

**SUBJECT TO CONFIDENTIAL TREATMENT UNTIL
December 18, 2018**

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

DECEMBER 4, 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

EMERA MAINE REQUEST FOR APPROVAL
OF REQUEST FOR BID SALE OF
ENERGY – NON-UTILITY GENERATOR

Docket No. 2018-00223

VANNOY, Chairman; WILLIAMSON and DAVIS, Commissioners

I. SUMMARY

Through this Order, we designate Constellation Energy Commodities Group Maine, LLC (Constellation) as the standard offer provider to serve 67%, and New Brunswick Energy Marketing Corporation (New Brunswick) as the standard offer provider to serve 33%, 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, 2019.¹ Neither the Constellation bid nor the New Brunswick bid is linked to the bid for the EME-BHD generation entitlements, and therefore the Commission directs EME-BHD to sell its entitlements into the market. We also designate NextEra Energy Marketing, LLC (NextEra) as the standard offer provider to serve 60%, and New Brunswick as the standard offer provider to serve 40%, of the medium non-residential standard offer class in the EME-BHD service territory for the

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.

one-year term beginning January 1, 2019. Finally, we designate Maine Power, LLC (Maine Power) as the standard offer provider for all the large commercial/industrial class for the one-year term starting January 1, 2019.

For residential and small non-residential customers, the standard offer price will be \$0.083695/kWh. The new price reflects a 15.8% increase from the current price. The weighted average price for the medium non-residential standard offer class for 2019 will be \$0.09027/kWh. The new price for the medium class is on average 11.4% higher than prices during 2018. 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 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 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. *Emera Maine Request for Approval of Request for Bid Sale of Energy – Non-Utility Generator*, Docket No. 2018-00223, Order Approving RFB and Request for Waivers (Aug. 29, 2018). Specifically, Emera sought bids for the entitlements derived from the following agreements: Evergreen Wind Power III (Rollins); Exeter Agri-Energy, LLC (Exeter Phase I); Exeter Phase II, LLC; Pisgah Mountain Wind; West Enfield Associates; Green Lake Water Power Company; and Ampersand Sebec Lake Hydro, LLC. 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 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. Small Residential and Commercial Classes

Upon review of all the bids and the selection criteria in Chapter 301, we conclude that a combination of Constellation's unlinked bid for 67% of the residential and small non-residential class load and New Brunswick's unlinked bid for 33% of the residential and small non-residential class load provide the greatest value for ratepayers. We, accordingly, designate Constellation as the standard offer service provider to serve 67% of the residential and small non-residential class at a price of \$0.08321/kWh and New Brunswick as the standard offer service provider to serve 33% of the residential and small non-residential class at a price of \$0.08468/kWh for the months of January 1, 2019 through December 31, 2019.

Based on our decision today, the standard offer price for this class will be \$0.083695/kWh for calendar year 2019. As stated above, the new standard offer price in 2019 is 15.8% higher than the current price.

B. Medium Commercial and Industrial Class

We designate NextEra to provide 60% of the medium non-residential standard offer class in the EME-BHD service territory at the prices shown below and New Brunswick to provide 40% of the medium non-residential standard offer class at the prices shown below in the EME-BHD service territory.

Month	New Brunswick
	40%
Jan-19	\$0.14508
Feb-19	\$0.14711
Mar-19	\$0.11553
Apr-19	\$0.08768
May-19	\$0.07631
Jun-19	\$0.06647
Jul-19	\$0.07070
Aug-19	\$0.07178
Sep-19	\$0.06780
Oct-19	\$0.06867
Nov-19	\$0.07729
Dec-19	\$0.10687

Month	NextEra
	60%
Jan-19	\$0.14069
Feb-19	\$0.14321
Mar-19	\$0.11009
Apr-19	\$0.08391
May-19	\$0.07364
Jun-19	\$0.06748
Jul-19	\$0.07273
Aug-19	\$0.07027
Sep-19	\$0.06702
Oct-19	\$0.06890
Nov-19	\$0.07745
Dec-19	\$0.10697

The monthly standard offer prices for the EME-BHD medium class for 2019 are shown below:

Month	SO Price
Jan-19	\$0.142446
Feb-19	\$0.144770
Mar-19	\$0.112266
Apr-19	\$0.085418
May-19	\$0.074708
Jun-19	\$0.067076
Jul-19	\$0.071918
Aug-19	\$0.070874
Sep-19	\$0.067332
Oct-19	\$0.068808
Nov-19	\$0.077386
Dec-19	\$0.106930

As noted above, on an annual load-weighted average basis, the standard offer price for the medium class during 2019 will be 11.4% 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 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 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 fixed adder for the EME-BHD large class is as follows:

	Fixed Adder
	\$/kWh
Jan-19	\$0.01327
Feb-19	\$0.01321
Mar-19	\$0.01256
Apr-19	\$0.01261
May-19	\$0.01267
Jun-19	\$0.01299
Jul-19	\$0.01307
Aug-19	\$0.01311
Sep-19	\$0.01313
Oct-19	\$0.01276
Nov-19	\$0.01282
Dec-19	\$0.01317

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 Constellation's and New Brunswick's unlinked bids for the residential and small non-residential class load 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 EME-BHD into the wholesale market. The Commission therefore directs EME-BHD to do so.

F. Other Matters

In designating the above standard offer providers, 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 4th day of December 2018.

BY ORDER OF THE COMMISSION

/s/ Harry Lanphear

Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Vannoy
Williamson
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.