

## REVIEW OF MASSACHUSETTS COMPROMISE BILL 'AN ACT TO PROMOTE A CLEAN ENERGY FUTURE'

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To: Clients and Colleagues

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On July 30, 2018, the conference committee appointed to reconcile the Senate and House clean energy bills finalized a compromise bill, [H.4857](#). The bill's contents more closely align with the House of Representatives bills passed last week (H. 4756 and H. 4739) than the omnibus Senate bill (S. 2545) (see Power Advisory's [report](#) on the differences between the initially proposed bills). The House and Senate voted in favor of the bill on July 31, the last day of the legislative session.

### RENEWABLE PORTFOLIO STANDARD

The compromise bill will increase the state's Class I Renewable Portfolio Standard (RPS) at the rate proposed by H.4756. Between 2020 and the end of 2029, the rate would increase to 2% per year. After 2030, it would return to the current growth rate of 1%. The rate will ensure that the state procures 35% of Class I renewables (new resources) by 2030.

### OFFSHORE WIND

The bill directs the Department of Energy Resources (DOER) to conduct a cost benefit analysis for the procurement of an additional 1,600 MW of offshore wind by the end of 2035 and "may require said additional solicitations and procurements." This suggests that DOER doesn't require additional legislative authority to mandate the distribution companies to solicit and procure this additional 1,600 MW of offshore wind. The DOER can also require distribution companies to hold competitive procurements for offshore wind transmission to deliver energy from designated wind energy areas as long as it can serve more than one project. The transmission service cannot exceed 3,200 MW of total capacity. The procurement of offshore wind transmission must be the most cost-effective means to deliver offshore wind.

Interestingly, in the filing letter that it submitted to the Massachusetts Department of Public Utilities (DPU), DOER expressed strong support for the 800 MW Vineyard Wind Project and asserted that the "Project is highly cost-effective [and] significantly aligns with the Commonwealth's goals of creating a clean, affordable, and resilient energy future for the Commonwealth." This clearly suggests that DOER

has a favorable view of offshore increasing the likelihood of DOER mandating the procurement of an additional 1,600 MW of offshore wind.

## **CLEAN PEAK STANDARD**

The bill also provides for the creation of a Clean Peak Standard (CPS) for all retail electricity suppliers, which was detailed in H. 4756. The CPS will be in place starting January 1, 2019 and will require each retail electric supplier to meet a baseline percentage of sales with clean peak certificates. The clean peak certificate would be a credit received for each MWh of energy or energy reserves provided during a seasonal peak period. After 2019, every retail electricity supplier must provide a minimum of at least an additional 0.25% per year of sales met with clean peak certificates. 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 could be any qualified RPS resource, an energy storage system, or a demand response resource that delivers energy to the distribution system during seasonal peak periods or can reduce load on the system. The DOER will need to establish the procurement mechanism of the certificates, the percentage of kilowatt-hour sales from clean peak resources, the seasonal peak periods, and an alternative compliance mechanism.

## **ENERGY STORAGE**

Massachusetts' current energy storage target is 200 MWh by 2020. The compromise bill increases this target to 1,000 MWh by December 31, 2025. Neither the House nor Senate bills included this specific target. Similar to H. 4739, the comprise bill will require electric distribution companies (EDCs) to file an annual distribution system resilience report that would highlight areas of the distribution system where non-wires alternatives could serve as system resiliency measures. EDCs can hold competitive solicitations for such non-wires alternatives. The legislation provided guidance on which monetary and non-monetary factors to be considered in a solicitation, which include: 1) resiliency improvements, 2) reduce greenhouse gas emissions, 3) reducing peak demand, 4) reducing congestion in constrained areas, and 5) benefits to low-income areas.

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