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To: Barbara Kates-Garnick
Undersecretary for Energy
Massachusetts Executive Office of Energy and Environmental Affairs
(via electronic submission to lauren.farrell@state.ma.us)

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From: Peter Shattuck, Director of Market Initiatives
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RE: Public Comments on the Energy Policy Review Commission's Draft Report

ENE appreciates the opportunity to provide comments on the October 18th draft report of the Energy Policy Review Commission (Commission). The Commission was created by "An Act Relative to Competitively Priced Electricity in the Commonwealth" (the 2012 Energy Act) to research and review the economic and environmental benefits, as well as the economic and electricity cost implications, of energy and electricity policies in the Commonwealth. The breadth of the charge required the Commission to review existing policies and programs, in light of legislative and administrative goals and requirements related to energy and the environment. As stated in our May 16th comments, ENE believes all recommendations in the Commission's final report to the legislature should reflect the consensus opinion of the entire Commission. We support the Commission in focusing the report on current conditions and consensus-based metrics, and for limiting analyses, positions, and recommendations of individual members to the appendix.

Our comments focus first on energy efficiency, as we believe that continued investment in cost-effectively reducing energy use through the Commonwealth's proven efficiency programs is the best means of achieving the objectives identified by the Legislature in S. 2395, specifically:

"to (i) further expand the commonwealth's renewable energy portfolio and promote energy efficiency; (ii) encourage business development and job creation; (iii) reduce the costs associated with energy programs funded, in whole or in part, by the commonwealth, while maximizing the benefit of these programs; (iv) reduce the cost of electricity for commercial, industrial and residential customers; and (v) increase electricity reliability."

Energy Efficiency

Massachusetts has the strongest energy efficiency policy framework in the country, reaffirmed by the #1 ranking in the annual State Energy Efficiency Scorecard of the American Council for an Energy Efficient Economy (ACEEE). This recognition validates the policy course by set by the Green Communities Act of 2008 (the "GCA"), which brought about a shift in how the state approaches energy efficiency.¹ At its core, the efficiency provisions in the law require utilities to treat energy efficiency as an energy resource alongside traditional supply (e.g., electricity, natural gas) when making procurement decisions, and requires them to procure energy efficiency when it is cheaper than additional electricity or natural gas.

¹ Chapter 169 of the Acts of 2008.

The GCA directs Program Administrators (“PAs”) to develop three-year statewide energy efficiency investment plans for both natural gas and electricity, requires each PA to develop an individual three-year plan that is consistent with the statewide plan, establishes the Energy Efficiency Advisory Council (the “Council” or the “EEAC”),² and creates a stakeholder and regulatory process for review of the energy efficiency investment plans.³ As a practical matter, this has led to significant increases in efficiency investments in recent years and has put us in a position to reap huge economic and environmental benefits for decades to come. In addition to delivering billions of dollars in economic benefits to the Commonwealth, energy efficiency is also a key strategy for reducing greenhouse gas emissions and achieving the Commonwealth’s emissions reduction targets established in the Global Warming Solutions Act.⁴

The Council is composed of representatives from various organizations and interests, and the Council process is structured to allow for extensive stakeholder input. The 2012 Energy Act added several new councilors, including a representative of small energy efficiency businesses. Comments on the energy efficiency programs expressed by individual Commission members in the draft report appendix should be directed to the EEAC, ideally through the public comment opportunity at the beginning of every EEAC meeting or by working with the appropriate Council representatives.

Renewable Energy

Renewable energy is an important policy priority for the Commonwealth. Governor Patrick’s ambitious goal of 250 MW of installed solar by 2017 was achieved four years ahead of schedule, and the Administration has a revised goal of 1,600 MW by 2020.⁵ The state has sought to engage stakeholders at every step of the renewable energy policy development process, demonstrated most recently by the numerous technical sessions and public comment opportunities for the next phase of the solar carve-out program.⁶

The 2012 Energy Act revised and expanded the long-term contracting requirements set by Section 83 of the GCA. The revised requirements, enacted as Section 83A, require competitive bidding and several other changes reflecting “lessons learned” from the Section 83 solicitations. The DPU is currently reviewing contracts from the first round of Section 83A solicitations to ensure the procurement is cost-effective for ratepayers. The filed contracts represent the largest procurement of renewable energy in New England. The weighted average price from all the contracts is less than 8 cents/kWh,⁷ bolstering the Commonwealth’s commitment to renewable energy as a strategy for reducing greenhouse gas emissions, minimizing price volatility, and diversifying our fuel mix.

Evaluation Metrics

Evaluating the economic and environmental performance of Massachusetts energy policy is an integral and challenging endeavor. ENE believes that it is important for the Commission to recognize existing evaluation efforts and inherent uncertainty before recommending overly prescriptive metrics that may be inconsistent with other assessments and therefore create confusion.

² ENE has a staff member who has been appointed to the EEAC. Among the interveners in the above-captioned proceedings, the Department of Energy Resources, the Attorney General, the Low-Income Energy Affordability Network, and Associated Industries of Massachusetts are also represented on the EEAC.

³ G.L. c. 25, § 21, 22.

⁴ G.L. c. 21N, §§ 3(b), 4(a) and Massachusetts Clean Energy and Climate Plan for 2020.

⁵ <http://www.mass.gov/governor/pressoffice/pressreleases/2013/0501-solar-power-goal-reached.html>

⁶ <http://www.mass.gov/cea/energy-utilities-clean-tech/renewable-energy/solar/rps-solar-carve-out/post-400-mw-solar-policy-development.html>

⁷ <http://www.mass.gov/cea/pr-2013/reneable-procurement.html>

The draft report provides a snapshot of the studies and investigations mandated by the 2012 Energy Act. Many of these studies are still in progress, and the findings should be reflected in the Commission's second report to the Legislature (due no later than July 1, 2018).

In summation, the Commission identified a number of potential metrics for evaluating the effectiveness of the Commonwealth's energy policies and programs going forward. We believe that an evaluation of the Commonwealth's energy policies reveals significant net benefits, and while additional information and program modifications may be needed, any changes should be made in venues appropriate to each specific policy. Ongoing public processes to evaluate and oversee energy efficiency and renewable energy policy provide ample information and capacity for engagement, and the metrics recommended by the Commission may add transparency to existing efforts. ENE supports the concluding remarks of the Commission's draft report:

“In order to have a vibrant economy and sustainable environment, the Commission believes Massachusetts should continue to further strive to meet the following tenets: accessible and transparent data, harmonize and prioritize overlapping or conflicting state energy goals, seek ways to achieve goals in a cost-effective manner including through effective policy and open and competitive markets, continue to actively engage the public and interested stakeholders, and maintain and encourage a variety of programs to target all potential participants.”

Respectfully submitted,

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ENE is a nonprofit organization that researches and advocates innovative policies that tackle our environmental challenges while promoting sustainable economic development. ENE is at the forefront of state and regional efforts to combat global warming with solutions that promote clean energy, clean air and healthy forests.