

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2018-00137

July 24, 2018

MAINE PUBLIC UTILITIES COMMISSION
Long-Term Contract Bidding Process

ORDER APPROVING
REQUESTS FOR PROPOSALS

VANNOY, Chairman; WILLIAMSON and DAVIS, Commissioners

I. SUMMARY

Through this Order, the Commission approves and issues the attached Request for Proposals for Long-Term Contracts for Capacity Resources and Associated Energy (RFP). The issuance of the RFP initiates the process for the solicitation and review of long-term contract proposals pursuant to Title 35-A, section 3210-C and Chapter 316 of the Commission's rules.

II. BACKGROUND

Throughout the last several months, the Commission has hosted meetings with stakeholders on a variety of issues regarding northern Maine, most notably concerns about electricity prices and market conditions. These issues included the level, variability and lack of predictability of electricity prices in the region and the effect on the region in the event the ReEnergy Holdings LLC (ReEnergy) biomass plants located in Ashland and Fort Fairfield terminate operations. The stakeholders included: the Aroostook Partnership, the Aroostook Energy Association, Emera Maine, Eastern Maine Electric Cooperative, Houlton Water Company, ReEnergy, the Northern Maine Independent System Administrator, the Office of the Public Advocate, Merlin One, New Brunswick Energy Power Marketing, and Algonquin Energy Services. The discussions were also monitored by staff from the offices of Senators Collins and King.

The stakeholder discussions included topics such as the lack of a competitive electricity market in northern Maine, transmission charges for power exported out of the region, reciprocity with the ISO-NE, new transmission to connect the Northern Maine Independent System Administrator (NMISA) region with the ISO-NE region, vertical integration, the need for indigenous generation to maintain reliability in the region, and the possible use of a long-term power purchase contract to help ReEnergy continue to operate.

On June 5, 2018, ReEnergy, the Aroostook Energy Association and the Aroostook Partnership filed a letter requesting that the Commission issue a RFP

pursuant to Title 35-A, section 3210-C, for a five-year contract tailored to address the issues identified by the stakeholder group.

III. DECISION

The Commission notes that its authority to direct a long-term contract such as that sought by ReEnergy and others is governed by the parameters set forth in Title 35-A, section 3210-C. Although the issuance of a long-term contract RFP at this time may help to address some issues discussed among the stakeholder group, the Commission disagrees that the RFP should be “tailored” to address northern Maine issues generally or the ReEnergy plants operations specifically. As the Commission has recently stated in an Inquiry on long-term contracts pursuant to Title 35-A, section 3210-A:

Thus, when issuing an RFP, the Commission will continue its basic approach of seeking proposals with little or no restrictions on the type of qualifying projects and reviewing proposals based on the likelihood of benefits through lower ratepayer costs. In particular, the Commission does not foresee the use of long-term contracts under section 3210-C solely to promote generation development in specific areas of the State to reduce locational marginal prices, capacity costs or to avoid transmission and distribution costs; although such benefits would be considered if provided by specific proposals.

Inquiry into the Goals and Objectives for Long-Term Contracting Pursuant to 35-A M.R.S. Section 3210-C, Docket No. 2015-00058, Inquiry Findings and Conclusions at 6 (Feb. 1, 2018).

Thus, the Commission will not limit proposed contracts to five years or otherwise restrict the RFP to proposals that address northern Maine market issues. The RFP does, however, express a preference for proposals with terms of ten years or less. This preference is included in the RFP because the risk to ratepayers of increased costs from contracts (i.e., the risk of creating stranded costs if contract prices turn out to be higher than the market value of the purchased energy and capacity) inherently increases with the length of the contract term.

Accordingly, the Commission

ORDERS

1. That the Request for Proposals for Long-Term Contracts for Capacity Resources and Associated Energy, attached to this Order, is hereby approved.

Dated at Hallowell, Maine, this 24th day of July, 2018.

/s/ Harry Lanphear

Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Vannoy
Davis

COMMISSIONER ABSENT: Williamson

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.