1	L.D. 1278
2	Date: (Filing No. S-)
3	ENERGY, UTILITIES AND TECHNOLOGY
4	Reproduced and distributed under the direction of the Secretary of the Senate.
5	STATE OF MAINE
6	SENATE
7	126TH LEGISLATURE
8	SECOND REGULAR SESSION
9 10	COMMITTEE AMENDMENT "" to S.P. 440, L.D. 1278, Bill, "An Act To Ensure Equitable Support for Long-term Energy Contracts"
11 12	Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:
13 14	'Sec. 1. 35-A MRSA §3210-C, sub-§8, as repealed and replaced by PL 2009, c. 415, Pt. A, §23, is amended to read:
15 16 17 18 19 20 21 22 23	8. Cost recovery. The commission shall ensure that an investor owned transmission and distribution utility recovers in rates all costs of and direct financial benefits associated with contracts entered into pursuant to subsection 3, including but not limited to any impacts on the utility's costs of capital under this section are allocated to ratepayers in accordance with section 3210-F. A price differential existing at any time during the term of the contract between the contract price and the prevailing market price at which the capacity resource is sold or any gains or losses derived from contracts for differences must be reflected in rates the amounts charged to ratepayers and may not be deemed to be considered imprudent.
24	Sec. 2. 35-A MRSA §3210-F is enacted to read:
25	§3210-F. Allocation of costs and benefits of long-term energy contracts
26 27	The commission shall ensure that all eligible costs and benefits associated with a long-term energy contract are allocated to ratepayers in accordance with this section.
28 29	<u>1. Definitions.</u> As used in this section, unless the context otherwise indicates, the following terms have the following meanings.
30 31 32 33	A. "Eligible costs and benefits" means the net amount of all costs and direct financial benefits associated with long-term energy contracts entered into by investor-owned transmission and distribution utilities, including but not limited to any effects on a utility's cost of capital as a result of these contracts.

Page 1 - 126LR1453(02)-1

COMMITTEE AMENDMENT

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- <u>B.</u> "Long-term energy contract" means a contract with an investor-owned transmission and distribution utility entered into under section 3210-C or section 3604.
- 4 2. Eligible costs and benefits. The commission shall determine the eligible costs
 5 and benefits of a long-term energy contract annually.

6 **3. Allocation of eligible costs and benefits.** The commission shall annually allocate 7 to each investor-owned transmission and distribution utility its pro rata share of eligible 8 costs and benefits as determined under subsection 2. The allocation must be based on 9 each utility's total retail kilowatt-hour energy sales to ratepayers that receive the benefits 10 and pay the costs of long-term energy contracts. The commission may determine the 11 means to be used for the allocation required under this section, which may include the 12 direct transfer of funds between investor-owned transmission and distribution utilities.

- **4. Rules.** The commission may adopt rules to implement this section. Rules adopted
 pursuant to this subsection are routine technical rules as defined by Title 5, chapter 375,
 subchapter 2-A.
- Sec. 3. 35-A MRSA §3603, sub-§2, ¶C, as enacted by PL 2009, c. 329, Pt. A,
 §4, is repealed.
- 18 Sec. 4. 35-A MRSA §3604, sub-§8, as enacted by PL 2009, c. 329, Pt. A, §4, is
 19 repealed and the following enacted in its place:

8. Cost and benefit allocation. The commission shall ensure that all costs and
 benefits associated with contracts involving investor-owned transmission and distribution
 utilities entered into under this section are allocated to electricity consumers in
 accordance with section 3210-F.

- 24 Sec. 5. Transition; intent. The cost and benefit allocation mechanism set forth in 25 the Maine Revised Statutes, Title 35-A, section 3210-F applies to all costs and benefits incurred after the effective date of this Act, including the costs and benefits from long-26 term energy contracts entered into prior to the effective date of this Act and including 27 contracts entered into pursuant to Public Law 2009, chapter 615, Part A, section 6, as 28 amended. This Act is not intended to change which customer or ratepayer classes within 29 30 each investor-owned transmission and distribution utility receive the benefits or pay the costs of long-term energy contracts but rather to distribute the benefits and costs of the 31 32 State's long-term energy contracts equitably among the State's investor-owned 33 transmission and distribution utilities based on a utility's pro rata share of total retail kilowatt-hour energy sales to ratepayers that receive the benefits and pay the costs of 34 35 long-term contracts.'
 - **SUMMARY**
- This amendment clarifies that the Act is to apply to investor-owned transmission and distribution utilities rather than all transmission and distribution utilities. The amendment removes the prescriptive requirements of how the benefit and cost mechanism is to be created in order to provide the Public Utilities Commission with the flexibility to identify the best process. This amendment clarifies that the Act is meant to equally distribute the benefits and costs of long-term energy contracts more equitably among those that

Page 2 - 126LR1453(02)-1

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT " " to S.P. 440, L.D. 1278

1 currently receive the benefits and pay the costs of long-term energy contracts and that it is

not intended to make classes or certain bodies of ratepayers who do not currently receive
the benefits or pay the costs of long-term energy contracts do so. This amendment

4 removes the 25-megawatt cap under the community-based renewable energy pilot

5 program. This amendment does not change the total 50-megawatt statewide cap.

Page 3 - 126LR1453(02)-1

COMMITTEE AMENDMENT