

§3624. Long-term contracts for combined heat and power

1. Investor-owned transmission and distribution utilities; required participation.

Notwithstanding section 3204, the commission may direct an investor-owned transmission and distribution utility to enter into long-term contracts for energy with one or more program participants if the program participant is:

- A. Located within the service territory of the investor-owned transmission and distribution utility; or [PL 2023, c. 353, §6 (NEW).]
- B. Located within the service territory of a consumer-owned transmission and distribution utility if:
 - (1) The program participant delivers energy to a location within the service territory of the investor-owned transmission and distribution utility;
 - (2) The program participant does not sell energy to the consumer-owned transmission and distribution utility in whose territory the program participant is located; and
 - (3) The consumer-owned transmission and distribution utility consents to the sale and transmission of that energy pursuant to a long-term contract. [PL 2023, c. 353, §6 (NEW).]

The commission may direct investor-owned transmission and distribution utilities to enter into contracts under this subsection only as agents for their customers and only in accordance with this section. An investor-owned transmission and distribution utility shall sell energy pursuant to this subsection into the wholesale electricity market or take other action relative to that energy directed by the commission.

[PL 2023, c. 353, §6 (RPR).]

2. Consumer-owned transmission and distribution utilities; voluntary participation.

A consumer-owned transmission and distribution utility may, at the option of the utility, enter into long-term contracts with one or more program participants located within the service territory of the utility for energy. Consumer-owned transmission and distribution utilities may enter into contracts under this subsection only as agents for their customers and only in accordance with this section.

[PL 2023, c. 353, §7 (AMD).]

3. Sale of energy; contract procedures. Energy contracted through long-term contracts pursuant to this section may be sold into the wholesale electricity market separately or in conjunction with solicitations for standard-offer supply bids under section 3212 or solicitations for green power offer bids under section 3212-B. To the greatest extent possible, the commission shall develop procedures for long-term contracts for transmission and distribution utilities under this section having the same legal and financial effect as the procedures used for standard-offer service pursuant to section 3212 for transmission and distribution utilities.

[PL 2023, c. 353, §8 (AMD).]

4. Contract term. A contract entered into pursuant to this section may not be for more than 20 years.

[PL 2021, c. 604, §3 (NEW).]

5. Contract pricing; cost containment. The commission shall solicit contract bids under the program. In selecting contracts, the commission shall weigh the characteristics of a proposed combined heat and power project as follows:

- A. A weight of 30% must be given to the combined efficiency of the electricity generation and heat utilization of the project; [PL 2021, c. 604, §3 (NEW).]
- B. A weight of 40% must be given to the total cost of the project; and [PL 2021, c. 604, §3 (NEW).]

C. A weight of 30% must be given to the following factors:

- (1) The design of the project to meet the State's waste reduction and diversion priorities established by Title 38, section 2101, including, but not limited to, the proximity of the project to wood fuel derived from forest products manufacturing residuals;
- (2) The location of the project and whether electricity generated will meet a demand for electricity;
- (3) The net greenhouse gas emissions from the project, as determined in consultation with the Department of Environmental Protection;
- (4) The economic impact to the State from the project, including, but not limited to, jobs the project will create and maintain in wood fuel supply, at the electric generation plant and at the facility using the heat;
- (5) Whether the generation of electricity most effectively accounts for the changing seasonal time of day and other electricity usage characteristics associated with beneficial electrification as defined in section 10102, subsection 3-A over the duration of the contract; and
- (6) The effect on other Class I resources and Class IA resources, as defined in section 3210, subsection 2. [PL 2021, c. 604, §3 (NEW).]

The commission may not direct an investor-owned transmission and distribution utility to enter into a long-term contract under this chapter in which the contract price for energy exceeds 10 cents per kilowatt-hour.

If at the close of the competitive bidding process under this subsection the commission determines that no proposal meets the requirements of the solicitation or that an approval is not in the public interest, the commission may reject all proposals and may open a new competitive bidding process. [PL 2021, c. 604, §3 (NEW).]

6. Cost and benefit allocation. The commission shall ensure that all costs and benefits associated with contracts involving investor-owned transmission and distribution utilities entered into under this section are allocated to electricity consumers in accordance with section 3210-F. [PL 2021, c. 604, §3 (NEW).]

7. Contract payments. Contracts for energy entered into pursuant to this section must provide that payments will be made only after contracted amounts of energy have been provided. [PL 2023, c. 353, §9 (AMD).]

8. Ratepayer protection. The commission shall ensure that mechanisms are established to provide protections for ratepayers over the term of contracts entered into pursuant to this section. [PL 2021, c. 604, §3 (NEW).]

SECTION HISTORY

PL 2021, c. 604, §3 (NEW). PL 2023, c. 353, §§6-9 (AMD).

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