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OPTIONS FOR DISCUSSION RE: ALLOCATION AND USE OF POTENTIAL STATE SUBMERGED LANDS LEASING RELATED REVENUES FROM OCEAN ENERGY DEVELOPMENT

The following table outlines options discussed by the Ocean Energy Task Force at its October 7, 2009, meeting regarding use of potential state revenues from leasing state submerged lands for commercial-scale renewable ocean energy development and from receipt of the state share of federal royalties for such renewable ocean energy development on OCS areas proximate to Maine in accordance with rules issued by MMS. Under each option outlined, rental funds would be deposited in a dedicated, non-lapsing new Maine Ocean Renewable Energy Trust Fund ("MORET Fund").

Attached is an estimate, prepared by BPL based on a hypothetical fee structure and other stated assumptions, which is presented solely to provide a sense of the potential revenue stream for discussion purposes. In addition, under the OETF's pending submerged lands leasing policy for renewable ocean energy a developer may elect to provide rental value owed for use of public submerged lands through the terms of an energy sales contracted negotiated with the State, in which case there would be no cash payment to the Fund.

	Option 1¹	Option 2	Option 3
Allocation/Uses	50% - Energy 20% - Research/data improvement 20% - Resource enhancement 10% - S&H Fund	40% - Information improvement 40% - Resource enhancement 20% - S&H Fund (no Energy funding)	No statutory allocation among categories of use; see below
Managing Agencies	Energy - Efficiency Maine Research/Information - DMR (SPO, DIFW consult) Resource enhancement - DMR (DIFW consult) S&H Fund - BPL	Same as Option 1 (except no Efficiency Maine)	New entity, <i>modeled after</i> Energy and Carbon Savings Trust ² , would administer MORET Fund to provide grants for conservation and enhancement of Public Trust resources and uses (incl. ocean energy) (see background info below)

¹ Subcommittee recommended this option for consideration

² See 35-A M.R.S. §10008 (Energy and Carbon Savings Trust);

<http://www.mainelegislature.org/legis/Statutes/35-A/title35-A-sec10008.html>

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As used in the above table, the meanings of the following terms are as follows³:

"Energy" means a low or no interest loan fund to support development of residential, commercial, or industrial infrastructure and innovative technologies to reduce dependence on fossil fuels, reduce greenhouse gas emissions, and reduce energy costs for Maine citizens, such as geothermal systems, heat pumps, battery, thermal or mechanical electricity storage units, and transformation to an electric car/battery based smart grid.

"Research/data improvement" means research, monitoring, and other efforts to avoid, minimize and mitigate potential adverse effects of ocean renewable energy development on noncommercial fisheries, seabirds, shorebirds, migratory birds, and other coastal and marine natural resources, including but not limited to development, enhancement and maintenance of the Coastal Atlas (map-based information resource to guide public and private decision making included among the OETF's pending recommendations) and field research to provide baseline data or data to address siting issues presented by wind, tidal, or other ocean energy development

"Resource enhancement" means resource enhancement, research or other efforts to avoid, minimize, or mitigate potential adverse effects of ocean renewable energy development on commercial fishing and related activities.

"S&H Fund" means the Shore and Harbor Management Fund (12 M.R.S. §1863; <http://www.mainelegislature.org/legis/Statutes/12/title12sec1863.html> for public infrastructure and municipal planning for harbor protection (current use of submerged lands funds in excess of BPL's administrative costs).

Energy and Carbon Savings Trust is funded with "revenues resulting from the sale of carbon dioxide allowances" pursuant to auctions under the RGGI program and "any forward capacity market or other capacity payments from the regional transmission organization that may be attributable to projects funded by the trust." Maine law directs that these funds are held in trust for the purpose of benefiting Maine electricity customers and may not be used for any other purpose. The law further provides that in 2009-11, at least 85% of the trust fund must be used on initiatives to reduce electricity consumption, with 15% for fossil fuel conservation. Subject to this statutory apportionment, the three appointed trustees of the Energy and Carbon Savings Trust, along with the Maine Energy Conservation Board, distribute the proceeds toward residential, commercial and industrial energy efficiency improvements that achieve the greatest greenhouse gas reductions. Grant proposals for funding are considered on a competitive basis. To qualify for funding an initiative must "reliably reduce greenhouse gas production by fossil fuel combustion in the State at the lowest cost in trust funds per unit of emissions; or "reliably reduce the consumption of electricity in the State at the lowest cost in trust funds per kilowatt-hour saved." 35-A M.R.S. §10008.

³ These meanings are from the subcommittee 2's recommendations presented to the OETF on 10.7.09