May 17, 2013

Via electronic mail
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Barbara Kates-Garnick
Undersecretary for Energy
Executive Office of Energy and Environmental Affairs
100 Cambridge Street, 9th Floor
Boston, MA 02114

Re: Section 41/Energy Policy Review Commission Comments

Dear Energy Undersecretary Kates-Garnick:

The undersigned appreciate the opportunity to comment on the questions that are under consideration by the Energy Policy Review Commission pursuant to Section 41 of *An Act Relative to Competitively Priced Electricity* (2012). Overall, we believe that recent transformative changes in Massachusetts energy policies set the stage well for the Commonwealth to transition away from dependence on imported dirty fossil fuel energy sources and toward cleaner, cost-effective and locally available resources with demonstrable environmental, public health, jobs and other benefits. In particular, we refer to the 1997 Electric Industry Restructuring Act, the 2008 Green Communities Act (GCA), the 2008 Global Warming Solutions Act (GWSA), the Commonwealth's participation in the Regional Greenhouse Gas Initiative (RGGI), and the 2012 Act Relative to Competitively Priced Electricity.

In assessing the economic and environmental benefits of the Commonwealth's energy policies, the Commission should focus on these overarching considerations:

- The state is at risk of overdependence upon natural gas, a fuel that is volatile in price, is not well suited for expanded use in light of fuel diversity and reliability concerns, and that, while less carbon-intensive than coal or oil, still emits substantial greenhouse gas (GHG) emissions – including fugitive methane emissions as well as carbon dioxide released in connection with use of natural gas as fuel. This risk can and should be remedied through increased investment in cost-effective energy efficiency measures.
- It is important to stay the course on reducing GHGs, both because it is a matter of law (pursuant to the GWSA) and because the work we are doing now to reduce emissions is giving Massachusetts a competitive advantage over other states and nations. In addition, the GWSA's requirements to reduce GHG emissions to 25% below 1990 levels by 2020 and at least 80% below 1990 levels by 2050 are consistent with scientific consensus regarding the scale of the emissions reductions required to avert the most significant negative effects of climate change.

- According to the 2013-2015 Three Year Plan, the electricity and gas efficiency programs provide benefits that are 3.64 times their costs[1]. For electricity, the lifetime cost per kilowatt hour saved is 3.71 cents, which is a fraction of the cost of supplying consumers with electricity. The lifetime cost per therm of gas saved is also far below the cost of supplying consumers with gas. Moreover, those figures are based upon electricity and natural gas prices that prevailed before market conditions caused a very significant runup this past winter for these commodities, a runup that is probably not temporary. Therefore, if one of the goals of energy policy is to reduce costs to consumers, we should save a lot more energy, not less. At a minimum, future Three Year Plans for gas and electricity should at least meet the 2020 Clean Energy & Climate Plan's targets, including by making up for the gap between the 2020 Plan's targets and the outcomes achieved through the first two Three Year Plans.
- Recent studies reflect that substantial gas is lost through leaks in distribution pipelines. This leakage is undermining the significant positive gains made through the gas efficiency programs. Fixing these leaks offers an opportunity for a win-win-win scenario with respect to cost savings, reduced methane emissions, and jobs. Accordingly, the Commonwealth should redouble efforts to repair and replace leaking gas pipelines in a responsible and timely manner.
- The Renewable Portfolio Standard (RPS) works well to bring onto the grid new renewables that provide us with fuel diversity, a hedge against fossil fuel-based power, and reductions in GHGs (among other pollutants) that we can count towards the targets in the Global Warming Solutions Act. Furthermore, pursuant to Section 83 of the GCA and provisions in the 2012 Act Relative to Competitively Priced Electricity, including Section 83A, we can expect that RPS Class I obligations will be met affordably in coming years. In light of the demonstrated benefits of long-term renewable energy contracts in terms of reducing costs for consumers while enabling the financing of new, clean renewable energy facilities, a further extension of the Commonwealth's long-term renewable energy contracting programs should be considered, tracking the increasing requirements of the RPS over time.

All people of the Commonwealth ought to have the opportunity to benefit from Massachusetts' robust clean energy policies and programs, including but not limited to the Commonwealth's nation-leading energy efficiency programs. The suite of policy reforms adopted since 2008 offer an historic opportunity to reverse entrenched, historic inequities in terms of who reaps the benefits as compared to who bears the burdens of our collective energy supply choices. Massachusetts still exports tens of billions of dollars outside the state each year to purchase energy supplies that are unnecessarily costly in terms of factors such as lost economic development and job opportunities, public health burdens and volatile pricing. These costs are real, not theoretical, but unfortunately are not adequately taken into account as of yet in the various proceedings where energy supply and infrastructure decisions are made; for

[1] *See e.g.,* http://www.mass.gov/eea/docs/eea/energy-policy-commission/2013-04-17-dpu.pdf. These estimates greatly undervalue the benefits of reducing GHG emissions. If the programs internalized a more accurate avoided cost of complying with state climate policy goals, the benefit-cost ratio would be even higher.

example, the EPA conservatively estimates $0.03 per kWh in societal health costs for premature death, chronic bronchitis, asthma and other illness from the region's carbon-based power plant emissions. The energy policy framework that has been established offers an opportunity to turn this flawed, outmoded paradigm on its head to embrace clean energy opportunity for all.

In short, we believe that Massachusetts energy policies are doing very well at addressing real problems and opportunities facing our economy and environment. There is always room for discussing ways to increase benefits or to reduce costs, and we would be pleased to work with the Commission and other stakeholders to continually improve the suite of policies based on the sound framework that has been established.

Sincerely,

Larry Chretien, Executive Director
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