



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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January 15, 2025

Honorable Mark Lawrence, Senate Chair
Honorable Melanie Sachs, House Chair
Members, Joint Standing Committee on Energy, Utilities and Technology
100 State House Station
Augusta, Maine 04333

Re: Report required pursuant to Public Law 2021, chapter 604

Dear Senator Lawrence, Representative Sachs and Members of the Joint Standing Committee on Energy, Utilities and Technology:

Beginning January 15, 2023, then biennially thereafter, Public Law 2021, chapter 604 (the Act, now codified at [35-A M.R.S. §§ 3621-3627](#)) requires the Maine Public Utilities Commission (Commission) to report to the Joint Standing Committee on Energy, Utilities and Technology (Committee) on the combined heat and power program (program) and the development of combined heat and power (CHP) projects. Specifically, the report must include:

- Documentation of the progress of CHP project development, including the number of such projects, the net generation capacity of those projects and the kilowatt-hours of electricity purchased from those projects; and
- Any actions taken by the Commission to implement the program, an assessment of the effectiveness of the program with respect to encouraging the sustainable development of CHP projects and recommendations, including any necessary implementing legislation, to improve the program.

The Act allowed the Commission to direct transmission and distribution (T&D) utilities to enter into long-term contracts of up to 20 years with CHP projects that were located within a T&D utility's service territory and met several specific eligibility requirements. The Commission initiated a procurement process under the Act via a Request for Proposals (RFP) issued on December 1, 2022. On May 16, 2023, after evaluating the submitted bid proposals, the Commission issued an Order rejecting all proposals for failing to meet one or more of the eligibility requirements. That Order also noted that, pursuant to 35-A M.R.S. § 3624(5), the Commission could open a new competitive bidding process to implement the CHP program.

The Legislature subsequently amended the Act in P.L. 2023, c. 353, revising the eligibility requirements for the award of a contract. The Commission issued an RFP for CHP projects based on the revised eligibility requirements on November 17, 2023. Multiple bid proposals were received by the deadline of February 16, 2024, and the Commission, in an Order issued on October 30, 2024, awarded a contract to Ashland CHP LLC for the sale of energy from its proposed CHP

project. This project will be located in Ashland, which is in Versant Power's Maine Public District, and will have a total nameplate capacity of 17.75 MW. Ashland CHP LLC will use 2.75 MW of that capacity to serve auxiliary load connected with the project and sell the remaining 15 MW of energy it generates to Versant Power at \$0.10/kwh. The project's anticipated commercial operation date is December 31, 2027, therefore, there has been zero kWh of electricity purchased to date.

On November 25, 2024, the Commission approved the request from another bidder to temporarily suspend consideration of its bid proposal while the bidder addresses some issues that have arisen which could affect its proposed CHP project. The bidder has until March 1, 2025, to resolve these issues, although it may file a request to further extend the suspension of consideration.

Once the Commission determines whether it will award a contract to the bidder that requested the suspension of consideration of its bid proposal, the Commission will provide an update to the Committee on the outcome of the procurement process and the status of the Ashland CHP LLC project.

The Commission does not believe that any additional action is necessary to encourage the sustainable development of CHP projects, including any additional legislation. The Commission has now conducted two procurement processes with considerable overlap in the bidders that submitted a proposal in each process. At this point the Commission has evaluated the most viable proposals for CHP projects that meet the requirements of the law, and a third procurement would not be expected to change the results.

Sincerely,

A handwritten signature in black ink, appearing to be 'P.L. Bartlett II', written in a cursive style.

Philip L. Bartlett II