

Report Regarding the Status of Contracts for Class IA Resources Procured Pursuant to 35-A M.R.S. § 3210-G and the Distributed Generation Resources Procurement Conducted Pursuant to 35-A M.R.S. § 3209-D

Submitted to the Joint Standing Committee on Energy, Utilities and Technology

March 31, 2025

Maine Public Utilities Commission 18 State House Station, Augusta, ME 04333

I. Introduction

During its 2019 session, the Maine Legislature enacted an Act to Reform Maine's Renewable Portfolio Standard, P.L. 2019, Chapter 477 (Act), codified at 35-A M.R.S. § 3210-G. The Act directed the Commission to conduct two competitive solicitation processes to procure in the aggregate an amount of energy or Renewable Energy Credits (RECs) from Class IA resources equal to 14 percent of retail electricity sales in the State during calendar year 2018, which was 12.25 million MWh. Of the 14 percent of that amount, or 1.715 million MWh, the Act directed the Commission to acquire at least seven percent, but not more than ten percent, through contracts approved by December 31, 2020 (Tranche 1), and to acquire the remaining amount through a solicitation process that was to be initiated no later than January 15, 2021 (Tranche 2). The Act further required that, to the extent sufficient resources were available, 75 percent of the amounts procured had to come from resources that began commercial operations after June 30, 2019 (New) and 25 percent from resources that began commercial operations prior to that date (Existing). The Commission conducted solicitations for both Tranche I and Tranche 2 as described below.

The Act contains the following provision regarding reports to the Legislature:

No later than March 31, 2023 and biennially thereafter, the commission shall submit a report regarding the status of contracts for Class IA resources under this section and the status of contracts for energy or renewable energy credits from distributed generation resources under section 3209-D to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters. The report must include, but is not limited to, a description of Class IA resources participating in competitive solicitations, information about the resources selected for contracts and the selection process, the benefits and costs of the contracts and recommendations about how to further stimulate investment in Class IA resources or achieve ratepayer benefits from Class IA resources. The report may include information about benefits and costs of the contracts to the State's economy, environmental quality or electricity consumers over both the short and long terms. Any analysis of the benefits or costs of the contracts must be based on a forecast of all avoided costs resulting from the contracts that is transparent and balanced over the long term.

The requirement in the Act to report on the status of contracts under 3209-D is a reference to the procurement conducted by the Commission pursuant to an Act Relating to Net Energy Billing and Distributed Solar and Energy Storage Systems, P.L. 2023, Chapter 41, codified at 35-A M.R.S. § 3209-D. Pursuant to this legislation the Commission has the authority to conduct one or more competitive solicitations to select distributed generation resources with which the Commission could direct an investor-owned transmission and distribution (T&D) utility to enter contracts for energy or RECs if the Commission found that doing so would be in the public interest. The Commission conducted a procurement under 35-A M.R.S. § 3209-D commencing on December 29, 2023.

The Commission hereby submits its report to the Joint Standing Committee on Energy, Utilities and Technology as required by the Act. Section II of this report provides the status of the contracts awarded pursuant to 35-A M.R.S. § 3210-G and Section III describes the results of the procurement the Commission has conducted pursuant to 35-A M.R.S. § 3209-D.

II. The Contract Procured By The Commission in Tranche 1 and Tranche 2 of the 3210-G Process

As noted above, the Commission conducted two solicitations, Tranche 1 and Tranche 2, in accordance with 35-A M.R.S. § 3210-G. In selecting projects to which it would award a contract, the Commission was required to "weigh the benefits to ratepayers and the benefits to the State's economy" using criteria that included benefits to Maine's economy and avoided emissions.¹

A. Tranche 1

The first solicitation the Commission conducted pursuant to 35-A M.R.S. 3210-G, Tranche 1, was opened through Commission Docket No. 2020-00033. On February 14, 2020, the Commission issued a Request for Proposals (RFP) seeking bids from qualified developers of renewable generation. The original deadline for proposals was April 10, 2020, which was extended to May 11, 2020, due to issues relating to the COVID-19 pandemic.

The Commission received proposals from several developers for more than 70 projects, with varying options for products (energy, capacity, RECS), pricing (fixed and variable), and contract lengths. The proposals also provided information regarding the various economic benefits that the developer was offering in support of each project.

On September 23, 2020, the Commission issued an Order approving Term Sheets for 15 new facilities and 2 existing facilities. The Class 1A renewable resources reflected in the Term Sheets were for solar, wind, biomass, and hydro, with an aggregate nameplate capacity of 485.5 MW and an estimated annual output of 1,060,225 MWh. The range of prices (based on first year of the delivery term of the contract) was \$29.75/MWh to \$40.00/MWh, reflecting a weighted average energy price of just under \$35.00/MWh.

A summary of the contracts awarded in Tranche 1 is provided in Appendix A. These contracts require the selected developers to file annual reports on their progress and, for the years of delivery of the energy or other contract products, an Economic Benefits Obligation ("EBO") Report," which must document the spending and payments the selected developers committed to in their bids in the format outlined in the EBO Report template provided by the Commission. The Commission verifies the reported spending and payments to determine whether the developers are meeting their obligations. The contracts provide that failure to meet these obligations may result in a downward price adjustment to the contract.

B. Tranche 2

The Commission opened Docket No. <u>2021-00004</u> to conduct Tranche 2 and on January 15, 2021 issued an RFP for the remaining 654,775 MWh to be procured pursuant to section 3210-G. The Commission received 46 proposals for projects in response.

¹ For the criteria the Commission applied and more information about the procurement process, please refer to the Commission's 2023 report on the results and status of the 35-A M.R.S. § 3210-G Procurement, available at: https://www.maine.gov/mpuc/sites/maine.gov/mpuc/files/inline-files/3210-G%20Report-Final.pdf

On June 29, 2021, the Commission issued an Order selecting seven Term Sheets to receive awards. Six of the awards were for new facilities, all of them for solar generation. The final awarded Term Sheet was for an existing facility, which was a wind project. These seven projects had an aggregate nameplate capacity of 422 MW and an estimated annual output of 714,534 MWh. The first-year energy prices for the new projects ranged from \$28.50/MWh to \$39.50/MWh, reflecting a weighted average energy price of just under \$31.29/MWh. The single existing facility had a fixed price of \$36.50/MWh.

A summary of awarded projects in Tranche 2 is provided in Appendix B.

The contracts awarded in Tranche 2 required the developers of the selected projects to provide the same annual EBO reports as the Tranche 1 contracts.

C. Current Status of the 32-A M.R.S. § 3210-G Projects

Of the 24 projects selected by the Commission in Tranche 1 and Tranche 2, four are currently on-line and selling products under their approved contracts. These include an existing hydro facility, and an existing biomass facility selected in Tranche 1, an existing wind facility selected in Tranche 2, and one new wind facility selected in Tranche 1:

Project	Resource Type	Nameplate Capacity	Product	Price
Brookfield White Pine Hydro (Androscoggin 3) (Existing)	Hydro	4.5 MW	RECs	\$14.35/REC, escalating 2% per year after year one.
ReEnergy Livermore Falls (Existing)	Biomass	39 MW	Energy	\$53.00/MW, escalating 3% per year after year one.
Helix Maine Wind Development LLC (Existing)	Wind	132	Energy	\$36.50/MWh
SWEB Development Silver Maple (New)	Wind	20	Energy	\$34.30 per MWh, escalating 2% per year after year one.

Five projects still remain in development and have not yet come on-line. These are the projects that are listed in Appendices A and B as owned by Glenvale Solar and which have a combined total nameplate capacity of 135 MW. These projects are now expected to reach commercial operation in late 2025 or in 2026.

The remaining 14 projects selected by the Commission have been withdrawn by their developers. As noted in the Commission's 2023 Report on the 35-A M.R.S. § 3210-G projects, many of these

developers had reported to the Commission that they had encountered difficulties with developing their projects.² Some of these difficulties resulted from delays in permitting and the interconnection process, while others were related to maintaining the economics of projects, including increased prices and supply chain issues.³

D. Benefits and Costs of the Tranche 1 and Tranche 2 35-A M.R.S. §3210-G Contracts

Pursuant to section 35-A M.R.S. § 3210-G(3), the Commission's biennial report must include the benefits and costs of the selected contracts and this "may include information about benefits and costs of the contracts to the State's economy, environmental quality or electricity consumers over both the short and long terms. Any analysis of the benefits or costs of the contracts must be based on a forecast of all avoided costs resulting from the contracts that is transparent and balanced over the long term."

The four operating projects have resulted in total net ratepayer benefits of \$1.7 million in 2021 and \$9.2 million in 2022 but resulted in a net cost to ratepayers of \$4.8 million during 2023. For 2024, these projects resulted in net ratepayer benefits of approximately \$2.8 million.⁴

Project	2021 Net Ratepayer Cost/(Benefit)	Net Ratepayer Ratepayer N		2024Net Ratepayer Cost/(Benefit)	
Brookfield White Pine	\$320,000	\$(647,000)	\$(845,000)	\$(846,000)	
Hydro					
ReEnergy Livermore Falls	\$908,000	\$(4,925,000)	\$3,802,000	\$1,307,000	
Helix Maine Wind	\$(2,925,000)	\$(3,711,000)	\$968,000	\$(2,312,000)	
SWEB Development Silver Maple	N/A	\$119,000	\$864,000	\$(989,000)	
TOTALS	\$(1,697,000)	\$(9,164,000)	\$4,789,000	\$(2,839,000)	

With respect to the environmental benefits of the four projects that are operating, the total of the developers' projections for reductions in greenhouse gas emissions is approximately 257,000 tons per year.

Additionally, as noted above, each contract approved by the Commission required the developer to provide annual EBO reports on their compliance with providing the economic benefits they had

² https://www.maine.gov/mpuc/sites/maine.gov.mpuc/files/inline-files/3210-G%20Report-Final.pdf

³ The notices of termination filed by CMP and Versant with regard to these projects can be viewed in Docket Nos. 2020-00033 and 2021-00004 in the Commission's online Case Management System, available at: https://mpuc-cms.maine.gov/COM.Public.WebUI/ExternalHome.aspx

⁴ Ratepayer benefits and cost are from CMP Stranded Cost filings in dockets <u>2022-00042</u>, <u>2023-00039</u> and <u>2024-00015</u> Annual cost and benefits are accrued over a 12-month period starting in March and ending February of the following year.

committed to. These reports are not due to be filed until the facilities are constructed and delivering energy. Therefore, to date the Commission has received reports only from the four operating facilities. The reports filed by the developers of these projects have provided the following information: ⁵

- ReEnergy Livermore Falls, LLC, a biomass generator awarded a contract in Tranche 1, has filed reports demonstrating that it has met its obligations for the past four years through the expenditure of approximately \$20 million dollars per year on capital expenses, supplies, taxes, and wood fuel harvested by Maine-based suppliers. It is also providing more than 20 Maine-based full-time jobs.
- Brookfield White Pine Hydro, LLC, a hydroelectric generator awarded a contract in Tranche 1, has filed reports demonstrating that it has met its obligations for the past four years through the cumulative expenditure of approximately \$4.9 million in income, excise, sales, and other taxes to Maine-based entities, and providing one full-time Maine-based job.
- Helix Maine Wind Development, a wind generator awarded a contract in Tranche 2, has filed reports demonstrating that it has met its obligations for the past three years through the cumulative expenditure of \$27.9 million in income, excise, sales, and other taxes and payments to Maine and its host community, and the purchase of goods and services from Maine-based suppliers. Helix currently provides four Maine-based full-time jobs.
- SWEB Development Silver Maple, a wind generator awarded a contract in Tranche 1, has filed reports demonstrating that it has met its obligations for the past two years through the cumulative expenditure of more than \$17.1 million in income, excise, sales, and other taxes and payments to Maine and its host community, and the purchase of goods and services from Maine-based suppliers.

E. Other 35-A M.R.S. § 3210-G Reporting Requirements

Pursuant to 35-A M.R.S. § 3210-G(3), the Commission is also required to provide "recommendations about how to further stimulate investment in Class IA resources or achieve ratepayer benefits from Class IA resources." During its 2023 session, however, the Legislature enacted an Act to Promote Economic Reuse of Contaminated Land Through Clean Energy Development, P.L. 2023, Chapter 321, codified at 35-A M.R.S. § 3210-J. This legislation requires the Commission to procure energy and renewable energy credits equal to 5% of the retail sales of the State and to also procure the amount of energy and renewable energy credits equal to the amount that was to have been provided under contracts selected pursuant to section 3210-G which have not been fulfilled. The Commission issued an RFP to initiate this procurement on August 30, 2024 in Docket No. 2024-00235 and is currently in the process of evaluating proposals. The Commission believes that no further rounds of procurement under 35-A M.R.S. § 3210-G are necessary because any shortfall in the amount of energy procured from Class IA resources under that statute will be addressed pursuant to 35-A M.R.S. § 3210-J.

⁵ Detailed information regarding these reported benefits can be found at: (a) Maine Public Utilities Commission Docket No. 2022-00050 for ReEnergy Livermore Falls, LLC; (b) Maine Public Utilities Commission Docket No. 2022-00051 for Brookfield White Pine Hydro, LLC; (c) Maine Public Utilities Commission Docket No. 2023-00020 for Helix Maine Wind Development; and (d) Maine Public Utilities Commission Docket No. 2024-00019 for SWEB Development Silver Maple.

III. The 35-A M.R.S. § 3209-D Procurement

During the First Special Session of the 131st Legislature, the Maine Legislature enacted an Act Relating to Net Energy Billing and Distributed Solar and Energy Storage Systems, P.L. 2023, Chapter 41, codified at 35-A M.R.S. § 3209-D. This legislation grants the Commission the authority to conduct one or more competitive solicitations to select distributed generation (DG) resources with which the Commission could direct an investor-owned transmission and distribution utility to enter contracts for the energy or RECs produced by those resources, if the Commission found that doing so would be in the public interest. 35-A M.R.S. § 3209-D(2). A contract may be for a term of no more than 20 years unless the Commission finds that a contract for a longer term would be in the public interest. 35-A M.R.S. § 3209-D(4).

To qualify for being awarded a contract, a DG resource must be:

[A]n electric generating facility that uses a renewable fuel or technology under section 3210, subsection 2, paragraph B-3, is located in the service territory of a transmission and distribution utility in the State and:

- (1) Has met or is reasonably likely to meet the requirements of section 3209-A, subsection 7, paragraph E, as determined by the commission; or
- (2) Has a nameplate capacity of at least one megawatt and not more than 2 megawatts and:
 - (a) Is a member of a cluster study conducted by the transmission and distribution utility with which the distributed generation resource is seeking to interconnect; or
 - (b) Is likely to receive required transmission approval from the New England independent system operator on or before April 30, 2024.

35-A M.R.S. § 3209-D (A).

A DG resource awarded a contract is ineligible for net energy billing (NEB) under 35-A M.R.S § 3209-A or § 3209-B. Accordingly, any DG resource awarded a contract would be required to terminate any existing NEB agreement as a condition of such award. 35-A M.R.S. § 3209-D(5).

The Commission issued an RFP for Energy or Renewable Energy Credits from Distributed Generation Resources on December 29, 2023 in Docket No. <u>2023-00335</u> requesting proposals from qualifying DG resources on or before March 15, 2024. The RFP informed potential bidders that proposals would be evaluated based upon their likelihood of materially reducing NEB costs incurred by ratepayers.

Several bidders submitted proposals for DG resource projects. Some of these proposals were for projects that were already operational while others were for projects still in development.

On October 10, 2024, the Commission issued an Order describing how it had evaluated the submitted proposals on the savings they would provide to ratepayers based on the difference between: (1) the NEB compensation a project either currently receives or would receive once fully developed assuming it qualified for NEB; and (2) the proposed cost of energy and RECs generated by the

project and offered in response to the RFP.⁶ Applying this analysis, the Commission found that six of the submitted projects had the potential to provide savings to ratepayers. Four of these, with a combined nameplate capacity of 17.325 MW, were owned by the same entity, already operational, and participating in the NEB program. The remaining two projects, each owned by a different, separate entity, were still in development, one having a nameplate capacity of 1.99 MW and the other having a nameplate capacity of 2.99 MW.

The awards to the two projects still in development were made contingent on those projects either meeting the statutory deadline in 35-A M.R.S. § 3209-A of reaching commercial operation on or before December 31, 2024, or obtaining a good cause exemption under that statute. Both of these projects later notified the Commission that they would not accept the awarded contracts.

The Commission gave the four operational projects 15 days in which to notify the Commission that they would accept their awarded contracts, after which they had 60 days to terminate their existing NEB agreements and execute the awarded contract with the appropriate T&D utility. The Commission did, however, allow these projects to request an extension of time for completing these requirements. After timely notifying the Commission that they accepted the awarded contracts and requesting and receiving two extensions for terminating their NEB agreements, all four of these projects notified the Commission that they were unable to satisfy this requirement and declined their awards.

The Commission is still determining whether to initiate another procurement under 35-A M.R.S. § 3209-D.

IV. Conclusion

Pursuant to 35-A M.R.S. § 3210-G(3), this report fulfills the legislative requirements stated above. For projects selected pursuant to 35-A M.R.S. § 3210-G, the Commission will continue to monitor the performance of those in operation and the progress of those still in development. The Commission will report on the results of the current and any future procurements conducted under 35-A M.R.S. § 3210-J⁷ and 35-A M.R.S. § 3209-D.

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⁶ The Commission's Order and other documents related to this procurement can be found in Docket No. 2023-00335 at: https://mpuc-cms.state.me.us/CQM.Internal.WebUI/MatterManagement/CaseMaster.aspx

⁷ <u>35-A M.R.S.</u> § <u>3210-J</u> requires the Commission to determine the amount of energy or renewable energy credits from Class IA resources selected for contracts pursuant to section 3210-G that have not been fulfilled and shall add this amount to the amount of energy and renewable energy credits to be contracted under section 2, paragraph A of 35-A M.R.S. § 3210-J.

Appendix A – Summary of Awarded Contracts in 35-A M.R.S. \S 3210-G Tranche 1

Tranche	Category	Project	Resource Type	Nameplate Capacity (MW)	Product	Term	Year 1 Price	Annual Escalation
1	Existing	Brookfield - Androscoggin 3	Hydro	4.5	RECs	20	\$ 14.35	2.0%
1	Existing	ReEnergy - Livermore Falls	Biomass	39	Energy	20	\$ 53.00	3.0%
1	New	SWEB Development - Silver Maple	Wind	20	Energy	20	\$ 34.30	2.0%
1	New	Three Rivers Solar (Swift Current) - Three Rivers	Solar	100	Energy	20	\$ 42.00	2.0%
1	New	Glenvale Solar - West Baldwin	Solar	16	Energy	20	\$ 39.50	2.5%
1	New	Walden Renewables - Walden Solar Maine V (Leeds)	Solar	20	Energy	20	\$ 35.50	0.0%
1	New	Walden Renewables - Walden Solar Maine VII (Madison)	Solar	20	Energy	20	\$ 37.75	0.0%
1	New	BNRG Dirigo - Church Hill	Solar	20	Energy	20	\$ 29.75	2.5%
1	New	BNRG Dirigo - Eddington	Solar	20	Energy	20	\$ 29.75	2.5%
1	New	Glenvale Solar - Emery Meadow	Solar	16	Energy	20	\$ 37.00	2.5%
1	New	Glenvale Solar - Topsham Meadow	Solar	18	Energy	20	\$ 39.00	2.5%
1	New	Granite Apollo - Canton Solar	Solar	65	Energy	20	\$ 34.00	2.5%
1	New	Granite Apollo - Roxbury Solar	Solar	55	Energy	20	\$ 34.00	2.5%
1	New	Walden Renewables - Fairly Solar	Solar	17	Energy	20	\$ 40.00	0.0%
1	New	Walden Renewables - Moussam River	Solar	20	Energy	20	\$ 36.50	0.0%
1	New	Walden Renewables - Walden Solar Maine III (Sweden)	Solar	35	Energy	20	\$ 36.00	0.0%

Appendix B – Summary of Awarded Contracts in 35-A M.R.S. \S 3210-G Tranche 2

Tranche	Category	Project	Resource Type	Nameplate Capacity (MW)	Product	Term	Year 1 Price	Annual Escalation
2	Existing	Helix Maine Wind Development LLC	Wind	132	Energy	20	\$ 36.50	0.0%
2	New	C2 Energy Capital LLC	Solar	14	Energy	20	\$ 39.50	2.0%
2	New	Walden Renewables - Goose Cove Solar, LLC	Solar	40	Energy	20	\$ 28.50	2.5%
2	New	Walden Renewables - Oyster River Solar, LLC	Solar	31	Energy	20	\$ 32.00	2.5%
2	New	Glenvale - Turner Meadow Solar Station, LLC	Solar	10	Energy	20	\$ 38.50	2.5%
2	New	Glenvale - Warren Meadow Solar Station, LLC	Solar	75	Energy	20	\$ 32.00	2.5%
2	New	Greene Apple Solar Power LLC	Solar	120	Energy	20	\$ 29.89	3.0%