

## **Community-Based Renewable Energy Pilot Program (a form of a Feed-in-Tariff Program)**

During the 2009 legislative session, the Legislature enacted An Act To Establish the Community-based Renewable Energy Pilot Program (Act).<sup>1</sup> The Act established a pilot program to encourage the development of community-based renewable energy projects.<sup>2</sup> Generally, the Act provides incentives in the form of above-market long-term contracts with utilities or a 150% renewable energy credit (REC) multiplier for renewable energy projects that are below 10 MW. The long-term contract rate is capped at 10 cents/kWh and the program is limited to a total of 50 MW of eligible generation. The contract may be up to 20 years. The statute specifies that CBRE contracts must be with the utility in whose service territory the project is located. Pursuant to the Act, the pilot program will terminate on December 15, 2015.

The Commission has authorized the following long-term contracts projects. The Exeter Agri-Energy project is the only one that has achieved commercial operation.

- Exeter Agri-Energy LLC, a 3 MW anaerobic digester system located on the Fogler Farm in Exeter, 20-year contract with BHE at an overall electricity price of \$0.09/kWh.
- Jonesport Wind Power, LLC, a 9.6 MW wind project located in Jonesport, Maine, a 20-year contract with BHE at a price of \$0.085/kWh.
- Pisgah Mountain, LLC, a 9.0 MW wind project located in Clifton, Maine, 20-year contract with BHE at a price of \$0.093/kWh.
- Shamrock Wind, a 10 MW project in Fort Fairfield, Maine, the Commission has authorized a 20-year contract with MPS for 4 MW at a price of \$0.099/kWh.
- Goose River Hydro, a 0.375 MW hydro project in Belfast, Maine, a 20-year contract with CMP at a price of \$0.10/kWh.

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<sup>1</sup> P.L. 2009, Ch. 329.

<sup>2</sup> 35-A M.R.S. §§ 3601-3609.

- Maine Wood Pellets, a 7.1 MW wood biomass project in Athens, Maine, a 20-year contract with CMP at a price of \$0.099/kWh.

The Commission recently certified Clinton Agri-energy, a 5.86 MW farm-based anaerobic digester system project in Clinton, Maine, and received a request for certification for Bryant Mountain Wind, a 9.9 MW wind project in Milton Township. The Commission is unable to act on the Bryant Mountain project because the number of certified statewide projects has reached the 50 MW cap set in the statute.

Feed-in-tariffs generally refer to a requirement that utilities purchase power from small renewable facilities at above-market costs. Therefore, the contract portion of the CBRE is essentially a feed-in-tariff.

### **Costs of Program**

Because of the availability to obtain above-market long-term contracts with utilities, the CBRE program has a ratepayer impact. Assuming all projects are developed and operate, the following are the costs by utility service territory

BHE: -above-market cost of \$23 million NPV (\$41 million nominal)

-rate impact .23 cent per kWh

MPS: - above-market cost of \$3.4 million NPV (\$7 million nominal)

-rate impact .12 cents per kWh

CMP: - above-market cost of \$21 million NPV (\$37 million nominal)

-rate impact .03 cents per kWh

It is important to note that the rate impacts stated above will occur early in the contracts terms and these rate impacts will decrease over the term of the contracts as market prices increase because the prices in the contracts are fixed throughout the terms.

In the event that the contract costs are equally apportioned among the three utilities, as would occur if LD 1278 were to be enacted, the costs to ratepayers would be \$47 million (\$84 million nominal) with a rate impact of .06 cents per kWh that would decrease over time as stated above.

### **Related Carryover Bills**

LD 1085 – An Act to Establish the Renewable Energy Feed-in-Tariff

- Would enact a comprehensive feed-in-tariff program administered by the PUC for renewable technologies of up to 500 kW
- PUC would conduct proceedings to establish a long-term contract price for each of the renewable technologies listed in the bill based on each technology's actual cost of production
- This would be a substantial amount of effort that would in effect be similar to a utility rate case for each applicable technology
- Prices for the long-term contracts can be expected to be significantly above wholesale market process and as a result the program essentially represents a renewable resource incentive subsidy ultimately paid for by the general body of ratepayers
- Bill contains no limits on the total amount of generation that could qualify or on the resulting amount of ratepayer subsidy
- Would also require PUC to establish a long-term contract price premium above the cost of production based on specified economic development criteria
- Would require PUC to establish standards for the interconnection of small renewable electric generators to the distribution systems of T&D utilities, adopt standard contracts for each technology, establish contract rates, charges, surcharges and incentive for each technology and establish a periodic program review process

LD 1252 – An Act To Improve Maine's Economy and Energy Security With Solar and Wind Energy

- Would increase the limit on the total amount of renewable capacity allowed under the CBRE pilot program for 50 MW to 60 MW, increase the price cap on long-term contracts for eligible solar generation from 10 cents/kWh to 15 cents/kWh and index the contract prices to the Consumer Price Index
- The lack of any long-term contracts for solar projects may indicate that the 10 cents/kWh price cap in the current statute may be too low to cover the cost of small solar installations. The increase in the price to 15 cents/kWh, as would occur under this bill, may have the effect of allowing solar projects to participate in the long-term contract incentive mechanism.

Similarly, allowing the price cap to increase with the CPI may also make more renewable energy projects viable under the program.

- As mentioned above, it is difficult to predict additional ratepayer costs that may result from the CBRE and the changes contemplated by LD 1252. An order of magnitude of the cost to ratepayers of the additional 10 MW contemplated for the program can be calculated by assuming that the additional 10 MW are under long-term contracts at a 10 cents/kWh price that increases at 2% annually, an assumption of CPI growth. Based on forecast of future electricity markets prices and on an assumption that, on average, the facilities will operate 50% of the time, the additional costs to ratepayers would be in the range of approximately \$2 million per year.
- Would also extend the program termination date from December 15, 2015 to December 31, 2017

LD 1278 – An Act To ensure Equitable Support for Long-term Energy Contracts

- Would amend the long-term contracting and CBRE pilot program statutes so that ratepayers of the investor-owned T&D utilities share equally in the costs and benefits of long-term energy contracts entered into pursuant to these statutes

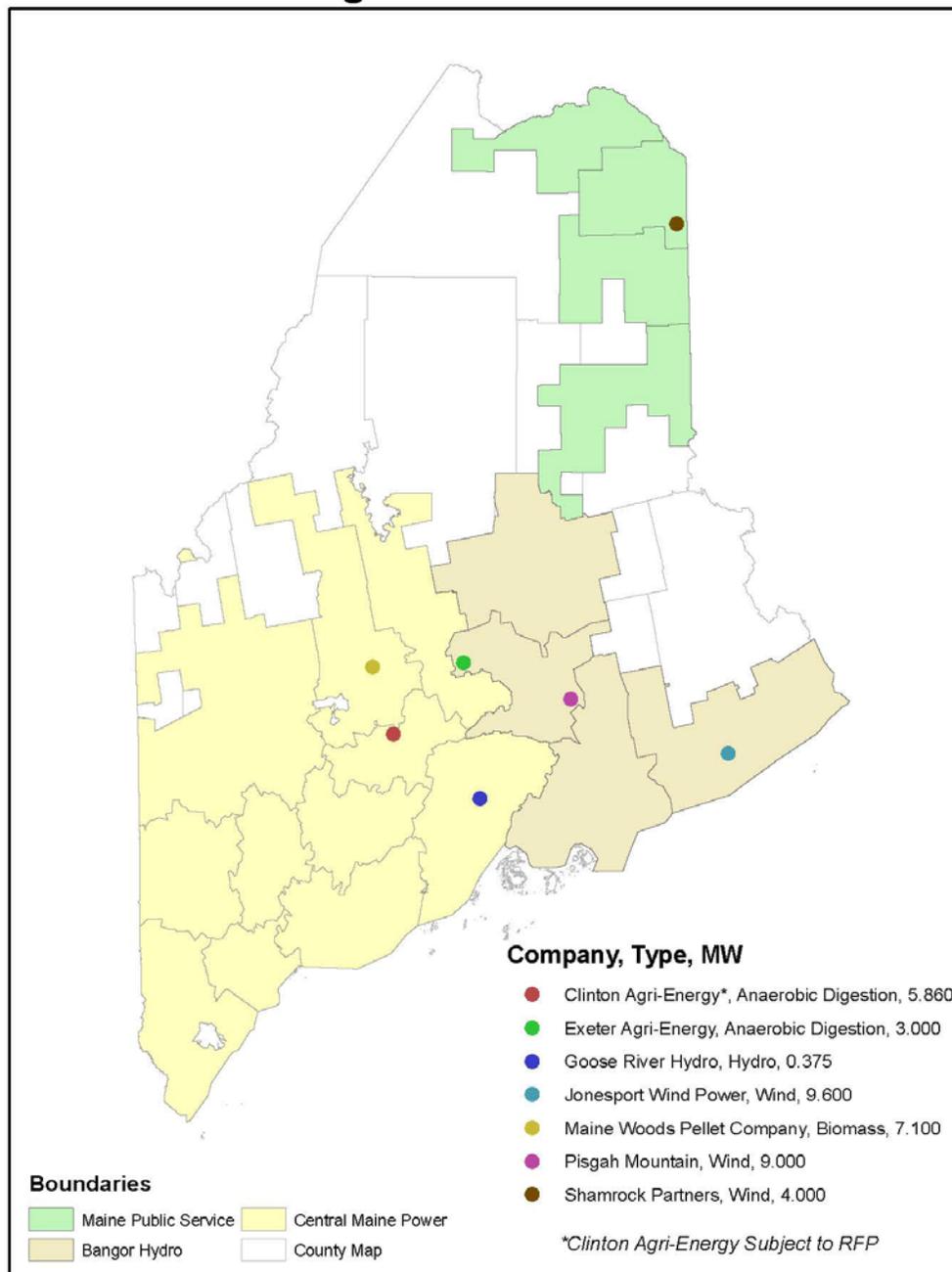
**Community Based Renewable Energy Projects  
Certified Projects**

9/18/2013

	<b>MW Certified</b>	<b>MW Contract</b>	<b>MW RECs</b>
<b>CMP</b>			
Good Will Hinckley School	0.026	0.000	0.026
ReVision-Unity College	0.037	0.000	0.037
ReVision-Riding to the Top	0.034	0.000	0.034
Lewiston-Auburn Water Authority	0.460	0.000	0.460
Goose River Hydro	0.375	0.375	0.000
Maine Wood Pellets	7.100	7.100	0.000
Clinton Agri-Energy*	<u>5.860</u>	<u>5.860</u>	<u>0.000</u>
<b>Total CMP</b>	<b>13.892</b>	<b>13.335</b>	<b>0.557</b>
<b>BHE</b>			
Exeter Agri-Energy	3.000	3.000	0.000
Jonesport Wind	9.600	9.600	0.000
Pisgah Mtn	<u>9.000</u>	<u>9.000</u>	<u>0.000</u>
<b>Total BHE</b>	<b>21.600</b>	<b>21.600</b>	<b>0.000</b>
<b>MPS</b>			
Shamrock Wind	<u>10.000</u>	<u>4.000</u>	<u>0.000</u>
<b>Total MPS</b>	<b>10.000</b>	<b>4.000</b>	<b>0.000</b>
<b>COUs</b>			
Fox Islands Wind	<u>4.500</u>	<u>0.000</u>	<u>4.500</u>
<b>Total COUs</b>	<b>4.500</b>	<b>0.000</b>	<b>4.500</b>
<b>TOTAL STATE</b>	<b>49.992</b>	<b>38.935</b>	<b>5.057</b>
<b>Recently Filed Request for Certification (CMP)</b>			
Bryant Mountain Wind	9.900	9.900	0.000

\* Project certified Sept 2013. Contract award contingent on competitive solicitation.

# Community-based Renewable Energy Projects Long-Term Contracts



MJohnson, September 17, 2013