

September 28, 2015

The Honorable Benjamin Downing
Chair, Joint Committee on Telecommunications,
Utilities, and Energy
State House, Room 413F
Boston, MA 02133

The Honorable Thomas Golden
Chair, Joint Committee on Telecommunications,
Utilities, and Energy
State House, Room 473B
Boston, MA 02133

Re: Joint Testimony on *An Act Relative to Clean Energy Resources (S.1757)*, *An Act Relative to Promoting Energy Diversity (H.2881)*, *An Act Relative to Energy Sector Compliance with the Global Warming Solutions Act (S.1965)*, and *An Act Relative to a Long-Term, Sustainable Solar Industry (H.3724)*

Dear Chairman Downing, Chairman Golden, and Members of the Committee:

Our organizations appreciate the opportunity to provide input on these important bills relative to the Commonwealth's energy supply. The Committee has an opportunity to make significant improvements to our energy portfolio that will benefit Massachusetts customers and our environment. We can create a pathway that reduces our dependence on fossil fuels in favor of renewable energy resources and meet our greenhouse gas emissions reductions obligations under the Global Warming Solutions Act while creating significant economic opportunity in our state.

To assist the Committee, our organizations have jointly developed an "Energy Resources Plan" that seeks to address our energy challenges comprehensively. The plan, which is attached, would support proven policies to increase energy efficiency, solar and other local energy resources, while bringing online additional renewable energy resources, including onshore and offshore wind, and minimizing degradation of New England's landscape. The plan compiles and offers specific recommendations to components of S.1757, H.2881, S.1965, and H.3724, as well as components of other energy-related legislation, and provides additional recommendations for a comprehensive proposal to meet Massachusetts' energy needs and our greenhouse gas reduction mandates, while protecting ratepayers from paying for unnecessary infrastructure.¹ Below, we present the main elements of the Plan in the context of related bills currently before the Committee.

An Act Relative to a Long-Term Sustainable Solar Industry (H.3724)

First, the Committee should act immediately to lift the cap on net metering and revise our solar programs to support robust and sustained development of solar energy. The rapid development of solar resources in Massachusetts is an important success that has created local jobs and brought over 850 MW of new local solar PV capacity online over the last 5 years.² Importantly, solar PV is a clean energy resource that can be brought online *now* as opposed to 3-5 years from today.

¹ The Plan is presented in the form of legislative language. Attachment B provides redline comparison between the Plan and existing bill language for reference.

² See SEIA data on Massachusetts installed solar capacity, <http://www.seia.org/state-solar-policy/massachusetts>.

We oppose H.3724 as filed. While H.3724 would provide for an increase in the net metering cap and authority for the DPU to additionally raise the cap, the initial increase is quite modest. The new cap would likely be reached in 2016, requiring administrative action only moments after legislative action. In addition, H.3724 would undervalue the benefits of solar generation in future years. Substantial research³ shows that solar generation provides a wide range of economic and environmental benefits – ranging from avoided infrastructure and supply costs to reduced costs for compliance with environmental regulations – in addition to supplying energy for the grid. We support an approach similar to the net metering sections of S.1979 passed by the Senate, providing for an end to the cap on net metering and adjustment to the distribution portion of net metering credits.

We further support a long-term policy based on the Next Generation Solar Policy Framework for Massachusetts,⁴ which seeks to preserve the best elements of the Commonwealth's nation-leading solar energy programs, while modifying the way that solar energy producers are compensated to fully and fairly account for the benefits that local solar resources offer to our energy grid and to provide a sustainable rate model for maintenance and modernization of the grid. The Framework would put us on a pathway to a self-sustaining solar industry that can help our state meet its energy, environmental, and public health goals, continue a record of success on jobs inside and outside the solar industry, and ensure all citizens and communities have access to solar resources and healthier air.

In short, the Framework proposes the following policy changes to Massachusetts' solar programs:

- 1) Suspend and then eliminate the caps on net metering, which undermine solar development without providing benefits to ratepayers.
- 2) Preserve net metering and virtual net metering as the primary rate mechanisms to compensate solar producers.
- 3) Initiate a study by DOER of the benefits and costs that solar PV production offer to the energy grid and to society as a whole, to determine appropriate credits to solar projects.
- 4) Modify compensation through rates (e.g., net metering) to provide for a new "energy system benefit credit" and a "distribution system benefit credit" based upon the long-run values shown in the study. These changes should be phased in based on availability of appropriate and cost-effective metering and billing mechanisms, and the right of individuals to produce clean electricity for their own consumption must be respected. The credits for generation and transmission would remain the same as current policy.
- 5) Reform the solar carve-out programs within the Renewable Portfolio Standard by instituting a new "adjustable block" mechanism, which provides open-access long-term contracting to meet our solar goals more cost-effectively while still advancing community solar, low-income solar, and municipal solar.
- 6) Avoid unnecessary minimum bills and increases in fixed charges that unfairly penalize low-income and low energy-use customers and put us further away from a utility regulatory structure that works for solar, energy efficiency, electric vehicles, storage, and other clean local energy resources.
- 7) Grandfather existing solar projects under the policy structures in place when the projects qualified for those policies in order to maintain the trust of those who made significant investments on that basis.

³ See: Value of Distributed Generation – Solar PV in Massachusetts, available at: <http://acadiacenter.org/document/value-of-solar-massachusetts/>

⁴ Additional detail available at: <http://acadiacenter.org/document/next-generation-solar-policy-framework-for-ma/>

An Act Relative to Clean Energy Resources (S.1757), An Act Relative to Promoting Energy Diversity (H.2881), and An Act Relative to Energy Sector Compliance with the Global Warming Solutions Act (S.1965)

The Committee has before it three bills (S.1757, H.2881, and S.1965) that focus on importing substantial quantities of large-scale hydropower from Canada and bringing online new sources of energy including offshore wind. Each bill contains worthy elements that can help to reduce greenhouse gas emissions and our dependence upon natural gas, but we do not support any of these bills in their current form. Any legislation to procure significant amounts of energy resources must do the following in order to advance a diverse energy portfolio and meet our energy, environmental, and consumer protection goals:

- **The legislation should include a minimum threshold for Class I Renewable Portfolio Standard (RPS)-eligible resources with any large-scale procurement of hydropower electricity.**

S.1757 and S.1965 call for long-term commitments to purchase substantial quantities of hydropower, totaling up to 18.9 TWh, or roughly one-third of our state's current electricity consumption. While we acknowledge that there is a role for hydropower in our portfolio, any legislation that will lead to significant transmission expenditures and ecological impacts should achieve multiple public policy objectives including enabling development of RPS-eligible resources, optimizing cost-effectiveness, and protecting consumers. These goals can be achieved by lowering the overall procurement to 10 TWh, and including a minimum procurement of RPS-eligible renewable energy resources concurrently with non-RPS eligible hydropower, which will reduce RPS compliance costs, enhance price competition, and optimize transmission builds. The Legislature should require that each proposal provide 30% of its offered electricity from RPS-eligible resources. The proposed 30% requirement is based on the anticipated output from equivalent capacity of hydroelectric generation and wind (which typically generates energy 30% of the time). This approach will ensure that any procurement, including new transmission, advances zero emissions resources in New England and facilitates cost-effective achievement of our RPS targets and greenhouse gas reduction mandates.

- **The legislation should strengthen our energy efficiency programs and promote innovation in energy planning.**

Massachusetts' energy efficiency programs offer the best means to reduce energy demand and hedge against rising electricity costs. The Legislature should strengthen our energy efficiency programs as part of comprehensive energy legislation in order to achieve even greater savings. We ask the Legislature to hold our electric and gas utilities accountable for attaining "all cost-effective" energy efficiency for our businesses and residents and meeting our Global Warming Solutions Act requirements. We also urge the Committee to include municipal light plants in our state's energy efficiency and renewable energy programs, in order to expand access to customers who represent roughly 15% of our state's energy demand.

The Legislature should also promote innovations in energy system planning to allow for advances in energy storage technology and to promote cost-effective alternatives to building new energy infrastructure. These reforms

can reduce unnecessary and costly infrastructure upgrades and provide for additional reliability and clean energy benefits for customers. We support S.1762 by Sen. Downing to require DOER to set targets for cost-effective deployment of energy storage technologies. We also ask the Committee to consider a new proposal (see Attachment A, Sections 15-17) that would reform our energy planning to allow for “Local Energy Resources” to compete with traditional utility infrastructure expenditures when grid upgrades are being considered.

- **The legislation should maximize the ability to bring online new renewable energy resources, including offshore wind.**

We support the provisions in H.2881 that would allow Massachusetts to capture the substantial offshore wind energy resources off our coast. The newly leased offshore wind areas in federal waters contain substantial amounts of power. The legislature should call on our electric utilities to solicit competitive proposals of up to 8.5TWh of electricity from offshore wind facilities annually by 2025. Combined with the procurement of new onshore wind and hydropower resources, this could bring online 18.5TWh of new renewable electricity supplies to the Commonwealth.

We also support the provision in S.1757 to increase our Renewable Portfolio Standard (RPS) target from 1 percent to 2 percent growth each year, thus requiring that at least 40 percent of our electricity supply come from renewable energy by 2030 and 80 percent by 2050. An increase in the RPS would provide continuing support for renewables and ensure that large-scale procurements and solar-specific requirements do not crowd out other renewable resources.

- **The legislation must include safeguards to protect economic and environmental interests of the Commonwealth and ratepayers.**

All three of S.1757, H. 2881, and S.1965 encourage significant new transmission infrastructure to be built in order to bring new energy resources into the Commonwealth. In fostering the procurement of new transmission, the Legislature should include sufficient safeguards to protect ratepayers and significant natural and cultural resources. Any legislation must include provisions for a fair and independent review of each proposal to construct transmission facilities and ensure robust competition among proposals. New transmission facilities incentivized by the proposed procurement of hydro and RPS resources should also be required to meet best practices for siting and management. That is, transmission must avoid, minimize, and appropriately mitigate impacts to important environmental and cultural resources, be sited on or within pre-existing infrastructure, water, or other corridors where burial is most practical, and implement an integrated vegetation management plan, as recommended in Section 3 of Attachment A.

- **The legislation should prevent subsidies for natural gas pipeline expansion**

Massachusetts is already overly reliant on natural gas for our electricity and heating supply. We strongly oppose Section 13 in H.2881 and all other subsidies for natural gas expansion, including the misinterpretation of state utility law that may be approved by the Department of Public Utilities in Docket 15-37 in the near future. The

Legislature should clarify existing Massachusetts law in order to prohibit subsidy of new gas pipeline expansion at the expense of the Commonwealth's electric ratepayers. By making our proposed language amendments to Section 94A of Chapter 164, the Committee would help ensure that the risks of stranded costs or use of gas pipelines for export are borne by private actors in the gas market, rather than electric ratepayers.

Thank you for the opportunity to provide feedback to the Committee on these important bills. We urge the Committee to holistically consider the elements of the bills currently before the committee and the amendments that we propose in our Plan so that the Commonwealth can create a more diverse and stable electricity supply, maximize potential clean energy benefits, and minimize risks to ratepayers and the environment. We look forward to working with you and your colleagues in crafting the next step in our state's energy future.

Respectfully,

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