

Update on the Implementation of LD 1724 – An Act to Enact the Beneficial Electrification Policy Act

November 15, 2023

Overview of LD 1724 – An Act to Enact the Beneficial Electrification Policy Act of 2023

- Refines definition of “beneficial electrification” – switching end-uses and processes from fossil fuel to electric, where will reduce emissions and benefit utility ratepayers
- Directs EMT to develop a 3-year Beneficial Electrification Plan and to incorporate that plan into triennial plans and annual updates to those plans
- Requires the incorporation of beneficial electrification measures into the calculation of electric MACE – maximum achievable cost-effective savings – and the funding of EMT budgets for delivering these savings through electric utility “procurement” under Sec. 10110(4-A) of Title 35-A, including when the majority of cost savings come from avoided costs of reduced fossil fuel consumption
- Takes effect October 25, 2023

LD 1724: Definition of beneficial electrification

Sec. 2. 35-A MRSA §10102, sub-§3-A, is amended to read:

3-A. Beneficial electrification. "Beneficial electrification" means electrification of a technology or process that results in reduction in the use of a fossil fuel, including electrification of a technology or process that would otherwise require energy from a fossil fuel, and that provides a benefit to a utility, a ratepayer or the environment, without causing harm to utilities, ratepayers or the environment, by improving the efficiency of the electricity grid or reducing consumer costs or emissions, including carbon emissions.

LD 1724: Determination of maximum achievable cost-effective (MACE) resources

Sec. 8. 35-A MRSA §10110, sub §4-A: Procurement of cost-effective energy efficiency and conservation resources.

[...]

D. Include all beneficial electrification measures that are cost-effective and reliably reduce electricity rates over the life of the measures. In determining whether a measure is cost-effective, the commission shall account for all net energy costs, including savings from avoided heating, transportation or industrial process fuels displaced by the measure.

Activities to implement LD 1724

- **To date**

- Engaged an outside consultant to review regulations governing funding for beneficial electrification measures in other jurisdictions
- Discussed analytical approach with the Utilities and with the Public Utilities Commission Staff
- Conducted internal analysis of nonparticipant impact of beneficial electrification measures

- **Next steps**

- Refine approach to assessing “reliably reduce electricity rates over the life of the measures”
- Conduct a rulemaking (amendment to Chapter 3 of EMT rules) in Fall/Winter
- Consult with relevant departments and agencies to develop a Beneficial Electrification Plan
- Incorporate associated changes into March 2024 Annual Update for FY 2025 launch

Beneficial electrification measures included in MACE

"Reliably reduce electricity rates over the life of the measures"

Compare the net present value of only those revenues and costs collected through transmission and distribution rates:

- a) Changes in utility revenue from incremental electricity sales attributable to the measure;
- b) Changes in utility costs from the marginal impact on transmission and distribution system costs, which may be differentiated by time periods that influence costs and shall account for generic system-level avoidable transmission and distribution costs;
- c) Costs of the financial incentive offered by the Trust in promoting adoption of the measure and costs of the Trust to run the incentive program.

Tentative Ch. 3 rulemaking timeline

Dates illustrative and subject to change

Date	Milestone/task
September-October	Staff prepare draft; consult stakeholders
Late October-Early November	Finalize draft and consult with Attorney General's (AG) office
Tues, November 14	Submit proposal package to Secretary of State's (SOS) office
Wed, November 22	SOS issues public notice
Tues, December 12	Public hearing
Fri, December 22	Comment deadline
January Board meeting	Trust Board consider final rule
Thurs, January 25	Final rule provided to AG for review
Fri, February 23 (or sooner if approved)	Final package submitted to SOS
Fri, March 1	Effective date