

MAINE PUBLIC UTILITIES COMMISSION
Request for Proposals for Community-
Based Renewable Energy Projects
(2013 Issuance)

July 8, 2014

CORRECTED
ORDER APPROVING LONG-
TERM CONTRACT (Shamrock
Wind)

WELCH, Chairman; LITTELL and VANNOY, Commissioners

I. SUMMARY

Pursuant to 35-A M.R.S.A. § 3604, we direct Emera Maine to enter into a long-term contract for the energy produced by a 10 MW wind facility to be developed by Shamrock Partners, LLC.

II. BACKGROUND

During the 2009 session, the Legislature enacted An Act To Establish the Community-based Renewable Energy Pilot Program (Act), P.L. 2009, ch. 329. Part A of the Act establishes a community-based renewable energy pilot program, to be administered by the Commission, to encourage the sustainable development of community-based renewable energy. The Act provides incentives, on a pilot program basis, for the development of community-based renewable projects that qualify for participation in the program. The projects must generate electricity from an eligible renewable resource, which includes fuel cells; tidal power; solar, wind and geothermal installations; hydroelectric generators; generators fueled by landfill gas; and biomass generators whose fuel includes anaerobic digestion of agricultural products, byproducts or wastes. These projects must be “locally owned electricity generating facilities,” which means that 51% or more of the facility must be owned by “qualifying local owners.” An individual project must not exceed 10 MW and the total installed generating capacity of all program participants in the pilot program combined may not exceed 50 MW. The pilot program is repealed on December 31, 2015. 35-A M.R.S. §§ 3601-3609.

The incentive mechanisms provided by the Act are either: 1) a long-term contract for the output of the facility with a transmission and distribution (T&D) utility; or 2) a renewable energy credit (REC) multiplier in which the value of the REC is 150% of the amount of the produced electricity. Projects electing the REC multiplier are responsible for negotiating their own transactions for energy, capacity or RECs. Certified projects of less than 1 MW that elect a long-term contract can complete a standard form contract with the T&D utility at a price per kWh that has been established by the Commission. For certified projects with generating capacity of 1 MW and larger, the Act provides that the Commission shall periodically conduct a competitive solicitation to select projects that will be awarded a long-term contract with the T&D utility. The Commission has

conducted two competitive solicitations for Community -Based Renewable Energy Projects. On April 28, 2011, the Commission issued a Request for Proposals for Community-Based Renewable Energy Projects of 1 MW or larger. Bids were due on May 31, 2011 and on October 14, 2011, the Commission issued an Order directing Bangor Hydro Electric Company (“BHE”) to enter into long-term contracts for energy with three Community-Based Renewable Energy Projects: Jonesport Wind, LLC, a 4.8 MW wind facility to be constructed in Jonesport, Maine; Lubec Wind, LLC, a 4.8 MW wind facility to be constructed in Lubec, Maine; and Pisgah Mountain, LLC, a 9 MW wind facility to be constructed in Clifton, Maine. *Maine Public Utilities Commission, Request for Proposals for Community-Based Renewable Energy Projects*, Docket No. 2011-00150, Order Approving Long-Term Contracts (October 14, 2011).

On March 21, 2013, the Commission issued a second Request for Proposals for Community-Based Renewable Energy Projects. Bids were due on April 5, 2013. On August 27, 2013 the Commission directed Maine Public Service Company (Maine Public)¹ to enter into a long-term contract for 4 MW of the energy produced by a 10 MW wind facility to be developed by Shamrock Partners, LLC (“Shamrock”) in Fort Fairfield, Maine. *Maine Public Utilities Commission, Request for Proposals for Community-Based Renewable Energy Projects (2013 Issuance)*, Docket No. 2013-00207, Order Approving Long-Term Contracts (August 27, 2013). On September 16, 2013, Shamrock filed a Request for Reconsideration and Clarification of a portion of the August 27, 2013 Order approving long-term contracts. In its Request for Reconsideration, Shamrock requested that the Commission table reconsideration of the 10 MW contract and issue an order that states that the proposed contract may be reconsidered under the 2013 RFP if and when the Legislature enacted L.D. 1278 (“An Act to Ensure Equitable Support of Long-Term Energy Contracts”). L.D. 1278 would allocate the financial costs and benefits resulting from long-term contracts among the investor-owned T&D utilities pro rata based upon each utility’s total retail kilowatt hour energy sales for the previous year.

On November 6, 2013, the Commission issued an order tabling reconsideration of the 10 MW contract until the Legislature resolved L.D. 1278 and directed that if L.D. 1278 or similar legislation is enacted, Shamrock may return to the Commission and request that its original proposal for a 10 MW contract be revisited. *Maine Public Utilities Commission, Request for Proposals for Community-Based Renewable Energy Projects (2013 Issuance)*, Docket No. 2013-00207, Order Denying Request for Reconsideration (November 6, 2013)

On March 9, 2014, L.D. 1278 became law. The Commission has directed Central Maine Power and Emera Maine to file proposals concerning the implementation of the benefit and cost allocation requirements as required by L.D. 1278. *Maine Public Utilities Commission,, Request for Approval of Annual Reconciliation of Stranded Cost*

¹ Effective January 1, 2014, Bangor Hydro Electric Company and Maine Public Service Company were merged to form Emera Maine. The service area that was previously served by Maine Public Service Company is served by the Maine Public district of Emera Maine.

Revenue and Costs Pertaining to Central Maine Power, Docket No. 2014-0077, Procedural Order (May 19, 2014) and *Maine Public Utilities Commission, Request for Update to Stranded Cost Revenue Requirement Pertaining to Emera Maine*, Docket No. 2014-00118, Procedural Order (May 19, 2014). On April 22, 2014, Shamrock renewed its request for reconsideration of the 10 MW contract proposal. Specifically, Shamrock requests that the Commission approve an increase to the MPS service territory limitation for long-term contracts to 10 MW and award Shamrock a 20-year contract for the full output from the 10 MW project at a price of 9.5 cents per kWh. Additionally, Shamrock requests the Commission increase the service territory limitation applicable to Maine Public for long-term contract purposes from 4 MW to 10 MW.

III. DISCUSSION AND DECISION

As discussed in our August 27, **2013** Order, our role in administering the Community-Based Renewable Energy Pilot Program is to ensure that the projects meet the standards for program participation established by the Legislature, and that in any contract entered into: 1) the average price per kilowatt-hour does not exceed 10 cents, and 2) the cost of the contract does not exceed the cost of the project plus a reasonable rate of return on investment as determined by the Commission. Shamrock's bid at a fixed price of 9.5 cents per kilowatt-hour for the entire output of the project for a 20-year term complies with that requirement. In addition, Shamrock submitted complete project financial information and return calculations that were analyzed by Staff. The indicated rates of return are within a range that is reasonable for stand-alone project developments. Our reluctance to award a contract to Shamrock for the full 10 MW output was based on our sensitivity to the potential burden that such a contract would place on the ratepayers of Emera Maine, particularly those ratepayers in the Maine Public district. With the enactment of the provision that allows the financial costs and benefits resulting from long-term contracts to be allocated among the investor-owned T&D utilities pro rata based upon each utility's total retail kilowatt hour energy sales for the previous year, that concern is removed.

Accordingly,

- We increase the service territory limitation for long-term contract purposes applicable to Maine Public to 10 MW.
- We direct Emera Maine to enter into a long-term contract with Shamrock Partners, LLC, for energy only, for 20 years to begin at the commercial operation date of the project, for at a fixed price throughout the term of 9.5 cents per kWh for the entire energy output of the 10 MW facility.

We delegate to the Director of Electric and Gas Utility Industries the authority to approve proposed modifications to the terms and conditions of the standard form contract for the Community-Based Renewable Energy Pilot Program.

Consistent with provisions in statute and the rule, 35-A M.R.S.A. § 3604 (8) and Ch. 325, § 6, the Commission will allow Emera Maine to recover in rates all costs of the

contracts entered into, including but not limited to any effects on the utility's cost of capital.

Dated at Hallowell, Maine, this 8th day of July, 2014.

BY ORDER OF THE COMMISSION

/s/ Harry Lanphear

Harry A. Lanphear
Administrative Director

COMMISSIONERS VOTING FOR:

Welch
Littell
Vannoy

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 11(D) of the Commission's Rules of Practice and Procedure (65-407 C.M.R. 110) within **20** days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought. Any petition not granted within **20** days from the date of filing is denied.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21** days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.