

LONG-TERM CONTRACTS AND COMMUNITY-BASED RENEWABLE ENERGY POLICY DISCUSSION DOCUMENT

Long-term contracts: Statutory Policy Statements

35-A MRSA §3210-C, sub-§2 – General long-term contracting authority

2. Policy. It is the policy of this State:

- A. That the share of new renewable capacity resources as a percentage of the total capacity resources in this State on December 31, 2007 increase by 10% by 2017 and that, to the extent possible, the increase occur in uniform annual increments;
- B. To reduce electric prices and price volatility for the State's electricity consumers and to reduce greenhouse gas emissions from the electricity generation sector; and
- C. To develop new capacity resources to reduce demand or increase capacity so as to mitigate the effects of any regional or federal capacity resource mandates.

Community-based renewable energy: Statutory Policy Statements

35-A MRSA §3603, sub-§1 – Community-based renewable energy pilot program

1. Program established. The community-based renewable energy pilot program, referred to in this section as "the program," is established to encourage the sustainable development of community-based renewable energy in the State. The program is administered by the commission.

Policy Proposal: Equitable distribution of costs and benefits

Proposal. Establish a process for consumers of investor-owned transmission and distribution utilities in the State to equitably share the costs and benefits of long-term contracts

- Proposal applies to existing contracts going forward

Background. There are generally three types of long-term contracts – general long-term contracts, long-term contracts for community based renewable energy and ocean and tidal energy long-term contracts.

- General long-term contracts
 - CMP - \$3.4 million benefit from Verso contract (1 year)
 - CMP - \$2.2 million cost from Rollins contract (1 year)
 - BHE - \$650,000 cost from Rollins contract (1 year)

- Community –based renewable energy long-term contracts
 - BHE – 23 cents/kWh (\$23 million NPV, \$41 million nominal)
 - MPS – 12 cents/kWh (\$3.4 million NPV, \$7 million nominal)
 - CMP – 03 cents/kWh (\$21 million NPV, \$37 million nominal)

PUC reports that if costs distributed equally among utilities, would be approximately 6 cents/kWh

- Ocean and Tidal Energy
 - Have historically been assigned in a way where investor-owned utilities equally share cost

Proposal: Expand the community-based renewable energy program

- Increase the limit on the total amount of renewable capacity allowed under the community-based renewable energy pilot program from 50 megawatts to 60 megawatts for solar-powered generating systems.
- Increase the limit on the contract price the commission can authorize for eligible solar-power generation under the community energy program and indexes the price limit to the Consumer Price Index.
 - Increase from 10 cents/kWh to 15 cents/kWh or solar energy
 - 3 small solar projects have been certified under the community wind program but chose net-billing arrangements and REC multipliers
 - Increase in price may incentivize more solar projects to take advantage of the LTC option
- Extends the repeal date for the Community-based Renewable Energy Act from December 31, 2015 to December 31, 2017.

The program is set to expire in March 2015. 50 MW limit has been reached.

Reference document: Testimony summaries from LD 1278 and 1252 attached

Other technical considerations

- What will the mechanism be for the commission to equitably share the costs and benefits of a LTC among utilities?
- Will it apply to existing contracts?
- Would transmission or subtransmission customers that only pay T&D costs be subject to the allocation of the benefits and the costs of the long-term contracts?