

REVIEW OF MASSACHUSETTS HOUSE OF REPRESENTATIVES ENERGY BILLS RELATIVE TO THE SENATE'S 'AN ACT TO PROMOTE A CLEAN ENERGY FUTURE'

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To: Clients and Colleagues

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The Massachusetts House of Representatives passed two major energy bills on July 12, 2018. The bills address a subset of the legislation that was approved by the Massachusetts Senate omnibus clean energy bill ([S. 2545](#)) in June. The House bills are now in conference committee with the Senate and are expected to be reconciled ahead of the close of the legislative session on July 31.

RENEWABLE PORTFOLIO STANDARD

[H. 4756](#) would increase the state's Renewable Portfolio Standard (RPS) to promote an accelerated procurement of renewable energy. Currently, the minimum percentage of Class I renewable energy that Massachusetts' retail electricity suppliers must provide customers increases 1% per year through 2050. In the legislation, this rate would increase to 2% each year starting in 2021 through 2030. After 2030, it would return to the current growth rate of 1%. The increased rate would raise the RPS from the current target of 25% by 2030 to 35% by 2030. This goal is less aggressive than the Senate's bill, which called for a 3% annual increase and an ultimate target of 100% renewable energy in the state by 2047.

OFFSHORE WIND

H. 4756 would also increase the state's offshore wind procurement target to 3,200 MW by 2035, doubling the current procurement target of 1,600 MW by 2030. While this target is a significant increase to current levels, it is far less than the goal of 5,000 MW of OSW capacity by 2035 put forward by the Senate in S. 2545. With either target, Massachusetts is signaling that it is interested in making further commitments to the emerging US OSW industry. An increased procurement target will provide additional opportunities for the three existing wind energy lease holders and increase the value of the two remaining MA lease areas being auctioned by BOEM through ATLW-4A this fall.

CLEAN PEAK STANDARD

H. 4756 also includes a provision for the establishment of a Clean Peak Standard (CPS) for all retail electricity suppliers. Such a standard would ensure that Renewable Portfolio Standard (RPS) and

greenhouse gas emissions reductions are met by having clean energy generation in peak load hours instead of fossil fuels. According to the bill text, the CPS could be similar to the state's existing RPS, but the methodology would be established at a later date. If similar to the RPS, each retail electricity supplier would need to meet a certain percentage of their total sales with clean peak certificates, similar to renewable energy certificates (RECs) under the RPS. The clean peak certificate would be a credit received for each MWh of energy or energy reserves provided during a seasonal peak period. The legislation defines seasonal peak periods as the times when net electricity demand is the highest. The periods must be more than one hour but less than four hours in any season. A clean peak resource according to the legislation could be any resource that qualifies under the RPS, an energy storage system, or a demand response resource that delivers energy to the distribution system during seasonal peak periods.

Also, similar to the procurement of RECs, regulations could include a process through which clean peak certificates are competitively procured and electric distribution companies would enter into long-term contracts ultimately approved by the Department of Public Utilities. Seasonal peak periods would need to be established as well as an alternative compliance mechanism.

By the end of this year, the Department of Energy Resources (DOER) will determine the current kilowatt-hour sales from existing clean peak resources during seasonal peak load hours. This will be used to establish a baseline percentage of sales that must be met with clean peak certificates beginning on January 1, 2019. After 2019, every retail electricity supplier must provide a minimum of at least an additional 0.25% of sales that must be met with clean peak certificates. The procurement of clean peak certificates will not apply to municipal light plants.

The House's bill is a response to Governor Baker's legislation entitled "An Act Promoting Climate Change Adaptation, Environmental and Natural Resource Protection, and Investment in Recreational Assets and Opportunity." This legislation called for a Clean Peak Standard. The Senate bill did not include language pertaining to a Clean Peak Standard.

ENERGY STORAGE

Massachusetts' current energy storage target is 200 MWh by 2020. The Senate bill aimed to increase this target to 2,000 MW by 2025. While not increasing the energy storage procurement target, [H. 4739](#) addresses the need for additional integration of storage into the transmission and distribution grids.

The bill would require electric distribution companies (EDC) to file an annual distribution system resilience report which will include maps that show the most congested areas of the distribution system as well as areas most vulnerable to power outages. These maps could serve as a basis for

identifying areas that would require system upgrades that could be deferred or replaced by non-wires alternatives. Each EDC could then hold a competitive solicitation for non-wires alternatives (such as energy storage) from third-party developers that would serve a resiliency need of the grid. The Senate bill did not mention non-wires alternatives or a resilience report.

GREENHOUSE GAS EMISSIONS

One topic that was not addressed in the House bills was greenhouse gas emission reductions. The Senate bill established additional interim GHG reductions goals of 35-45% below 1990 levels by 2030 and 55-65% below 1990 levels by 2040, beyond the existing goal of a 25% reduction by 2020. These new interim goals could help the Commonwealth stay on track to meet its economy-wide mandate for an 80% reduction in GHG emissions below 1990 levels by 2050 established in the Global Warming Solutions Act of 2008. Furthermore, S. 2545 directs that a market-based system to reduce emissions from the transportation sector be implemented by 2021, for the commercial and industrial building sectors by 2022, and for the residential building sector by 2023.

Power Advisory would welcome the opportunity to assist clients in understanding the opportunities created by potential changes to the Commonwealth of Massachusetts' clean energy policies.