

March 23, 2020

MAINE PUBLIC UTILITIES COMMISSION  
Inquiry Regarding Thermal Renewable  
Portfolio Requirement

NOTICE OF INQUIRY

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## I. SUMMARY

Through this Inquiry, the Commission seeks comment on a number of issues related to the upcoming rulemaking proceeding regarding the new thermal renewable portfolio standard (RPS) requirement created by legislation enacted last year.

## II. BACKGROUND

On June 26, 2019, the Governor signed L.D. 1494, An Act To Reform Maine's Renewable Portfolio Standard (Act).<sup>1</sup> The Act became effective September 19, 2019. The Act makes several changes to Maine's RPS requirements including the creation of a new thermal renewable energy resource requirement. Section 1 of the Act provides in part:

D. "Thermal energy" means heat, steam, hot water or another form of thermal energy:

- (1) Produced directly by a facility using sunlight, biomass, biogas or liquid biofuel or produced as a byproduct of electricity generated by a Class I or Class IA resource;
- (2) That begins operation after June 30, 2019, as certified by the commission;
- (3) Delivered to an end user in the State in a manner that can be verified by metering or other means certified by the commission to allow for auditable validation of useful thermal energy generated;
- (4) Used for heating, cooling, humidity control, process use or other end use to meet a need of the end user that would otherwise be met using another energy source such as electricity or an on-site thermal energy system; and
- (5) Generated or delivered in accordance with any efficiency performance standards established by the commission.

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<sup>1</sup> P.L. 2019, c. 477.

E. "Thermal renewable energy credit" means a tradable instrument that represents an amount of thermal energy equivalent to a unit of electricity. A thermal renewable energy credit of one megawatt represents 3,412,000 British thermal units of thermal energy, as verified by the commission.

The commission shall establish by rule or order standards and procedures necessary to implement any definition under this subsection, including but not limited to certifications and performance and verification standards necessary for purposes of paragraphs B-4, D and E. Rules adopted under this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

The portion of Section 1 of the Act, now codified at 35-A M.R.S. § 3210(3-C), provides that the new thermal portfolio requirement begins at 0.4% in 2021 and increases gradually to 4% in 2030, where it remains for each year thereafter.

Other changes to Maine's RPS required by the Act were implemented in a Commission rulemaking last year.<sup>2</sup>

### III. REQUEST FOR COMMENTS

The Commission requests comments on the following issues to aid it in its upcoming rulemaking proceeding to implement this portion of the Act. Written comments should be filed using the Commission's case management system. Comments may be filed until **April 13, 2020** and should refer to the docket number of this proceeding, Docket No. 2020-00090. All comments will appear in the Commission's case management system which is accessible from the Commission's website.

#### A. Alternative Compliance Payment

Maine's statute allows competitive electricity providers (CEPs) to satisfy the Class I, Class IA and thermal portfolio requirements through an alternative compliance mechanism (ACM) and requires the Commission to set the alternative compliance payment (ACP) rate by January 31st of each year and deposit all collected funds into the Energy Efficiency and Renewable Resource Fund established pursuant to 35-A M.R.S. § 10121(2). The Act specifies that the ACP must not be any higher than \$50 per megawatt-hour (MWh). Last year's RPS rulemaking proceeding set the ACP rate for Class I and IA at the statutory maximum amount of \$50 per MWh. The Commission noted in its Order that it did not interpret the intent of the Act to require the establishment of a single ACP that would apply to the Class I, Class IA and the thermal portfolio requirements.

During the RPS rulemaking proceeding last year, some commenters recommended that the Commission look to New Hampshire and Massachusetts in

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<sup>2</sup> Other changes to Maine's RPS required by the Act were implemented in a Commission rulemaking last year. See *MPUC Amendments to Portfolio Requirement Rule (Chapter 311)*, Docket No. 2019-00177, Order Amending Rule and Statement of Factual and Policy Basis (November 8, 2019).

setting the ACP for the thermal portfolio requirement and suggested a rate of \$25.00/MWh which is half the ACP for the Class I and IA portfolio requirement.<sup>3</sup> The Commission seeks comments on what the ACP rate for the thermal portfolio requirement should be, and the reasons for setting it at the recommended level.

#### B. Verification of Qualifying Thermal Resource

Please provide a detailed recommendation as to how the Commission should verify that a facility is qualified pursuant to the Act to provide thermal energy for use toward the thermal RPS. Please include what criteria the Commission should use, such as the size of the facility or technology type, and how the Commission should ensure that the criteria are met.

#### C. Verification and Certification of the Energy Generated

The Act requires that the thermal energy be delivered to an end user in the State in a manner that can be verified by metering or other means certified by the Commission to allow for auditable validation of useful thermal energy generated.

Please provide a detailed recommendation as to how the Commission should verify and certify the quantity of thermal energy generated and its use to confirm compliance with the Act. Please include whether meters, or some other means, should be used to measure the energy generated and whether such methods should vary depending on the size or fuel type of the facility. If there are particular approaches that commenters believe work better than others that have been adopted in other states, please explain.

Please comment on the role of the New England Power Pool Generation Information System (NEPOOL GIS) and the Northern American Renewables Registry (NAR) in tracking thermal renewable energy credits (T-RECs). To the extent this is done in other state thermal RPS programs, please provide information about how it has been implemented.

#### D. Efficiency Performance Standards:

The Act requires that the thermal energy be generated or delivered in accordance with any efficiency performance standards established by the Commission. The Commission seeks comments on what, if any, efficiency performance standards should be required.

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<sup>3</sup> See Comments of Maine Pellet Fuels Association (Sept. 23, 2019), Lignetics Inc. (Sept. 16, 2019), and the Professional Logging Contractors of Maine (Sept. 25, 2019) in Docket 2019-00177.

**IV. NOTICE**

This Notice of Inquiry will be provided to those who provided comments or are on the notification list for last year's RPS rulemaking, Docket No. 2019-00177 and the Office of the Public Advocate.

Dated at Hallowell, Maine, this 23<sup>rd</sup> day of March, 2020.

*/s/ Harry Lanphear*

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Harry Lanphear  
Administrative Director