

**SUBJECT TO CONFIDENTIAL TREATMENT UNTIL  
November 22, 2017**

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

November 8, 2017

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. 2017-00184

CENTRAL MAINE POWER COMPANY REQUEST  
FOR APPROVAL OF REQUEST FOR BIDS AND  
ASSOCIATED WAIVERS FOR SALE OF  
ELECTRIC CAPACITY AND ENERGY

Docket No. 2017-00159

VANNOY, Chairman; and WILLIAMSON, Commissioner

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**I. SUMMARY**

Through this Order, we designate NextEra Energy Marketing, LLC (NextEra) as the standard offer provider to serve 67% of the residential and small non-residential class in the Central Maine Power Company (CMP) service territory for the 12-month term beginning January 1, 2018.<sup>1</sup> We designate Constellation Energy Commodities Group Maine, LLC (Constellation) to serve the remaining 33% of the residential and small non-residential class. Neither bid is linked to CMP's entitlements, and therefore the Commission directs CMP to sell its entitlements into the market. For the medium non-residential class, we designate Constellation as standard offer provider for 60% for the 12-month term beginning January 1, 2018. We designate Next Era to serve the remaining 40% of the medium non-residential class. Finally, we designate Maine

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<sup>1</sup> The RFP provides that bids may be submitted for one-third, two-thirds, or all of the class for the residential and small non-residential class. Due to the requirements of the applicable market and billing systems, the fractions set forth in the RFP are rounded to the closest whole percentage.

Power, LLC (Maine Power) as the standard offer provider for all of the large non-residential class.

For residential and small non-residential customers, the standard offer price will be \$0.0792063/kWh. This new price reflects a 18% increase from the 2017 price. The weighted average price for medium class standard offer service for 2018 will be \$0.08298/kWh, which is 21% higher than prices during 2017. The standard offer prices for CMP'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. § 212(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 6, 2017, the Commission issued its request for proposals for standard offer service for all classes for the term January 1, 2018 through December 31, 2018. 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 load to be linked to obtaining the output of utility non-divested entitlement contracts. To permit such linked bids, bids were sought for CMP's entitlements at the same time as bids were sought for standard offer service. *Central Maine Power Company Request for Approval of Request for Bids and Associated Waivers for Sale of Electric Capacity and Energy*, Order Approving RFB and Granting Waivers, Docket No. 2017-00159 (Aug. 29, 2017). Specifically, CMP sought bids for the entitlements associated with CMP's power purchase agreement with Kennebago Hydro (Kennebago); and its long-term contracts with Goose River Hydro, Inc. (Goose River); Athens Energy, LLC (Athens Energy); Georges River Energy, LLC (Georges River); Pittsfield Solar, LLC; and Evergreen Wind Power III, LLC (Rollins Wind). CMP sought bids on all of its entitlements for the period from January 1, 2018 through December 31, 2018. Bidders were permitted to submit bids for the standard offer load and the entitlements that were linked or not linked to each other.

### III. DISCUSSION

We note at the outset that the bidding process was very competitive. As a result, standard offer prices have been established by a competitive market as contemplated by the Restructuring Act.

#### A. Residential and Small Non-Residential Class

Upon review of all the bids and the selection criteria in Chapter 301, we conclude that a combination of NextEra's bid for 67% and Constellation's bid for 33% of the residential and small non-residential class provides the greatest value for ratepayers. Accordingly, we designate NextEra as the standard offer provider to serve 67% of the residential and small non-residential class and Constellation to serve 33% of the residential and small non-residential class.

Based on our decision today, the standard offer price for this class will be \$0.0792063/kWh. As stated above, the standard offer price in 2018 be 18% higher than the 2017 price.

#### B. Medium Commercial and Industrial Class

We designate as the standard offer providers for the 12-month term beginning January 1, 2018: Constellation for 60% of the requirements and NextEra for 40% of the requirements.

The monthly standard offer prices for the CMP medium class for 2018 are shown below:

Month	SO Price
Jan-18	\$0.114046
Feb-18	\$0.115994
Mar-18	\$0.087534
Apr-18	\$0.072112
May-18	\$0.065832
Jun-18	\$0.071936
Jul-18	\$0.073240
Aug-18	\$0.073078
Sep-18	\$0.072402
Oct-18	\$0.075728
Nov-18	\$0.081944
Dec-18	\$0.098344

As noted above, on an annual load-weighted average basis, standard offer prices for the medium class during 2018 will be 21% higher than prices during 2017.

### C. Large Commercial and Industrial Class

We designate Maine Power as the provider for all of the large non-residential standard offer class in the CMP service territory. The large class price is structured on an indexed basis, which includes an energy component based on the ISO-NE settlement quantities and locational marginal prices for the load asset, and a fixed “adder” in \$ per kWh. The bid structure also includes a capacity component which will be set in advance of each month. The capacity payment to Maine Power will be based on the ISO-NE capacity 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 winning bid for the CMP large class is as follows:

	<b>Fixed Adder</b>
	<b>\$/kWh</b>
Jan-18	\$0.00886
Feb-18	\$0.00879
Mar-18	\$0.00771
Apr-18	\$0.00788
May-18	\$0.00783
Jun-18	\$0.00831
Jul-18	\$0.00829
Aug-18	\$0.00811
Sep-18	\$0.00836
Oct-18	\$0.00782
Nov-18	\$0.00800
Dec-18	\$0.00920

### D. Three Supplier Test

As required by Chapter 301, section 8(C)(4) of the Commission’s rules, today’s selection of NextEra, Constellation, and Maine Power will satisfy the three supplier test for the upcoming term.

### E. Entitlements

As stated above, the Commission concludes that a combination of unlinked bids for the residential and small non-residential class provides the greatest value for ratepayers. Given the bid prices and the current forward market projections, there appears to be greater value to ratepayers if the entitlements are sold directly by CMP into the wholesale market. The Commission therefore directs CMP to do so.

### F. Other Matters

In designating the above standard offer provider(s), we accept each of their statements of commitment and bidder conditions. These documents are attached to and incorporated into this Order. We find 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 associated with the winning bids are acceptable to CMP and we find that the changes from the standard form contracts are reasonable.

Finally, we recognize that the standard offer and entitlement arrangements approved in this Order create certain obligations and risks for CMP that should be properly borne by customers rather than shareholders. We are informed by our Staff that CMP 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 CMP, 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 CMP 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 CMP 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 CMP may incur as a result of tolling any termination rights under any agreement pending the outcome of an arbitration proceeding;



## 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.