

September 30, 2011

ORDER DESIGNATING
GREEN POWER OFFER
SUPPLIER

WELCH, Chairman; VAFIADES and LITTELL, Commissioners

I. SUMMARY

Pursuant to 35-A M.R.S.A. § 3212-A (1-A), the Commission selects 3 Degrees Group, Inc. (3 Degrees) to launch and manage, for a three-year term, a statewide green power program through the State's transmission and distribution (T&D) investor-owned utilities (IOUs). This decision is based on an examination of the proposals submitted by various green power suppliers in response to a Request for Proposals. The green power program will allow residential and small commercial electricity customers who elect to participate to support renewable energy through the provision by the supplier of renewable energy credits (RECs)¹ equal to all or a portion of the customers' electricity usage during the green power supply term.

II. BACKGROUND

A. Green Power Offer

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 B of the Act requires the Commission to arrange for a green power offer that is composed of green power supply and to ensure that the green power offer is available to residential and small commercial electricity customers. 35-A M.R.S.A. § 3212-A (1-A). Green power supply is defined in 35-A M.R.S.A. § 3212-A(1) as electricity or renewable credits for electricity generated from renewable capacity resources as defined in 35-A M.R.S.A. § 3210(2)(B-3), including electricity generated by community-based renewable energy projects as defined in 35-A M.R.S.A. § 3602(1). The Act requires the Commission to administer a competitive bid process to select a green power offer provider or providers

¹ For purposes of the Green Power Offer, RECs are tradable instruments such as GIS Certificates that represent an amount of generated electricity from renewable capacity resources, or if the RECs are associated with a generation facility located in the region of the state administered by the Northern Maine Independent System Administrator (NMISA), they are tradable instruments that represent the attributes of electric power generated from renewable or eligible resources that are authorized by the Commission through order. See 35-A M.R.S.A. § 3210(2)(B-2); Ch. 326, § 2(J) of the Commission's rules.

and directs the Commission, to the maximum extent possible, to incorporate green power supply from community-based renewable energy projects and to encourage entities based in the State to provide green power supply from community-based renewable energy projects. 35-A M.R.S.A. § 3212-A (1-A)(B).

On October 15, 2010, the Commission adopted a rule implementing the legislative directive to arrange for a green power offer. *Maine Public Utilities Commission Green Power Offer (Chapter 326)*, Docket No. 2010-205, Order Adopting Rule and Statement of Factual and Policy Basis (October 15, 2010)

B. Request for Proposals

On December 16, 2010, the Commission issued a Request for Proposals (RFP) for a Green Power Offer Supplier to develop and launch a statewide green power offer through Central Maine Power (CMP), Bangor Hydro Electric Company (BHE) and Maine Public Service (MPS). Indicative bids were due on February 15, 2011 and were received from four bidders, designated A, B, C, and D. As noted in the RFP, the proposals were evaluated based on cost considerations, non-cost aspects such as supplier experience, customer sign-up ease, and the potential use of RECs from community-based renewable energy projects. In evaluating proposals, the Commission is prohibited from promoting one renewable resource over others. 35-A M.R.S.A. § 3210 (7).

Staff interviewed each of the bidders, contacted references provided by respondents and contacted other entities knowledgeable in the field such as the National Renewable Energy Lab (NREL) and the Connecticut Clean Energy Options staff. After Staff's initial evaluation of proposals, bidders were requested to submit a final bid incorporating the following features:

- The resource mix for a product priced at 1 cent per kWh;
- The price and resource mix the bidder believed would be most attractive to Maine consumers and would result in the highest participation rates; and
- The proposed marketing plan assuming that no more than \$100,000 in Conservation Funds would be available to support the program during 2011 and 2012.

Final bids were submitted on April 22, 2011. Staff had additional discussions with bidders to clarify and refine the details of the proposals. While bidder A submitted both an indicative bid and a final bid, it did not include any information with respect to a proposed marketing and consumer information program despite the fact that both the RFP and the written instructions for submission of a final bid were clear that a marketing plan was a required feature of the proposal. Consequently, we consider the submission by bidder A to be non-responsive to the requirements of the RFP.

III. DECISION

The Commission finds that B, C and D's bids were all well thought-out proposals and each bidder could adequately operate a green power program in the state. Bidders B, C, and D all have interesting and innovative components to their programs. Bidder B proposed a community solar program in which it will donate a 1kW solar panel to a community for every 1,000 residential sign-ups for 100% renewable project. Bidder C proposed to conduct a statewide contest among Maine students to create a name and logo for the program. Bidder D had a unique approach to dealing with the complexity of working with all three utilities through the creation of a green power utility board. Bidder B, C, and D also all proposed hiring local staff to administer their green power programs. Bidder B indicated a somewhat higher commitment to local presence in its marketing plan.

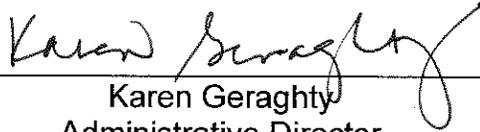
Bidder B, C, and D all offered a green power option at the cost of 1 cent per kWh, as requested by Commission staff. They all also included their preferred product mix and price. Bidder B and D's preferred green power options were both priced at 1.5 cents per kWh, while Bidder C preferred a 1 cent mixture.

Although Bidder B's emphasis on New England hydro and Maine wind resources may reflect general preferences of their target market for a green power offer, the strongest resource mix is that offered by Bidder D in its recommended 1.5 cents per kWh product because it consists entirely of renewable resources located in Maine (25% Class I RECs and 75% Class II RECs). In addition to offering all Maine resources, Bidder D's agnosticism in terms of resource mix is especially attractive due to the statute's requirement that the Commission not promote any particular renewable resource over any other. 35-A M.R.S.A. § 3210(7). Bidder D also has many other successful attributes, including a record of recent success as indicated by its many awards and high participation rates in many of its programs. The Commission prefers Bidder D's 1.5 cent per kWh product because it offers a better product mix and a higher percentage of renewable resources that have been placed in service since 2009 (i.e. Class I RECs) than the 1.0 cent mix.

Accordingly, the Commission selects 3 Degrees Group, Inc., identified as Bidder D, to enter into a contract with the three investor-owned utilities to offer a green power option to residential and small commercial Maine customers and directs CMP, BHE and MPS to work cooperatively with Commission staff and 3 Degrees to finalize the terms and conditions of a service agreement with each of the utilities. We delegate to the Director of Electric and Gas Utility Industries the authority to approve the specific terms and conditions of the service agreement and we direct the utilities to enter into the approved service agreement.

Dated at Hallowell, Maine, this 30th day of September, 2011.

BY ORDER OF THE COMMISSION



A handwritten signature in black ink, appearing to read "Karen Geraghty", is written over a horizontal line.

Karen Geraghty
Administrative Director

Commissioners voting for:

Welch
Vafiades
Littell

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 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 1004 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.
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.A. § 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.A. § 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.