

HOUSE No. 4575

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, June 7, 2018.

The committee on Telecommunications, Utilities and Energy to whom was referred the petition (accompanied by bill, House, No. 1747) of Patricia A. Haddad and others relative to providing for annual increases in provision of Class I renewable energy generating sources, reports recommending that the accompanying bill (House, No. 4575) ought to pass.

For the committee,

THOMAS A. GOLDEN, JR.

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**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act to increase renewable energy and reduce high-cost peak hours.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Definitions

2 Section 3 of Chapter 25A of the General Laws, as appearing in the 2016 Official Edition,
3 is hereby amended in line 14 by inserting after the word “commissioner of energy resources” the
4 following words:

5 “Clean Peak Resource,” either: i) Qualified RPS Resource; ii)
6 Qualified Energy Storage System; or iii) Demand Response Resource.

7 “Clean Capacity Credits,” (“CCCs”) a fixed price credit received for each MWh of
8 energy or reserves provided during a Seasonal Peak Period that represents a compliance
9 mechanism that makes no claim on other attributes.

10 Said section is further amended in line 90 by inserting after the words “public agency”
11 the following words:

12 “Net Load Peak,” the time period when demand of electricity is the highest, excluding
13 demand met by variable renewable generation.

14 Said section is further amended in line 106 by inserting after the words “synthetic gas for
15 burning” the following words:

16 “Qualified Energy Storage System,” an energy storage system, as defined in Section 1 of
17 Chapter 164 of the General Laws, as appearing in the 2016 Official Edition, provided that said
18 system must either be co-located with a Class I RPS eligible resource, or if standalone storage
19 must charge battery during lower emitting hours (to be determined by the department of energy
20 resources), or if standalone storage must buy renewable energy certificates from Class I RPS
21 eligible resources for those hours.

22 Said section is further amended in line 111 by inserting after the words “energy saving
23 measures” the following words:

24 “Qualified RPS Resource,” an existing Class I RPS eligible resource that has begun
25 commercial operation as of December 31, 1997 and that has installed an energy storage system at
26 its facility after the effective date of this act, or a new Class I RPS eligible resource that begins
27 commercial operation after the effective date of this act.

28 Said section is further amended in line 122 by inserting after the words “request for
29 proposals” the following words:

30 “Renewable Portfolio Standard,” retains the same meaning as defined in Section 11F of
31 Chapter 25A of the General Laws.

32 “Seasonal Peak Period,” the time window during the Net Load Peak in each season when
33 the peak hour of the day is expected to occur. The peak period should be no less than one hour
34 and no longer than four hours in any season. The department will determine Seasonal Peak
35 Periods.

36 SECTION 2. Clean Peak Standard

37 Chapter 25A of the General Laws, as appearing in the 2016 Official Edition, is hereby
38 amended by inserting after section 16, the following section:

39 “Section 17: Clean Peak Standard

40 (a) The Clean Peak Standard

41 The department of energy resources shall establish a clean peak standard for all retail
42 electricity suppliers selling electricity to end-use customers in the commonwealth that
43 incorporates existing RPS eligible resources and new clean peak resources. By December 31,
44 2018, the department of energy resources shall determine the current percentage of kilowatt-
45 hours sales to end-use customers in the commonwealth from existing clean peak resources
46 during the Seasonal Peak Load hours to establish a baseline. During the Seasonal Peak Load
47 hours, every retail electricity supplier shall provide a minimum percentage of kilowatt-hours
48 sales to end-use customers in the commonwealth from clean peak resources according to the
49 following schedule: (1) an additional .75 percent of sales by December 31, 2019 and an
50 additional .75 percent of sales each year thereafter until December 31, 2050.

51 The department of energy resources shall conduct a study in 2030 to evaluate the impact
52 of the Renewable Portfolio Standard on emissions, reliability and resiliency, and evaluate the

53 impacts of the Clean Peak Standard on emissions, reliability and resiliency, as well as the
54 impacts on increasing renewable energy penetration and deploying energy storage. The
55 department shall submit a report with its findings to the legislature by December 31, 3030. The
56 department shall conduct an additional review every five years and shall submit a report with its
57 finding to the legislature within three months of concluding the review. The report may be
58 included as part of the report published by the secretary on energy and environmental affairs,
59 pursuant to Section 5 of Chapter 21N of the General Laws, as so appearing.

60 (b) Clean Capacity Credit Value

61 The Clean Capacity Credit Value (\$/MWh) shall be established through an annual
62 competitive procurement process. A Clean Peak Resource will be eligible to receive the Clean
63 Capacity Value for ten to twenty years from the unit's effective CPS date. The electric
64 distribution companies shall purchase clean capacity credits from clean peak resource owners,
65 and shall be prohibited from owning clean peak resources and from enrolling and registering
66 resources in the wholesale market without the prior approval from the system owner and the
67 department of energy resources. The department may deem projects that are already receiving
68 funding from another Commonwealth program as ineligible to receive Clean Capacity Credits,
69 with the exception of Renewable Energy Certificates created by Class I RPS eligible resources.
70 The department shall, after notice and the opportunity for public comment, promulgate rules and
71 regulations implementing the values.

72 (c) Compliance

73 The department of energy resources shall establish a market-based mechanism using
74 fixed priced clean capacity credits for determining compliance with the clean peak standard. By

75 Seasonal Peak Period, DOER shall determine whether clean capacity credits are awarded based
76 on total hourly production during the seasonally designed peak period or based on average
77 hourly production over each peak period hour. The department of energy resources shall
78 establish and maintain regulations allowing for a retail supplier to discharge its obligations under
79 this section by making an alternative compliance payment in an amount established by the
80 department of energy resources. The department of energy resources shall establish and maintain
81 regulations outlining procedures by which each retail supplier shall annually submit for the
82 department's review a filing illustrating the retail supplier's compliance with the requirements of
83 this section.

84 A Qualified RPS Resource and a Qualified Energy Storage System may qualify for a
85 Clean Capacity Credit and a Renewable Energy Credit during the Seasonal Peak Period,
86 provided that the Qualified Energy Storage System is either co-located with a Class I RPS
87 eligible resource, or if standalone storage must buy Renewable Energy Certificates from Class I
88 RPS eligible resources for those hours. A retail electricity supplier may elect to retain
89 Renewable Energy Credits received during the Seasonal Peak Period pursuant to section 11F of
90 chapter 25A. If the Clean Peak Resource elects to receive the Clean Capacity Credit, then the
91 retail electricity supplier shall retire the Renewable Energy Credits and shall not receive
92 compensation for the Renewable Energy Credits produced in the Seasonal Peak Period to
93 minimize costs to ratepayers. Retired Renewable Energy Credits may count towards RPS
94 compliance. The department of energy resources shall promulgate regulations utilizing an
95 appropriate tracking system to ensure the accounting of the delivery of clean peak resources to
96 accurately measure progress in achieving the commonwealth's goals under chapter 298 of the
97 acts of 2008 or chapter 21N of the General Laws.

98 The electric distribution companies shall file annual reports with the department of
99 energy resources and the legislature to demonstrate compliance.

100 (d) Prioritization of CCC's

101 The department of energy resources shall adopt regulations to establish locational based
102 adder rates for clean capacity credits produced by clean peak resources with respect to the
103 minimum percentage of kilowatt-hours sales that retail electricity suppliers must provide to end-
104 use customers in the commonwealth calculated under subsection (a) for the following:

105 1) Mission critical facilities, including but not limited to hospitals, police and fire
106 stations, and wastewater treatment facilities.

107 2) Commercial and industrial companies with peak demand greater than one
108 megawatt.

109 3) Congested and/or critical load pockets.

110 SECTION 3. RPS Increase

111 Section 11F of chapter 25A of the General Laws, as appearing in the 2016 Official
112 Edition, is hereby amended by striking out, in lines 16 and 17, the words "and (3) an additional 1
113 per cent of sales every year thereafter" and inserting in place thereof the following words:- (3) an
114 additional 1 per cent of sales every year until December 31, 2018; and (4) an additional 1.20 per
115 cent of sales by December 31, 2019; and (5) an additional 1.40 percent of sales by December 31,
116 2020; and (6) an additional 1.60 percent of sales by December 31, 2021; and (7) an additional
117 1.80 per cent of sales by December 31, 2022; and (8) an additional 2 per cent of sales every year
118 thereafter, subject to the provisions in Section 17 of Chapter 25A of the General Laws. Each

119 annual increase shall be prospective for new customer contracts entered into by the retail
120 electricity suppliers after the increase goes into effect.”

121 SECTION 4. Public Comment

122 The department shall not determine what constitutes lower emitting hours for a Qualified
123 Energy Storage System without first providing notice and opportunity for public comment.

124 SECTION 5. Severability Clause

125 If this act is subjected to a legal challenge, the department of energy resources may
126 suspend the applicability of the challenged provision during the pendency of the action until a
127 final resolution, including any appeals, is obtained and shall issue an order and take other actions
128 as are necessary to ensure that the provisions not subject to the challenge are implemented
129 expeditiously to achieve the public purposes of this section.