

Recently Enacted Legislation Opens Up New Renewable Generation Development Opportunities in Maine

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To: Clients and Colleagues

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Since Janet Mills was sworn in as governor in January and the democrats had also secured control of both chambers, the expectation was that 2019 was going to be a big year for climate and clean energy in Maine. This has certainly turned out to be true. As an early action, Governor Mills issued [Executive Order 3 FY 19/20](#) to conclude the Maine Wind Advisory Commission and wind permit moratorium that had been in place since the beginning of 2018. A flurry of legislation was also introduced addressing everything from net metering (re-instituted in March through L.D. 91) to electrification, the renewable portfolio standard, procurement targets and Aqua Ventus floating offshore wind pilot project.

Leading up to the adjournment of the legislative session on June 20th a number of these bills passed and were subsequently signed by the Governor. Most notable to renewable generation development in the state were L.D. 1494 and L.D. 1711, which are reviewed below. These offer direct opportunities for long-term contracts for new projects. Respectively, about 400-800 MW of utility scale renewables and 375 MW of distributed solar by 2024.

An Act To Reform Maine's Renewable Portfolio Standard ([L.D. 1494 / Chapter 477 PL](#))

L.D. 1494 passed the legislature on June 18th, 2019 and was signed into law by the Governor the following week. It expands Maine's RPS to 80% by 2030 and to 100% by 2050 from 40% (Class I – New 10% and Class II - Existing Resources 30%) while creating a new class of RPS resources, Class IA, for the incremental renewable generation capacity targeted.

In addition, it calls for the competitive procurement of Class IA resources to the level of 14% of 2018 state retail electricity sales, about 1,500 GWh, through a series of two RFPs to be issued by 2021. Energy storage, mechanical, chemical or thermal, can be awarded contracts if paired with eligible Class IA resources. The first RFP is likely to be issued in late 2019 or early 2020 for approximately 750-1,100 GWh (7-10% of 2018 sales per the legislation). A second RFP will then be issued in late 2020 but no later than Jan 15th, 2021 for 450-750 GWh (14% of 2018 electricity sales minus the generation contracted in the first RFP).

The Maine Public Utilities Commission is responsible for administering the reformed RPS including the two mandated procurements. In this role, the Commission is to direct the Maine investor-owned transmission and distribution utilities to enter the long-term contracts selected from the RFPs. The state's two investor owned utilities are Avangrid's Central Maine Power (CMP)

and Emera Maine (Bangor Hydro Electric Co. and Maine Public Service Co.), which is pending sale to ENMAX Corporation. While the Commission will retain significant discretion in the solicitations certain aspects were directed in L.D. 1494.

Solicitation/Contract Aspect	L.D. 1494 Direction to Commission
Electricity Products	Energy and renewable energy credits. Capacity may also be purchased but the offering nor sale of capacity cannot be required.
Contract Term	A contract entered into pursuant to these RPS procurements must be for a term of 20 years, unless the commission finds a contract for a longer term to be prudent.
Commercial Operation Date	<p>If sufficient resources are available, 75% of the generation contracted must come from Class IA resources that begin commercial operations after June 30, 2019 and 25% must come from Class IA resources that began commercial operations on or prior to June 30, 2019.</p> <p>No requirement was enumerated for the latest date a project may achieve commercial operation.</p>
Evaluation Criteria	A weight of 70% to ratepayer benefits (i.e. direct PPA benefit/cost to ratepayers) and 30% to economic benefits (including employment, host community payments, taxes, in state purchases, capital investments in an existing facility, harvest of biomass wood fuel and avoided emissions).
Energy Storage System Proposals	<p>Storage must be located within Maine, bid as a complementary resource to a Class IA resource, and either co-located (separate or jointly metered) or located elsewhere and deemed by the PUC to reduce GHG emissions.</p> <p>Two separate bids with and without the system must be submitted. Energy storage proposals can only be selected if they offer additional benefits to ratepayers (such as cost reductions, peak demand reduction, T&D or generation deferral, reliability and resiliency).</p> <p>Storage also has to remain stationary and under the same ownership throughout the contract term. Storage may be permitted to be added after Class IA renewable contract award at the PUC's discretion.</p>

Overall the estimated near term opportunity resulting from the reformed Maine RPS is 400 MW of land based wind, 850 MW solar or a combination of the two technologies. This opportunity for

new renewable generation resources could be up to 25% lower to the extent that sufficient resources that began commercial operations on or prior to June 30, 2019 are available.

An Act To Promote Solar Energy Projects and Distributed Generation Resources in Maine
(L.D. 1711 / Chapter 478 PL)

L.D. 1711 calls for the competitive procurement of distributed generation (DG) resources in sequential blocks for a total of 125 MW commercial or institutional DG (i.e. non-residential customers) and 250 MW of community shared DG by July 1, 2024. The initial procurement must occur on or before July 1, 2020 with the rules for both solicitations to be in place by January. Four additional blocks of DG are then to be used by the PUC to meet the overall procurement goals with stipulations on each block that the contract rate be equal to 97% of the preceding block. For the purposes of these procurements a DG resource means an electric generating facility with a nameplate capacity less than 5 MW that uses an eligible renewable fuel or technology and is located in the service territory of a Maine T&D utility. Solar is understood to be the predominant distributed renewable technology.

There are number of specifics in this law with regards to the competitive procurements and net energy billing which should be reviewed. An earlier version included a 400 MW utility-scale procurement provision with a \$35/MWh cap, but that was struck from the enacted version.