

**SUBJECT TO CONFIDENTIAL TREATMENT UNTIL
December 13, 2016**

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

November 29, 2016

ORDER DESIGNATING
STANDARD OFFER
PROVIDERS
AND DIRECTING UTILITY TO
ENTER ENTITLEMENTS
AGREEMENT

COMMISSION INITIATED STANDARD OFFER
BIDDING PROCEDURE FOR CMP AND
EMERA MAINE-BHD SMALL, MEDIUM AND
LARGE NON-RESIDENTIAL PERTAINING TO
CENTRAL MAINE POWER COMPANY AND
EMERA MAINE

Docket No. 2016-00200

REQUEST FOR APPROVAL OF REQUEST
FOR BIDS PURSUANT TO CHAP 307 SALE
OF CAPACITY AND ENERGY FROM
UN-DIVESTED GENERATION ASSETS AND
GENERATION-RELATED BUSINESS
ACTIVITIES PERTAINING TO EMERA MAINE.

Docket No. 2016-00208

VANNOY, Chairman; McLEAN and WILLIAMSON, Commissioners

I. SUMMARY

Through this Order, we designate **New Brunswick Energy Marketing Corporation (NB)** as the standard offer provider to serve 100% of the residential and small non-residential (commercial) load in the Emera Maine-Bangor Hydro District (EME-BHD) service territory for the one-year term beginning January 1, 2017. The **NB** bid is linked to its bid for the EME-BHD generation entitlements. We also designate **TransCanada Power Marketing Ltd. (TC)** as the standard offer provider for all of the medium commercial/industrial class for the one-year term beginning January 1, 2017. Finally, we also designate **Maine Power, LLC (MP)** as the standard offer provider for all the large commercial/industrial class for the one-year term starting January 1, 2017.

For residential and small non-residential customers, the standard offer price will be \$0.06322 /kWh. The new price reflects a 4.6% decrease from the current price. The

weighted average price for the medium non-residential standard offer class for 2016 will be \$0.06701/kWh. The new price for the medium class is on average 0.6% lower than prices during 2016. The standard offer prices for EME-BHD's large non-residential class will be indexed to wholesale market prices and will be set in advance of each month in accordance with this Order.

II. BACKGROUND

Pursuant to Maine's Restructuring Act, the Commission periodically administers a competitive bid process to select providers of standard offer service. 35-A M.R.S. § 3212(2). The Commission is also required by the Act to oversee the sale by utilities of the rights to energy and capacity from their non-divested Entitlements and other non-divested generation-related assets. 35-A M.R.S. § 3204(4).

On September 7, 2016, the Commission issued its request for proposals for standard offer service for all classes for the term January 1, 2017 through December 31, 2017. The Commission requested proposals for 100% of the load of the residential and small non-residential class, indicating that bids may be submitted for one-third, two-thirds or all of the class. The Commission requested proposals for 20%, 40%, 60%, 80% and/or 100% of the medium non-residential class and for 100% of the large non-residential class.

The Commission's practice has been to allow bids for the residential and small non-residential standard offer class to be linked to obtaining the output of utility non-divested entitlement contracts and assets. To permit such linked bids, bids were sought for EME-BHD's entitlements at the same time as bids were sought for standard offer service. *Order Approving RFB and Granting Waivers*, Docket No. 2016-00208 (September 6, 2016). Specifically, EME-BHD sought bids associated with its entitlements in two groups: (1) Penobscot Energy Recovery Company (PERC), Rollins wind facility, Exeter Agri-Energy facility, Pisgah Mountain, LLC; and (2) West Enfield Hydro, Bangor Small Hydro Composite: Green Lake Hydro and Sebec Hydro, Pumpkin Hill Hydro, Diesel facility. Bidders were permitted to submit bids for the residential and small non-residential standard offer class and the entitlements that were linked or not linked to each other.

III. DISCUSSION AND DECISION

We note at the outset that both the standard offer and entitlement bid processes were very competitive. As a result, the standard offer prices and the sale prices for the entitlements have been established by a competitive market as contemplated by the Restructuring Act.

A. Small Residential and Commercial Classes

Upon review of all the bids and the selection criteria in Chapter 301, we conclude that the **NB** linked bid for 100% of the residential and small non-residential class load provides the greatest value for ratepayers. We, accordingly, designate **NB** as the standard offer provider for 100% of the BHD residential and small non-residential class for the months of January 1, 2017 through December 31, 2017.

Based on our decision today, the standard offer price for this class will be \$0.06322 /kWh for calendar year 2017. As stated above, the new standard offer price in 2017 is 4.6% less than the current price.

B. Medium Commercial and Industrial Class

We designate **TC** as the provider for all of the medium non-residential standard offer class in the EME-BHD service territory.

The monthly standard offer prices for the EME-BHD medium class for 2017 are shown below:

Trans Canada	
Jan-17	\$ 0.08567
Feb-17	\$ 0.08763
Mar-17	\$ 0.06221
Apr-17	\$ 0.05285
May-17	\$ 0.04724
Jun-17	\$ 0.06136
Jul-17	\$ 0.06624
Aug-17	\$ 0.06395
Sep-17	\$ 0.06095
Oct-17	\$ 0.06297
Nov-17	\$ 0.06735
Dec-17	\$ 0.08393

As noted above, on an annual load-weighted average basis, the standard offer price for the medium class during 2017 will be 0.6% lower than prices during 2016.

C. Large Commercial and Industrial Class

We designate **MP** as the provider for all of the large non-residential standard offer class in the EME-BHD service territory. The large class price is structured on an indexed basis, which includes an energy component based on the ISO-NE settlement

quantities for the load asset, the applicable hourly Maine locational marginal price (LMP), a fixed “adder” in \$ per kWh and a capacity component in \$ per kW. The capacity payment to MP will be paid based on the ISO-NE settlement quantities for the load asset on a pass-through basis. Retail prices charged to large class standard offer customers will be set by the Commission in advance of each month based on the fixed adder and expected capacity prices and a retail energy component that reflects then-current market prices.

The fixed adder for the EME-BHD large class is as follows:

Maine Power, LLC		
	Fixed Adder	Capacity Charge
	\$/kWh	\$/kW-mo
Jan-17	\$0.02022	NA
Feb-17	\$0.02090	NA
Mar-17	\$0.02013	NA
Apr-17	\$0.01690	NA
May-17	\$0.01717	NA
Jun-17	\$0.01620	NA
Jul-17	\$0.01611	NA
Aug-17	\$0.01648	NA
Sep-17	\$0.01651	NA
Oct-17	\$0.01798	NA
Nov-17	\$0.01866	NA
Dec-17	\$0.02136	NA

D. Three Supplier Test

As required by Chapter 301, section 8(C)(4) of the Commission’s rules, today’s selection of **NB, TC, and MP** will satisfy the three-supplier criteria for the upcoming term.

E. Entitlements

As stated above, the Commission directs EME to award its entitlements associated with (1) Penobscot Energy Recovery Company (PERC), Rollins wind facility, Exeter Agri-Energy facility, Pisgah Mountain, LLC; and (2) West Enfield Hydro, Bangor Small Hydro Composite: Green Lake Hydro and Sebec Hydro, Pumpkin Hill Hydro, Diesel facility to **NB** consistent with its linked entitlement bid.

F. Other Matters

In designating the above standard offer provider(s), the Commission accepts each of their statements of commitment and bidder conditions. These documents are attached to and incorporated into this Order. The Commission finds that these documents provide useful clarifications as to the precise nature of the standard offer providers' obligations, as well as reasonable protections for the providers with respect to actions of the Maine Legislature, this Commission or the utility. We understand all conditions of the winning bidder are satisfied, or will be satisfied shortly after the issuance of this Order. The modified Standard Offer Provider Service Agreements that were attached to winning bids are acceptable to EME and we find that the changes from the standard form contracts are reasonable.

Finally, the Commission recognizes that the standard offer and entitlement arrangements approved in this Order create certain obligations and risks for EME that should be properly borne by customers rather than shareholders. We are informed by our Staff that EME agrees to accept the obligations and risks as long as it is compensated for the financial consequences of satisfying those obligations. Therefore, we explicitly find that any direct or indirect costs, obligations, expenses or damages reasonably incurred by EME, including administrative and security costs, in fulfilling its obligations or exercising its rights under the various contracts and arrangements authorized by this Order, shall be deferred on the utility's books of account as regulatory assets and shall be fully recovered, with carrying costs, from customers either through transmission and distribution rates or standard offer rates. These risks include, but are not limited to:

- The costs of any performance assurance that EME may be required to provide to a counterparty under the arrangements;
- Any provision that allows for a decrease or offset to the entitlement sale price, such that EME collects from the buyer any amount less than the entitlement sales price approved in this Order, including such decreases or offsets arising from actual or alleged changes in law or regulation;
- Any additional costs or losses that EME may incur as a result of tolling any termination rights under any agreement pending the outcome of an arbitration proceeding;
- Any costs caused by contractually fixing any fees applicable to the standard offer provider for any time period, where such fees are otherwise subject to change;
- Any incremental costs attributable to the execution of the standard offer arrangements, including those related to the solicitation, evaluation, and negotiation of those arrangements;
- Any costs or losses that EME incurs as a result of a default by the standard offer provider(s) on any of their contractual or other obligations and the

consequential termination of any contract or obligation associated with the unlinked standard offer and unlinked entitlement arrangements authorized in this Order for which EME is not compensated by associated security; and

- Any costs or losses incurred as result of providing standard offer service to the EME-BHD large commercial class.

This Order will be treated as designated confidential information pursuant to the Protective Order issued in this proceeding for a two-week period. After that, the confidential treatment of this information will be removed.

Dated at Hallowell, Maine, this 29th day of November 2016.

BY ORDER OF THE COMMISSION

/s/ Harry Lanphear

Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Vannoy
McLean
Williamson

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. 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.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.