1) The design of the project to meet the State's waste reduction and diversion priorities established by Title 38, section 2101, including, but not limited to, the proximity of the project to wood fuel derived from forest products manufacturing residuals;

(2) The location of the project and whether electricity generated will meet a demand for electricity;

(3) The net greenhouse gas emissions from the project, as determined in consultation with the Department of Environmental Protection;

(4) The economic impact to the State from the project, including, but not limited to, jobs the project will create and maintain in wood fuel supply, at the electric generation plant and at the facility using the heat;

(5) Whether the generation of electricity most effectively accounts for the changing seasonal time of day and other electricity usage characteristics associated with beneficial electrification as defined in section 10102, subsection 3-A over the duration of the contract; and

(6) The effect on other Class I resources and Class IA resources, as defined in section 3210, subsection 2.

The commission may not direct an investor-owned transmission and distribution utility to enter into a long-term contract under this chapter in which the contract price for energy exceeds 10 cents per kilowatt-hour.

If at the close of the competitive bidding process under this subsection the commission determines that no proposal meets the requirements of the solicitation or that an approval is not in the public interest, the commission may reject all proposals and may open a new competitive bidding process.

6. Cost and benefit allocation. The commission shall ensure that all costs and benefits associated with contracts involving investor-owned transmission and distribution utilities entered into under this section are allocated to electricity consumers in accordance with section 3210-F.

7. Contract payments. Contracts for ~~capacity and related~~ energy entered into pursuant to this section must provide that payments will be made only after contracted amounts of energy have been provided.

8. Ratepayer protection. The commission shall ensure that mechanisms are established to provide protections for ratepayers over the term of contracts entered into pursuant to this section.

SUMMARY

The amendment replaces the bill. It requires the Bureau of Forestry to submit an annual compilation of wood processing reports received by the bureau to the joint standing committee of the Legislature having jurisdiction over energy matters. It amends the definition of net generating capacity to exclude energy provided behind the meter to facilities adjacent to an electric generating facility. It increases the allowable net generating capacity of a program participant from no more than 10 megawatts to no more than 15 megawatts and increase the total net generating capacity for all combined heat and power program participants to no more than 30 megawatts. It also requires the Public Utilities Commission to evaluate combined heat and power projects on a technology-specific basis when determining if a project is highly efficient. It limits the combined heat and power program to contracts for energy instead of energy, capacity resources and renewable energy credits and establishes criteria for allowing a program participant located in the service territory of a consumer-owned transmission and distribution utility to provide energy to an investor-owned transmission and distribution utility pursuant to a long-term contract.