

MEMO

To: Barbara Kates-Garnick, Undersecretary for Energy
Executive Office of Energy and Environmental Affairs

Cc: Mark Sylvia, Commissioner DOER
Birud Jhaveri, Director of Energy Markets, DOER

From: Dwayne Breger, Renewable Energy Director
Department of Energy Resources

Date: May 24, 2013

Subject: Energy Policy Review Commission – Renewable Energy Metrics

At the meeting of May 15, 2013, the Energy Policy Review Commission requested that DOER propose a set of Renewable Energy Metrics that could be reported to provide the public with better information as to the status of the renewable energy programs.

It should first be noted, the DOER provides an RPS and APS Annual Compliance Report that provides comprehensive information, analysis, and data on the manner in which the compliance with these programs were met. These reports (from 2003 to the present) are publicly available on DOER's website¹ and are widely read by the market participants. They are arguably the most comprehensive reports of RPS compliance amongst the New England states and even nationally.

It should also be noted that the structure of the RPS and APS programs is such that regulation provides price caps on Certificates (through the Alternative Compliance Payment rate) and hence a cap on compliance costs, but that actual costs of compliance is based on private sector transactions at prices not disclosed to DOER. These transactions can be in the spot market for current vintage Certificates, or under bilateral contracts that set prices over a number of compliance years. Additionally, a growing portion of Class I Certificates will be settled at prices established through Section 83 or Section 83A long term contracts with the utility companies per provisions in legislation. DOER has always been cautious in providing price information to the market as no singular price exists, and because DOER does not want to influence market transactions. For the regulated utilities, the costs of compliance with the RPS and APS programs is recovered under filings with the DPU, however in this case also the cost of compliance and prices of certificates is held confidential so as not to prices to market participants.

Notwithstanding these notes, DOER can provide the public with renewable energy metrics that are more readily accessible. We propose providing such metrics on an on-going basis as a

¹ <http://www.mass.gov/eea/energy-utilities-clean-tech/renewable-energy/rps-aps/annual-compliance-reports.html>

feature to be incorporated on our Renewable Energy home webpage². The new set of metrics would include, but not be limited to, the following information.

Metric	Description	Timing/Frequency
Capacity of Qualified Generation for RPS Class I, RPS Class II, and APS	MW of generation units qualified by DOER for the RPS/APS classes.	Updated quarterly, with no appreciable lag.
Renewable Energy from Qualified Generation for RPS Class I, RPS Class II, and APS	MWh of Certificates settled for MA compliance obligation each year (this is not reflective of the capacity factor of any unit or the fleet of units, as Certificates can settle in other states as well).	Annually, after finalizing review of compliance filings (typically 9-12 months after end of the Compliance/Calendar Year).
Compliance Obligation, and portions of Obligation met with Qualified Generation and by Alternative Compliance Payments for RPS Class I, RPS Class II, and APS	Minimum Standard (%) as established in statute or regulation and corresponding compliance obligation (MWh). After final review of annual compliance filings, data on generation and ACP compliance can be provided.	Annually. Compliance obligations can be provided with no appreciable lag. Compliance information lagged by 9-12 months.
Greenhouse gas reductions contributed by Renewable Energy settled for RPS Class I, RPS Class II, and APS.	Based on procedures currently under development by EEA for the purpose of the Clean Energy and Climate Plan, DOER can report on the GHG emission reductions resulting by the RPS Class I, and possibly for the other classes.	Annually. EEA expects the GHG reporting process to be completed by the end of 2013.
Cost and Price Trends	Based on market information, knowledge of supply/demand balance, and publicly available contracted prices, DOER will provide a retrospective review of the annual Certificate prices and cost of compliance.	Annually, with 9-12 month lag, review of prior Compliance Year costs.

² <http://www.mass.gov/eea/energy-utilities-clean-tech/renewable-energy/>