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H.P. 1159

House of Representatives, April 22, 2021

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

Received by the Clerk of the House on April 20, 2021. Referred to the Committee on Energy, Utilities and Technology pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative WADSWORTH of Hiram.
Cosponsored by Senator STEWART of Aroostook and
Representatives: DUNPHY of Old Town, MARTIN of Sinclair, PAULHUS of Bath, Senator:
DILL of Penobscot.

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

2 **Sec. 1. 35-A MRSA §10109, sub-§4**, as amended by PL 2019, c. 69, §1, is further
3 amended to read:

4 **4. Expenditures; projects.** Except for transfers required under subsection 3-A and
5 section 10128 and other costs authorized in accordance with this chapter, funds in the trust
6 fund must be expended in accordance with this subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

20 J. Trust fund receipts must, upon request by the Department of Environmental
21 Protection, fund research approved by the Department of Environmental Protection in
22 an amount of up to \$100,000 per year to develop new categories for carbon dioxide
23 emissions offset projects, as defined in Title 38, section 580-A, subsection 6, that are
24 located in the State. Expenditures on research pursuant to this paragraph are not
25 considered administrative costs under paragraph F, subparagraph (1).

26 **Sec. 2. 35-A MRSA §10128** is enacted to read:

27 **§10128. Industrial Climate Transition Fund**

28 **1. Industrial Climate Transition Fund.** The Industrial Climate Transition Fund is
29 established as a revolving, nonlapsing fund administered by the trust in the disbursement
30 of funds received from the sale of carbon dioxide allowances pursuant to this subsection.
31 The purpose of the Industrial Climate Transition Fund is to provide loans for projects and
32 programs that assist businesses to sustainably transition to operations in support of the
33 economic and climate goals of the State. The trust shall make a loan under this subsection
34 as a 5-year, no-interest forgivable loan to an eligible business. If the recipient of the loan
35 or the recipient's successor in interest meets the requirements of the loan and is in operation
36 after 5 years from receipt of the loan and has at least the same number of employees as at
37 the time of the receipt of the loan, the trust shall forgive the entire balance of the loan. A
38 recipient of a loan under this subsection that fails to meet the requirements of this
39 subsection must repay the loan within 2 years after the expiration of the 5-year term. The
40 trust shall implement application procedures, criteria for a program or project to carry out
41 the purposes of this subsection, verification measures to ensure the project or program
42 funded was completed or implemented and other loan requirements as determined by the
43 trust.

