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March 22, 2019

Department of Environmental Protection  
1 Winter Street  
Boston, MA 02108

**RE: Request for Stakeholder Comments - Expanding the Clean Energy Standard –  
February 2019**

To Whom It May Concern:

Associated Industries of Massachusetts (AIM) is pleased to provide the following comments to the above-mentioned request.

AIM is the largest general trade association in Massachusetts. AIM's mission is to promote the prosperity of the Commonwealth of Massachusetts by improving the economic climate, proactively advocating fair and equitable public policy, and providing relevant, reliable information and excellent services.

This stakeholder exercise is required under 310 CMR 7.75(10). In their background documents DEP specifically asks for comments in three areas: increasing the stringency of the Clean Energy Standard (CES); applying the CES to municipally owned utilities; and adding a new CES-E to encourage retention of existing clean energy sources. AIM's members are directly and indirectly impacted by the outcome of this stakeholder discussion.

AIM has followed the development of the CES from its initial proposal and submitted several sets of comments throughout the regulatory process. We want to thank the Department for continuing this discussion in an open and transparent manner.

**DEP SHOULD INCREASE THE STRINGENCY OF THE CES ONLY IF IT CAN BE  
DONE WITHOUT ANY PRICE INCREASE**

DEP is proposing an increase in the stringency of the CES standard in 2020 and 2021. At their stakeholder meeting DEP stated they believe enough regional clean energy supply exists so that this change will not result in REC and CEC price impacts and it will not trigger any Alternative Compliance Payments (ACPs).

AIM does not have access to the type of data that would verify whether this is accurate. As you know, Massachusetts currently has one of the highest costs for electricity in the continental United States and therefore urges the DEP to proceed only with well researched information and

a transparent analysis to understand what such an increase in the CES will do to electricity prices.

If such information concludes that increasing the CES stringency will not result in ratepayer impacts, AIM supports such an increase. There are many who believe that the Commonwealth is not moving fast enough to transition to a clean energy future despite the investment of billions of dollars in clean energy projects over the next few years. Therefore, increasing the CES will accurately reflect what is really occurring in the marketplace and allow the Commonwealth to take credit for output that can be used to satisfy the Global Warming Solutions Act (GWSA).

### **MUNICIPAL LIGHT PLANTS SHOULD NOT BE INCLUDED IN THE CES**

Municipal light plants (MLPs) operate under a completely different regulatory, operational and financial model than investor owned utilities (IOUs). They are owned by ratepayers and are managed on a local basis pursuant to statute. Unlike IOUs they do not have shareholders. Some of the MLPs operate in towns where there are very few commercial and industrial customers and therefore they serve mostly a residential customer base. Small increases to rates can have large individual impacts. Also, if prices become too expensive and customers begin to reduce their usage too quickly through onsite generation such as solar, the ability of the MLP to spread the cost of maintaining the distribution system is borne solely by the remaining ratepayers.

This does not mean MLPs are not committed to increasing clean power in their supply portfolios. Many own interests in facilities that generate zero-carbon power and some purchase large amounts of zero carbon power, including solar and wind. In fact, many have purchased large amounts of zero carbon power for years, even without a mandate to do so. Unfortunately, they have not been recognized as the leaders in clean energy procurement they are because much of their purchases are not currently recognized as CES eligible. MLP ratepayers should not be penalized for jumping on the clean energy bandwagon well before it became a requirement for IOUs.

We urge the DEP to continue to work with the MLPs and the legislature to develop a proper accounting mechanism that recognizes their clean power generation purchases or ownership. Those discussions should occur before DEP places any regulatory burdens on their ratepayers.

### **DEP MUST RECOGNIZE EXISTING CLEAN ENERGY SOURCES FOR THEIR CONTRIBUTION TO CARBON EMISSION REDUCTIONS**

AIM recognizes the importance of pre-2010 clean energy sources to our carbon reduction efforts. In fact, DEP's own reports come to a similar conclusion. Their GWSA 10-year progress report states that *"In the 2040's, assuming existing regional resources such as regional nuclear power plants and pre-2020 imported hydropower remain on line, the 80% [CES] standard will be sufficient to ensure that Massachusetts electricity supply will be completely decarbonized by 2050"*. This is a monumental accomplishment.

However, AIM believes that this goal (or even a more aggressive one) can be accomplished in a simpler manner than proposed and one that avoids many of the pitfalls of establishing a new CES-E.

Currently there are at least 7 classifications that an energy supplier (and customer) must comply with to be compliant with Massachusetts electricity supply laws and regulations, each with its own minimum purchase requirements and ACPs. The CES-E would add an eight.

They are as follows:

- RPS Class I – primarily post-1997 wind, solar, small hydropower (30 MW and below) and biomass
- Solar Carve Out – part of RPS Class I but a separate compliance scheme
- RPS Class II Renewables – like RPS Class I but with a commercial operation date prior to January 1, 1998 and with size requirements on hydropower (under 7.5MW)
- RPS Class II Waste-to-Energy – units that burn solid waste to generate steam or electricity
- AEPS (Alternative Energy Portfolio Standard) – primarily Combined Heat and Power (CHP), flywheel storage, and efficient steam technologies
- CES – includes the RPS Class I as above – but non-RPS Class I clean generation units (primarily large-scale hydropower) having a post-2010 vintage requirement and those selected as part of the Energy Diversity Act
- Clean Peak Standard – clean energy technologies that can supply electricity or reduce demand during seasonal peak demand periods established by DOER
- CES-E - (proposed - the subject of these comments). Non-RPS clean generation units with a pre-2010 vintage (primarily large-scale hydropower and nuclear)

Each one of these categories is treated differently (with costs varying significantly across categories), yet in the end virtually all contribute carbon free and efficient power to Massachusetts ratepayers.

At the end of the day, the goal should be to reduce carbon and frankly it is irrelevant whether the sources are existing or new. That is why we believe that it is not necessary to add a new CES-E as it will add another definition (and requirement) to an already complicated list of state-only definitions surrounding renewable and clean power.

In the early days of renewable and clean power development, DEP may have had a reason to support incentives for certain technologies as such technologies needed financial support. Today it is not even clear if a CES credit will have a monetary value over time. With Massachusetts committed to virtually 100% zero carbon power, eventually the RECs and CECs become meaningless, since every source is eligible.

As a result, we urge DEP to simply increase the CES slowly so that all sources that otherwise meet the CES eligibility be granted full eligibility for compliance with the existing CES.

This method has two positive outcomes. First, it recognizes the importance of existing sources and keeps them operating; and second, it eliminates many if not all the complicated questions that are included in your stakeholder document. No longer would DEP be concerned with the amount of CES-E eligible sources, nor would they be concerned with any planned or unplanned retirements of CES-E sources or establishment of a separate ACP. This would simplify compliance and send a unifying message to stakeholders.

In the end, Massachusetts can only get to 100% clean energy. At that time the job is done. There are perfectly good clean energy sources available - the Commonwealth needs to recognize them for the cost-effective benefits they provide. Bringing all the existing clean energy sources under one umbrella will allow Massachusetts to meet our clean energy goals efficiently and in a cost-effective way.

Thank you for allowing us to make these comments and we look forward to working with your office in any way possible to help transition Massachusetts to a clean energy economy.

Should you have any questions please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in cursive script that reads "Robert A. Rio".

Robert A. Rio, Esq.  
Senior Vice President and Counsel  
Government Affairs