I. SUMMARY

Pursuant to this Order, the biomass-powered generation facility of ReEnergy Stratton LLC located in Stratton, Maine is certified as a Class I New Renewable Resource that is eligible to satisfy Maine’s new renewable resource portfolio requirement pursuant to Chapter 311, § 3(B) of the Commission’s rules.

II. BACKGROUND

A. New Renewable Resource Portfolio Requirement

During its 2007 session, the Legislature enacted an Act To Stimulate Demand for Renewable Energy (Act). P.L. 2007, ch. 403 (codified at 35-A M.R.S.A. § 3210(3-A)). The Act added a mandate that specified percentages of electricity that supply Maine’s consumers come from “new” renewable resources. Generally, new renewable resources are renewable facilities that have an in-service date, resumed operation or were refurbished after September 1, 2005. The percentage requirement starts at one percent in 2008 and increases in annual one percent increments to ten percent in 2017, unless the Commission suspends the requirement pursuant to the provisions of the Act.

As required by the Act, the Commission modified its portfolio requirement rule (Chapter 311) to implement the “new” renewable resource requirement. Order Adopting Rule and Statement of Factual and Policy Basis, Docket No. 2007-391 (Oct. 22, 2007). The implementing rules designated the “new” renewable resource

1 Maine’s electric restructuring law, which became effective in March 2000, contained a portfolio requirement that mandated that at least 30% of the electricity to supply retail customers in the State come from eligible resources, which are either renewable or efficient resources. 35-A M.R.S.A. § 3210(3). The Act did not modify this 30% requirement.
requirement as “Class I” and incorporated the resource type, capacity limit, and the vintage requirements as specified in the Act. The rules thus state that a new renewable resource used to satisfy the Class I portfolio requirement must be of the following types:

- fuel cells;
- tidal power;
- solar arrays and installations;
- wind power installations;
- geothermal installations;
- hydroelectric generators that meet all state and federal fish passage requirement; or
- biomass generators, including generators fueled by landfill gas.

In addition, except for wind power installations, the generating resource must not have a nameplate capacity that exceeds 100 MW. Finally, the resource must satisfy one of four vintage requirements. These are:

1) renewable capacity with an in-service date after September 1, 2005;
2) renewable capacity that has been added to an existing facility after September 1, 2005;
3) renewable capacity that has not operated for two years or was not recognized as a capacity resource by the ISO-NE or the NMISA and has resumed operation or has been recognized by the ISO-NE or NMISA after September 1, 2005; or
4) renewable capacity that has been refurbished after September 1, 2005 and is operating beyond its useful life or employing an alternate technology that significantly increases the efficiency of the generation process.

Chapter 311, § 3(B)(4) of the Commission’s rules establishes a certification process that requires generators to pre-certify facilities as a new renewable resource under the requirements of the rule and provides for a Commission determination of resource eligibility on a case-by-case basis. The rule contains the information that must be included in a petition for certification and specifies that the Commission shall provide an opportunity for public comment if a petitioner seeks certification under

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2 The “new” renewable resource requirement was designated as Class I because the requirement is similar to portfolio requirements in other New England states that are referred to as “Class I.” Maine’s pre-existing “eligible” resource portfolio requirement is designated as Class II.

3 In the Order Adopting Rule at 6, the Commission noted that a request for certification can be made at any time so that a ruling can be obtained before a capital investment is made in a generation facility.
vintage categories 2, 3, or 4. Finally, the rule specifies that the Commission may revoke a certification if there is a material change in circumstance that renders the generation facility ineligible as a new renewable resource.

B. Petition for Certification

On August 31, 2017, ReEnergy Stratton LLC (ReEnergy or the Company) filed a petition to certify its biomass-powered generation facility located in Stratton, Maine (the “Facility”) as a Class I New Renewable Resource under the refurbishment provision of the Commission’s renewable portfolio rules. Ch. 311, § 3(B)(3)(d). After a protective order was issued by the Commission Staff, ReEnergy supplemented its petition with confidential documents on October 16, 2017. As required by our rules, the Commission provided interested persons with an opportunity to comment on ReEnergy’s petition. No comments were received.

According to the petition, the 48 MW Facility, which utilizes biomass as the primary fuel, has been refurbished and is operating beyond its previous useful life. Under previous ownership, the Facility began commercial operations in 1989 and was acquired by ReEnergy in December 2011. Starting in Spring 2014, market forces caused an economic strain on the Facility and led ReEnergy to make number of investments that the Company characterizes as refurbishments. The Company asserts that these investments were necessary to maintain the economic viability of the Facility.

ReEnergy lists the claimed refurbishment investments in its petition, all of which were capitalized for federal tax purposes. As recited by ReEnergy, these investments are too numerous and technical to effectively summarize in full, but include a major turbine-generator overhaul and the replacement, upgrade, overhaul, or refurbishment of several major components of the Facility. ReEnergy’s total claimed refurbishment investments, all of which have been capitalized for tax purposes, amount to [BEGIN CONFIDENTIAL] [END CONFIDENTIAL]. The Company claims that its investments in the Facility have enabled it to operate beyond its expected useful life of 20 years. Finally, ReEnergy requests that the certification be effective as of the petition date.

III. DECISION

After considering ReEnergy’s petition, the Commission finds that ReEnergy’s Facility has been refurbished and is operating beyond its useful life pursuant requirements of Chapter 311, section 3(B)(3)(d), and therefore qualifies as a Maine Class I New Renewable Resource. The Facility is a biomass generator with a nameplate capacity less than 100 MW. The remaining requirements for certification under the refurbishment vintage prong are discussed below.

A. Vintage

4 Confidential pursuant to Protective Order No. 1.
ReEnergy seeks certification under the refurbishment prong of the vintage criteria contained in Chapter 311, section 3(B)(3)(d). This refurbishment prong is also contained in the definition of “New” as applied to any renewable capacity resource in 35-A, MRSA § 3210(2)(B-4). The refurbishment prong defines a new renewable resource as a generation facility that:

Has been refurbished after September 1, 2005 and is operating beyond its previous useful life or is employing an alternate technology that significantly increases the efficiency of the generation process.

This prong is a two part test that requires the Commission to first determine whether the facility has been “refurbished,” and then to determine whether the facility is operating beyond its previous useful life or employing an alternate technology that significantly increases the efficiency of the generation process.

To clarify the meaning of refurbishment, the Legislature enacted an amendment to the refurbishment prong of the vintage requirement. Pursuant to the statutory amendment, “to refurbish” means “to make an investment in equipment or facilities, other than for routine maintenance and repair, to renovate, reequip or restore the renewable capacity resource.” 35-A M.R.S.A. § 3210(2)(B-4).\(^5\)

As stated by the Maine Law Court, the purpose of the refurbishment provision is to encourage the preservation of older existing renewable generation facilities by creating an incentive for owners to make the investments necessary to preserve and extend the useful lives of these older facilities. *Covanta Maine, LLC v. Public Utilities Commission*, 2012 ME 74, ¶ 16 (2012) (Covanta).

Pursuant to the Law Court’s analysis in Covanta, in the course of making its determination regarding whether there has been a refurbishment, the Commission must consider the nature and character of the expenditures to determine whether they were made for the purpose of repair or maintenance or for investment in equipment or facilities. *Covanta*, 2012 ME 74, ¶¶ 17, 19.

i. **Refurbishment**

The Commission’s practice in assessing whether a generation facility has been refurbished is to examine a collection of factors, including, but not limited to, the

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\(^5\) The Commission interprets this language as making “explicit the Commission’s existing practice of disregarding investments made for routine maintenance and repair when looking at whether a facility has been refurbished.” *Verso Bucksport LLC, Request for Certification for RPS Eligibility*, Docket No. 2011-102, Order Granting New Renewable Resource Certification at 7, fn. 10 (Nov. 23, 2011).
condition of the facility prior to the investments and the nature of the expenditures to
determine whether they appear to be related to routine maintenance and repair.

ReEnergy has provided a list of claimed refurbishment projects that it asserts
were necessary to maintain the economic viability of the Facility. Although the specific
amounts associated with ReEnergy’s capital expenditures associated with the Facility
are confidential, the amounts are significant and consistent with the Commission’s
previous findings of refurbishment. In addition, the character of the investments listed
by ReEnergy appear to be long term and nonrepetitive, indicating refurbishment rather
than routine maintenance and repair.

We do not make a finding on whether each of the projects included in
ReEnergy’s filing independently meets the definition of a refurbishment investment.
Rather, we find that the nature, character, and scope of ReEnergy’s investments in the
aggregate go beyond routine maintenance or repair. The aggregated refurbishment
investments are therefore sufficient to certify the renewable-based electrical generation
derived from the Facility as consistent with the statutory definition of a generation facility
that has been refurbished after September 1, 2005.

ii. Operating Beyond the Facility’s Previous Useful Life

ReEnergy seeks qualification of its investments under the useful life sub-prong of
the refurbishment vintage category, arguing that the Facility would likely not have been
able to operate economically in recent years without the refurbishment investments
made by the Company. Petition at 4. In addition, the Facility is now approximately 28
years old.

ReEnergy’s arguments as to this whether the Facility is operating beyond its
previous useful life reflect this Commission’s analysis of this issue in certifying another
biomass plant owned by the Company. ReEnergy Fort Fairfield LLC Request for
Certification for RPS Eligibility, Docket No. 2011-00374, Order Granting New
Renewable Resource Certification at 8 (June 14, 2013) (hereinafter, Fort Fairfield
Order). In the Fort Fairfield Order, the Commission defined useful life broadly, such that
it “includes a facility’s ability to continue operating in the market.” In addition, an inability
to operate in the market may be due to “the economics of operating the plant in the
competitive market.” Further, in that order and others issued by the Commission
reviewing similar biomass generation plants, we have found the useful life of such
facilities to be twenty years, independent of their economic viability. Therefore,

6 ReEnergy has not sought certification under the alternative technology sub-prong of
the refurbishment category.

7 See, e.g., Catalyst Paper Operations, Inc Request for Certification for RPS Eligibility,
24, 2016); Covanta Energy Request for Certification for RPS Eligibility, Docket No.
2010-210, Order Denying New Renewable Resource Certification (Nov. 12, 2010).
consistent with these past orders, we find that the Facility is operating beyond its previous useful life.

Accordingly, the Commission

ORDERS

1. The electrical generation of the ReEnergy Stratton Facility is hereby certified as a Class I New Renewable Resource eligible to satisfy Maine’s New Renewable Resource portfolio requirement pursuant to Chapter 311, § 3(B)(3)(c) of the Commission rules;

2. ReEnergy Stratton LLC, or the Facility’s successive owner, shall provide timely notice to the Commission of any material change in the character or operation of the Facility from that described in the petition filed in this proceeding.

3. The certification granted by this Order is effective as of August 31, 2017.

Dated at Hallowell, Maine, this 9th day of November, 2017.

BY ORDER OF THE COMMISSION

/s/ Harry Lanphear

Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Vannoy
Williamson
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.