

**SUBJECT TO CONFIDENTIAL TREATMENT UNTIL
December 24, 2018**

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

DECEMBER 10, 2018

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. 2018-00192

CENTRAL MAINE POWER COMPANY
REQUEST FOR APPROVAL FOR REQUEST
FOR BID SALE OF ENERGY –
NON-UTILITY GENERATOR

Docket No. 2018-00182

VANNOY, Chairman; WILLIAMSON and DAVIS, Commissioner

I. SUMMARY

Through this Order, we designate NextEra Energy Marketing, LLC (NextEra) as the standard offer provider to serve 34% 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, 2019.¹ Additionally, we designate Constellation Energy Commodities Group Maine, LLC (Constellation) to serve 33% of the residential and small non-residential class. Finally, we designate New Brunswick Energy Marketing Corporation (New Brunswick) to serve the remaining 33% of the residential and small non-residential class. None of the residential and small non-residential class bids 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 NextEra as standard offer provider to serve 80% of the class for the 12-month term

¹ 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. For administrative simplicity, the fractions set forth in the RFP are rounded to the closest whole percentage.

beginning January 1, 2019, and New Brunswick to serve the remaining 20% of the medium non-residential class. Finally, we designate Maine Power as the standard offer provider for all of the large non-residential class for the 12-month term beginning January 1, 2019.

For residential and small non-residential customers, the standard offer price will be \$0.090029/kWh. This new price reflects a 13.7% increase from the 2018 price. The weighted average price for medium class standard offer service for 2019 will be \$0.08947/kWh, which is 7.8% higher than prices during 2018. 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 5, 2018, the Commission issued its request for proposals for standard offer service for all classes for the term January 1, 2019 through December 31, 2019. 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 for Request for Bid Sale of Energy – Non-Utility Generator*, Order Approving RFB and Granting Waivers, Docket No. 2018-00182 (Aug. 29, 2018). Specifically, CMP sought bids for the entitlements derived from the following agreements: Kennebago Hydro; Goose River Hydro, Inc.; Athens Energy, LLC; Georges River Energy, LLC; Pittsfield Solar, LLC; Mayo Mill, LLC (Solar); Mayo Mill, LLC (Hydro); and Evergreen Wind Power III, LLC (Rollins). CMP sought bids on all of its entitlements for the period from January 1, 2019 through December 31, 2019. 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 the NextEra, Constellation, and New Brunswick bids for 34%, 33%, and 33%, respectively, of the residential and small non-residential class provides the greatest value for ratepayers. Accordingly, we designate Next Era as the standard offer service provider to serve 34% of the residential and small non-residential class at a price of \$0.08897 /kWh, Constellation as the standard offer service provider to serve 33% of the residential and small non-residential class at a price of \$0.09073/kWh, and New Brunswick as the standard offer provider to serve 33% of the residential and small non-residential class at a price of \$0.09042/kWh.

Based on our decision today, the standard offer price for this class will be \$0.090029/kWh. As stated above, the standard offer price in 2019 will be 13.7% higher than the 2018 price.

B. Medium Commercial and Industrial Class

We designate as the standard offer providers for the 12-month term beginning January 1, 2019 as follows: NextEra for 80% of the requirements and New Brunswick for 20% of the requirements at the prices shown below in the CMP service territory.

Month	NextEra
	80%
Jan-19	\$0.14112
Feb-19	\$0.14287
Mar-19	\$0.11310
Apr-19	\$0.08594
May-19	\$0.07405
Jun-19	\$0.06528
Jul-19	\$0.06989
Aug-19	\$0.06762
Sep-19	\$0.06508
Oct-19	\$0.06678
Nov-19	\$0.07614
Dec-19	\$0.10252

Month	New Brunswick
	20%
Jan-19	\$0.14030
Feb-19	\$0.13906
Mar-19	\$0.11252
Apr-19	\$0.08805
May-19	\$0.07558
Jun-19	\$0.06923
Jul-19	\$0.07248
Aug-19	\$0.07384
Sep-19	\$0.06933
Oct-19	\$0.06831
Nov-19	\$0.07787
Dec-19	\$0.10414

The monthly standard offer prices for the CMP medium class for 2019 are shown below:

Month	SO Price
Jan-19	\$0.140956
Feb-19	\$0.142108
Mar-19	\$0.112984
Apr-19	\$0.086362
May-19	\$0.074356
Jun-19	\$0.066070
Jul-19	\$0.070408
Aug-19	\$0.068864
Sep-19	\$0.065930
Oct-19	\$0.067086
Nov-19	\$0.076486
Dec-19	\$0.102844

As noted above, on an annual load-weighted average basis, standard offer prices for the medium class during 2019 will be 7.8% higher than prices during 2018.

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:

	Fixed Adder	Capacity Charge	Energy Charge
	\$/ kWh	\$/ kW-mo	\$/ kWh
Jan-19	\$0.00957	TBD	TBD
Feb-19	\$0.00951	TBD	TBD
Mar-19	\$0.00886	TBD	TBD
Apr-19	\$0.00891	TBD	TBD
May-19	\$0.00897	TBD	TBD
Jun-19	\$0.00929	TBD	TBD
Jul-19	\$0.00937	TBD	TBD
Aug-19	\$0.00941	TBD	TBD
Sep-19	\$0.00943	TBD	TBD
Oct-19	\$0.00906	TBD	TBD
Nov-19	\$0.00912	TBD	TBD
Dec-19	\$0.00947	TBD	TBD

D. Three Supplier Test

As required by Chapter 301, section 8(C)(4) of the Commission’s rules, today’s selection of Constellation, New Brunswick, NextEra, 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 providers, 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 are associated with the winning bids are acceptable to CMP and we find that the changes from the standard form contracts are reasonable.

The Commission further notes that certain of the bidder conditions of NextEra relate to unique facts and circumstances relating to CMP, namely, the 2018 MPUC Billing Audit and 2018 Class Action Suit, as those terms are defined in the bidder conditions. The Commission notes that these bidder conditions are limited to these unique facts and circumstances raised by, and any resulting remedies resulting from, the Billing Audit or Class Action Suit. Given these unique facts and circumstances, the Commission does not intend for the terms of this Order to serve as precedent with regard to cancel and rebill actions taken by utilities as a general matter. Further, while NextEra's bidder conditions provide that NextEra is not responsible for refunding ratepayers or CMP based upon the outcomes of the MPUC Billing Audit and 2018 Class Action Suit, in this Order the Commission reaches no findings or conclusions as to what, if any, remedies may be imposed upon CMP as a result of the MPUC Billing Audit and 2018 Class Action Suit. Finally, as NextEra's bidder conditions are incorporated into this Order, they apply only to the standard offer term running January 1, 2019 through December 31, 2019.

Except as with respect to any future findings or conclusions regarding remedies related to the MPUC Billing Audit and 2018 Class Action Suit, the Commission recognizes 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;
- 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; and
- Any costs or losses that CMP 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 standard offer and entitlement arrangements authorized in this Order for which CMP is not compensated by associated security.

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 10th day of December 2018.

BY ORDER OF THE COMMISSION

/s/Harry Lanphear

Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Vannoy
Williamson

COMMISSIONER ABSENT: Davis

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.