STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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January 31, 2012

Honorable Michael Thibodeau, Senate Chair
Honorable Stacey Fitts, House Chair
Energy, Utilities and Technology Committee
115 State House Station
Augusta, Maine 04333

**Re: Maine Portfolio Requirement**

Dear Senator Thibodeau and Representative Fitts:

During its 2011 session, the Legislature enacted An Act To Reduce Energy Prices for Maine Consumers, P.L. 2011, ch. 413 (Act). Section 6 of the Act directed the Commission to study the portfolio requirement established in 35-A M.R.S.A. § 3210 (3-A). The Act specified that the study must include an analysis of:

1. The source and cost of renewable energy credits used to satisfy the portfolio requirements;

2. The impact of renewable energy credits generated in this State on the regional renewable energy credit market;

3. The impact of the portfolio requirements on the viability of electricity generating facilities in this State that are eligible to meet the portfolio requirements;

4. The impact of the portfolio requirements on electricity costs;

5. If the portfolio requirements result in an increase in electricity costs, to the extent possible, the impact of that increase on economic development in this State;

6. The cost of the use of the alternative compliance payment mechanism under Title 35-A, section 3210, subsection 9 for electricity consumers in this State and, to the extent information is available, the reasons competitive electricity providers use the alternative compliance payment mechanism;

7. The best practices for setting the alternative compliance payment rate; and

8. To the extent possible, the benefits resulting from the portfolio requirements, including, but not limited to, tangible benefits and community benefits pursuant to Title 35-A, section 3454, economic benefits due to the creation of jobs or investments in this State including multiplier effects, research and development investment in this State, the impact on electricity rates and benefits due to diversifying this State's energy generation portfolio.

The Act specified that the Commission submit a report of its findings and recommendations to the Joint Standing Committee on Energy, Utilities and Technology (Committee) by January 31, 2012. The Commission engaged London Economics International (LEI) to prepare the portfolio requirement report.

On August 17, 2011, the Commission initiated an inquiry that requested information and comments of interested persons on a number of specific issues related to the study, as well as any other relevant issue (Docket No. 2011-271). On January 19, 2012, the Commission released a draft report for public comment.[1]

As specified in the Act, the Commission submits the portfolio requirement report for Committee review. The Commission looks forward to working with the Committee as it considers the public policy issues related to Maine's portfolio requirement.

Sincerely,

Thomas L. Welch, Chairman

On behalf of the Chairman and

Vendean V. Vafiades, Commissioner
David Littell, Commissioner
Maine Public Utilities Commission

Attachment
cc: Energy, Utilities and Technology Committee Members
Jean Guzzetti, Legislative Analyst and Jon Clark, Esq., OPLA Deputy Director

[1] The Commission received comments from the following: Maine Renewable Energy Association, Maine Waste-to-Energy Working Group, First Wind Holdings, Constellation Energy Commodities Group Maine, Hess Corporation, Ocean Renewable Power Company, Natural Resources Council of Maine, Conservation Law Foundation, Environment Northeast, and Edward Holt. The comments can be obtained through the Commission's virtual docket, http://www.maine.gov/mpuc/, through reference to Docket No. 2011-271.