

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Encourage Cogeneration

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

Sec. 1. 10 MRSA §963-A, sub-§5-D is enacted to read:

5-D. Cogeneration facility. “Cogeneration facility” means a facility that generates electricity and steam or other useful forms of energy that are used for commercial, industrial, heating or cooling purposes.

Sec. 2. 10 MRSA §963-A, sub-§5-E is enacted to read:

5-E. Cogeneration project. “Cogeneration project” means a project to develop, construct, expand or modernize a cogeneration facility.

Sec. 3. 10 MRSA c. 110, sub-c. 12 is enacted to read:

SUBCHAPTER 12

COGENERATION REVOLVING LOAN PROGRAM

§ 1100-Z. Cogeneration revolving loan program

1. Program established. The Cogeneration Revolving Loan Program, referred to in this subchapter as "the program," is established to provide loans for cogeneration projects. The authority shall administer the program.

2. Fund established; sources. The Cogeneration Revolving Loan Fund, referred to in this subchapter as "the fund," is established as a revolving fund, into which must be deposited all amounts appropriated or allocated to the program, interest earnings on investment of fund balances, any amounts repaid to the program by loan recipients, including interest, penalties and other fees and charges related to loans from the fund, and funds from any other source. Amounts in the fund must be used by the authority for purposes authorized in this section. Money in the fund not needed to meet current obligations of the program may be invested in such a manner as is provided by law.

3. Revolving fund. The fund is a nonlapsing, revolving fund account. At the end of each fiscal year, all unencumbered balances in the fund account may be carried forward to be used for the purposes of the program. All money in the fund must be continuously applied by the authority to carry out this section.

4. Eligibility; loan application. A person or municipality undertaking a cogeneration project is eligible to apply for a loan from the fund to finance all or part of the cogeneration project. For the purposes of this subsection, “person” means a corporation, partnership, limited partnership, limited liability company, limited liability partnership, association, trust, estate or any other legal entity or natural

person. The authority shall prescribe an application form or procedure that must be used to apply for a loan under this section. The application must include any information that the authority determines necessary for the purpose of implementing this section.

5. Uses of fund. The fund may be used for direct loans to finance all or part of a cogeneration project when the authority determines that:

A. The cogeneration facility is designed to use renewable resources for no less than 60% of its total energy input. For the purposes of this subsection, “renewable resources” has the same meaning as in Title 35-A, section 3303, subsection 8;

B. The applicant has secured all permits, licenses and approvals necessary to construct the cogeneration facility to be financed by the loan;

C. The applicant has insufficient access to funding for the project from other public and private sources;

D. The applicant has committed all reasonably available resources to the project, obtained financial commitments from other sources of financing and demonstrated a reasonable likelihood that the loan can be repaid; and

E. The amount and terms of the loan are reasonable to provide an incentive to the applicant to undertake the project, which may include a below-market interest rate.

Loans made under this section must be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the authority.

6. Rules. The authority shall adopt rules to implement this section. The authority shall consult with the Public Utilities Commission in developing the rules. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

7. Annual report. The authority shall report to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters by December 31st of each year on the program.

SUMMARY

This bill establishes a revolving loan program administered by the Finance Authority of Maine to provide loans for the development, construction, expansion and modernization of cogeneration facilities. Under the program, direct loans may be given to finance all or part of a cogeneration project if the facility is designed to use renewable resources for its energy input and the project meets additional criteria regarding permits and approvals, financing and terms of the loan. The bill requires the Finance Authority of Maine to consult with the Public Utilities Commission in developing rules to implement the program and requires the authority to report annually on the program to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters.