

# Maine Sets Aggressive New RPS; Will Award Long-Term Contracts for Eligible Resources by Competitive Solicitation

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This week, Maine Governor Janet Mills signed new [legislation](#) to reform and update Maine's renewable portfolio standard (RPS). The new law, titled "An Act To Reform Maine's Renewable Portfolio Standard" (the Act), substantially updates Maine's RPS requirements by making the following important changes:

- **New goals for the consumption of renewable energy.** Under the Act, renewable resources must account for 80% of electric sales by 2030, and 100% by 2050.
- **Changes to Maine's portfolio requirements for renewable capacity resources.** The Act creates a new class of resources termed Class IA resources, which are the same as Class I resources, except that they do not include resources that did not operate or were not recognized by ISO-NE as capacity resources for two years or more, and either resumed operation or became recognized as a capacity resource after September 1, 2005. The Act implements a Class IA portfolio standard that requires retail suppliers to obtain increasing percentages of supply for retail sales within the state from Class IA resources, beginning at 2.5% for 2020 and increasing gradually to 40% by 2040. The Act also allows portions of generation output from qualified hydroelectric facilities to be eligible as an RPS resource, provided that the hydroelectric facility has a nameplate capacity of 25 MW to 100 MW, is located outside of the freshwater range of the Gulf of Maine Atlantic Salmon as federally defined, and is interconnected to an electric distribution system in Maine.
- **New thermal renewable energy credits.** The Act requires competitive electricity suppliers in Maine to obtain thermal RECs reflecting an increasing amount of output from thermal energy resources. The new provision is intended to incentivize installation of efficient heating and cooling systems throughout Maine. Under the Act, competitive electricity suppliers in Maine must purchase thermal RECs in an amount equivalent to 0.4% of the supplier's retail electricity sales in 2021, to 3.6% of its retail electricity sales in 2030. Eligible thermal resources include heat, steam, hot water, or other form of thermal energy beginning operation

after June 30, 2019 and generated in accordance with applicable energy performance standards established by the Maine Public Utilities Commission (the Commission).

- **Competitive procurements for Class IA resources.** The Act also requires that the Commission issue two competitive solicitations for long-term contracts for energy or RECs from Class IA resources and direct investor-owned transmission and distribution (T&D) utilities to enter into one or more long-term, 20-year contracts for energy or RECs with Class IA resources, in an amount equal to 14% of Maine's 2018 retail electric sales. Such resources may also, but are not required to, contract with the T&D utility to sell capacity. The Act requires the Commission to conduct the first solicitation and approve contracts for energy or RECs equal to at least 7% of 2018 electricity sales by December 31, 2020. The Act also requires the Commission to initiate the second solicitation by January 15, 2021. Notably, the Act also allows for bids from Class IA resources co-located or paired with grid-connected energy storage facilities.
- **New incentives for municipal solid waste facilities.** Under existing Maine law, each retail electricity supplier must obtain at least 30% of its portfolio of supply sources for retail electricity sales from Class II resources (renewable or efficient resources formerly known as "eligible resources"). To incentivize suppliers to meet this requirement with generation output of solid waste facilities, the Act establishes a 300% multiplier for a generator fueled by municipal solid waste in conjunction with recycling that has obtained a solid waste facility license from the DEP. This incentive will remain effective until 2025.
- **Required market study.** By January 31, 2021, the Governor's Office of Policy and Management and the Governor's Energy Office must complete and submit to the Legislature a joint market assessment study on the 2030 goal of obtaining 80% of retail electricity sales from renewable energy resources. The joint report will also provide any recommendations on potential changes to the RPS regime.

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