



MAINE RENEWABLE PORTFOLIO STANDARD SUMMARY

A. SUMMARY

Originally passed as part of Maine's restructuring law, the renewable portfolio standard (RPS) requires that 30 percent of the generation sold in the state come from eligible renewable resources by 2000. This is the highest percent requirement of any state standard, but the RPS did not support new renewable energy development as Maine already generated about half of its power from existing biomass and hydroelectric resources. In June 2007, Maine passed legislation (P.L. 2007, ch. 403) that requires the development of new renewable resources, beginning at 1 percent in 2008, and increasing 1 percent annually to 10 percent in 2017, and thereafter. Compliance is achieved through the acquisition of renewable energy certificates that are issued and tracked through the New England Generation Information System (NE-GIS). In addition, P.L. 2007, ch. 403 allows competitive electric providers to fulfill their annual requirements by making alternative compliance payments to a Renewable Resource Fund, which will be used to support new renewable energy development.

B. APPLICABLE AUTHORIZING LEGISLATION/REGULATION

1. Part of a Broader Energy Package? Yes.

9/97 – [LD 1804](#), An Act to Restructure the State's Electric Industry

Encoded as [Public Law Chapter 316](#)

2. Legislative/Regulatory Intent: In order to ensure an adequate and reliable supply of electricity for Maine residents and to encourage the use of renewable, efficient and indigenous resources, it is the policy of this State to encourage the generation of electricity from renewable and efficient sources and to diversify electricity production on which residents of this State rely.

3. Applicable Legislation/Regulation:

9/97 – Maine Statutes, [Title 35-A: Public Utilities, Part 1: Public Utilities Commission, Chapter 32: Electric Industry Restructuring, §3210. Renewable resources](#)

6/06 – [H.P. 1439 – L.D. 2041](#), Chapter 677, An Act to Enhance Maine's Energy Independence and Security

6/07 – P.L. 2007, Chapter 403 (codified at 35-A M.R.S.A. §3210 (3-A)), [An Act to Stimulate Demand for Renewable Energy](#)

4. **Date Enacted:** September, 1997
5. **Date Effective:** November 4, 1999

C. RULEMAKING

1. **Implementing/Rulemaking Authority:** Maine Public Utilities Commission (PUC)

2. **Rulemaking Completed to Date:**

5/99 – PUC issues final RPS regulations, Docket #97-584, Maine Public Utilities Commission Rules 65.407 Chapter 311- Eligible Resource Portfolio Requirement

6/03 – PUC amends RPS regulations to specify tracking mechanism, [Docket #2002-494, Ch. 311](#)

10/04 – PUC makes minor amendment to RPS regulations, [Docket #2004-505](#)

10/07 – PUC issues order adopting amendments to the RPS regulations incorporating the new resource requirements in P.L. 2007, Chapter 403, [Docket #2007-391](#)

Maine Public Utilities Commission Revised Rules [65.407 Chapter 311- Portfolio Requirement](#)

D. TARGETS AND TIMETABLES

1. **Overview and Requirements:** Beginning January 1, 2008, each competitive electricity supplier, including standard offer suppliers, must account for no less than one percent of its total kilowatt-hour sales to customers in Maine with electric energy associated with new renewable resources (Class I). The Class I target continue to ramp up 1 percent per year until it reaches 10 percent in 2017 (and each year thereafter). In addition, Maine’s original requirement of 30 percent of total kilowatt-hour sales from eligible resources by 2000 (now designated Class II) remains in effect.

2. **Schedule**

Compliance Year	New Renewable Resources (Class I)	Eligible Resource Requirement (Class II)
2000-2007		30%
2008	1%	30%
2009	2%	30%
2010	3%	30%
2011	4%	30%
2012	5%	30%
2013	6%	30%

2014	7%	30%
2015	8%	30%
2016	9%	30%
2017 (and thereafter)	10%	30%

3. **Treatment of Existing Capacity:** Class I eligible new renewable resource generation facilities must be approved by the PUC and adhere to the following vintage requirements: in-service date after September 1, 2005; added to an existing facility after September 1, 2005; not operated for at least two years and, after September 1, 2005, resumed operation or was recognized by the New England Independent System Operator (NE-ISO) or Northern Maine Independent System Administrator (NMISA) as a capacity resource; or 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.

All specified renewable resource generation facilities, regardless of when developed, are eligible for inclusion in the Class II resource requirement, except in the case of high efficiency cogeneration capacity. In this case, only high efficiency cogeneration constructed prior to January 1, 1997 is eligible.

4. **Sunset Clause:** None

E. DEFINITION AND CERTIFICATION OF ELIGIBLE RESOURCES AND TECHNOLOGIES

1. **Eligible Resources:** A new (Class I) renewable resource is a generation facility that generates electricity with one or more of the following technologies or fuels:

- Fuel cells
- Tidal power
- Solar arrays and installations
- Wind power installations
- Geothermal installations
- Hydroelectric generators, that meet all state and federal fish passage requirements
- Biomass generators, including generators fueled by landfill gas

Eligible Class II resources means a renewable resource, as defined above, except renewable capacity resource also includes a generator fueled by municipal solid waste (MSW) in conjunction with recycling; a hydroelectric generator regardless of whether it meets all state and federal fish passage requirements; and a qualifying cogeneration facility under FERC rules (18 CFR, Part 292, Subpart B), as in effect on January 1, 1997, constructed prior to January 1, 1997, and meeting a high

efficiency standard.

The portion of energy produced from multi-fuel (co-firing) facilities using eligible renewable resources may be used to satisfy the annual requirements. Energy from pumped-storage hydroelectric facilities is also eligible to satisfy the Class I or Class II requirements as long as it serves all of its pumping requirements using a new renewable resource (Class I) or an eligible resource (Class II).

2. **Special Incentives:** None specified
3. **Exclusions:** Except for wind power installation, Class I and Class II renewable energy facilities must not have a nameplate capacity that exceeds 100 megawatts. In addition, a generator fueled by MSW in conjunction with recycling and cogeneration facilities are excluded from Class I eligibility.
4. **Treatment of Distributed/Self-Generation Technologies:** Distributed generation technologies are eligible.
5. **Rules Governing Location of Generating Facilities:** For service to customers in the ISO-NE control area, the source of GIS certificates or generation from PURPA qualifying facilities must be energy that is physically delivered to the ISO-NE control area. For service to customers in the Maritimes control area, energy used to satisfy the requirement must be physically delivered to the Maritimes control area. Energy 'physically delivered' to a control area is energy that is recognized pursuant to the rules of that control area as serving load obligations in New England or is otherwise used to serve electricity load within the ISO-NE or Maritimes control areas.
6. **Eligibility of Green Pricing Programs:** If a competitive electricity provider represents to a customer that the provider is selling to the customer a portfolio of supply sources that includes more Class I or Class II resources than is required by the RPS, the resources necessary to supply that customer's load may not be applied to meet the aggregate Class I and Class II requirements. This ensures that any charge to provide a customer with renewable energy above the Class I and Class II requirements goes to providing additional renewable generation, rather than making up for a shortfall in renewable generation under the RPS.

F. COVERED UTILITIES

4. **Covered utilities:** Standards apply to "competitive electricity providers." Municipal utilities, coops, and any other retail seller exempt from the 1997 restructuring law are exempt from the RPS regulations.

5. **Apportionment of obligation among provider:** Each competitive electricity provider must meet the standard individually on a product basis.
6. **Exemptions by customer or other category:** Retail electricity sales pursuant to a supply contract or standard-offer service arrangement executed by a competitive electricity provider in effect on or before September 20, 2007, is exempt from the Class I new renewable resource requirement until the end date of the current supply contract or standard-offer service arrangement.

The sale of electricity by a competitive electricity provider to a qualified Pine Tree Development Zone business established under Title 30-A is exempt from the Class I and Class II requirements and, at the request of the competitive electricity provider, sales to qualified Pine Tree Development Zone businesses must be excluded from any calculation by the PUC to determine compliance with the RPS. This exemption expires on December 31, 2009.

G. COST PROVISIONS

1. **Cost Cap for Retailers:** For the Class I new renewable resource requirement, the alternative compliance payment (ACP) mechanism serves as a de facto cost cap. The PUC has set the ACP base rate at \$57.12 per megawatt-hour (to be consistent with the Massachusetts, New Hampshire, and Rhode Island RPS policies), and beginning in 2008, will adjust it annually for inflation.

There are no cost caps specified for the Class II eligible resource requirement.

2. **Cost Cap for Consumers:** None specified
3. **Cost Recovery Mechanisms:** Any additional costs are included in the rate base, including but not limited to any impacts on the utility's costs of capital.
4. **Supply Contract Requirements:** There are no specific contract requirements under the RPS. However, under LD 2041, the PUC has the authority to direct large investor-owned transmission and distribution utilities to enter into long-term contracts for capacity resources, and any available energy associated with those capacity resources. A contract may not be for more than 10 years, unless the PUC finds a contract for a longer term to be prudent.
5. **Special Funds:** Monies collected as a result of the ACP mechanism are deposited into the state's Renewable Resource Fund (which was established as part of Maine's 1997 electric utility restructuring legislation) to support research, development and demonstration projects related to renewable energy technologies.

H. COMPLIANCE AND ENFORCEMENT

- 1. Certification, tracking, and trading mechanism[s]:** Electric service providers in the ISO-NE control area must meet the annual requirements by acquiring NEPOOL Generation Information System renewable energy certificates (RECs). However, entities that have contractual rights to the output of transmission and distribution utility PURPA qualifying facility entitlements that have not been provided associated RECs may use the contractual rights to the output of the entitlements to demonstrate compliance with the Class II eligible resource requirement.

A REC is defined as a certificate created pursuant to the NEPOOL GIS that represent attributes of electric power and that may be traded separately from the energy commodity.

Each competitive electricity provider must demonstrate that all eligible resources used to satisfy the requirement have not been sold, or otherwise claimed as applicable to load served in other jurisdictions. Energy or RECs may not be used to satisfy both the Class I new renewable resource requirement and the Class II eligible resource requirement.

- 2. Flexibility Mechanisms:** Banked Compliance – A competitive electricity provider may satisfy up to one-third of the Class I and Class II requirements in any year through eligible RECs for service in ISO-NE and ownership or entitlement to energy from eligible resources or new renewable resources for service in NMISA associated with electricity production in the prior year. Banked RECs or energy used for compliance must be in excess of the prior year requirements and have not been previously used to satisfy a RPS in another jurisdiction.

Cure Period – A competitive electricity provider that does not satisfy either the Class I or Class II requirements during a compliance period, but has obtained eligible RECs (or entitlements to QF power that may be used to satisfy the Class II requirement) for service in ISO-NE and has ownership or entitlement to energy from Class I or Class II resources for service in NMISA that together correspond to at least two-thirds of either the Class I or Class II requirements, may cure the deficiency over the next compliance period.

Alternative Compliance Payment Mechanism – The Class I new renewable resource requirement may be satisfied in a given year by an alternative compliance payment. An electric service provider may make payment to the PUC at \$57.12 for each megawatt-hour of deficiency. Beginning in 2008, and each year thereafter, the PUC will adjust for inflation the ACP rate.

- 3. Penalties:** A competitive electricity provider that does not satisfy the RPS requirements is subject to one or more of the following sanctions by the PUC: license revocation, monetary penalties, or any other sanction authorized by law that the PUC determines appropriate, taking into account the facts and circumstances that

resulted in the non-compliance.

4. **Treatment of emission allowance or reduction credits:** Not specified
5. **Escape Clauses:** The PUC shall temporarily suspend (for 1 year) scheduled percentage increases in the Class I requirement if reliance on ACPs in the aggregate is more than 50 percent of the total statewide obligation in three consecutive years. In addition, the PUC may suspend a scheduled percentage increase in the Class I requirement if by March 31st of the years 2010, 2012, 2014, and 2016, the PUC determines that investment in new renewable resources over the preceding two years has not been sufficient and that the resulting use of ACPs has burdened electricity customers without providing the benefits of new renewable resources. A suspension of the scheduled percentage increase under this provision shall be for one year unless the PUC determines that a longer suspension is warranted.

The PUC may waive the imposition of sanctions upon a showing that the competitive electricity provider made good faith efforts but could not reasonably satisfy the annual requirements due to market conditions.

I. ADMINISTRATION

1. **Administering Entities, Duties, Powers, and Contact Information:** The Maine Public Utilities Commission administers the RPS.
Maine Public Utilities Commission
242 State Street
18 State House Station
Augusta, Maine 04333-0018
Phone: 207.287.1598
Web site: <http://www.maine.gov/mpuc/>

J. REPORTING REQUIREMENTS and PROGRAM STATUS

1. **Reporting Requirements for Retailers:** On or before July 1 of each year, each competitive electricity provider must submit an annual report to the PUC that contains information that documents compliance with the RPS over the previous compliance period.
2. **Reporting Requirements for Administrative Entities:** No later than March 31, 2008 and annually thereafter, the PUC shall submit a report regarding the status of new renewable capacity resources in the State and New England, and compliance with the Class I requirements to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters.

During its 2003 session, the Legislature enacted Resolve, Relating to Renewable Resources. This Resolve directs the PUC to examine mechanisms to ensure an

adequate and reliable supply of electricity for the state and to promote Maine's use of renewable and indigenous resources. Specifically, the PUC was instructed to reassess the RPS program and publish a report by December 31, 2003. The report is entitled, "[Report and Recommendations on the Promotion of Renewable Resources](#)." Also available are the PUC's [Annual Reports on Electric Restructuring](#).

- 3. Cost Information:** The PUC's 2000 restructuring report states that based on price differentials of suppliers' standard offer service bids, the original 30 percent requirement (now called the Class II requirement) likely increased the cost of generation in the range of one percent to 10 percent, or one to five mils. In its 2003 assessment of the RPS, the PUC states "because the portfolio requirement has no significant impact on prices paid to generators, it appears to have little impact on Maine's retail rates."

The first compliance year for the Class I new renewable resource requirement is not until 2008, so no actual cost data is available for that portion of the RPS.

K. STATUS AND SPECIAL NOTES

Maine has satisfied its original RPS requirement of 30 percent renewable energy retail sales (now called the Class II requirement). According to the Supplier's 2000 Annual reports, in 2000 eligible fuels generated at least 38 percent of generation sold in Maine. Of that amount, almost 60 percent was generated from traditional renewable energy resources (wood biomass and hydroelectric), while the remainder was generated by trash or by efficient cogeneration facilities burning oil, coal, or fuels such as tires and sludge.