

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

September 14, 2016

Order Approving Request
for Proposals and Closing
Docket No. 2016-00207

MAINE PUBLIC UTILITIES COMMISSION
Request of Maine Energy Storage for
Approval of Physical Energy Storage
Contract

Docket No. 2016-00207

MAINE PUBLIC UTILITIES COMMISSION
Request for Proposals for Physical Energy
Storage Contracts for Liquefied Natural Gas
Storage Capacity

Docket No. 2016-00220

Vannoy, Chairman; McLean and Williamson, Commissioners

I. SUMMARY

Through this Order, the Commission approves the attached Request for Proposals (RFP) for liquefied natural gas storage capacity through one or more physical energy storage contract(s) and closes Docket No. 2016-00207.

II. BACKGROUND

A. Public Law 2015, Chapter 445

During its 2016 session, the Maine Legislature enacted An Act To Allow the Public Utilities Commission to Contract for Liquefied Natural Gas Storage and Distribution (Act) P.L. 2015, ch. 445. The Act amends several sections of the Maine Energy Cost Reduction Act (MECRA) which is codified at 35-A M.R.S. § 1901 *et seq.* Section 2 of the Act creates 35-A M.R.S. § 1902(3-A) which defines "liquefied natural gas storage capacity" as "storage capacity for liquefied natural gas installed in the State on or after January 1, 2016 that will benefit the State's energy consumers during times of regional supply constraint due to capacity limitations of interstate or intrastate pipelines or local distribution systems." The Act specifies that "physical energy storage capacity" means liquefied energy storage capacity and defines a "physical energy storage contract" as any contract executed in accordance with the MECRA for physical energy storage capacity. Section 2 of the Act creating 35-A M.R.S. §§ 1902(3-B) and (3-C). Section 4 of the Act includes the Legislative finding that "[l]iquefied natural gas storage located in this State, under certain circumstances, may offer the potential to

decrease energy costs by providing a hedge against gas price volatility caused by gas supply constraints, which in turn may lower natural gas prices and, by extension, lower electricity prices for consumers in this State." 35-A M.R.S. § 1903(3).

Section 5 of the Act provides that, after certain preliminary requirements have been met, the Commission

may execute or direct one or more transmission and distribution utilities, gas utilities or natural gas pipeline utilities to execute a physical energy storage contract if the commission has determined, in an adjudicatory proceeding, that the physical energy storage contract is commercially reasonable and in the public interest and that the contract is reasonably likely to:

- A. Materially enhance liquefied natural gas storage capacity in the State or the ISO-NE region and ensure that additional physical energy storage capacity will be economically beneficial to electricity consumers, natural gas consumers or both in the State and that the overall costs of the contract are outweighed by its benefits to electricity consumers, natural gas consumers or both in the State;
- B. Provide the opportunity for access to lower cost natural gas at times of regional peak demand for natural gas supplies or in the event of upstream natural gas infrastructure disruption; and
- C. Enhance electrical and natural gas reliability in the State.

35-A M.R.S. § 1904(2-A).

Section 5 of the Act provides that the Commission may not execute physical energy storage contracts for a total amount that exceeds \$25,000,000 annually. 35-A M.R.S. § 1904. Section 7 of the Act provides that the Commission may not execute a physical energy storage contract pursuant to the Act after June 1, 2017. 35-A M.R.S. § 1912.

B. Docket No. 2016-00207

On September 1, 2016, Maine Energy Storage (MES) filed a request for Commission approval of a physical energy storage contract pursuant to the MECRA (September 1st Filing). MES' September 1st Filing was assigned Docket No. 2016-00207. In its September 1st Filing, MES requests the Commission to (1) open an investigation into the public interest and need for a physical energy storage contract pursuant to the Act; (2) process the investigation on an expedited basis; and (3) approve the physical energy storage contract proposed by MES in its September 1st Filing.

III. DECISION

The Commission approves the attached RFP to solicit proposals for liquefied natural gas storage capacity through one or more physical energy storage contract(s).

As noted above, in Docket No. 2016-00207, MES has petitioned the Commission to open an investigation into the need for a physical energy storage contract and to approve MES' proposed physical energy storage contract. For both procedural and substantive reasons, the Commission finds that MES' petition should be considered, along with other potential proposals submitted in response to the attached RFP, in Docket No. 2016-00220. The Commission therefore closes Docket No. 2016-00207. The Commission invites MES if they wish to participate to file a responsive proposal to the RFP in Docket No. 2016-00220.

The Commission directs the Hearing Examiner in this proceeding to set an intervention deadline and to convene a case conference to establish a process and schedule consistent with the requirements and deadline contained in the Act.

For the reasons described above, the Commission

ORDERS

1. That the attached Request for Proposals is approved;
2. That Docket No. 2016-00207 is closed and Maine Energy Storage is, as described in the body of this Order, invited to file a proposal in Docket No. 2016-00220; and
3. This Order and the attached Request for Proposals shall be sent to all persons on the Notification List in Docket Nos. 2014-00071 and 2016-00207, as well as all Maine natural gas and transmission and distribution utilities.

Dated at Hallowell, Maine, this 14th day of September, 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. § 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.