

A BILL FOR AN ACT

To restructure the electricity market in the CNMI by deregulating electric services; and for other purposes.

**BE IT ENACTED BY THE TWENTY-FOURTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** The Legislature finds that 32 states and
2 Washington DC have introduced some form of energy deregulation and retail energy
3 choice as of 2025. Depending on the state this applies for electricity, natural gas or both
4 utility services nearly half of US states have introduced some degree of energy
5 deregulation and retail energy choice to homes and businesses within their borders.

6 In a regulated electricity market, a single utility company controls the entire
7 process of electricity generation, transmission, and distribution to customers with
8 oversight from a public regulator. The utility company makes sure that power is
9 generated, sent to the grid, and reaches customers. Customers in regulated markets
10 cannot choose who generates their power and are bound to the utility in that area.
11 Regulated markets dominate most of the Southeast, Northwest and much of the West
12 (excluding California).

13 In a deregulated electricity market, the electricity industry is no longer controlled
14 by a single utility company, allowing multiple companies to compete in selling
15 electricity to consumers. In such instances, generators (companies that generate
16 electricity) sell electricity into a wholesale market, and retail energy suppliers purchase
17 this electricity to sell it to customers. Transmission companies or utilities own and
18 operate the transmission grid. The utility company exists to make sure the power is
19 distributed and everything is working correctly to keep the lights on. Electricity
20 deregulation gives consumers the power to choose their electric provider and plan. In
21 regulated energy markets, the local utility company sells electricity to residents. In

1 contrast, deregulated energy markets allow retail electric providers to sell energy plans
2 to customers.

3 The Legislature finds that the benefits of a deregulated electricity market include
4 opening the door to new technologies, such as transactional energy and blockchain
5 entrepreneurship, and giving consumers options they wouldn't otherwise have. The
6 electricity industry competition gives consumers the power to choose their energy
7 supplier and the specific plan that best suits their needs. Deregulated markets can make
8 it easier for customers to purchase renewable, clean energy directly from generators and
9 push towards energy conservation.

10 Specifically, electricity deregulation can significantly impact consumers in
11 several ways:

- 12 (1) Price options: Consumers can potentially find lower rates by comparing
13 different suppliers.
- 14 (2) Customized plans: Suppliers may offer various plans tailored to different
15 usage patterns or preferences.
- 16 (3) Green energy access: Increased availability of renewable energy options for
17 environmentally conscious consumers.
- 18 (4) Customer service: Competition may lead to improved customer service as
19 suppliers vie for customers.
- 20 (5) Education requirement: Consumers need to educate themselves about the
21 market to make informed decisions.

22 The Legislature further finds that electricity deregulation in the United States
23 varies by state, with some states embracing full deregulation and others maintaining a
24 regulated market. States like Texas, Pennsylvania, and New York have fully deregulated
25 electricity markets, giving consumers a wide array of choices. Meanwhile, states like
26 California have partially deregulated markets, where only certain aspects of energy
27 supply are open to competition.

28 The Legislature finds that deregulated markets have opened up generation for
29 competition from independent power producers in 24 states, such as California, Texas

1 and most states in the Northeast. 18 of these states and Washington D.C. have also
2 introduced retail choice, which allows residential and/or industrial consumers to choose
3 their own electricity provider. Accordingly, the purpose of this legislation is to
4 deregulate the electric market in the CNMI to drive down prices by authorizing multiple
5 companies to sell electricity to customers and generating competition to provide a
6 broader range of electricity products such as renewable energy options.

7 **Section 2. Amendment.** Subject to codification by the CNMI Law Revision
8 Commission, the following provisions are hereby enacted to read:

9 **“Chapter 15. Retail Electric Competition and Consumer Protection.**

10 § 101. Definitions.

11 § 102. Policy findings.

12 § 103. Implementation of customer choice.

13 § 104. Competitive billing.

14 § 105. Role, duties, and powers of the Commission.

15 § 106. Licensing requirements.

16 § 107. Duties of the electric company.

17 § 108. Disconnection of service in extreme temperature prohibited.

18 § 109. Consumer protections.

19 § 110. Investigation of violations, penalties for violations.

20 § 111. Standard offer service.

21 § 112. Transition costs, transition benefits.

22 § 113. Recovery for public purpose programs.

23 § 114. Market power remediation.

24 § 115. Provision of electricity supply by the electric company.

25 § 116. New generating facilities in the CNMI.

26 § 117. Renewable energy sources.

27 § 118. Net metering.

28 § 119. Community renewable energy facilities.

29 § 120. Sale of generation assets.

1 § 121. Consumer disclosure requirements.

2 § 122. Recovery of CREF implementation costs.

3 **§ 101. Definitions.** For the purposes of this chapter, the term:

4 (a) “Affiliate” means a person who directly or indirectly, or through one or more
5 intermediaries, controls, is controlled by, or is under common control with, or has
6 directly or indirectly, any economic interest in another person.

7 (b) “Aggregator” means a person who acts on behalf of customers to purchase
8 electricity.

9 (c) “Aggregation program” means any system developed by an aggregator for
10 organizing customers into a single purchasing unit.

11 (d) “Anticompetitive condition” means a condition which would allow a party to:

12 (1) Exercise vertical or horizontal market power;

13 (2) Use the ownership or control of a regulated facility to favor an
14 unregulated affiliate or subsidiary or to discriminate against a non-affiliated
15 entity;

16 (3) Erect a barrier to entry; or

17 (4) Compete unfairly or deny effective competition to consumers.

18 (e) “Anticompetitive conduct” means an activity which would:

19 (1) Violate any applicable antitrust law;

20 (2) Constitute favorable treatment of an affiliate;

21 (3) Discriminate against an unrelated entity;

22 (4) Constitute a barrier to entry; or

23 (5) Confer an unfair competitive advantage upon an entity.

24 (f) “Bid premium” means a payment by an electricity supplier to the Commission
25 for the right to provide standard offer service in the Commonwealth of the Northern
26 Mariana Islands.

27 (g) “Broker” means a person who acts as an agent or intermediary in the sale and
28 purchase of electricity but who does not take title to electricity.

1 (h) “Commonwealth” or “CNMI” means the Commonwealth of the Northern
2 Mariana Islands.

3 (i) “Competitive billing” means the right of a customer to receive a single bill
4 from the electric company, a single bill from the electricity supplier, or separate bills
5 from the electric company and the electricity supplier.

6 (j) “Commission” means the Public Utilities Commission of the Commonwealth
7 of the Northern Mariana Islands.

8 (k) “Community net metering” means a billing arrangement under which the
9 monetary value of electric energy generated by a community renewable energy facility
10 and delivered to the electric company’s local distribution facilities is used to offset
11 electric energy charges accrued during a subscriber’s applicable billing period.

12 (l) “Community renewable energy facility” or “CREF” means an energy facility
13 using renewable resources defined as tier one renewable sources that is located within
14 the CNMI and where the monetary value of electricity generated by the facility is
15 credited to the subscribers of the facility.

16 (m) “Competitive Transition Charge” means a rate, charge, credit, or other
17 appropriate mechanism authorized to be imposed for the recovery of transition costs as
18 determined by the Commission under § 112.

19 (n) “Consolidator” means any owner of or property manager for multi-family
20 residential, commercial office, industrial, and retail facilities who combines more than
21 one property for the primary purpose of contracting with an aggregator or electric energy
22 service provider for electric energy services for those properties, and who:

23 (1) Does not take title to electric energy;

24 (2) Does not sell electric energy to buildings not owned or managed by
25 such owner or property manager;

26 (3) Does not offer aggregation of electric energy services to other,
27 unrelated end-users; and

28 (4) Arranges for the purchase of electric energy services only from duly
29 licensed electric energy service providers or aggregators.

1 (o) “Consumer” or “customer” each means a purchaser of electricity for end use
2 in the CNMI. The term excludes an occupant of a building where the owner, lessee, or
3 manager manages the internal distribution system serving the building and supplies
4 electricity solely to occupants of the building for use by the occupants.

5 (p) “CREF credit rate” means a credit rate applied to subscribers of community
6 renewable energy facilities, which shall be equal to:

7 (1) For residential customer subscribers, the full retail distribution rate,
8 which includes generation, transmission, and distribution charges, for the
9 standard offer service General Service Low Voltage Non-Demand Customer
10 class or its successor, as determined by the Commission, based upon § 118; and

11 (2) For commercial customer subscribers, the standard offer service rate
12 for the General Service Low Voltage Non-Demand Customer class or its
13 successor, as determined by the Commission, based upon § 118.

14 (q) “CUC” means the Commonwealth Utilities Corporation.

15 (r) “Customer-based aggregation program” means a program in which customers
16 pool their loads to shop more effectively for electricity supply, electricity supply
17 services, or any service declared to be a potentially competitive service.

18 (s) “Customer choice” or “choice of electricity suppliers” each means the right of
19 electricity suppliers and consumers to use and interconnect with the electric distribution
20 system on a nondiscriminatory basis in order to distribute electricity from any electric
21 supplier to any customer. Under this right, consumers shall have the opportunity to
22 purchase electricity supply from their choice of licensed electricity suppliers.

23 (t) “Customer-generator” means a residential or commercial customer that owns
24 and operates an electric generating facility that:

25 (1) Has a capacity of not more than 1000 kilowatts;

26 (2) Uses renewable resources, cogeneration, fuel cells, or microturbines;

27 (3) Is located on the customer’s premises;

28 (4) Is interconnected with the electric company’s transmission and
29 distribution facilities; and

1 (5) Is intended primarily to offset all or part of the customer’s own
2 electricity requirements.

3 (u) “Effective competition” means, with respect to the markets for electricity
4 supply, billing, and those services declared by the Commission to be potentially
5 competitive services a market structure under which an individual seller is not able to
6 influence significantly the price of the service as a result of the number of sellers of the
7 service, the size of each seller’s share of the market, the ability of the sellers to enter or
8 exit the market, and the price and availability of comparable substitutes for the service.

9 (v) “Electric company” when used in this chapter includes every corporation,
10 company, association, joint-stock company or association, partnership, or person and
11 doing business in the CNMI, their lessees, trustees, or receivers, appointed by any court
12 whatsoever, physically transmitting or distributing electricity in the CNMI to retail
13 electric customers. The term excludes any building owner, lessee, or manager who,
14 respectively, owns, leases, or manages, the internal distribution system serving the
15 building and who supplies electricity and other related electricity services solely to
16 occupants of the building for use by the occupants. The term also excludes a person or
17 entity that does not sell or distribute electricity and that owns or operates equipment
18 used exclusively for the charging of electric vehicles.

19 (w) “Electricity supplier” means a person, including an aggregator, broker, or
20 marketer, who generates electricity; sells electricity; or purchases, brokers, arranges or,
21 markets electricity for sale to customers. The term excludes the following:

22 (1) Building owners, lessees, or managers who manage the internal
23 distribution system serving such building and who supply electricity solely to
24 occupants of the building for use by the occupants;

25 (2) (i) Any person who purchases electricity for its own use or for the
26 use of its subsidiaries or affiliates; or

27 (ii) Any apartment building or office building manager who
28 aggregates electric service requirements for his or her building or
29 buildings, and who does not:

- 1 (A) Take title to electricity;
- 2 (B) Market electric services to the individually-metered
3 tenants of his or her building; or
- 4 (C) Engage in the resale of electric services to others;
- 5 (3) Property owners who supply small amounts of power, at cost, as an
6 accommodation to lessors or licensees of the property; and
- 7 (4) A consolidator.
- 8 (x) “Executive Director” means the Executive Director of the Commonwealth
9 Utilities Corporation or his or her designee.
- 10 (y) “Gender identity or expression” means a gender-related identity, appearance,
11 expression, or behavior of an individual, regardless of the individual’s assigned sex at
12 birth.
- 13 (z) “Individual billing meter” means an individual meter or a set of meters when
14 meters are combined for billing purposes.
- 15 (aa) “Initial implementation date” means the first day on which customers in the
16 CNMI shall have the ability to choose an electricity supplier. Unless accelerated or
17 delayed by the Commission under § 103(c), the initial implementation date shall be
18 January 1, 2027.
- 19 (bb) “Marketer” means a person who purchases and takes title to electricity as an
20 intermediary for sale to customers.
- 21 (cc) “Market participant” means any electricity supplier (including an affiliate of
22 the electric company) or any person providing billing services or services declared by
23 the Commission to be potentially competitive services.
- 24 (dd) “Net energy metering” means measuring the difference between the
25 electricity supplied to an eligible customer-generator from the electric grid and the
26 electricity generated and fed back to the electric grid by the eligible customer-generator.
- 27 (ee) “Pilot program” means a transitional program approved by the Commission
28 prior to the initial implementation date under which customer choice is implemented for
29 a percentage of each customer class.

1 (ff) “Potentially competitive service” means a component of electric service
2 (other than electricity supply and billing) determined by the Commission to be suitable
3 for purchase by customers from alternative sellers under § 105(e).

4 (gg) “Public purpose program” means a program implemented with the intention
5 of furthering a public purpose.

6 (1) “Public purpose program” includes:

7 (i) A universal service program;

8 (ii) A program encouraging renewable energy resources;

9 (iii) A demand-side management or other energy efficiency or
10 conservation program; and

11 (iv) A consumer education program.

12 (hh) “Renewable energy credit” means a credit representing one megawatt-hour
13 of energy produced by a tier one or tier two renewable source located within the CNMI;

14 (ii) “Schedule” means a list of the dates on which each customer class, or a
15 designated percentage of each customer class, is eligible for customer choice and
16 competitive billing.

17 (jj) “SOS administrator” means the provider of standard offer service mandated
18 by § 111.

19 (kk) “Standard offer service” or “SOS” means that electric service mandated by
20 § 111.

21 (ll) “Subscriber” means a retail customer of the electric company who owns a
22 subscription and who has identified an individual billing meter within the CNMI to
23 which the subscription shall be attributed.

24 (mm) “Subscriber organization” means any for-profit or nonprofit entity
25 permitted by CNMI law, or government entity, that owns or operates one or more
26 community renewable energy facilities for the benefit of the subscribers.

27 (nn) “Subscription” means a percentage interest in a community renewable
28 energy facility’s electrical production.

29 (oo) “Tier one renewable source” means one or more of the following types of

1 energy sources:

2 (1) Solar energy;

3 (2) Wind;

4 (3) Qualifying biomass used at a generation unit that achieves a total
5 system efficiency of at least 65% on an annual basis, can demonstrate that they
6 achieved a total system efficiency of at least 65% on an annual basis through
7 actual operational data after one year, and that started commercial operation after
8 January 1, 2007.

9 (4) Methane from the anaerobic decomposition of organic materials in a
10 landfill or wastewater treatment plant;

11 (5) Geothermal;

12 (6) Ocean, including energy from waves, tides, currents, and thermal
13 differences;

14 (7) Fuel cells producing electricity from a tier one renewable source
15 under subparagraph (3) or (8) of this paragraph; and

16 (8) Raw or treated wastewater used as a heat source or sink for a heating
17 or cooling system.

18 (pp) “Tier two renewable source” means one or more of the following types of
19 energy sources:

20 (1) Hydroelectric power other than pumped storage generation;

21 (2) Waste-to-energy; or

22 (3) Qualifying biomass used at a generation unit that

23 (i) Started commercial operation on or before December 31, 2006;

24 or

25 (ii) Achieves a total system efficiency of less than 65%; or

26 (iii) Uses black liquor.

27 (qq) “Transition costs” means costs, liabilities, and investments (including
28 regulatory assets) allocable to the CNMI to the extent the costs, liabilities, and
29 investments:

1 (1) Traditionally have been or would be recoverable under the existing
2 regulatory structure (with retail rates for the provision of electric service), but
3 will not be recoverable in the restructured electricity supply market; or

4 (2) Arise as a result of electric industry restructuring and are related to
5 the creation of customer choice.

6 (rr) “Wholesale electricity supplier” means the electric company, which,
7 pursuant to § 111, obtains bids from, and contracts for electric service with, third parties
8 and provides standard offer service to retail customers.

9 **§ 102. Policy findings.**

10 The Legislature adopts the following policy findings in support of community
11 renewable energy:

12 (a) Communities benefit from the deployment of tier one renewable energy in the
13 CNMI, and the Legislature hereby encourages the CUC to establish programs that
14 support development of such projects;

15 (b) It is in the public interest that the CUC encourages broad participation in
16 CNMI-based tier one renewable electric generation by CNMI residents, not-for-profit
17 entities, and for-profit entities through outreach efforts and programs in the CNMI;

18 (c) It is in the public interest that the CUC enables the development and
19 deployment of community renewable energy facilities for the following purposes:

20 (1) To allow renters and low-to moderate-income retail electric customers
21 to own interests in tier one renewable energy generating facilities;

22 (2) To allow interests in tier one renewable energy generation facilities to
23 be portable and transferrable;

24 (3) To facilitate market entry for all potential subscribers, while
25 prioritizing those persons most sensitive to market barriers; and

26 (4) To encourage developers to promote participation by renters and low-
27 to moderate-income retail electric customers; and

28 (d) It is in the public interest for developers to encourage participation by renters
29 and low- to moderate-income retail electric customers.

1 **§ 103. Implementation of customer choice.**

2 (a) On and after the initial implementation date, the supply and sale of electricity
3 shall not be regulated except as expressly set forth in this chapter.

4 (b) (1) Unless accelerated or delayed pursuant to subsection (c) of this
5 section, customer choice shall begin on the initial implementation date. Customer
6 choice must be available for all consumers, regardless of customer class, no later
7 than 2 years after the initial implementation date.

8 (2) Prior to the initial implementation date, the Commission shall
9 determine a schedule for the phase-in of customer choice. The Commission may,
10 in its discretion, forego a phase-in and make customer choice available for all
11 consumers on the initial implementation date.

12 (c) The Commission may delay the initial implementation date based on
13 considerations of reliability, safety, or market power, but under no circumstances shall
14 the initial implementation date be delayed beyond January 1, 2028.

15 (d) (1) Prior to the initial implementation date, the Commission may
16 establish a pilot program.

17 (2) (i) A minimum of 10% of each customer class shall be eligible to
18 participate in any pilot program established by the Commission.

19 (ii) Notwithstanding any other provision of this chapter, any pilot
20 program established by the Commission may include all commercial
21 customers.

22 (iii) Notwithstanding any other provision of this chapter, any pilot
23 program established by the Commission may include competitive billing.

24 (e) The CNMI and its agencies and instrumentalities shall have the right to
25 petition the Commission prior to the initial implementation date for permission to enter
26 into an electricity supply contract with any electricity supplier. Purchases of electric
27 power under the supply contract may commence at any time, and under terms and
28 conditions, as may be designated by the Commission.

29 (f) Notwithstanding any other provision of this chapter, customer choice,

1 including any pilot program under subsection (d) of this section and any supply contract
2 under subsection (e) of this section, may not commence until legislation is enacted to
3 conform CNMI taxes to the restructuring of the electric industry.

4 **§ 104. Competitive billing.**

5 (a) Competitive billing shall begin on the initial implementation date and shall be
6 implemented according to a schedule to be determined by the Commission. The
7 Commission shall have the discretion to implement competitive billing for all customers
8 on a single date.

9 (b) This section shall not preclude the Commission from including competitive
10 billing as a part of any pilot program established by the Commission.

11 **§ 105. Role, duties, and powers of the Commission.**

12 (a) The Commission's assessment, approval, and oversight of restructuring plans,
13 pilot programs, and the transition process, and regulation of the restructured electric
14 industry, shall ensure orderliness and electric system reliability and shall take into
15 consideration the interests of customers, electricity suppliers, and the electric company.

16 (b) Unless otherwise specified, the Commission shall adopt regulations or issue
17 the orders required under this chapter before the initial implementation date. This
18 requirement shall not affect the validity of amendments to those regulations or orders
19 adopted after the initial implementation date.

20 (c) (1) The Commission shall adopt regulations or issue orders to:

21 (i) Implement competitive billing pursuant to § 104;

22 (ii) Govern the licensing of electricity suppliers and other market
23 participants under § 106;

24 (iii) (A) Require access by customers and electricity suppliers
25 to the electric company's distribution system on a non-
26 discriminatory basis in accordance with § 107; and

27 (B) Prevent the electric company from operating its
28 distribution system in any manner that favors the electricity
29 supply of the electric company's affiliates in violation of § 107;

- 1 (iv) Implement the consumer protections in § 109;
- 2 (v) Establish procedural rules for complaints, investigations, and
- 3 dispositional hearings under § 110;
- 4 (vi) Govern proceedings under § 114; and
- 5 (vii) Govern the construction of new electric generating facilities
- 6 under § 116.

7 (2) (i) (A) Under criteria established by Commission regulation
8 or order, the Commission shall determine for each electricity
9 supplier licensed under § 106 whether it is feasible for that
10 electricity supplier to disclose every 6 months emissions on a
11 pound per megawatt-hour basis and the fuel mix of the electricity
12 sold by that supplier in the CNMI. For fuel mix, the categories
13 include electricity generated from coal, natural gas, nuclear
14 energy, oil, hydroelectric, solar, biomass, wind, and other sources.
15 For emissions, the categories include carbon dioxide, nitrogen
16 oxide, sulfur dioxide, and any other pollutants specified by the
17 Commission.

18 (B) The Commission shall make a determination of
19 feasibility under sub-subparagraph (i) of this subparagraph within
20 6 months after the date on which an electricity supplier receives a
21 license under § 106.

22 (ii) If the Commission determines under subparagraph (i)(A) of
23 this paragraph that it is feasible for an electricity supplier to disclose the
24 emissions and fuel mix of the electricity sold by that supplier in the
25 CNMI, the Commission, by regulation or order, shall require the
26 electricity supplier to disclose every 6 months the emissions and fuel mix
27 of the electricity sold by the supplier in the CNMI in the categories
28 provided in subparagraph (i)(A) of this paragraph.

29 (iii) If the Commission determines under subparagraph (A)(i) of

1 this paragraph that it is not feasible for an electricity supplier to disclose
2 the emissions and fuel mix of the electricity sold by the supplier in the
3 CNMI, the Commission, by regulation or order, shall require the
4 electricity supplier to disclose to its customers every 6 months a regional
5 emissions and fuel mix average in the categories provided in
6 subparagraph (A)(i) of this paragraph.

7 (3) The Commission shall, by regulation or order, require the unbundling
8 of electric company rates, charges, and services into standardized categories
9 determined by the Commission.

10 (4) The Commission shall, by regulation or order, require that customers’
11 bills indicate, as an individual line item, charges for electricity supply.

12 (5) The Commission shall issue regulations or orders to:

13 (i) Establish reasonable restrictions on telemarketing;

14 (ii) Establish reasonable procedures for contracting between
15 residential and small commercial customers and electricity suppliers; and

16 (iii) Establish reasonable requirements and limitations relating to
17 deposits, billing, contract cancellations, and disconnections.

18 (6) (i) The Commission shall order the electric company, in
19 conjunction with the Commission, the CNMI Office of the Public
20 Auditor, and the CNMI Division of Energy, to implement a consumer
21 education program informing consumers of changes in the electric
22 industry.

23 (ii) As part of the consumer education program under this
24 paragraph, the Commission shall develop and maintain information
25 regarding rates charged and services provided by licensed electricity
26 suppliers to small commercial and residential customers. The information
27 required in this subparagraph shall be:

28 (A) Readily understandable and formatted to provide a
29 comparison of rates and services offered by electricity suppliers;

1 other than electricity supply and billing, is a potentially competitive service if:

2 (i) Provision of the service by alternative sellers will not harm any
3 class of customers;

4 (ii) Provision of the service will decrease the cost of providing the
5 service to customers in the CNMI or increase the quality or innovation of
6 the electric service to customers in the CNMI;

7 (iii) Effective competition in the market for that service is likely
8 to develop; and

9 (iv) Provision of the service by alternative sellers will not
10 otherwise jeopardize the safety and reliability of electric service in the
11 CNMI.

12 (2) Any order declaring a component of electric service to be a
13 potentially competitive service shall provide for the recovery by the electric
14 company of all verifiable costs that would have been recoverable under the
15 traditional regulatory structure but which will not be recoverable as a result of
16 the order under subsection (c)(1) of this section.

17 (f) (1) Nothing contained in this section shall prohibit the Commission from
18 implementing or modifying a pilot program under § 103(d).

19 (2) Nothing contained in this section shall prohibit the Commission from
20 allowing the adoption of a supply contract under § 103(e).

21 **§ 106. Licensing requirements.**

22 (a) All electricity suppliers must obtain a license issued by the Commission in
23 order to do business in the CNMI.

24 (b) An application for an electricity supplier license shall:

25 (1) Be made to the Commission in writing on a form adopted by the
26 Commission;

27 (2) Be verified by oath or affirmation;

28 (3) Be accompanied by an application fee determined by the
29 Commission; and

- 1 (4) Contain the following:
- 2 (i) Proof of technical and managerial competence;
- 3 (ii) Proof of compliance with all applicable requirements of the
- 4 Federal Energy Regulatory Commission and any independent system
- 5 operator or regional or system transmission operator to be used by the
- 6 applicant;
- 7 (iii) Proof of compliance with all applicable federal and CNMI
- 8 environmental laws;
- 9 (iv) Proof of financial integrity;
- 10 (v) Proof that the applicant has registered with the Department of
- 11 Finance to do business in the CNMI;
- 12 (vi) An agreement or promise to be subject to all applicable taxes;
- 13 (vii) An agreement or promise to comply with all of the
- 14 requirements of this chapter and all orders and regulations of the
- 15 Commission issued under this chapter; and
- 16 (viii) Any other information required by the Commission.
- 17 (c) The Commission shall:
- 18 (1) Require an applicant to post a bond or other similar instrument if, in
- 19 the Commission's judgment, the bond or similar instrument is necessary to
- 20 insure an applicant's financial integrity;
- 21 (2) Establish the duration of a license issued under this section,
- 22 procedures and requirements for license renewal, and provisions regarding the
- 23 surrender and lapse of a license; and
- 24 (3) Establish any other requirements for an applicant that the Commission
- 25 determines to be in the public interest.
- 26 (d) A license may not be transferred without the prior approval of the
- 27 Commission.
- 28 (e) All monies collected by the Commission under this section shall be used
- 29 exclusively for the daily operations of the Commission.

1 (f) Notwithstanding any other provision of this chapter, a consolidator may be
2 required by the Commission to file a statement of intent to serve as a consolidator and to
3 provide to the Commission such other information as reasonably may be related to the
4 requirements of the Commission for monitoring the activities of consolidators.

5 **§ 107. Duties of the electric company.**

6 (a) (1) The electric company shall provide distribution services to all
7 customers and electricity suppliers on rates, terms of access, and conditions that
8 are comparable to the electric company’s own use of its distribution system. The
9 electric company shall not operate its distribution system in a manner that favors
10 the electricity supply of the electric company’s affiliates.

11 (2) To the extent this provision is not preempted by federal law or
12 regulation, the electric company shall provide transmission services to all
13 customers and electricity suppliers on rates, terms, and conditions that are
14 comparable to the electric company’s own use of its transmission system.

15 (b) The electric company shall maintain the reliability of its distribution system
16 in accordance with applicable orders, tariffs, and regulations of the Commission.

17 **§ 108. Disconnection of service in extreme temperature prohibited.**

18 (a) For the purposes of this section, the term “forecast of extreme temperature”
19 means a National Weather Service forecast for the CNMI of 95 degrees Fahrenheit or
20 above during any time of a day or of 32 degrees Fahrenheit or below during any time of
21 a day.

22 (b) An electric company shall not disconnect residential electric service during
23 the day preceding and the day of a forecast of extreme temperature or if the forecast of
24 extreme temperature precedes a holiday or weekend day, on any day during the holiday
25 or weekend.

26 **§ 109. Consumer protections.**

27 (a) (1) Unless a customer consents in writing, a market participant or the
28 electric company may not disclose information that:

29 (i) Is about the customer; and

1 (ii) Was supplied to the market participant or electric company by
2 the customer.

3 (2) This restriction shall not apply to:

4 (i) Lawful disclosures for bill collection or credit rating reporting
5 purposes; or

6 (ii) Lawful disclosures to a building owner about the energy
7 consumption of a non-residential tenant of the building.

8 (3) Aggregated consumption data may be provided under the following
9 circumstances:

10 (i) When at least 5 customer accounts are being aggregated;

11 (ii) When no single customer account represents more than 80%
12 of the total aggregated energy consumption; and

13 (iii) When no individual customer-identifying information is
14 included, unless:

15 (A) The customer-identifying information is supplied by
16 the person requesting the consumption data; and

17 (B) The person requesting the consumption data owns the
18 building for which the consumption data is requested.

19 (b) (1) Unless a customer consents in writing, a market participant or the
20 electric company may not use information of the type specified in subsection
21 (a)(1) of this section for any purpose other than the purpose for which the
22 information was originally acquired.

23 (2) This restriction shall not apply to lawful disclosures for bill collection
24 or credit rating reporting purposes.

25 (c) Unless the customer consents, a market participant may not change a
26 customer's electricity supplier.

27 (d) Unless the customer consents, a market participant may not add services or
28 new charges to a customer's existing retail electric service options.

29 (e) (1) A market participant may not engage in marketing, advertising, or

1 trade practices that are unfair, false, misleading, or deceptive.

2 (2) A market participant must provide adequate and accurate information
3 to each customer about the market participant's available services and charges.

4 (f) A market participant may not discriminate against any customer based wholly
5 or partly on the race, color, creed, national origin, sex, sexual orientation, or gender
6 identity or expression of the customer, or for any arbitrary, capricious, or unfairly
7 discriminatory reason.

8 (g) A market participant may not refuse to provide service to a customer except
9 by the application of standards that are reasonably related to the market participant's
10 economic and business purposes.

11 (h) A market participant shall post on the Internet information that is readily
12 understandable about its services and rates for small commercial and residential electric
13 customers.

14 **§ 110. Investigation of violations, penalties for violations.**

15 (a) For a violation of any provision of this chapter or a violation of any
16 regulation or order issued under this chapter, after notice and a hearing, the Commission
17 may:

18 (1) Suspend or revoke a license of a market participant;

19 (2) Impose a civil penalty on a market participant or the electric
20 company;

21 (3) Order a refund or credit to a customer;

22 (4) Cancel a contract or part of a contract between a customer and a
23 market participant; or

24 (5) Issue a cease and desist order to a market participant or the electric
25 company.

26 (b) (1) A civil penalty imposed by the Commission under this section shall
27 not exceed \$10,000 per violation.

28 (2) The Commission shall determine the amount of the civil penalty after
29 considering:

1 (i) The number of previous violations on the part of the market
2 participant or the electric company;

3 (ii) The gravity and duration of the current violation; and

4 (iii) The good faith of the market participant or the electric
5 company in attempting to achieve compliance after notification of the
6 violation.

7 (c) The Commission may temporarily suspend a license, issue a temporary cease
8 and desist order, or take any other appropriate temporary remedial action, pending a
9 final determination after notice and hearing, if the Commission determines that there is
10 reasonable cause to believe that customers or the reliability of electric supply in the
11 CNMI will be harmed by the actions of a market participant or the electric company.

12 (d) A proceeding under this section may be initiated by the Commission, the
13 CNMI Office of the Public Auditor, the CNMI Office of the Attorney General, or any
14 aggrieved party.

15 (e) In connection with a proceeding under this section, a market participant or the
16 electric company shall provide to the Commission access to any accounts, books,
17 papers, and documents which the Commission considers necessary to resolve the matter.

18 **§ 111. Standard offer service.**

19 (a) Standard offer service is electricity supply made available on and after the
20 initial implementation date to:

21 (1) Customers not yet allowed to choose an electricity supplier under the
22 phase-in of customer choice under § 103;

23 (2) Customers who contract for electricity with an electricity supplier, but
24 who fail to receive delivery of electricity under such contracts;

25 (3) Customers who cannot arrange to purchase electricity from an
26 electricity supplier; and

27 (4) Customers who do not choose an electricity supplier.

28 (b) (1) Standard offer service shall be provided by the electric company from
29 the initial implementation date through February 7, 2030.

1 (2) (i) The rate cap specified in subparagraph (ii) of this paragraph
2 shall apply beginning on the initial implementation date and shall end on
3 February 7, 2030.

4 (ii) (A) Subject to the time limitation in subparagraph (i) of
5 this paragraph, and except for the charges specified in sub-
6 subparagraph (ii) of this subparagraph, the total rate charged to a
7 customer receiving standard offer service shall not exceed the
8 total of the rates authorized by the Commission and charged to the
9 customer on December 31, 2024.

10 (B) The rate cap specified in sub-subparagraph (i) of this
11 subparagraph shall not apply to charges imposed for the recovery
12 of costs under § 113.

13 (3) (i) During the period in which the rate cap specified in paragraph
14 (2)(ii) of this subsection is in effect, the Commission shall have the
15 authority to set, in a manner that is just, reasonable, and non-
16 discriminatory, the rate charged to a customer receiving standard offer
17 service.

18 (ii) The Commission shall ensure that any rate cut promulgated
19 under paragraph (2) of this subsection does not hinder the development of
20 a competitive market for electricity supply.

21 (4) During the period in which the rate cap specified in paragraph (2)(ii)
22 of this subsection is in effect, the Commission may allow the recovery of any
23 extraordinary costs based on the circumstances of the electric company if the
24 Commission determines that the action is necessary and in the public interest.

25 (c) Before January 2, 2027, the Commission shall adopt regulations or issue
26 orders establishing terms and conditions for standard offer service and for the selection
27 of an electricity supplier or suppliers (retail, wholesale, or both) to provide standard
28 offer service after February 7, 2028. The terms and conditions applicable to the selection
29 of an electricity supplier or suppliers shall include:

1 (1) Protection against a standard offer service provider's failure to
2 provide service;

3 (2) An appropriate rate design, subject to the restrictions in subsection (d)
4 of this section;

5 (3) The appropriate length of a standard offer service contract awarded
6 under subsection (d) of this section; and

7 (4) A contingency plan in the event of insufficient or inadequate bids;
8 provided, that a contingency plan may award the standard offer service to the
9 electric company or an affiliate of the electric company if it is in the public
10 interest.

11 (d) (1) After the regulations or orders mandated by subsection (c) of this
12 section are issued, the Commission shall conduct competitive bid procedures for
13 the selection of a retail electricity supplier or suppliers to provide standard offer
14 service for the CNMI after February 7, 2028; authorize the electric company, as
15 a wholesale electricity supplier, to conduct competitive bid procedures to obtain
16 third-party contracts to provide standard offer service for the CNMI after
17 February 7, 2028; or both. If competitive bid procedures for the selection of a
18 retail electricity supplier or suppliers to provide standard offer service are
19 conducted by the Commission, the competitive selection of retail electricity
20 supplier or suppliers to provide standard offer service shall occur before July 2,
21 2027. In conducting retail bid procedures or facilitating the wholesale bid
22 process under this subsection, the Commission:

23 (A) Shall ensure that the price for standard offer service will not
24 hinder the development of a competitive electricity supply market in the
25 CNMI; and

26 (B) May, in its discretion, solicit the payment, by the retail
27 electricity supplier or suppliers chosen to provide standard offer service,
28 of a bid premium.

29 (2) The Commission may collect a bid premium.

1 (e) The Commission shall determine the threshold financial viability of
2 wholesale bidders.

3 **§ 112. Transition costs, transition benefits.**

4 (a) The electric company shall be provided an opportunity to recover all of its
5 prudently incurred and verifiable net transition costs, subject to full mitigation,
6 following the Commission's determination under subsection (b) of this section. In
7 connection with the foregoing:

8 (1) A competitive transition charge, or other appropriate non-bypassable
9 mechanism as determined by the Commission, may be included as part of the
10 charge paid by every customer accessing the transmission or distribution system
11 of the electric company.

12 (2) The competitive transition charge may be included on bills to
13 customers for a period of limited duration to be determined by the Commission.

14 (3) The Commission may establish recovery periods of different lengths
15 for different categories of transition costs.

16 (b) (1) The Commission shall determine the transition costs and the amount
17 of the costs that the electric company may recover.

18 (2) In determining the electric company's transition costs, the
19 Commission shall:

20 (i) Conduct public hearings; and

21 (ii) Consider evidence appropriate to an accurate determination of
22 the electric company's transition costs. Such evidence may include:

23 (A) Book value and fair market value;

24 (B) Auctions and sales of comparable assets;

25 (C) Appraisals;

26 (D) The revenue the company would receive under rate-
27 of-return regulation;

28 (E) The revenue the company would receive in a
29 restructured electricity supply market; and

1 (F) Computer simulations provided to the Commission.

2 (3) If the Commission determines that the electric company will incur
3 transition costs, the Commission shall determine the extent of the permitted
4 recovery based on the following factors:

5 (i) The prudence of the original investment and of the continued
6 management of the investment;

7 (ii) Whether the investment was mandated by law, regulation, or
8 order;

9 (iii) Whether the amount at issue has been fully verified and
10 minimized;

11 (iv) Whether the investment continues to be used and useful;

12 (v) Whether the loss is one of which investors can be said to have
13 reasonably borne the risk;

14 (vi) Whether investors have already been compensated for the
15 risk;

16 (vii) The financial integrity of the electric company;

17 (viii) Whether the investment was made to satisfy the need to
18 ensure the availability of reliable electric service;

19 (ix) For costs incurred or to be incurred as a result of electric
20 industry restructuring or the establishment of customer choice, whether
21 the costs are reasonable; and

22 (x) The impact of a recovery of transition costs on the
23 development of effective competition in the market for electricity supply
24 or billing, or the market for any component of electric service declared by
25 the Commission to be a potentially competitive service.

26 (c) The Commission shall establish procedures for an annual review of actual
27 market conditions to determine if the authorized competitive transition charge is
28 overcompensating or undercompensating the electric company for the transition costs
29 established under subsection (b)(3) of this section. If an annual review demonstrates that

1 the authorized competitive transition charge is overcompensating or undercompensating
2 the electric company for the transition costs established under subsection (b)(3) of this
3 section, the Commission shall adjust the competitive transition charge accordingly.

4 **§ 113. Recovery for public purpose programs.**

5 (a) (1) The electric company may make an application to the Commission to
6 recover all costs that have been or will be incurred by the electric company under
7 public purpose programs established by law or ordered by the Commission,
8 including the consumer education program established under § 105. To the
9 extent the costs are determined by the Commission to be just and reasonable, the
10 Commission shall allow the electric company to recover the costs.

11 (2) In determining whether an electric company should be permitted to
12 recover costs described in paragraph (1) of this subsection, the Commission shall
13 ensure that such costs:

14 (i) Have not been or will not be recovered through rates charged
15 by the electric company;

16 (ii) Have not been or will not be recovered through the sale of any
17 or all of the electric company's generation assets; or

18 (iii) Have not or will not be recovered through a competitive
19 transition charge imposed under § 112.

20 (b) All costs recoverable under this section may be recovered through a
21 surcharge or other appropriate cost recovery mechanism to be determined by the
22 Commission.

23 **§ 114. Market power remediation.**

24 (a) The Commission and the CNMI Office of the Public Auditor shall monitor
25 the CNMI retail markets for electricity supply and services declared by the Commission
26 to be potentially competitive services to ensure that the markets are not being adversely
27 affected by anticompetitive conduct and anticompetitive conditions.

28 (b) (1) If, as a result of the monitoring efforts required by subsection (a) of
29 this section or as a result of a complaint filed by an interested party, the

1 Commission determines that the CNMI retail markets for electricity supply or
2 services declared by the Commission to be potentially competitive services are
3 being adversely affected by anticompetitive conduct or anticompetitive
4 conditions that result from transmission constraints or load pockets, the
5 Commission may take remedial action, including the imposition of price caps or
6 other price restrictions, to remedy the impact of the anticompetitive conduct or
7 anticompetitive conditions.

8 (2) (i) If, as a result of the monitoring efforts required by subsection
9 (a) of this subsection, the Commission or the CNMI Office of the Public
10 Auditor obtains evidence that the retail markets for electricity supply or
11 services declared by the Commission to be potentially competitive
12 services are being affected by anticompetitive conduct or anticompetitive
13 conditions other than the anticompetitive conduct or anticompetitive
14 conditions described in paragraph (1) of this subsection, the Commission
15 or the CNMI Office of the Public Auditor shall transmit the evidence to
16 the CNMI Office of the Attorney General, the Department of Justice, the
17 Federal Trade Commission, and any other appropriate federal agency.

18 (ii) Within 6 months of the transmittal of evidence by the
19 Commission or the CNMI Office of the Public Auditor under
20 subparagraph (i) of this paragraph, the CNMI Office of the Attorney
21 General shall issue a report to the CNMI Legislature explaining the
22 course of its investigation, the actions that it has taken or plans to take,
23 and the reasons for those actions. The failure of the CNMI Office of the
24 Attorney General to bring an action within 6 months of the receipt of the
25 transmittal shall not be deemed to eliminate the CNMI Office of the
26 Attorney General's otherwise existing authority to act. Any report
27 submitted under this subsection shall not include any information which
28 may compromise any investigation.

29 (c) Nothing in this section shall affect the authority of the CNMI Office of the

1 Attorney General to investigate or take action against anticompetitive conduct or
2 anticompetitive conditions on its own initiative.

3 (d) (1) The Commission is authorized to participate in any meetings
4 convened or organizations formed for the purpose of monitoring and preventing
5 the acquisition or exercise of market power in the regional transmission system
6 serving the CNMI.

7 (2) The Commission is authorized to enter into an agreement with CNMI
8 regulatory agencies, independent system operators, and other parties for the
9 purpose of monitoring and preventing the acquisition or exercise of market
10 power in the regional transmission system serving the CNMI.

11 **§ 115. Provision of electricity supply by the electric company.**

12 (a) Other than its provision of standard offer service, the electric company shall
13 not engage in the business of an electricity supplier in the CNMI except through an
14 affiliate.

15 (b) An affiliate of the electric company must obtain a license under § 106 to
16 engage in the business of an electricity supplier in the CNMI.

17 (c) The Commission shall develop a code of conduct between the electric
18 company and its affiliate which establishes functional, operational, structural, and legal
19 separation between the electric company and the affiliate, and which prevents the
20 electric company from subsidizing the activities of the affiliate. The code of conduct
21 required by this subsection shall include the following protections:

22 (1) A prohibition on the release of proprietary customer information from
23 the electric company to the affiliate;

24 (2) A prohibition on the use by the affiliate of office space owned and
25 used by the electric company;

26 (3) A prohibition on the sharing of employees by the electric company
27 and the affiliate;

28 (4) A requirement that the electric company and the affiliate maintain
29 separate books and records; and

1 (5) A requirement that the electric company and the affiliate allocate and
2 account for all shared corporate services.

3 **§ 116. New generating facilities in the CNMI.**

4 No person shall construct an electric generating facility for the purpose of the
5 retail or wholesale sale of electricity unless the Commission first determines, after notice
6 and a hearing, that the construction of the electric generating facility is in the public
7 interest.

8 **§ 117. Renewable energy sources.**

9 (a) For the purposes of this section, “renewable energy source” means one of the
10 following sources of energy:

- 11 (1) Solar;
- 12 (2) Wind;
- 13 (3) Tidal;
- 14 (4) Geothermal;
- 15 (5) Biomass;
- 16 (6) Hydroelectric facilities; and
- 17 (7) Digester gas.

18 (b) Every 6 months after the initial implementation date, each licensed electricity
19 supplier doing business in the CNMI shall report to the Commission on the fuel mix of
20 the electricity sold by the electricity supplier, including categories of electricity from
21 coal, natural gas, nuclear, oil, hydroelectric, solar, biomass, wind, and other resources,
22 and on the percentage of electricity sold by the electricity supplier which comes from
23 renewable energy sources.

24 (c) (1) Beginning on the initial implementation date, the Commission shall
25 track the fuel mix of the electricity sold in the CNMI and the amount of
26 electricity from renewable sources sold in the CNMI.

27 (2) Before July 1, 2028, and every 2 years after that date, the Commission shall
28 provide a report to the CNMI Legislature on the overall fuel mix of the electricity sold in
29 the CNMI, the amount of electricity sold in the CNMI which comes from renewable

1 energy sources, and on the feasibility of requiring each licensed electricity supplier
2 doing business in the CNMI to provide a minimum percentage of electricity sold from
3 renewable energy sources.

4 **§ 118. Net metering.**

5 (a) Notwithstanding any law to the contrary, the Commission may establish a
6 program which affords eligible customer-generators the opportunity to participate in net
7 energy metering.

8 (b) Any net energy metering program established by the Commission shall be
9 subject to the following:

10 (1) The program may include, as the Commission determines will
11 facilitate the provision of net energy metering, requirements for:

12 (A) Retail sellers;

13 (B) Owners or operators of distribution or transmission facilities;

14 (C) Providers of default service; or

15 (D) Eligible customer-generators.

16 (2) The Commission shall ensure that the metering equipment installed
17 for net metering shall be capable of measuring the flow of electricity in 2
18 directions, and shall allocate fairly the cost of such equipment and any necessary
19 interconnection. An eligible customer-generator's net metering system for
20 renewable resources, cogeneration, fuel cells, and microturbines shall meet all
21 applicable safety and performance standards. The Commission may adopt by
22 regulation additional control and testing requirements for customer-generators
23 that the Commission determines are necessary to protect public safety and
24 system reliability.

25 (3) If the electricity supplied by an electricity supplier exceeds the
26 electricity generated by the customer-generator and fed back into the electric grid
27 during the billing period, the customer-generator shall be billed for the net
28 electricity supplied by the electricity supplier in accordance with net metering
29 rules established by the Commission.

1 (4) If electricity generated by the customer-generator and fed back into
2 the electric grid exceeds the electricity supplied by the electricity supplier, the
3 customer generator may receive compensation based on the net metering rules
4 established by the Commission.

5 (5) The Commission shall establish additional rules as necessary for the
6 electric company to implement the following provisions:

7 (i) A community renewable energy facility shall meet all
8 applicable safety and performance standards. The Commission may adopt
9 by rulemaking additional control and testing requirements for community
10 renewable energy facilities that the Commission considers necessary to
11 protect public safety and system reliability.

12 (ii) The owners of, subscribers to, and any subscriber organization
13 controlling a community renewable energy facility shall not be
14 considered public utilities or electricity suppliers solely as a result of their
15 interest or participation in the community renewable energy facility.

16 (iii) Prices paid for subscriptions and contractual matters in a
17 community renewable energy facility shall not be subject to the
18 jurisdiction of the Commission.

19 (iv) The subscriber organization or the third-party owner shall
20 own the renewable energy credits associated with the electricity
21 generated by the community renewable energy facility, unless the credits
22 were explicitly contracted for through a separate transaction independent
23 of any net metering or interconnection agreement or contract.

24 (v) The owner or operator of each community renewable energy
25 facility shall follow all procedures for interconnection specified in CNMI
26 law.

27 (vi) All electricity exported to the grid by the community
28 renewable energy facility shall become the property of the SOS
29 administrator, pursuant to § 119(h), but shall not be counted toward the

1 electric company’s total retail sales for purposes. The SOS administrator
2 shall use subscribed energy to offset purchases from wholesale suppliers
3 for standard offer service.

4 (vii) The monetary value of subscribed energy produced by a
5 community renewable energy facility shall be determined as established
6 in this section, as implemented by the Commission.

7 (viii) The amount of electricity generated each month available
8 for allocation as subscribed or unsubscribed energy shall be determined
9 by a revenue quality production meter installed and paid for by the owner
10 of the community renewable energy facility. It shall be the electric
11 company’s responsibility to read the production meter.

12 (ix) The determination of the monetary value of credits allocated
13 to each subscriber to a particular community renewable energy facility
14 shall be based on each subscriber’s percentage interest of the total
15 production of the community renewable energy facility.

16 (x) Each billing month, the value of the credits allocated to each
17 subscriber shall be calculated by multiplying the quantity of kilowatt
18 hours allocated to each subscriber by the subscriber’s CREF credit rate.

19 (xi) If the value of the credits generated by the community
20 renewable energy facility allocated to the subscriber exceeds the amount
21 owed by the subscriber as shown on the subscriber’s bill at the end of the
22 billing period, the remaining value of the credit shall carry over from
23 month to month until the value of any remaining credits are used.

24 (xii) If the value of the credit generated by the community
25 renewable energy facility allocated to the subscriber is less than the
26 amount owed by the subscriber as shown on the subscriber’s bill at the
27 end of the applicable billing period, the subscriber shall be billed for the
28 difference between the amount shown on the bill and the value of the
29 available credits.

1 (xiii) If the subscriber is served by an energy supplier other than
2 the SOS administrator, the subscriber shall be billed by the energy
3 supplier for the full kilowatt-hours consumed by the subscriber during the
4 billing period, and will receive the value of the credits generated by the
5 CREF from the SOS administrator at the subscriber's CREF credit rate.

6 **§ 119. Community renewable energy facilities.**

7 (a) A community renewable energy facility may produce no greater than 5
8 megawatts of electricity and must have at least 2 subscribers.

9 (b) A subscriber to an eligible community renewable energy facility may offset
10 no more than 120% of the subscriber's electricity consumption over the previous 12
11 months.

12 (c) Each subscription shall represent a percentage of the community renewable
13 energy facility's generating capacity; provided, that the subscription is intended
14 primarily to offset part or all of the subscriber's own electrical requirements.

15 (d) All individual billing meters for subscriptions to community renewable
16 energy facilities shall be within the CNMI.

17 (e) A community renewable energy facility may be built, owned, or operated by
18 a third party under contract with a subscriber organization.

19 (f) A community renewable energy facility may add capacity and subscribers to
20 its facility if the added capacity and subscribers do not reduce the electrical production
21 benefit to existing subscribers.

22 (g) A community renewable energy facility may update its subscribers no more
23 frequently than once per month. Each month the owner of a CREF or its designated
24 agent shall provide the following information about its subscribers to the electric
25 company as required to facilitate net metering for subscribers:

26 (1) Name, address, and account number of each subscriber; and

27 (2) The percentage interest of each subscriber in the capacity of the
28 CREF;

29 (h) The electric company may require that a CREF and its subscribers have their

1 meters read on the same billing cycle.

2 (i) Subscribers shall be eligible to receive electricity credits so long as the CREF
3 continues to generate and provide power to the distribution grid, regardless of the
4 bankruptcy or contractual default of any subscriber or of the subscriber organization.

5 (j) A community renewable energy facility shall not add subscribers without
6 adhering to the consumer protection provisions contained in § 109.

7 (k) A community renewable energy facility may not sell subscriptions totaling
8 more than 100% of its energy generation.

9 **§ 120. Sale of generation assets.**

10 (a) In overseeing a sale by the electric company of any or all of its generation
11 assets, the Commission shall ensure that the sale:

12 (1) Will not affect the reliability of the electricity supply in the CNMI in
13 a deregulated electricity supply market; and

14 (2) Will minimize market power problems in a deregulated electricity
15 supply market.

16 (b) (1) The electric company shall not sell any of its generation assets to an
17 affiliate of the electric company.

18 (2) (i) By the initial implementation date, the electric company shall
19 transfer at book value any unauctioned generation assets to an affiliate of
20 the electric company.

21 (ii) Relations between the affiliate identified in subparagraph (i)
22 of this paragraph and the electric company shall be governed by a code of
23 conduct to be issued by the Commission, which establishes functional,
24 operational, structural, and legal separation between the electric company
25 and the affiliate and prevents the electric company from subsidizing the
26 activities of the affiliate. The code of conduct required by this subsection
27 shall include the following protections:

28 (A) A prohibition on the release of proprietary customer
29 information from the electric company to the affiliate;

1 (B) A prohibition on the use by the affiliate of office space
2 owned or used by the electric company;

3 (C) A prohibition on the sharing of employees by the
4 electric company and the affiliate;

5 (D) A requirement that the electric company and the
6 affiliate maintain separate books and records; and

7 (E) A requirement that the electric company and the
8 affiliate allocate and account for all shared expenses.

9 **§ 121. Consumer disclosure requirements.**

10 (a) An entity selling or reselling an interest in a community renewable energy
11 facility shall provide a disclosure to the potential subscriber that includes the following,
12 prior to the sale or resale of that subscription:

13 (1) A good faith estimate of the annual kilowatt hours to be delivered by
14 the community renewable energy facility based on the size of the subscriber's
15 interest;

16 (2) A plain language explanation of the terms under which the bill credits
17 will be calculated;

18 (3) A plain language explanation of the contract provisions regulating the
19 disposition or transfer of the subscription; and

20 (4) A plain language explanation of the costs and benefits to the potential
21 subscriber based on the subscriber's current usage and applicable tariff, for the
22 term of the proposed contract.

23 (b) The CNMI Governor or his or her designee may require that any entity
24 engaged in the sale or resale of a subscription in a community renewable energy facility
25 provide additional disclosure to the buyer or lessee, the Governor, or both.

26 (c) All contracts for the sale or resale of a subscription in a community
27 renewable energy facility for use in a residential dwelling may be reviewed by the
28 Governor or his or her designee upon request.

29 (d) The Governor may issue rules to carry out the disclosure requirements

1 contained in this section.

2 **§ 122. Recovery of CREF implementation costs.**

3 The electric company may seek recovery of any costs associated with the
 4 implementation of this chapter in a base rate case. In a base rate case filing that includes
 5 recovery of such costs, the electric company shall include in its filing with the
 6 Commission any benefits and costs to the electric company. Any recovery of the net
 7 costs by the electric company approved by the Commission shall occur solely through a
 8 rate assessment of the subscribers.”

9 **Section 3. Amendment.** 4 CMC § 8121(d) is hereby amended to read as
 10 follows:

11 “(d) If a service has been wholly or partially turned over to the private sector,
 12 CUC shall be reduced accordingly and the Public Utilities Commission ~~CUC~~ shall
 13 monitor the performance, rates, and contractual compliance of the private sector
 14 enterprise.”

15 **Section 4. Amendment.** 4 CMC § 8122(a) is hereby amended to read as follows:

16 “(a) CUC shall supervise the construction, maintenance operations, and
 17 regulation of electric, water, and sewage services; provided that whenever feasible CUC
 18 shall contract with the private sector to assume its duties with respect to one or more of
 19 its divisions; provided further that in the event that electrical power generation is
 20 deregulated or restructured, the Public Utilities Commission shall supervise the
 21 construction, maintenance operations, and regulation of electrical power generation.”

22 **Section 5. Severability.** If any provision of this Act or the application of any
 23 such provision to any person or circumstance should be held invalid by a court of
 24 competent jurisdiction, the remainder of this Act or the application of its provisions to
 25 persons or circumstances other than those to which it is held invalid shall not be affected
 26 thereby.

27 **Section 6. Savings Clause.** This Act and any repealer contained herein shall not
 28 be construed as affecting any existing right acquired under contract or acquired under
 29 statutes repealed or under any rule, regulation, or order adopted under the statutes.

1 Repealers contained in this Act shall not affect any proceeding instituted under or
2 pursuant to prior law. The enactment of the Act shall not have the effect of terminating,
3 or in any way modifying, any liability, civil or criminal, which shall already be in
4 existence on the date this Act becomes effective.

5 **Section 7. Effective Date.** This Act shall take effect upon its approval by the
6 Governor or becoming law without such approval.

Date: 04/24/25

Introduced By: /s/
Sen. Corina L. Magofna

Reviewed for Legal Sufficiency by:

/s/ Antonette R. Villagomez
Senate Legal Counsel