

HOUSE No. 3349

By Mr. Patrick of Falmouth, petition of Matthew C. Patrick relative to least cost planning for new power supplies submitted for approval to the Department of Telecommunications and Energy. Telecommunications, Utilities and Energy.

The Commonwealth of Massachusetts

In the Year Two Thousand and Seven.

AN ACT RELATIVE TO LEAST COST PLANNING.

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

1 Chapter 164 of the General Laws is hereby amended by adding,
2 after section 138, the following section:—

3 Section 139. Least Cost Planning.

4 Section 139. (a) In this section, unless context otherwise requires,
5 the following words shall have the following meanings:—

6 “Least Cost Planning” (LCP), requires that all new power sup-
7 plies and demand side management be prioritized for acceptance by
8 the Department of Telecommunications and Energy according to the
9 lowest combined financial, societal and environmental costs. The
10 combined costs are to be used to prioritize the acquisition of sources
11 of power, energy efficiency programs and demand side management
12 programs and will be based on the assumptions in the following
13 Power Supply Rankings Chart. Distribution companies and retail
14 electricity suppliers will pay the penalties per megawatt hour listed
15 in the Chart by purchasing new megawatts of renewable generation
16 that meets requirements of MGL Chapter 125 A, Section 11 F.

17 (b) The Department of Telecommunications, Utilities and Energy
18 will initiate proceedings at least every two years, or earlier at the dis-
19 cretion of the Chair, to adjust the Power Supply Rankings Chart
20 listed below.

21 Power Supply Rankings Chart (in dollars per megawatt hour).

22 Coal combustion; \$6.00

23 Clean Coal gasification; \$4.5

24 Clean Coal gasification with carbon sequestration; \$3.5

- 25 Oil #6: \$5.00
26 Oil #2 combined cycle turbines; \$4.00
27 Nuclear; \$3.5
28 Natural gas combustion; \$3.00
29 Natural gas combined cycle turbines; \$2.00
30 Waste to energy; \$2.00
31 Bio Mass Combustion; \$1.00
32 Hydro; \$0.5
33 Fuel cell; natural gas, \$0.5; fuel cell with a renewable source of
34 hydrogen, 0
35 Land-fill gas; 0
36 Bio Mass Composting; 0
37 Combined power and heat; 0
38 Wind; 0
39 Solar Thermal; 0
40 Solar Photovoltaic; 0
41 Energy Efficiency; minus \$1
42 Demand side response management; minus \$1;
43 peak demand side response management; minus \$1.5
44 (c) Within six months of the enactment of this act, all distribution
45 companies and retail power suppliers shall submit to the Department
46 a power supply procurement plan for all expected new demand of
47 electric power supply in their service areas or regions of operation
48 for a three year period. The Department will initiate proceedings to
49 accept public comment on each plan.
50 (d) The Department's approval of each plan will be contingent
51 upon a determination that each utility and retail provider of elec-
52 tricity has demonstrated a reasonable attempt to purchase all avail-
53 able energy efficiency, demand side management and renewable
54 energy supplies, as determined by a consultant under contract to the
55 Department.
56 (e) The Department shall set a goal for each distribution company
57 and retail provider of achieving zero growth of fossil fuel generated
58 electricity based upon ISO New England's projections for new
59 demand of electric power supply growth within the three year time
60 period.
61 (f) Contracts for renewables, efficiency and demand side manage-
62 ment that have longer terms shall be given a higher priority by the
63 Department.

64 (g) Within three years of the enactment of this legislation all dis-
65 tribution companies and retail suppliers of electricity shall submit a
66 power supply procurement plan for their complete power supply
67 portfolio to the Department for review and approval. Every five
68 years from that time going forward the Department will undertake
69 review of all distribution companies and retail power suppliers least
70 cost power supply procurement plans for review and approval.

71 (h) The Department shall set a new goal after three years, for dis-
72 tribution companies and retail suppliers, that reduces the consump-
73 tion of fossil fuel based electricity from levels of usage current at
74 that time. The Department's approval of the plans shall be based on
75 how well the distribution companies and retail suppliers achieve the
76 reduction of fossil fuel generated electricity in relation to the avail-
77 ability of non fossil fuel resources as determined by a consultant
78 under contract and employ of the department.

79 (i) The consultant(s) under contract with the department shall be
80 paid through an assessment of each utility that shall be recoverable
81 through an increase in systems benefit charge for energy efficiency
82 programs.