

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-TWO

—
H.P. 1159 - L.D. 1554

**An Act To Provide Climate Change Transition Assistance for Maine's
Energy-intensive Businesses**

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 35-A MRSA §10109, sub-§3-A, as amended by PL 2017, c. 282, §1, is repealed.

Sec. 2. 35-A MRSA §10109, sub-§4, as amended by PL 2021, c. 298, §3, is further amended to read:

4. Expenditures; projects. Except for ~~transfers required under subsection 3-A and~~ other costs authorized in accordance with this chapter, funds in the trust fund must be expended in accordance with this subsection.

A. Trust funds must be allocated for measures, investments, loans, technical assistance and arrangements that reduce electricity consumption, increase energy efficiency or reduce greenhouse gas emissions and lower energy costs at commercial or industrial facilities and for investment in measures that lower residential heating energy demand and reduce greenhouse gas emissions. The measures that lower residential heating demand must be fuel-neutral and may include, but are not limited to, energy efficiency improvements to residential buildings, energy storage systems and upgrades to efficient heating systems that will reduce residential energy costs and greenhouse gas emissions, as determined by the board. The trust shall ensure that measures to reduce the cost of residential heating are available for low-income households as defined by the trust. When promoting electricity cost and consumption reduction, the trust may consider measures at commercial and industrial facilities that also lower peak capacity demand, including energy storage systems. Subject to the apportionment pursuant to this subsection, the trust shall fund conservation programs that give priority to measures with the highest benefit-to-cost ratio, as long as cost-effective collateral efficiency opportunities are not lost, and that:

(1) Reliably reduce greenhouse gas production and heating energy costs by fossil fuel combustion in the State at the lowest cost in funds from the trust fund per unit of emissions; or

(2) Reliably increase the efficiency with which energy in the State is consumed at the lowest cost in funds from the trust fund per unit of energy saved.

B. Expenditures from the trust fund relating to conservation of electricity and mitigation or reduction of greenhouse gases must be made predominantly on the basis of a competitive bid process for long-term contracts, subject to rules adopted by the board under section 10105. Rules adopted by the board to implement the competitive bid process under this paragraph may not include an avoided cost methodology for compensating successful bidders. Bidders may propose contracts designed to produce greenhouse gas savings or electricity conservation savings, or both, on a unit cost basis. Contracts must be commercially reasonable and may require liquidated damages to ensure performance. Contracts must provide sufficient certainty of payment to enable commercial financing of the conservation measure purchased and its installation.

C. The board may target bid competitions in areas or to participants as they consider necessary, as long as the requirements of paragraph A are satisfied.

D. Community-based renewable energy projects, as defined in section 3602, subsection 1, may apply for funding from the trust to the extent they are eligible under paragraph A.

E. The size of a project funded by the trust fund is not limited as long as funds are awarded to maximize energy efficiency and support greenhouse gas reductions and to fully implement the triennial plan.

F. No more than \$800,000 of trust fund receipts in any one year may be used for the costs of administering the trust fund pursuant to this section. The limit on administrative costs established in this paragraph does not apply to the following costs that may be funded by the trust fund:

(1) Costs of the Department of Environmental Protection for participating in the regional organization as defined in Title 38, section 580-A, subsection 20 and for administering the allowance auction under Title 38, chapter 3-B; and

(2) Costs of the Attorney General for activities pertaining to the tracking and monitoring of allowance trading activity and managing and evaluating the trust's funding of conservation programs.

G. In order to minimize administrative costs and maximize program participation and effectiveness, the trustees shall, to the greatest extent feasible, coordinate the delivery of and make complementary the energy efficiency programs under this section and other programs under this chapter.

H. The trust shall consider delivery of efficiency programs by means of contracts with service providers that participate in competitive bid processes for reducing energy consumption within individual market segments or for particular end uses.

I. A trade association aggregator is eligible to participate in competitive bid processes under this subsection.

J. Trust fund receipts must, upon request by the Department of Environmental Protection, fund research approved by the Department of Environmental Protection in an amount of up to \$100,000 per year to develop new categories for carbon dioxide emissions offset projects, as defined in Title 38, section 580-A, subsection 6, that are

located in the State. Expenditures on research pursuant to this paragraph are not considered administrative costs under paragraph F, subparagraph (1).

K. The trust shall establish an industrial climate transition initiative to develop and support climate change mitigation strategies designed to reduce greenhouse gas emissions at industrial facilities in the State. In establishing the initiative and developing climate change mitigation strategies for industrial facilities, the trust shall:

(1) Prioritize mitigation strategies identified in the State's climate action plan, as adopted and updated under Title 38, section 577, that offer the most cost-effective means of reducing greenhouse gas emissions at industrial facilities; and

(2) Consider mitigation strategies and other recommendations identified by any working group, task force or other advisory body that is established by the Maine Climate Council, established under Title 38, section 577-A, to develop strategies and other recommendations to reduce greenhouse gas emissions at industrial facilities in the State.

The trust may allocate funds from the trust fund, and may expend any federal funds or other public or private funding that may be available, to establish the initiative under this paragraph and to develop and support climate change mitigation strategies designed to reduce greenhouse gas emissions at industrial facilities in the State.

Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

EFFICIENCY MAINE TRUST

Efficiency Maine Trust Z100

Initiative: Provides funding to the Efficiency Maine Trust to be deposited in the Regional Greenhouse Gas Initiative Trust Fund established under the Maine Revised Statutes, Title 35-A, section 10109, subsection 2 and used to fund the establishment and activities of the industrial climate transition initiative under Title 35-A, section 10109, subsection 4, paragraph K.

GENERAL FUND	2021-22	2022-23
All Other	\$0	\$500,000
GENERAL FUND TOTAL	<u>\$0</u>	<u>\$500,000</u>