

SENATE NO. 1971

AN ACT TO STABILIZE ENERGY COSTS AND USE AND TO REDUCE THE COMMONWEALTH'S EFFECT ON CLIMATE CHANGE

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

1 SECTION 1. Chapter 25 of the General Laws is hereby amended in section 19, by adding at the end
2 thereof:

3 Beginning on March 1, 2007, and for a period of 10 years thereafter, the department is
4 authorized and directed to require a mandatory charge per therm for all consumers of natural
5 gas in the commonwealth, to fund energy efficiency activities including, but not limited to,
6 demand-side management programs. Said charge shall be in the amount of 30 mills (\$0.03) per
7 therm for calendar years 2007 through 2016, inclusive; provided, however, that in authorizing
8 such programs the department shall ensure that they are delivered in a cost-effective manner
9 utilizing competitive procurement processes to the fullest extent practicable. At least 20 per
10 cent of the amount expended for residential demand-side management programs by each
11 distribution company in any year, and in no event less than the amount funded by a charge of 3
12 mills per therm, shall be spent on comprehensive low-income residential demand-side
13 management and education programs. The low-income residential demand-side management
14 and education programs shall be implemented through the low-income weatherization and fuel
15 assistance program network and shall be coordinated with all electric utility companies in the
16 commonwealth with the objective of standardizing implementation. On January 1, 2016, the
17 division of energy resources shall, in order to determine if energy investments shall continue
18 beyond calendar year 2016, review then-current market barriers, experience with competitive

19 markets, and related environmental and economic goals. If said division determines that the
20 continued operation of the programs delivers cost-effective, energy efficiency services, said
21 division shall file, with the clerk of the house of representatives of the general court, legislation
22 to extend for a time certain the authorization contained herein for such a charge to fund energy
23 efficiency activities.

24 SECTION 2. Chapter 25 of General Laws is hereby amended by adding, after section 21, the
25 following sections:

26 ENERGY RESOURCES PROCUREMENT BOARD

27 Section 22. Energy Resources Procurement Board

28 (a) There is established an Energy Resources Procurement Board which shall consist of
29 representatives appointed by the Governor of (i) a state-wide manufacturing association, (ii) a
30 state-wide business association, (iii) a chamber of commerce, (iv) residential customers, (v)
31 low income customers, (vi) an environmental organization knowledgeable in energy efficiency
32 and energy procurement programs, (vii) the Division of Energy Resources, (viii) the
33 Department of Environmental Protection, (ix) and the Attorney General. Representatives of
34 the Department of Telecommunications and Energy and of each of the electric and natural gas
35 distribution companies shall be non-voting, ex-officio members of the board. The board may
36 retain expert consultants provided such consultants may not have any contractual relationship
37 with an electric or natural gas distribution company or electricity or natural gas provider. The
38 board shall annually submit to the Department of Telecommunications and Energy a proposal
39 regarding the level of funding required for the discharge of its duties, which proposal shall be
40 approved by the department either as submitted or as modified by the department.

41 Section 23. Comprehensive Electric Resources Procurement Plan

42 (a) The electric distribution companies, in coordination with the board, shall develop a
43 comprehensive plan for the procurement of electric energy resources, including, but not limited
44 to, conventional and renewable generating facilities, energy efficiency, load management,
45 demand response, combined heat and power facilities, and distributed generation, to meet the
46 projected requirements of their customers in a manner which minimizes the cost of such
47 resources to customers over time consistent with the state's environmental goals and standards.
48 On or before October 1, 2007, and every three years thereafter, the companies will submit to
49 the board an assessment of (i) the energy and capacity requirements of the customers for each
50 of the next ten years, (ii) the impact of current and projected environmental standards,
51 including, but not limited to, those related to greenhouse gas emissions and the federal Clean
52 Air Act goals, and how different resources could assist in achieving those standards and goals,
53 (iii) energy security and economic risks associated with potential energy resources, and (iv) the
54 estimated lifetime cost and availability of potential energy resources. The board will review
55 the assessment and provide comments to the companies within two months thereafter.

56
57 (b) Based on the assessment and the comments of the board, the electric distribution
58 companies shall submit proposed comprehensive electric resources procurement plan(s) to the
59 board within three months after receiving the comments of the Board. Resource needs shall
60 first be met through all available energy efficiency and demand reduction resources that are
61 cost effective, reliable and feasible. The plan shall specify (i) the total amount of energy and
62 capacity resources that are needed to meet the requirements of all customers, (ii) the extent to
63 which demand side measures, including efficiency, conservation, demand response, and load
64 management can cost-effectively meet these needs, (iii) needs for generating capacity and

65 transmission and distribution improvements, (iv) how the development of said resources will
66 reduce and stabilize the costs of electricity to consumers and (v) the manner in which each of
67 the proposed resources should be procured, including the optimal contract periods for various
68 resources (vi) the manner in which the plan will further air quality goals and reduce greenhouse
69 gas emissions. The plan shall consider: (a) approaches to maximize the impact of demand side
70 measures, (b) the extent to which generation needs can be met by renewable and combined heat
71 and power facilities and by the impact of regional market incentives, (c) types and locations for
72 generation that would optimize the generation portfolio within the state, (d) fuel types,
73 diversity, availability, firmness of supply, and security and environmental impacts thereof,
74 including impacts on meeting the state's greenhouse gas emission goals; (e) reliability, peak
75 load and energy forecasts, system contingencies, and existing resource availabilities; (f) import
76 limitations and the appropriate reliance on such imports; (g) the costs and benefits of options
77 for the ownership of energy resources, including ownership by an electric distribution
78 company, (h) if it is in the best interest of customers, how new resources could be integrated
79 into the standard service provided pursuant to Sec. XXX of the general laws; and (i) the impact
80 of the electric resources procurement plan on the costs of electric customers, including, but not
81 limited to, effects on capacity and energy costs, rate stability, and affordability for low-income
82 customers. The electric resources procurement plan shall include a summary of the savings
83 secured by the plan for electric customers.

84 (c) The proposed electric resources procurement plan shall be reviewed by the board and
85 approved as submitted or as modified by the board within four months after receipt. The
86 companies shall provide any additional information requested by the board which is relevant to
87 the consideration of the electric resources procurement plan. The board shall submit the

88 approved plan, together with a statement of any unresolved issues to the Department of
89 Telecommunications and Energy. The department shall consider the plan in an uncontested
90 docket and shall provide an opportunity for interested parties to submit comments regarding
91 the plan. Not later than one hundred twenty days after submission of the plan, the department
92 shall approve or modify and approve the plan.

93 Section 24. Implementation of Comprehensive Electric Resources Procurement Plan

94 (a) The department shall implement the electric resources procurement plan by (i) issuing
95 requests for proposals to meet specified electric energy resource needs set forth in the plan or
96 by directing the Division of Energy Resources or the electric distribution companies to issue
97 such requests for proposals, (ii) directing the electric distribution companies to incorporate
98 additional demand-side measures set forth in the plan into the comprehensive conservation and
99 load management plan prepared pursuant to Sec. 28 of this chapter for review by the Energy
100 Efficiency Board, (iii) directing the distribution companies to submit proposals for specific
101 transmission, distribution or generating facility improvements or projects set forth in the plan,
102 or (iv) taking other actions within its authority to implement the electric resources procurement
103 plan.

104 (b) If the department determines to implement provisions of the plan by issuing one or more
105 requests for proposals, it shall conduct a contested case proceeding to develop and issue the
106 request. The department shall publish requests for proposals under this section in one or more
107 newspapers or periodicals, as selected by the department and shall post such request for
108 proposals on its web site. The department may retain the services of a third-party entity with
109 experience in the area of energy procurement to oversee the development of the requests for
110 proposals and to assist the department in its approval of proposals pursuant to this section. The

111 department may require the electric distribution companies to enter into contracts with entities
112 whose proposals are approved by the department. The provisions of such contracts shall be
113 consistent with the electric resources procurement plan and shall be approved by the
114 department.

115 (c) The electric distribution companies shall provide quarterly implementation reports to the
116 Board commencing two and half months after the approval of the electric resources
117 procurement plan by the department. Such quarterly reports shall include: description of the
118 extent to which the implementation of the plan is meeting the elements specified in the plan as
119 required by Section 24 (b) of this chapter and a summary of the savings secured by the
120 implementation thus far of the plan for electric customers. The quarterly reports shall also
121 include the targets for each electric energy resource included in the plan approved by the
122 department and the achieved percentages to date for each electric energy resource including the
123 achieved percentages for efficiency, distributed generation, demand response, combined heat
124 and power and renewables. The electric distribution companies shall provide annual
125 implementation reports commencing one year after the approval of the electric resources
126 procurement plan by the department that include all the same elements as the quarterly reports
127 to the department, the board, and General Assembly.

128 (d) Effective January 1, 2008, until the comprehensive electric procurement plan is
129 implemented by the department, the electric distribution companies shall include all available
130 energy efficiency and demand reduction resources that are cost effective, reliable and feasible
131 in a comprehensive conservation and load management plan prepared pursuant to Sec. 28 of
132 this chapter for review by the Energy Efficiency Board.

133 (e) All costs associated with the development and implementation of the electric plan which

134 are not otherwise directly allocable shall be recoverable through electric distribution rates.

135 (f) The limitation on the assessment of additional charges relative to energy efficiency
136 programs contained in Chapter 25, Sec. 19 of the General Laws shall not apply to charges
137 required to implement the comprehensive electric procurement plan.

138 Section 25. Comprehensive Natural Gas Resources Procurement Plan.

139 (a) The natural gas distribution companies, in coordination with the Energy Resources
140 Procurement Board, shall develop a comprehensive plan for the procurement of natural gas
141 energy resources, including, but not limited to, conventional supply and storage contracts,
142 energy efficiency, load management, and combined heat and power facilities to meet the
143 projected requirements of their customers in a manner which minimizes the cost of such
144 resources to customers over time consistent with the state's environmental goals and standards.

145 On or before October 1, 2008, and every three years thereafter, the companies will submit to
146 the board an assessment of (i) the volumetric natural gas and capacity requirements of the
147 customers for each of the next ten years, (ii) the impact of current and projected environmental
148 standards, including, but not limited to, those related to greenhouse gas emissions and the
149 federal Clean Air Act goals, and how different resources could assist in achieving those
150 standards and goals, (iii) energy security and economic risks associated with potential energy
151 resources, and (iv) the estimated lifetime cost and availability of potential energy resources.

152 The board will review the assessment and provide comments to the companies within two
153 months thereafter.

154 (b) Based on the assessment and the comments of the board, the natural gas distribution
155 companies shall submit a proposed comprehensive natural gas resources procurement plan to
156 the board within three months after receiving the comments of the Board. Resource needs shall

157 first be met through all available energy efficiency and demand reduction resources that are
158 cost effective, reliable and feasible. The plan shall specify (i) the total amount of volumetric
159 natural gas and capacity resources that are needed to meet the requirements of all customers,
160 (ii) the extent to which demand side measures, including efficiency, conservation, and load
161 management can cost-effectively meet these needs, (iii) needs for transmission and distribution
162 improvements, (iv) how the development of said resources will reduce and stabilize the costs
163 of natural gas consumers; (v) the manner in which each of the proposed resources should be
164 procured, including the optimal contract periods for various resources and (vi) the manner in
165 which the plan will further air quality goals and reduce greenhouse gas emissions. The plan
166 shall consider: (a) approaches to maximizing the impact of demand side measures, (b)
167 reliability, peak demand and energy forecasts, system contingencies, and existing resource
168 availabilities; (c) pipeline and other supply limitations; and (d) the impact of the natural gas
169 resources procurement plan on the costs of natural gas customers, including, but not limited to,
170 effects on volumetric and capacity costs, rate stability, and affordability for low-income
171 customers. The natural gas resources procurement plan shall include a summary of the savings
172 secured by the plan for natural gas customers.

173 (c) The proposed natural gas resources procurement plan shall be reviewed by the board and
174 approved as submitted or as modified by the board within four months after receipt. The
175 companies shall provide any additional information requested by the board which is relevant to
176 the consideration of the natural gas resources procurement plan. The board shall submit the
177 approved plan, together with a statement of any unresolved issues to the Department of
178 Telecommunications and Energy. The department shall consider the plan in an uncontested
179 docket and shall provide an opportunity for interested parties to submit comments regarding

180 the plan. Not later than one hundred twenty days after submission of the plan, the department
181 shall approve or modify and approve the plan.

182 Section 26. Implementation of the Comprehensive Natural Gas Resources Procurement Plan

183 (a) The department shall implement the natural gas resources procurement plan by (i) issuing
184 requests for proposals to meet specified natural gas energy resource needs set forth in the plan
185 or by directing the Division of Energy Resources or the natural gas distribution companies to
186 issue such requests for proposals, (ii) directing the natural gas distribution companies to
187 incorporate additional demand-side measures set forth in the plan into the comprehensive
188 conservation and load management plan prepared pursuant to Sec. 28 of this chapter for review
189 by the Energy Efficiency Board, (iii) directing the distribution companies to submit proposals
190 for specific transmission, distribution or generating facility improvements or projects set forth
191 in the plan, or (iv) taking other actions within its authority to implement the natural gas
192 resources procurement plan.

193 (b) If the department determines to implement provisions of the plan by issuing one or more
194 requests for proposals, it shall conduct a contested case proceeding to develop and issue the
195 request. The department shall publish requests for proposals under this section in one or more
196 newspapers or periodicals, as selected by the department and shall post such request for
197 proposals on its web site. The department may require the natural gas distribution companies to
198 enter into contracts with entities whose proposals are approved by the department. The
199 provisions of such contracts shall be consistent with the natural gas resources procurement plan
200 and shall be approved by the department.

201 (c) The natural gas distribution companies shall provide quarterly implementation reports to
202 the Board commencing two and half months after the approval of the natural gas resources

203 procurement plan by the department. Such quarterly reports shall include: description of the
204 extent to which the implementation of the plan is meeting the elements specified in the plan as
205 required by Section 26 (b) of this chapter and a summary of the savings secured by the
206 implementation thus far of the plan for electric customers. The quarterly reports shall also
207 include the targets for each natural gas energy resource included in the plan approved by the
208 department and the achieved percentages to date for each natural gas energy resource including
209 but not limited to efficiency and load management. The natural gas distribution companies
210 shall provide annual implementation reports commencing one year after the approval of the
211 natural gas resources procurement plan by the department hat include all the same elements as
212 the quarterly reports to the department, the board, and the Massachusetts General Court.

213 (d) Effective January 1, 2008, until the comprehensive natural gas procurement plan is
214 implemented by the department, the natural gas distribution companies shall include all
215 available energy efficiency and demand reduction resources that are cost effective, reliable and
216 feasible in a comprehensive conservation and load management plan prepared pursuant to Sec.
217 28 of this chapter for review by the Energy Efficiency Board, provided that funding for such
218 energy efficiency and demand reduction resources shall be not less than 20 mills per therm for
219 all consumers of natural gas in the commonwealth.

220 (e) All costs associated with the development and implementation of the natural gas plan
221 which are not otherwise directly allocable shall be recoverable through natural gas distribution
222 rates.

223 Section 27. Aligning Utility Incentives with Reducing Consumer Costs and Increased Energy 224 Efficiency

225 (a) The department shall ensure that estimates of sales or demand elasticity do not result in

226 material over or undercollections by distribution, transmission, and gas companies organized
227 and doing business in the commonwealth pursuant to the provisions of this chapter, and that
228 such companies are compensated in a manner that eliminates the extent to which the financial
229 success of the companies is directly linked to increased sales to end use customers or is
230 threatened by decreases in sales. On or after the issuance of a final decision in a proceeding on
231 amendments to rate schedules for any electric or natural gas company, but not later than
232 January 1, 2009, any purchased natural gas adjustment clause or energy adjustment clause
233 approved by the department for such company shall include a provision that requires the
234 electric or natural gas company to charge or reimburse customers for any under-recovery or
235 over-recovery of overhead and fixed costs due solely to the deviation of actual retail sales of
236 electricity or natural gas from projected retail sales of electricity or natural gas.

237 (b) On or before, July 1, 2008, the department shall conduct an uncontested docket to establish
238 a performance based incentive plan which allows for additional compensation for each electric
239 and natural gas distribution company based on the level of success in mitigating and reducing
240 the cost and variability of electric and natural gas services for customers through
241 implementation of the electric and natural gas procurement plans and shall provide an
242 opportunity for interested parties to submit comments regarding the plan.

243 Section 28. Energy Efficiency Program Oversight

244 (a) The Division of Energy Resources shall appoint and convene an Energy Efficiency Board
245 which shall include representatives of: (i) a state-wide manufacturing association, (ii) a state-
246 wide business association, (iii) a chamber of commerce, (iv) a heating oil industry
247 representative (v) residential customers, (vi) low income customers, (vii) an environmental
248 organization knowledgeable in energy efficiency and energy procurement programs, (viii) the

249 Division of Energy Resources, (ix) the Department of Environmental Protection, (x) a
250 representative of the Community Action Programs, (xi) and the Attorney General.
251 Representatives of the Department of Telecommunications and Energy and of each of the
252 electric and natural gas distribution companies shall be non-voting, ex-officio members of the
253 board.

254 (b)(1) The Energy Efficiency Board shall advise and assist the electric and natural gas
255 distribution companies in the development and implementation of comprehensive plans, which
256 plans shall be approved by the Department of Telecommunications and Energy, to implement
257 cost-effective energy efficiency programs and market transformation initiatives. The plan shall
258 be consistent with the comprehensive procurement plans approved by the Energy Resources
259 Procurement Board pursuant to sections 23 and 25 of this chapter at the time of submission to
260 the department. Each program contained in the plan shall be either accepted or rejected by the
261 Energy Efficiency Board prior to submission to the department for approval. The Energy
262 Efficiency Board shall, as part of its review, examine opportunities to offer joint programs
263 providing similar efficiency measures that save more than one fuel resource or otherwise to
264 coordinate programs targeted at saving ore than one fuel resource. Any costs for joint programs
265 shall be allocated equitably among the efficiency programs.

266 (2) Programs included in the plan developed under subdivision (1) of this section shall be
267 screened through cost-effectiveness testing which compares the value and payback period of
268 program benefits to program costs to ensure that programs are designed to obtain energy
269 savings and system benefits whose value is greater than the costs of the programs. Program
270 cost-effectiveness shall be reviewed annually, or otherwise as is practicable. If a program is
271 determined to fail the cost-effectiveness test as part of the review process, it shall either be

272 modified to meet the test or shall be terminated. On or before March 1, 2008, and annually
273 thereafter, the board shall provide a report to the Massachusetts House and Senate Ways and
274 Means Committees that documents expenditures and fund balances and evaluates the cost-
275 effectiveness of such programs conducted in the preceding year.

276 (3) Programs included in the plan developed under subdivision (1) of subsection (d) of this
277 section may include, but not be limited to: (A) conservation and load management programs,
278 including programs that benefit low-income individuals; (B) research, development and
279 commercialization of products or processes which are more energy-efficient than those
280 generally available; (C) development of markets for such products and processes; (D) support
281 for energy use assessment, real-time monitoring systems, engineering studies and services
282 related to new construction or major building renovation; (E) the design, manufacture,
283 commercialization and purchase of energy-efficient appliances and heating, air conditioning
284 and lighting devices; (F) program planning and evaluation; (G) joint fuel efficiency initiatives
285 programs targeted at reducing consumption of more than one fuel resource; and (H) public
286 education regarding efficiency. Such support may be by direct funding, manufacturers' rebates,
287 sale price and loan subsidies, leases and promotional and educational activities. The plan shall
288 also provide for expenditures by the Energy Efficiency Board for the retention of expert
289 consultants and reasonable administrative costs provided such consultants shall not be
290 employed by, or have any contractual relationship with, an electric or natural gas distribution
291 company. Such costs shall not exceed five per cent of the total costs of the plans.

292 Section 29. Minimum Energy Efficiency and Demand Response Resource Standard.

293 Every retail electric supplier shall provide a minimum percentage of kilowatt-hours sales to
294 end-use customers in the commonwealth from new energy efficiency and demand reduction

295 resources according to the following schedule: (i) an additional 1 per cent of sales by
296 December 31, 2008; (ii) an additional 1 per cent of sales every year thereafter until December
297 31, 2018, or a date determined by the Department of Telecommunications and Energy in
298 consultation with the Division of Energy Resources and the Energy Resources Procurement
299 Board, whichever is later. This requirement for a minimum percentage of new energy
300 efficiency and demand reduction resources is intended to establish a minimum procurement of
301 these new resources, and shall not relieve any retail electric supplier from the obligation to
302 procure all energy efficiency and demand reduction resources that are cost effective, reliable
303 and feasible pursuant to the requirements of this chapter, including sections 23 and 24 herein.
304 For the purposes of this section, new energy efficiency and demand reduction resources shall
305 be those energy efficiency and demand response resources that were not procured at any time
306 prior to December 31, 2006.

307 Section 30. Fuel Oil Efficiency

308 (a) The Energy Efficiency Board shall develop programs to provide energy efficiency services
309 for home heating oil consumers. The programs shall be developed with advice and input from
310 heating oil dealers and service technicians. The Board shall ensure that input is solicited from
311 heating oil dealers and service technicians located in different regions of the state.

312 (b) The Board will issue a request for proposals and select a program administrator(s) to
313 develop and implement programs for cost effective heating and fuel oil efficiency. The
314 elements of the plan, approval process, and implementation will be consistent with Chapter 25,
315 Section 28.

316 (c) A not for profit corporation shall be created, the Fuel Oil Efficiency Trust, with a board
317 comprised of 5 representatives elected from the membership of the Board by the Board to

318 collect and administer monies for heating and fuel oil conservation. Upon approval of an
319 efficiency plan by the Board, the Fuel Oil Efficiency Trust shall pay the approved amount to
320 the program administrator.

321 (d) The state shall impose a one cent per gallon tax on the sale of number 2 fuel oil (fuel and
322 heating oil, use in electric generation and transportation exempt) at the wholesale level which
323 shall be paid to the Fuel Oil Efficiency Trust. The state will create a corresponding one cent per
324 gallon tax credit for wholesale distributors of fuel oil when they contribute one cent per gallon
325 on the sale of number 2 fuel oil to the Fuel Oil Efficiency Trust.

326 Section 31. Increased supply from Combined Heat and Power

327 (a) The Department of Telecommunications and Energy shall develop a program utilizing
328 incentives, competitive contracts, or a portfolio standard, after a review of the most cost-
329 effective mechanisms, to increase the generation of electricity from combined heat and power
330 systems in the state.

331 (b) Eligible combined heat and power systems shall be new, operational after January 1, 2007,
332 and achieve an efficiency of seventy five percent or greater on an annual basis, with annual
333 reporting to the Department.

334 (c) The program or policies developed by the Department shall supply one percent of the states
335 total electric supply in 2010, and increase by one percent per year to six percent in 2015. The
336 Department and the Division of Energy Resources shall assess the potential to increase the
337 combined heat and power target in the years beyond 2015 and the Department shall have the
338 authority to increase the percentages at any time if it is in the state's economic and
339 environmental interest to do so. The programs or policies shall be funded through electric
340 distribution rates.

341 Section 32. Home Energy Scoring
342 In consultation with the Board of Home Inspectors within the Division of Professional
343 Licensure, the Energy Efficiency Board shall develop a home energy scoring program to be
344 performed as a part of the standard home inspection performed by inspectors licensed pursuant
345 to chapter 112 of the General Laws. The Energy Efficiency Board shall consider other state
346 home scoring programs, as well as any relevant federal programs. The Board shall develop
347 said program and report to the Board of Home Inspectors by January 1, 2007.

348 SECTION 3. The General Laws are hereby amended by inserting after chapter 30B the following
349 chapter:-

350 CHAPTER 30C.
351 CLIMATE CHANGE POLICY ACT

352 Section 1. Short Title.

353 This Chapter shall be known and may be cited as the Climate Change Policy Act.

354 Section 2. Purpose.

355 The major purpose of this chapter and regulations and actions initiated under this chapter is to
356 prevent or minimize damage to the environment, pursuant to section 7A of chapter 214.

357 Section 3. Findings.

358 It is hereby found and declared that:

359 (a) Atmospheric concentrations of carbon dioxide, methane, nitrous oxide, and other
360 greenhouse gases are substantially higher than at any point in recent millennia and these
361 concentrations are linked to human activity;

- 362 (b) Increased atmospheric concentrations of greenhouse gases has serious impacts on the
363 global climate, causing, among other things, instability that will increase the frequency
364 and severity of weather events;
- 365 (c) The risks posed by global climate change are real and will have serious consequences
366 for Massachusetts;
- 367 (d) The government of Massachusetts has the opportunity to set an example for other
368 political jurisdictions and for private actors by reducing the release of anthropogenic
369 greenhouse gases from the Commonwealth and by participating in multi-state and
370 regional efforts to expand these initiatives to a broader geographic territory and
- 371 (e) The implementation of programs that decrease the Commonwealth's contribution to
372 climate change will also advance other important state objectives such as sustainable
373 economic development, energy independence, and cleaner air.

374 Section 3. Definitions.

375 As used in this chapter, the following terms shall have the following meanings, unless the
376 context otherwise requires:

377 "Agency", an agency, department, board, commission or authority of the Commonwealth, and
378 any authority of any political subdivision which is specifically created as an authority under
379 special or general law.

380 "De Minimis Emissions", GHG emissions that are below a threshold that the Department of
381 Environmental Protection determines by rule may reasonably be considered too small to
382 warrant reporting.

383 "Greenhouse Gas", a chemical or physical substance that, when emitted into the air, the
384 Department of Environmental Protection determines by rule may reasonably be anticipated to

385 cause or contribute to climate change. Greenhouse Gas shall include, but is not limited to,
386 carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur
387 hexafluoride.

388 “GHG Emissions”, the release of greenhouse gases into the atmosphere from human activities.

389 “Facility”, a structure that, by any means, releases more than de minimis emissions of
390 greenhouse gases. Facility refers to each separated or separable structure, even if owned or
391 operated by the same entity. Facility shall include mobile power generators, but shall not
392 include idling vehicles. Facility shall include structures that are owned or operated by the
393 Commonwealth and meet the above requirements.

394 Section 4. Regulations to Enforce Greenhouse Gas Emission Reduction Targets

395 (a) The regulations promulgated under this section shall ensure that the following targets for
396 reduction of GHG emissions are attained:

397 (1) Reduction by 2015 – Reduce GHG emissions to 10% below 1990 levels by January 1,
398 2015.

399 (2) Reduction by 2020 – Reduce GHG emissions to 20% below 1990 levels by January 1,
400 2020.

401 (3) Reduction by 2050 – Reduce GHG emissions to 85% below 1990 levels by January 1,
402 2050.

403 (b) By May 1, 2008, the Executive Office of Environmental Affairs, the Department of
404 Environmental Protection, the Registry of Motor Vehicles, the Department of
405 Telecommunications and Energy, the Department of Agriculture Resources, and the Board of
406 Building Regulations and Standards, and such other agencies that the Department of
407 Environmental Protection determines regulates or otherwise effects major sources of

408 greenhouse gas emissions, shall have promulgated or otherwise put into place regulations that
409 the Department of Environmental Protection has determined are reasonably calculated to attain
410 the targets in this section. These regulations shall include provisions requiring:

- 411 (1) Consideration of net impact on GHG emissions in connection with the consideration
412 and issuance of permits, licenses and other administrative approvals and decisions;
 - 413 (2) In connection with the issuance of permits, licenses and other administrative approvals
414 and decisions, there shall be a presumption in favor of alternatives having a lesser net
415 impact on GHG emissions so long as such alternatives do not entail a risk of
416 substantially increased damage to the environment as compared with alternatives
417 having a greater net impact on GHG emissions;
 - 418 (3) In connection with the consideration and issuance of permits, licenses and other
419 administrative approvals and decisions, the reasonably foreseeable impacts of climate
420 change, including, for example, anticipated sea level rise, shall be taken into
421 consideration;
 - 422 (4) That all capital planning and infrastructure spending prioritization plans and decisions
423 shall clearly state, using a methodology devised by the Department of Environmental
424 Protection, the net impact of said plans and decisions on GHG emissions.
- 425 (c) The regulations promulgated under this section shall include, but not be limited to reducing:
- 426 (1) GHG emissions from both mobile and stationary sources in the Commonwealth,
 - 427 (2) energy use in the Commonwealth resulting in the reduction of GHG emissions from
428 sources both inside and outside the Commonwealth and
 - 429 (3) dependency on energy sources that result in the release of GHG emissions.

430 (d) Beginning no later than January 1, 2008 agencies shall submit to the Department of
431 Environmental Protection an annual plan that includes identification and prioritization of
432 strategies to implement this section. Within 60 days the Department of Environmental
433 Protection shall determine if such plan is adequate and if the regulations of the subject agency
434 are still adequate and are being adequately implemented in a manner consistent with attaining
435 the goals set forth in section 4(a) of this Chapter.

436 SECTION 4. Section 221 of Chapter 112 of the General Laws is hereby amended by inserting after
437 the words “and any other residential housing components” in the definition of “Home Inspection” the
438 following new text:-

439 “, as well as home energy score.”

440 SECTION 5. Chapter 143 of the Massachusetts General Laws is hereby amended in section 94, clause
441 h, by inserting after the word “ninety-six;” the following new text:

442 “and including the energy conservation code,”

443 SECTION 6: Chapter 143, of the Massachusetts General Laws is hereby amended by adding in section
444 94, after clause (l), the following new clause:-

445 (m) To adopt, at least once every three (3) years, the latest edition of the model energy
446 conservation code, the International Energy Conservation Code (IECC), published by the
447 International Code Council. No amendments to the Massachusetts energy conservation code
448 shall be adopted that increase energy consumption in buildings. . The Board of Building
449 Regulations and Standards jointly with the Division of Energy Resources shall adopt
450 regulations to certify and train qualified energy code inspectors and require that all new

451 construction and major renovations pass inspections by certified energy code inspectors
452 demonstrating full compliance with the Massachusetts energy conservation code.

453 SECTION 7: Section 1E, subsection (a) of Chapter 164 is hereby amended by adding after the word
454 “outages”, the following new text:-

455 “ successful implementation of the electric and natural gas resources cost procurement plans,
456 effective delivery of energy efficiency and demand side management,”

457 SECTION 8: Section 1E, subsection (a) of Chapter 164 is hereby amended by adding after the phrase
458 “customer satisfaction”, the following :- “,”