

Maine Public Utilities Commission



EUT Committee Orientation

January 21, 2025

Our Mission

Our mission is to serve Maine by balancing access to safe and reliable utility services with rates that are just and reasonable for customers and public utilities, while minimizing energy costs and greenhouse gas emissions.



How We Achieve Our Mission

- Making well informed, fact-based decisions that balance the rights and responsibilities of all stakeholders;
- Including public and stakeholder input in decision-making;
- Effectively and efficiently implementing legislative policy;
- Fostering a culture of integrity, expertise, and professionalism by hiring, developing, and retaining highly skilled staff;
- Efficiently managing a robust, state-of-the-art 911 system;
- Holding utilities accountable through rigorous, customer-focused performance measures and standards; and
- Educating and informing the public so they can understand and make meaningful contributions to matters before the Commission.

State Goals

Climate Goals

GHG Emissions (38 M.R.S. § 576-A)

- By 1/1/30 - Reduce to at least 45% below 1990 gross annual GHG emissions
- By 1/1/40 - GHG emissions must be on the trajectory to achieve 2050 annual emissions level
- By 1/1/45 – Net annual greenhouse gas emissions may not exceed zero metric tons
- By 1/1/50 - Reduce to at least 80% below 1990 gross annual GHG emissions

State Goals

Energy Goals

Consumption of electricity from renewable resources (35-A M.R.S. § 3210(1-A))

- By 1/1/30 - 80% of retail electricity sales from renewable resources
- By 1/1/50 - 100% of retail electricity sales from renewable resources

Clean Energy

- 100% clean energy by 2040

Energy Storage (35-A M.R.S. § 3145)

- By 12/31/25 - At least 300 megawatts of installed capacity
- By 12/31/30 - At least 400 megawatts of installed capacity
- Beginning January 1, 2024, and every 2 years thereafter, the GEO may may reevaluate and increase the state goal

Wind energy development in proximate federal waters (35-A M.R.S. § 3404(2))

- By 12/31/40 - At least 3,000 megawatts of installed capacity
- Beginning January 1, 2025, and every 2 years thereafter, the GEO may may reevaluate and increase the state goal

Renewable Portfolio Requirements

| Year | Class I | Class IA | Class II | Thermal |
|------|---------|----------|----------|---------|
| 2025 | 10% | 19% | 30% | 2% |
| 2026 | 10% | 23% | 30% | 2.4% |
| 2027 | 10% | 27% | 30% | 2.8% |
| 2028 | 10% | 31% | 30% | 3.2% |
| 2029 | 10% | 35% | 30% | 3.6% |
| 2030 | 10% | 40% | 30% | 4% |

The Commission may suspend scheduled increases under limited circumstances

- 35-A M.R.S. § 3210 requires that each competitive electricity provider demonstrate that its portfolio of supply sources for retail electricity sales in this State meet the renewable portfolio requirements illustrated in the table
- Portfolio requirements can be satisfied through an alternative compliance payment (ACP) mechanism
- The alternative compliance payment rate is set by the Commission in rule
 - Class I and Class IA the ACP rate is \$50/MW
 - Class II the ACP rate is \$5/MW
 - Thermal the ACP rate is \$25/MW

Our Role In The Energy Transition

Achieving the state's carbon reduction and renewable energy goals while minimizing costs to utility customers will require the Commission to balance competing priorities at a time of great uncertainty and change. In its proceedings, the Commission will endeavor to foster innovation and search out efficient solutions with the potential to reduce costs for all customers.

The Commission Shall Assist the State in Achieving its Climate And Renewable Energy Goals at the Lowest Reasonable Cost to Electric Ratepayers While Ensuring Reliable Electric Service Through:

| | |
|------------------------------------|--|
| GHG Emission Impacts Evaluation | Develop and implement methodology to evaluate the impact of decisions on GHG emissions |
| Supply | Provide support for the development and retention of renewable and non-carbon emitting generation, energy storage, demand response and energy efficiency in Maine through market mechanisms, competitive procurements and other mechanisms, when and where needed, to meet customer electricity needs and State goals while minimizing ratepayer costs |
| Rate Design | Implement rate designs, including time varying rates, that promote efficient use of generation and grid resources, minimize costly investments and incent the deployment of technologies that help manage energy consumption |
| Customer Programs | Develop programs that enable customers to engage directly in managing their electricity usage through demand reduction, energy efficiency, storage and distributed generation and to be compensated for value provided to the grid |
| Grid Reliability and Resiliency | Ensure that electric utilities make necessary, cost-effective investments, including new technologies, to ensure transmission and distribution systems in the State provide reliable, resilient service to customers at a reasonable cost while supporting beneficial electrification and the transition from GHG emitting generation |
| Regional and National Conversation | Advocate for regional and federal policies that allow achievement of the State's climate goals while promoting technologies, standards and efficient market mechanisms that ensure reliable service while minimizing costs |

Procurements

Commission's Procurement Authority

**Standard Offer
(35-A M.R.S. § 3212)**

**Capacity Resource
Adequacy (35-A M.R.S. §
3210-C)**

**Renewable Portfolio
Standard
(35-A M.R.S. § 3210-G)**

**Contaminated Lands
(35-A M.R.S. § 3210-J)**

**Northern Maine
Renewable Energy
Development Program
(35-A M.R.S. 3210-I)**

**Combined Heat and
Power Program
(Title 35-A, chapter 36-A)**

**Offshore Wind
Research array
P.L. 2021, ch. 327**

**Maine Offshore Wind
Renewable Energy and
Economic Development
Program
35-A M.R.S. §§ 3407-3410**

**Distributed Generation
Procurement
(35-A M.R.S. § 3209-D)**

**Beneficial Electrification
(35-A M.R.S. § 3803)**

**Energy Storage
(P.L. 2023, ch. 374)**

Standard Offer (35-A M.R.S. § 3212)

- Commission administers a bid process to select a standard-offer service provider
- Conducted annually
- Proposals are selected over multiple days
- Commission may incorporate cost-effective demand response and energy efficiency into the supply of standard-offer service
- Consumer-owned transmission and distribution utilities may conduct standard-offer supply procurements and choose their own provider(s)

Conduct a competitive solicitation no less often than every 3 years if the commission determines that the likely benefits to ratepayers resulting from any contracts entered into as a result of the solicitation process will exceed the likely costs

- May direct investor-owned transmission and distribution utilities to enter into long-term contracts
- 10-year contracts, unless the commission finds a contract for a longer term to be prudent
- Establishes order of priority for the selection of capacity resources
 - Capacity resource means any renewable capacity resource, nonrenewable capacity resource or interruptible, demand response or energy efficiency capacity resource
- Must be ratepayer beneficial

Capacity Resource Adequacy (35-A M.R.S. § 3210-C)

Renewable Portfolio Standard (35-A M.R.S. § 3210-G)

- Tranche 1 – Selected 16 proposals on September 20, 2020 (14 new facilities, 2 existing facilities).
- Tranche 2 – Selected 7 proposals on June 29, 2021 (6 new facilities, 1 existing facility).
- Projects selected by weighing benefits (70% for benefits to ratepayers; 30% for benefits to the economy).
- Of the 23 projects selected under Tranche 1 and Tranche 2
 - 14 have since terminated their contracts;
 - 5 are still under development; and
 - 4 are operational (3 were existing facilities and 1 is a new facility).

- Procuring both energy and renewable energy credits
- Primary preference given to proposals located on agricultural land contaminated by perfluoroalkyl and polyfluoroalkyl substances
- Secondary preference to proposals that minimize use of farmland that is not contaminated land and minimize use of forested land
- Must be ratepayer beneficial
- Allows for multiple rounds of procurement to fulfill statutory requirements
- Includes procuring the amount energy or renewable energy credits that were selected for contracts under 3210-G that were not fulfilled
- Commission is currently evaluating proposals

Contaminated Lands (35-A M.R.S. § 3210-J)

Northern Maine Renewable Energy Development Program (35-A M.R.S. 3210-I)

- Procure transmission necessary to connect at least 1,200 megawatts of renewable energy resources located in northern Maine
- Procure renewable energy generation projects in northern Maine designed to connect to and transmit generated power using the transmission procured
- May conduct an additional procurement for renewable energy generation located in northern Maine to maximize the utilization of capacity of the transmission procured
- Allows for coordination with other states, governmental entities or utilities within New England
- Commission terminated initial procurement for transmission and generation

- 30 megawatts total net generating capacity (projects are required to be no less than 3 megawatts and no more than 15 megawatts)
- First round of procurement – no proposals qualified for a contract
- Program amended by law
- Second round of procurement – 1 proposal selected (Ashland CHP LLC); 1 proposal requested a delay suspension of consideration until March 1, 2025
- Commission recently submitted its biennial report
- Report did not include any recommendations regarding the program

Combined Heat and Power Program (Title 35-A, chapter 36-A)

Offshore Wind

Floating Offshore Wind
Research Array
(P.L. 2021, ch. 327)

Maine Offshore Wind
Renewable Energy and
Economic Development
Program
(35-A M.R.S. §§ 3407-3410)

- **Floating offshore wind research array**
 - 20-year contract
 - Up to 144 megawatts of capacity for a floating offshore wind research array
 - Contract negotiation on-going

- **Maine Offshore Wind Renewable Energy and Economic Development Program**
 - GEO to establish a schedule for competitive solicitations and develop RFPs to be reviewed by the Commission (1st solicitation to be filed by 7/1/25, unless a different date is agreed to)
 - Commission to issue RFP (1st issuance no later than 1/15/26)
 - Law established mechanism for projects to be given priority
 - Commission required to reject proposals and open a new process if proposals are not cost-effective for ratepayers over the term of the contract

- Allows for one or more competitive solicitations to award long-term contract to projects currently participating in net energy billing
- After a solicitation is completed, the Commission may direct an investor-owned transmission and distribution utility to enter into a contract for energy from a DG resource if it is in the public interest and the price is no higher than the highest price established in the previous procurement
- Commission awarded long-term contracts for the sale of energy, or energy and renewable energy credits, to six generation projects
- Projects awarded contracts contingent on meeting commercial operation by 12/31/24 and acceptance
 - 2 of the projects needing to meet commercial operation decided not to enter into a contract, and
 - 4 projects have been granted an extension to terminate the existing NEB agreements and execute the contracts with the T&D utility.

Distributed Generation Procurement (35-A M.R.S. §3209-D)

Beneficial Electrification (35-A M.R.S. § 3803)

- The GEO may petition the commission to procure energy from renewable resources to achieve the emission reduction and renewable energy goals of the State and to meet reasonably expected growth in electric demand
- Commission required to evaluation the GEO's petition
- Commission may through a competitive solicitation procure renewable energy in manner that is consistent with beneficial electrification.
- To the extent practicable, the Commission is required to ensure that the acquisition of energy from renewable resources is designed to procure sufficient energy to meet the portfolio requirements for the reasonably expected increase in use of electricity by retail electricity consumers.

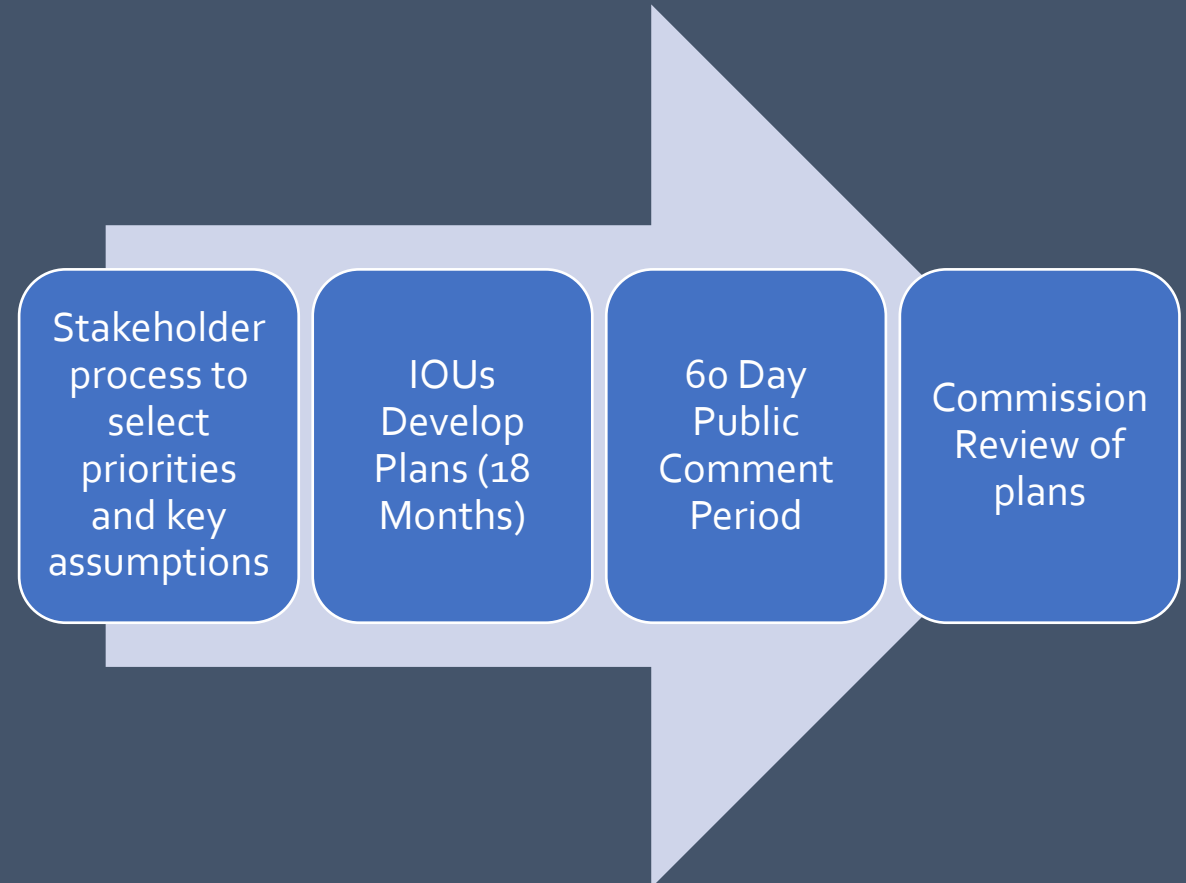
- GEO required to evaluate designs for a program to procure commercially available utility-scale energy storage systems
- GEO required to provide its recommendations to the Commission for a program to procure up to 200 megawatts of energy storage capacity
- Commission to review recommendations to determine if the program is reasonably likely to achieve objectives
- Commission required to take steps to implement the program upon a finding that the program is reasonably likely to achieve objectives
- GEO recommended program is currently under review at the Commission

Energy Storage (P.L. 2023, ch. 374)

Integrated Grid Planning, Resiliency and Technology

First Utility Grid Plans Due January 2026 (2022-00322)

- Commission required to initiate proceeding every 5 years (35-A M.R.S. § 3147)
- 1st proceeding began on November 1, 2022
- 10-year grid plan – only applies to investor-owned T&D utilities
- Designed to “improve system reliability and resiliency and enable the cost-effective achievement of the State’s GHG reduction obligations and climate policies”
- Priorities developed during stakeholder process:
 - Reliability and resilience improvements;
 - Improve data quality and integrity
 - Promote flexible management of load and DER



Climate Change Protection Plans

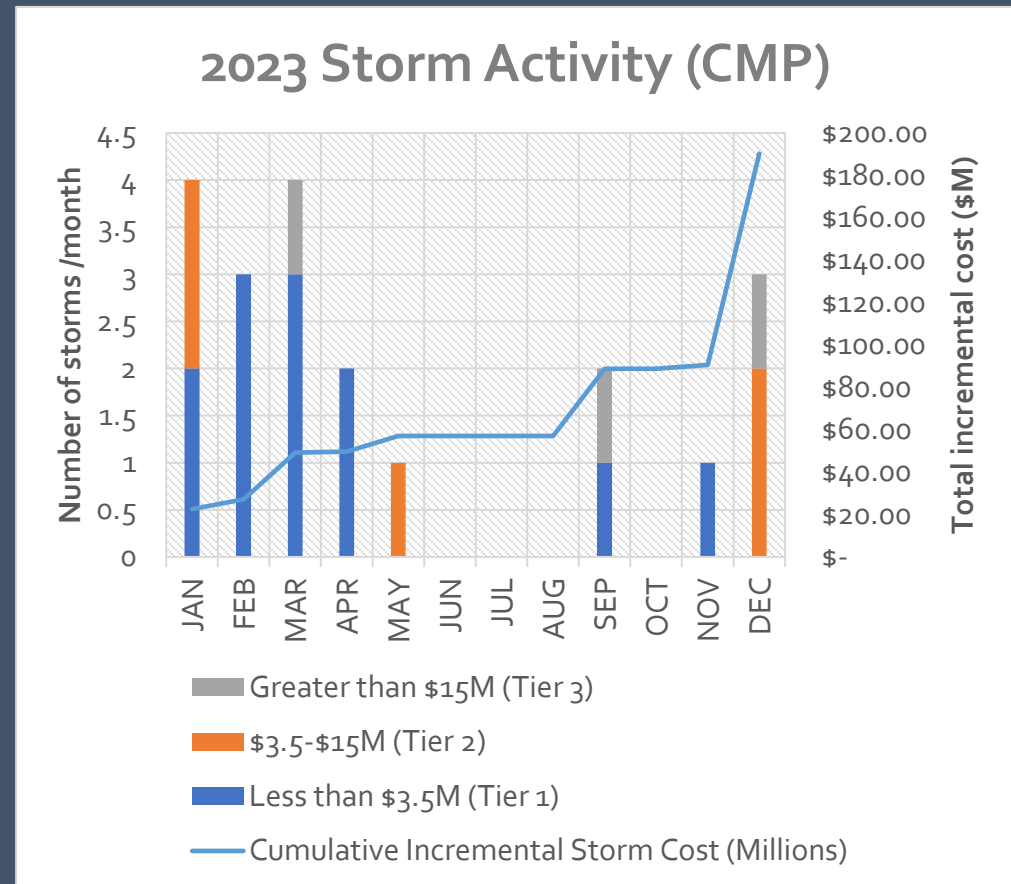


- 10-year plans, filed every 3-years (35-A M.R.S. § 3146)
- Plans to be submitted by both investor-owned and consumer-owned T&D utilities
- Plans are to address specific actions T&D utilities must take to address climate change
- First plans filed December 2023 (Docket 2023-00282)
- Next plans due December 2026

Photo Credit: Maine Public <https://www.mainepublic.org/environment-and-outdoors/2024-03-08/sunday-storm-to-bring-rain-wind-coastal-flooding-and-could-have-impacts-akin-to-january-storms>

Resilience Inquiry (Docket No. 2024-00191)

- Initiated in response to increased storm activity and outages
- Goal is to identify ways to reduce damage and improve resilience to power outages
- Workshop held in October – included multiple presenters and panel discussion



Grid Enhancing Technology

35-A M.R.S. § 3148 requires the Commission to conduct a review of available grid-enhancing technology to reduce or defer the need for investment in grid infrastructure

Applies only to investor-owned T&D utilities

First review currently underway by consultant

Electric Utility Accountability - SQIs

Utility Accountability Prior To The Enactment of P.L. 2021, ch. 702 (LD 1959)

Prior to 2022, T&D utilities were required to track certain reliability metrics, typically addressed in rate case stipulations or merger/sale transaction and included:

- **System Average Interruption Duration Index (SAIDI)** - the average time that service of customers is interrupted – measured in minutes or hours of interruption
- **System Average Interruption Frequency Index (SAIFI)** - the average frequency of Sustained Interruptions per customer over a predefined area.
- **Customer Average Interruption Duration Index (CAIDI)** - the average time required to restore service to the average customer per Sustained Interruption - measured in minutes or hours of interruption



March 2022 – Following a year-long inquiry engaging numerous stakeholders, the Commission initiated a rulemaking to amend T&D Utility Service Standards rule (Ch. 320), to adopt a broader and more detailed set of service quality indices (SQIs)

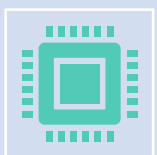


While the rulemaking process was ongoing, P.L. 2021, ch. 702 was enacted

- The Act shared some commonality with the proposed rule, as well as some differences, which was addressed in the adopted rule.



Requires the Commission, through rulemaking, to establish minimum service standards for investor-owned transmission and distribution utilities



Commission rule, Chapter 320, (amendments adopted July 2022 to comply with the Act) establishes requirements related to quality of service, service interruptions, reliability, customer service, billing performance and customer satisfaction.



First utility report cards published in Spring 2024



December 3, 2024 – Commission adopted amendments to Chapter 320 to include a field services metric (time it takes a T&D to respond to and perform services in the field).

Public Law 2021, Chapter 702 Now Codified At 35-A M.R.S. § 301(1-A)

A graphic with the text "Performance-based Requirements" overlaid on a background of a network diagram with nodes and lines, and a bar chart with blue bars of varying heights.

Performance-based Requirements

- In recent rate cases, the Commission established additional performance-based requirements for both CMP and Versant Power
- Ensures that customers realize the benefits of the utility's proposed capital investments
- Measured annually, and for any metric that the utility fails to meet, a penalty will be assessed
 - **CMP** - distribution revenues may be adjusted downward annually, with an annual downward adjustment cap of \$8.8 million (includes service quality indices related to frequency and duration of outages, call answering metrics, billing accuracy and the effectiveness of a new automation program.)
 - **Versant Power** - for each point deducted out of 100 points, Versant Power will be required to make a payment of \$300,000 to be credited to customers through Versant's stranded cost rates on an annual basis, with a cap on payments not to exceed \$3 million (includes service quality indices related to frequency and duration of outages, call answering metrics, billing accuracy and timeliness of fulfilling field service requests)

Current Commission Activities Related to Performance-based Requirements for T&D Utilities



- Letter dated April 18, 2024, urging the Commission to proactively implement the performance-based regulatory framework outlined in LD 2172 (bill introduced in the Second Regular Session of the 131st Legislature)
- Requests the Commission commence a proceeding to examine and develop performance-based regulatory tools for investor-owned T&D utilities
- Requests Commission establish performance goals and standards
- Submit a report before the end of the First Session of the 132nd Legislature
- Consultant hired – (Christensen Associates Energy Consulting, LLC)
 - Conduct a comprehensive review of standards and metrics utilized in other states that have implemented performance-based rate design
 - Assist the Commission in developing goals for utility performance and related performance-based standards and metrics;
 - Identify emerging regulatory mechanisms that would better align utility performance with State policies and goals;
 - Participate in stakeholder meetings, where necessary; and
 - Provide a detailed report to the Commission.

Time-of-use Rates

What are Time-of-use (TOU) Rates and Why They Matter



TOU refers to rates that differ based on the time-period when consumption occurs, such as rates that are higher during the peak hours of the day



Investments in the T&D system are driven by peak demands as well as for generation capacity



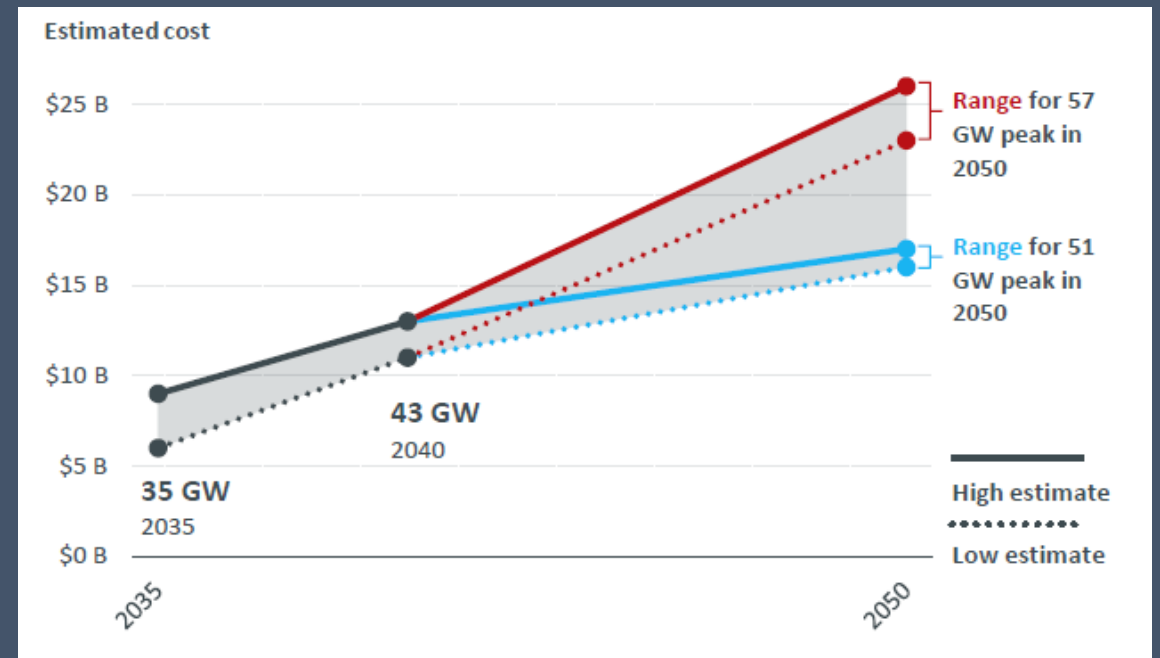
State programs to reduce peak demand or to shift usage to other times can offset the need for additional investment, saving ratepayers money

ISO-NE Study – Managing Peak Load

ISO-NE Study

- By 2050, region would need an additional \$22-26 billion in new transmission investments to meet projected increases in electricity load (57 GW)
- If 57 GW peak demand can be reduced to 51 GW, this would avoid \$7-9 billion of that potential needed investment

\$10 Billion in Potential Savings from Managing Peak Load



Source: ISO-NE 2050 Study: https://www.iso-ne.com/static-assets/documents/100008/2024_02_14_pac_2050_transmission_study_final.pdf

Time-of-use Rates (TOU Rates)

- February 2023 – Commission issued an NOI to obtain comments regarding issues related to offering standard-offer TOU supply rates.
- June 2023 - Resolves 2023, ch. 79 enacted directing the Commission to investigate the feasibility of implementing TOU rates for standard-offer service and for the delivery of electricity provided by an investor-owned T&D utility (that would complement a TOU supply rate).
- Report submitted on November 20, 2023
- Reported stated:
 - Sufficient information available to support a finding that carefully designed TOU supply and distribution rates are likely to:
 - Shift load;
 - Reduce peaks; and
 - Reduce costs for ratepayer
 - In order to properly design TOU periods and rates, significant effort and input from numerous stakeholders will be needed
 - TOU on this scale would likely require an opt-out design

Commission initiated inquiry into TOU rates for Standard Offer

Maine has opt-in TOU rates on distribution side

Inquiry is exploring a move toward opt-out TOU rates with coordination between distribution and standard offer rates

Initial stakeholder conference held in October 2024

Commission sought multiple rounds of comments from stakeholders

Second stakeholder conference held on January 16, 2025
(Presentations provided by the Maine Public Advocate and representatives of two other consumer advocate offices)

Time-of-use Rates Inquiry (2024-00231)



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We look forward to serving as a resource during your legislative sessions in 2025 and 2026.