

# SENATE NO. 1983

## **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. Terms used in sections 2 and 3 and sections 21 to 30, inclusive, shall have the  
2 meanings assigned to them in section 3 of chapter 25A of the General Laws.

3 SECTION 2. To provide funding for the Energy Independence Grant Fund, for the purpose of  
4 encouraging the purchase, lease, aftermarket conversion and use of hybrid and alternative  
5 energy vehicles, including heavy, medium and light duty vehicles that utilize either a single fuel  
6 or dual fuel, by cities and towns, school districts and regional transit authorities. The sums set  
7 forth in section 3 shall be distributed pursuant to a grant program developed and administered  
8 by the division of energy resources. The development of the plan shall be conducted in  
9 consultation with regional transit authorities established pursuant to chapter 161B of the  
10 General Laws. The grant program shall facilitate the development of an alternative fuel  
11 infrastructure. The sums set forth in section 3, for the several purposes and subject to the  
12 conditions specified in this act, are hereby made available subject to the laws regulating the  
13 disbursement of public funds and approval thereof.

14 SECTION 3. DIVISION OF ENERGY RESOURCES.

15 7006-1003 For the planning, design and construction of alternative fuel refueling stations on the  
16 site of land owned or controlled by the commonwealth or a regional transit authority with a

17 minimum useful life of 5 years, and for financial assistance to cities and towns, school districts  
18 and regional transit authorities for the acquisition of alternative fuel vehicles and hybrids with a  
19 minimum useful life of 3 years; provided, that the commonwealth or a regional transit authority  
20 may enter into agreements or contracts with providers and distributors of alternative fuels  
21 necessary to carry out the  
22 purposes of this act . 10,000,000.

23 SECTION 4. To meet a portion of the expenditures necessary in carrying out section 3, the state  
24 treasurer shall, upon request of the governor, issue and sell bonds of the commonwealth in an  
25 amount to be specified by the governor from time to time, but not exceeding in the aggregate  
26 the sum of \$10,000,000. All bonds issued by the commonwealth as aforesaid shall be designated  
27 on their face, Alternative Energy, Energy Independence Act of 2005, and shall be issued for  
28 such maximum term of years, not exceeding 20 years, as the governor may recommend to the  
29 general court pursuant to Section 3 of Article LXII of the Amendments to the Constitution of  
30 the Commonwealth; provided, however, that all such bonds shall be payable not later than June  
31 30, 2030. All interest and payments on account of principal of such obligations shall be payable  
32 from the General Fund. Bonds and interest thereon issued under this section shall be general  
33 obligations of the commonwealth; provided, however, that any bonds issued by the state  
34 treasurer under this section shall, upon the request of the governor, be issued as special  
35 obligation bonds pursuant to section 20 of chapter 29 of the General Laws; provided further,  
36 that in deciding whether to request the issuance of particular bonds as special obligations the  
37 governor shall take into account: (i) generally prevailing financial market conditions; (ii) the  
38 impact of each approach on the overall capital financing plans and needs of the commonwealth;  
39 (iii) any ratings assigned to outstanding bonds of the commonwealth and any ratings expected to

40 be assigned by any nationally-recognized credit rating agency to the bonds proposed to be  
41 issued; and (iv) any applicable provisions of a trust agreement or credit enhancement agreement  
42 entered into pursuant to said section 20 of said chapter 29.

43 SECTION 4A. Chapter 21A of the General Laws is hereby amended by adding the following  
44 section:-

45 Section 3F. The commissioner shall annually, on or before November 15, publish a list  
46 of vehicles sold within the commonwealth which are eligible to receive an exemption  
47 from certain percentages of the sales tax and the percentage reduction in the sales tax  
48 assessed under section 2 of chapter 64H to which they shall be entitled in the following  
49 taxable year.

50 The commissioner shall establish a list and provide a schedule of sales tax exemptions  
51 for vehicles based upon their fuel mileage ratings as determined by the United States  
52 Environmental Protection Agency, based on a formula annually updated which reflects:  
53 (a) a vehicle's mileage relative to other vehicles within its passenger seating class; and  
54 (b) the percentage of the vehicle that is American-made.

55 The commissioner shall provide exemptions for the following classes of vehicles: 2 and  
56 4-passenger vehicles, 5-passenger vehicles and vehicles that seat 6 or more passengers.

57 The commissioner shall design the list so that no vehicle which is less than 60 percent as  
58 efficient, for 2 to 4 and 5-passenger vehicles, and 70 percent as efficient, for 6-passenger  
59 and more vehicles, as the best vehicle in its respective class receives the sales tax  
60 exemption. The commissioner may, after issuing a draft determination and holding a  
61 public hearing, raise the level below which a vehicle shall not qualify for benefits.

62 The list shall be made available for public comment not later than November 1 of each  
63 year and the commissioner shall determine what shall be included on the final list. The  
64 final list shall be distributed to boards of assessors and tax collectors within each  
65 municipality.

66 Notwithstanding any general or special law to the contrary, the amounts rebated  
67 pursuant to this section shall not count as an abatement with respect to calculation of the  
68 share of state sales tax apportioned to the Massachusetts Bay Transportation Authority  
69 or School Modernization and Reconstruction Trust Fund.”

70 SECTION 5. Chapter 25 of the General Laws is hereby amended in section 19, by adding at the  
71 end thereof:

72 Beginning on March 1, 2007, and for a period of 10 years thereafter, the department is  
73 authorized and directed to require a mandatory charge per therm for all consumers of  
74 natural gas in the commonwealth, to fund energy efficiency activities including, but not  
75 limited to, demand-side management programs. Said charge shall be in the amount of 30  
76 mills (\$0.03) per therm for calendar years 2007 through 2016, inclusive; provided,  
77 however, that in authorizing such programs the department shall ensure that they are  
78 delivered in a cost-effective manner utilizing competitive procurement processes to the  
79 fullest extent practicable. At least 20 per cent of the amount expended for residential  
80 demand-side management programs by each distribution company in any year, and in no  
81 event less than the amount funded by a charge of 3 mills per therm, shall be spent on  
82 comprehensive low-income residential demand-side management and education  
83 programs. The low-income residential demand-side management and education

84 programs shall be implemented through the low-income weatherization and fuel  
85 assistance program network and shall be coordinated with all electric utility companies  
86 in the commonwealth with the objective of standardizing implementation. On January 1,  
87 2016, the division of energy resources shall, in order to determine if energy investments  
88 shall continue beyond calendar year 2016, review then-current market barriers,  
89 experience with competitive markets, and related environmental and economic goals. If  
90 said division determines that the continued operation of the programs delivers cost-  
91 effective, energy efficiency services, said division shall file, with the clerk of the house  
92 of representatives of the general court, legislation to extend for a time certain the  
93 authorization contained herein for such a charge to fund energy efficiency activities.

94 SECTION 6. Chapter 25 of General Laws is hereby amended by adding, after section 21, the  
95 following sections:

96 ENERGY RESOURCES PROCUREMENT BOARD

97 Section 22. Energy Resources Procurement Board

98 (a) There is established an Energy Resources Procurement Board which shall consist of  
99 representatives appointed by the Governor of (i) a state-wide manufacturing association,  
100 (ii) a state-wide business association, (iii) a chamber of commerce, (iv) residential  
101 customers, (v) low income customers, (vi) an environmental organization  
102 knowledgeable in energy efficiency and energy procurement programs, (vii) the  
103 Division of Energy Resources, (viii) the Department of Environmental Protection, (ix)  
104 and the Attorney General. Representatives of the Department of Telecommunications  
105 and Energy and of each of the electric and natural gas distribution companies shall be  
106 non-voting, ex-officio members of the board. The board may retain expert consultants

107 provided such consultants may not have any contractual relationship with an electric or  
108 natural gas distribution company or electricity or natural gas provider. The board shall  
109 annually submit to the Department of Telecommunications and Energy a proposal  
110 regarding the level of funding required for the discharge of its duties, which proposal  
111 shall be approved by the department either as submitted or as modified by the  
112 department.

### 113 Section 23. Comprehensive Electric Resources Procurement Plan

114 (a) The electric distribution companies, in coordination with the board, shall develop a  
115 comprehensive plan for the procurement of electric energy resources, including, but not  
116 limited to, conventional and renewable generating facilities, energy efficiency, load  
117 management, demand response, combined heat and power facilities, and distributed  
118 generation, to meet the projected requirements of their customers in a manner which  
119 minimizes the cost of such resources to customers over time consistent with the state's  
120 environmental goals and standards. On or before October 1, 2007, and every three years  
121 thereafter, the companies will submit to the board an assessment of (i) the energy and  
122 capacity requirements of the customers for each of the next ten years, (ii) the impact of  
123 current and projected environmental standards, including, but not limited to, those  
124 related to greenhouse gas emissions and the federal Clean Air Act goals, and how  
125 different resources could assist in achieving those standards and goals, (iii) energy  
126 security and economic risks associated with potential energy resources, and (iv) the  
127 estimated lifetime cost and availability of potential energy resources. The board will  
128 review the assessment and provide comments to the companies within two months  
129 thereafter.

130 (b) Based on the assessment and the comments of the board, the electric distribution  
131 companies shall submit proposed comprehensive electric resources procurement plan(s)  
132 to the board within three months after receiving the comments of the Board. Resource  
133 needs shall first be met through all available energy efficiency and demand reduction  
134 resources that are cost effective, reliable and feasible. The plan shall specify (i) the total  
135 amount of energy and capacity resources that are needed to meet the requirements of all  
136 customers, (ii) the extent to which demand side measures, including efficiency,  
137 conservation, demand response, and load management can cost-effectively meet these  
138 needs, (iii) needs for generating capacity and transmission and distribution  
139 improvements, (iv) how the development of said resources will reduce and stabilize the  
140 costs of electricity to consumers and (v) the manner in which each of the proposed  
141 resources should be procured, including the optimal contract periods for various  
142 resources (vi) the manner in which the plan will further air quality goals and reduce  
143 greenhouse gas emissions. The plan shall consider: (a) approaches to maximize the  
144 impact of demand side measures, (b) the extent to which generation needs can be met by  
145 renewable and combined heat and power facilities and by the impact of regional market  
146 incentives, (c) types and locations for generation that would optimize the generation  
147 portfolio within the state, (d) fuel types, diversity, availability, firmness of supply, and  
148 security and environmental impacts thereof, including impacts on meeting the state's  
149 greenhouse gas emission goals; (e) reliability, peak load and energy forecasts, system  
150 contingencies, and existing resource availabilities; (f) import limitations and the  
151 appropriate reliance on such imports; (g) the costs and benefits of options for the  
152 ownership of energy resources, including ownership by an electric distribution company,

153 (h) if it is in the best interest of customers, how new resources could be integrated into  
154 the standard service provided pursuant to Sec. XXX of the general laws; and (i) the  
155 impact of the electric resources procurement plan on the costs of electric customers,  
156 including, but not limited to, effects on capacity and energy costs, rate stability, and  
157 affordability for low-income customers. The electric resources procurement plan shall  
158 include a summary of the savings secured by the plan for electric customers.

159 (c) The proposed electric resources procurement plan shall be reviewed by the board  
160 and approved as submitted or as modified by the board within four months after receipt.  
161 The companies shall provide any additional information requested by the board which is  
162 relevant to the consideration of the electric resources procurement plan. The board shall  
163 submit the approved plan, together with a statement of any unresolved issues to the  
164 Department of Telecommunications and Energy. The department shall consider the plan  
165 in an uncontested docket and shall provide an opportunity for interested parties to submit  
166 comments regarding the plan. Not later than one hundred twenty days after submission  
167 of the plan, the department shall approve or modify and approve the plan.

#### 168 Section 24. Implementation of Comprehensive Electric Resources Procurement Plan

169 (a) The department shall implement the electric resources procurement plan by (i)  
170 issuing requests for proposals to meet specified electric energy resource needs set forth  
171 in the plan or by directing the Division of Energy Resources or the electric distribution  
172 companies to issue such requests for proposals, (ii) directing the electric distribution  
173 companies to incorporate additional demand-side measures set forth in the plan into the  
174 comprehensive conservation and load management plan prepared pursuant to Sec. 28 of  
175 this chapter for review by the Energy Efficiency Board, (iii) directing the distribution

176 companies to submit proposals for specific transmission, distribution or generating  
177 facility improvements or projects set forth in the plan, or (iv) taking other actions within  
178 its authority to implement the electric resources procurement plan.

179 (b) If the department determines to implement provisions of the plan by issuing one or  
180 more requests for proposals, it shall conduct a contested case proceeding to develop and  
181 issue the request. The department shall publish requests for proposals under this section  
182 in one or more newspapers or periodicals, as selected by the department and shall post  
183 such request for proposals on its web site. The department may retain the services of a  
184 third-party entity with experience in the area of energy procurement to oversee the  
185 development of the requests for proposals and to assist the department in its approval of  
186 proposals pursuant to this section. The department may require the electric distribution  
187 companies to enter into contracts with entities whose proposals are approved by the  
188 department. The provisions of such contracts shall be consistent with the electric  
189 resources procurement plan and shall be approved by the department.

190 (c) The electric distribution companies shall provide quarterly implementation reports to  
191 the Board commencing two and half months after the approval of the electric resources  
192 procurement plan by the department. Such quarterly reports shall include: description of  
193 the extent to which the implementation of the plan is meeting the elements specified in  
194 the plan as required by Section 24 (b) of this chapter and a summary of the savings  
195 secured by the implementation thus far of the plan for electric customers. The quarterly  
196 reports shall also include the targets for each electric energy resource included in the  
197 plan approved by the department and the achieved percentages to date for each electric  
198 energy resource including the achieved percentages for efficiency, distributed

199 generation, demand response, combined heat and power and renewables. The electric  
200 distribution companies shall provide annual implementation reports commencing one  
201 year after the approval of the electric resources procurement plan by the department that  
202 include all the same elements as the quarterly reports to the department, the board, and  
203 General Assembly.

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

209 (e) All costs associated with the development and implementation of the electric plan  
210 which are not otherwise directly allocable shall be recoverable through electric  
211 distribution rates.

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

#### 215 Section 25. Comprehensive Natural Gas Resources Procurement Plan.

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

222 goals and standards. On or before October 1, 2008, and every three years thereafter, the  
223 companies will submit to the board an assessment of (i) the volumetric natural gas and  
224 capacity requirements of the customers for each of the next ten years, (ii) the impact of  
225 current and projected environmental standards, including, but not limited to, those  
226 related to greenhouse gas emissions and the federal Clean Air Act goals, and how  
227 different resources could assist in achieving those standards and goals, (iii) energy  
228 security and economic risks associated with potential energy resources, and (iv) the  
229 estimated lifetime cost and availability of potential energy resources. The board will  
230 review the assessment and provide comments to the companies within two months  
231 thereafter.

232 (b) Based on the assessment and the comments of the board, the natural gas distribution  
233 companies shall submit a proposed comprehensive natural gas resources procurement  
234 plan to the board within three months after receiving the comments of the Board.  
235 Resource needs shall first be met through all available energy efficiency and demand  
236 reduction resources that are cost effective, reliable and feasible. The plan shall specify  
237 (i) the total amount of volumetric natural gas and capacity resources that are needed to  
238 meet the requirements of all customers, (ii) the extent to which demand side measures,  
239 including efficiency, conservation, and load management can cost-effectively meet these  
240 needs, (iii) needs for transmission and distribution improvements, (iv) how the  
241 development of said resources will reduce and stabilize the costs of natural gas  
242 consumers; (v) the manner in which each of the proposed resources should be procured,  
243 including the optimal contract periods for various resources and (vi) the manner in  
244 which the plan will further air quality goals and reduce greenhouse gas emissions. The

245 plan shall consider: (a) approaches to maximizing the impact of demand side measures,  
246 (b) reliability, peak demand and energy forecasts, system contingencies, and existing  
247 resource availabilities; (c) pipeline and other supply limitations; and (d) the impact of  
248 the natural gas resources procurement plan on the costs of natural gas customers,  
249 including, but not limited to, effects on volumetric and capacity costs, rate stability, and  
250 affordability for low-income customers. The natural gas resources procurement plan  
251 shall include a summary of the savings secured by the plan for natural gas customers.

252 (c) The proposed natural gas resources procurement plan shall be reviewed by the board  
253 and approved as submitted or as modified by the board within four months after receipt.  
254 The companies shall provide any additional information requested by the board which is  
255 relevant to the consideration of the natural gas resources procurement plan. The board  
256 shall submit the approved plan, together with a statement of any unresolved issues to the  
257 Department of Telecommunications and Energy. The department shall consider the plan  
258 in an uncontested docket and shall provide an opportunity for interested parties to submit  
259 comments regarding the plan. Not later than one hundred twenty days after submission  
260 of the plan, the department shall approve or modify and approve the plan.

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

263 (a) The department shall implement the natural gas resources procurement plan by (i)  
264 issuing requests for proposals to meet specified natural gas energy resource needs set  
265 forth in the plan or by directing the Division of Energy Resources or the natural gas  
266 distribution companies to issue such requests for proposals, (ii) directing the natural gas  
267 distribution companies to incorporate additional demand-side measures set forth in the

268 plan into the comprehensive conservation and load management plan prepared pursuant  
269 to Sec. 28 of this chapter for review by the Energy Efficiency Board, (iii) directing the  
270 distribution companies to submit proposals for specific transmission, distribution or  
271 generating facility improvements or projects set forth in the plan, or (iv) taking other  
272 actions within its authority to implement the natural gas resources procurement plan.

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

281 (c) The natural gas distribution companies shall provide quarterly implementation  
282 reports to the Board commencing two and half months after the approval of the natural  
283 gas resources procurement plan by the department. Such quarterly reports shall include:  
284 description of the extent to which the implementation of the plan is meeting the elements  
285 specified in the plan as required by Section 26 (b) of this chapter and a summary of the  
286 savings secured by the implementation thus far of the plan for electric customers. The  
287 quarterly reports shall also include the targets for each natural gas energy resource  
288 included in the plan approved by the department and the achieved percentages to date  
289 for each natural gas energy resource including but not limited to efficiency and load  
290 management. The natural gas distribution companies shall provide annual

291 implementation reports commencing one year after the approval of the natural gas  
292 resources procurement plan by the department that include all the same elements as the  
293 quarterly reports to the department, the board, and the Massachusetts General Court.

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

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

#### 305 Section 27. Aligning Utility Incentives with Reducing Consumer Costs and Increased 306 Energy Efficiency

307 (a) On or after the issuance of a final decision in a proceeding on amendments to rate  
308 schedules for any electric or natural gas company, but not later than January 1, 2009,  
309 any purchased natural gas adjustment clause or energy adjustment clause approved by  
310 the department for such company shall include a provision designed to allow the electric  
311 or natural gas company to charge or reimburse customers for any under-recovery or  
312 over-recovery of overhead and fixed costs due solely to the deviation of actual retail  
313 sales of electricity or natural gas from projected retail sales of electricity or natural gas.

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

321 Section 28. Energy Efficiency Program Oversight

322 (a) The Division of Energy Resources shall appoint and convene an Energy Efficiency  
323 Board which shall include representatives of: (i) a state-wide manufacturing association,  
324 (ii) a state-wide business association, (iii) a chamber of commerce, (iv) a heating oil  
325 industry representative (v) residential customers, (vi) low income customers, (vii) an  
326 environmental organization knowledgeable in energy efficiency and energy procurement  
327 programs, (viii) the Division of Energy Resources, (ix) the Department of  
328 Environmental Protection, (x) and the Attorney General. Representatives of the  
329 Department of Telecommunications and Energy and of each of the electric and natural  
330 gas distribution companies shall be non-voting, ex-officio members of the board.

331 (b)(1) The Energy Efficiency Board shall advise and assist the electric and natural gas  
332 distribution companies in the development and implementation of comprehensive plans,  
333 which plans shall be approved by the Department of Telecommunications and Energy, to  
334 implement cost-effective energy efficiency programs and market transformation  
335 initiatives. The plan shall be consistent with the comprehensive procurement plans  
336 approved by the Energy Resources Procurement Board pursuant to sections 23 and 25 of

337 this chapter at the time of submission to the department. Each program contained in the  
338 plan shall be either accepted or rejected by the Energy Efficiency Board prior to  
339 submission to the department for approval. The Energy Efficiency Board shall, as part  
340 of its review, examine opportunities to offer joint programs providing similar efficiency  
341 measures that save more than one fuel resource or otherwise to coordinate programs  
342 targeted at saving ore than one fuel resource. Any costs for joint programs shall be  
343 allocated equitably among the efficiency programs.

344 (2) Programs included in the plan developed under subdivision (1) of this section shall  
345 be screened through cost-effectiveness testing which compares the value and payback  
346 period of program benefits to program costs to ensure that programs are designed to  
347 obtain energy savings and system benefits whose value is greater than the costs of the  
348 programs. Program cost-effectiveness shall be reviewed annually, or otherwise as is  
349 practicable. If a program is determined to fail the cost-effectiveness test as part of the  
350 review process, it shall either be modified to meet the test or shall be terminated. On or  
351 before March 1, 2008, and annually thereafter, the board shall provide a report to the  
352 Massachusetts House and Senate Ways and Means Committees that documents  
353 expenditures and fund balances and evaluates the cost-effectiveness of such programs  
354 conducted in the preceding year.

355 (3) Programs included in the plan developed under subdivision (1) of subsection (d) of  
356 this section may include, but not be limited to: (A) conservation and load management  
357 programs, including programs that benefit low-income individuals; (B) research,  
358 development and commercialization of products or processes which are more energy-  
359 efficient than those generally available; (C) development of markets for such products

360 and processes; (D) support for energy use assessment, real-time monitoring systems,  
361 engineering studies and services related to new construction or major building  
362 renovation; (E) the design, manufacture, commercialization and purchase of energy-  
363 efficient appliances and heating, air conditioning and lighting devices; (F) program  
364 planning and evaluation; (G) joint fuel efficiency initiatives programs targeted at  
365 reducing consumption of more than one fuel resource; and (H) public education  
366 regarding efficiency. Such support may be by direct funding, manufacturers' rebates,  
367 sale price and loan subsidies, leases and promotional and educational activities. The plan  
368 shall also provide for expenditures by the Energy Efficiency Board for the retention of  
369 expert consultants and reasonable administrative costs provided such consultants shall  
370 not be employed by, or have any contractual relationship with, an electric or natural gas  
371 distribution company. Such costs shall not exceed five per cent of the total costs of the  
372 plans.

### 373 Section 29. Fuel Oil Efficiency

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

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

383 (c) A not for profit corporation shall be created, the Fuel Oil Efficiency Trust, with a  
384 board comprised of 5 representatives elected from the membership of the Board by the  
385 Board to collect and administer monies for heating and fuel oil conservation. Upon  
386 approval of an efficiency plan by the Board, the Fuel Oil Efficiency Trust shall pay the  
387 approved amount to the program administrator.

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

#### 394 Section 30. Increased supply from Combined Heat and Power

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

399 (b) Eligible combined heat and power systems shall be new, operational after January 1,  
400 2007, and achieve an efficiency of seventy five percent or greater on an annual basis,  
401 with annual reporting to the Department.

402 (c) The program or policies developed by the Department shall supply one percent of the  
403 states total electric supply in 2010, and increase by one percent per year to six percent in  
404 2015. The Department and the Division of Energy Resources shall assess the potential  
405 to increase the combined heat and power target in the years beyond 2015 and the

406 Department shall have the authority to increase the percentages at any time if it is in the  
407 state's economic and environmental interest to do so. The programs or policies shall be  
408 funded through electric distribution rates.

409 Section 31. Home Energy Scoring

410 In consultation with the Board of Home Inspectors within the Division of Professional  
411 Licensure, the Energy Efficiency Board shall develop a home energy scoring program to  
412 be performed as a part of the standard home inspection performed by inspectors licensed  
413 pursuant to chapter 112 of the General Laws. The Energy Efficiency Board shall  
414 consider other state home scoring programs, as well as any relevant federal programs.  
415 The Board shall develop said program and report to the Board of Home Inspectors by  
416 January 1, 2007.

417 SECTION 7. Section 3 of chapter 25A of the General Laws, as appearing in the 2004 Official  
418 Edition, is hereby amended by inserting in their appropriate alphabetical sequence the following  
419 definitions:

420 "Aftermarket conversion", a converted vehicle originally designed to operate on gasoline  
421 that has been altered to run on an alternative fuel exclusively or in combination with  
422 gasoline.

423 "Alternative fuel refueling station", any platform that provides for the delivery of  
424 alternative fuels.

425 "Alternative fuel vehicle", a vehicle powered by alternative fuel. An alternative fuel  
426 vehicle shall have the following attributes:

427 (1) the capability of operating only on an alternative fuel;

428 (2) original use commencing with the taxpayer; and

429 (3) acquisition by the taxpayer for use or lease, but not for resale.

430 "Alternative fuels", biodiesel, electricity, ethanol, hydrogen, methanol, natural gas and

431 propane.

432 "Biodiesel", renewable fuel that can be manufactured from vegetable oils, animal fats, or

433 recycled restaurant greases, including both biodiesel blends and pure forms, including

434 B20 20 per cent neat biodiesel and 80 per cent diesel.

435 "Electricity", transportation fuel to power battery electric and fuel cell vehicles.

436 "Ethanol", an alcohol-based alternative fuel produced by fermenting and distilling starch

437 crops that have been converted into simple sugars. Specifically, blends such as 85 per

438 cent ethanol and 15 per cent gasoline, E85, shall be considered an alternative.

439 "Heavy duty vehicle", a vehicle with a gross vehicle weight rating, GVWR, equal to or

440 greater than 40,001 pounds GVWR.

441 "Hybrid vehicle", (1) a vehicle which draws propulsion energy from onboard sources of

442 stored energy which are both: (i) an internal combustion or heat engine using

443 combustible fuel; and (ii) a rechargeable energy storage system; (2) a vehicle which, in

444 the case of a passenger automobile, medium duty passenger vehicle or light truck: (i) for

445 2002 and later model vehicles, has received a certificate of conformity under the Clean

446 Air Act and meets or exceeds the equivalent qualifying California low emission vehicle

447 standard under section 243(e)(2) of the Clean Air Act for that make and model year; (ii)

448 for 2004 and later model vehicles, has received a certificate that the vehicle meets or

449 exceeds the Bin 5 Tier II emission level established in regulations prescribed by the

450 administrator of the Environmental Protection Agency under section 202(i) of the Clean

451 Air Act for that make and model year vehicle; and (iii) and achieves an increase of 10  
452 per cent fuel efficiency as compared to the average vehicle of its class as defined by the  
453 federal Environmental Protection Agency.

454 "Hydrogen", a fuel which is in a gaseous state at atmospheric pressure and ambient  
455 temperatures containing low levels of carbon monoxide and carbon dioxide for use in  
456 combustion engines and fuel cell electric vehicles.

457 "Light duty vehicle", a vehicle with a gross vehicle weight rating, GVWR, of 0 to  
458 10,000 pounds.

459 "Medium duty vehicle," a vehicle with a gross vehicle weight rating, GVWR, of 10,001  
460 to 40,000 pounds.

461 "Methanol", a wood alcohol used as an alternative fuel in flexible fuel vehicles that run  
462 on M85, a blend of 85 per cent methanol and 15 per cent gasoline.

463 "Natural gas", applications as stored onboard a vehicle as compressed natural gas, CNG,  
464 at 3,000 or 3,600 pounds per square inch or as liquefied natural gas, LNG, at typically  
465 20 to 150 pounds per square inch.

466 "Propane" liquefied petroleum gas, LPG.

467 "Regional transit authority", as established pursuant to chapter 161 and chapter 161B.

468 SECTION 8. Section 11B of chapter 25A of the General Laws, as so appearing, is hereby  
469 amended by adding the following 4 paragraphs:-

470 When purchasing new motor vehicles, the commonwealth shall purchase hybrid or  
471 alternative fuel vehicles to the maximum feasible extent at a rate of not less than 5 per  
472 cent annually for all new motor vehicle purchases in order that, taking into account the

473 existing number of such vehicles owned and operated by the commonwealth, not less  
474 than 50 per cent of the motor vehicles owned and operated by the commonwealth are  
475 hybrid or alternative fuel vehicles by the year 2010.

476 The division of operational services shall forward to the division of energy resources all  
477 requests for motor vehicle acquisitions by agencies of the commonwealth. The division  
478 shall thereafter report to the division of operational services regarding the availability of  
479 a hybrid or alternative fuel vehicle that will feasibly achieve the intended use designated  
480 by the requesting agency.

481 The division shall develop a system of protocols for reporting to the division of  
482 operational services for the acquisition of alternative fuel vehicles and hybrids, including  
483 identifying the potential for acquisition of heavy, medium and light-duty vehicles, based  
484 on the anticipated mileage and usage of such vehicles, and the effectiveness of single  
485 fuel or dual fuel alternative fuel vehicles for the particular purpose identified.

486 The division shall submit in writing to the secretary of administration and finance, the  
487 clerks of the senate and house of representatives and the joint committee on state  
488 administration and regulatory oversight an annual statement detailing the progress, as  
489 well as any additional information relevant to the acquisition of hybrid or alternative fuel  
490 vehicles by the commonwealth.

491 SECTION 9. Said chapter 25A is hereby further amended by inserting after section 11H the  
492 following 2 sections:-

493 Section 11I. There shall be established and set up on the books of the Commonwealth an  
494 Energy Independence Grant Fund to be used, subject to appropriation for the purpose of

495 encouraging the purchase, lease, aftermarket conversion and use of hybrid and  
496 alternative fuel vehicles, including heavy, medium and light duty vehicles that use either  
497 a single fuel or dual fuels, by cities and towns, school districts and regional transit  
498 authorities. The grants may be used for the purpose of matching federal grants. In  
499 addition, the grants may be expended pursuant to cooperative purchasing agreements  
500 with other entities. Funds expended shall, to the extent possible, maximize  
501 reimbursement from federal or other sources. The fund shall consist of any  
502 appropriations, bond proceeds or other monies authorized by the general court and  
503 specifically designated to be credited to it. The fund shall encourage, support and foster  
504 the development of hybrid and alternative fuel vehicles in order to promote increased  
505 autonomy from fossil fuels, to mitigate the fiscal impact of the high cost of fuel on cities  
506 and towns and to provide environmental benefits through the reduction of carbon  
507 dioxide and carbon monoxide emissions.

508 Section 11J. (a) The division shall receive applications for grants from the fund from  
509 cities and towns, school districts and regional transit authorities and award grants to  
510 assist any of them in the purchase or lease of hybrid and alternative fuel vehicles or for  
511 the aftermarket conversion of conventional fuel vehicles for municipal or regional transit  
512 purposes. The division shall develop a scoring system to serve as the basis for the  
513 evaluation and the determination of awarding grants pursuant to this section. The scoring  
514 system shall determine the maximum grant amount available for a specific application.  
515 The scoring system shall be based upon the type of vehicle being acquired or retrofitted,  
516 the cost, the type of use anticipated, fuel economy, range and the anticipated useful life  
517 of a vehicle and shall employ the federal standards set forth in the Corporate Average

518 Fuel Economy provision of the Energy Policy Conservation Act of 1975 and any other  
519 applicable federal standards. The scoring system shall designate the amount of  
520 assistance available to a municipality, school district or regional transit authority based  
521 upon those factors and the division may award grants up to that amount commensurate  
522 with said factors. In awarding grants, the division shall give consideration to  
523 applications from cities and towns, school districts and regional transit authorities from  
524 diverse geographic regions. A city or town, school district or regional transit authority  
525 which is awarded a grant under this program shall submit an annual report to the  
526 division identifying and detailing: (1) the type of the hybrid or alternative fuel vehicle  
527 purchased, leased or converted; (2) the usage and any cost savings to the city or town,  
528 school district or regional transit authority associated with the reduction of use of  
529 standard gasoline from the use of the vehicle; and (3) any environmental benefits from,  
530 but not limited to, the reduction in emissions.

531 (b) A city or town, school district or regional transit authority shall apply for a fund  
532 grant in the manner specified by the commissioner.

533 (c) The division shall promulgate policies, rules and regulations to implement this  
534 section. The commissioner shall file the policies, rules and regulations with the joint  
535 committee on state administration and regulatory oversight for review and comment not  
536 later than 30 days before the effective date of any policies, rules and regulations.

537 (d) Not less than \$100,000 shall be expended from the fund for the Massachusetts  
538 Maritime Academy for a pilot program to utilize wind energy technology to create on-  
539 site, hydrogen-based electricity to reduce the high cost of energy at public institutions of

540 higher education. The academy shall use the funds to develop a hydrogen-based, fuel  
541 cell powered tug boat.

542 SECTION 10. The General Laws are hereby amended by inserting after chapter 30B the  
543 following chapter:-

544 CHAPTER 30C.  
545 CLIMATE CHANGE POLICY ACT

546 Section 1. Short Title.

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

548 Section 2. Purpose.

549 The major purpose of this chapter and regulations and actions initiated under this chapter  
550 is to prevent or minimize damage to the environment, pursuant to section 7A of chapter  
551 214.

552 Section 3. Findings.

553 It is hereby found and declared that:

- 554 (a) Atmospheric concentrations of carbon dioxide, methane, nitrous oxide, and other  
555 greenhouse gases are substantially higher than at any point in recent millennia  
556 and these concentrations are linked to human activity;
- 557 (b) Increased atmospheric concentrations of greenhouse gases has serious impacts on  
558 the global climate, causing, among other things, instability that will increase the  
559 frequency and severity of weather events;
- 560 (c) The risks posed by global climate change are real and will have serious  
561 consequences for Massachusetts;

562 (d) The government of Massachusetts has the opportunity to set an example for other  
563 political jurisdictions and for private actors by reducing the release of  
564 anthropogenic greenhouse gases from the Commonwealth and by participating in  
565 multi-state and regional efforts to expand these initiatives to a broader  
566 geographic territory and

567 (e) The implementation of programs that decrease the Commonwealth's contribution  
568 to climate change will also advance other important state objectives such as  
569 sustainable economic development, energy independence, and cleaner air.

570 Section 3. Definitions.

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

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

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

579 "Greenhouse Gas", a chemical or physical substance that, when emitted into the air, the  
580 Department of Environmental Protection determines by rule may reasonably be  
581 anticipated to cause or contribute to climate change. Greenhouse Gas shall include, but  
582 is not limited to, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons,  
583 perfluorocarbons and sulfur hexafluoride.

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

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

#### 591 Section 4. Regulations to Enforce Greenhouse Gas Emission Reduction Targets

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

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

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

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

600 (b) By May 1, 2008, the Executive Office of Environmental Affairs, the Department of  
601 Environmental Protection, the Registry of Motor Vehicles, the Department of  
602 Telecommunications and Energy, the Department of Agriculture Resources, and the  
603 Board of Building Regulations and Standards, and such other agencies that the  
604 Department of Environmental Protection determines regulates or otherwise effects major  
605 sources of greenhouse gas emissions, shall have promulgated or otherwise put into place  
606 regulations that the Department of Environmental Protection has determined are

607 reasonably calculated to attain the targets in this section. These regulations shall include  
608 provisions requiring:

- 609 (1) Consideration of net impact on GHG emissions in connection with the  
610 consideration and issuance of permits, licenses and other administrative  
611 approvals and decisions;
- 612 (2) In connection with the issuance of permits, licenses and other administrative  
613 approvals and decisions, there shall be a presumption in favor of alternatives  
614 having a lesser net impact on GHG emissions so long as such alternatives do not  
615 entail a risk of substantially increased damage to the environment as compared  
616 with alternatives having a greater net impact on GHG emissions;
- 617 (3) In connection with the consideration and issuance of permits, licenses and other  
618 administrative approvals and decisions, the reasonably foreseeable impacts of  
619 climate change, including, for example, anticipated sea level rise, shall be taken  
620 into consideration;
- 621 (4) That all capital planning and infrastructure spending prioritization plans and  
622 decisions shall clearly state, using a methodology devised by the Department of  
623 Environmental Protection, the net impact of said plans and decisions on GHG  
624 emissions.

625 (c) The regulations promulgated under this section shall include, but not be limited to  
626 reducing:

- 627 (1) GHG emissions from both mobile and stationary sources in the Commonwealth,
- 628 (2) energy use in the Commonwealth resulting in the reduction of GHG emissions  
629 from sources both inside and outside the Commonwealth and

630 (3) dependency on energy sources that result in the release of GHG emissions.

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

637 SECTION 11. Paragraph (a) of Part B of section 3 of chapter 62 of the General Laws, as  
638 appearing in the 2004 Official Edition, is hereby amended by inserting after subparagraph 9 the  
639 following subparagraph:-

640 (91/2) For taxable years beginning on or after January 1, 2006, in the case of an  
641 individual who purchases a hybrid or alternative fuel vehicle, as those terms are defined  
642 in section 3 of chapter 25A, there shall be a deduction in the amount of \$2,000 for a  
643 single person, for a person who qualifies as a head of household under section 2(b) of  
644 the Code or for a husband and wife in the taxable year in which the purchase is made.  
645 The department of revenue may require a proof of purchase to be submitted with a return  
646 in order to be eligible for the deduction.

647 SECTION 12. Section 31A of chapter 63 of the General Laws, as so appearing, is hereby  
648 amended by inserting after the word "fishing", in lines 4 and 24, the following words:-

649 or a corporation primarily engaged in the development, construction or operation of an  
650 alternative fuel refueling station, and the development of alternative fuels, as those terms  
651 are defined in section 3 of chapter 25A.

652 SECTION 13. Said chapter 63 is hereby further amended by inserting after section 31C the  
653 following 2 sections:-

654 Section 31C1/2. A corporation which maintains a motor vehicle fleet equal to or in  
655 excess of 50 vehicles, including those of carriers licensed pursuant to chapter 159B, and  
656 purchases, leases or performs an aftermarket conversion, as that term is defined in  
657 section 3 of chapter 25A, of a conventional fuel vehicle to an alternative fuel vehicle, as  
658 that term is defined in said section 3 of said chapter 25A, and maintains the alternative  
659 fuel vehicle, and which corporation is a domestic or foreign corporation under  
660 subparagraph 1 or 2 of section 30, may receive a credit against its excise due under this  
661 chapter. The amount of the credit shall be equal to 50 per cent of the difference between  
662 the purchase price or the cost of the aftermarket conversion of the alternative fuel  
663 vehicle and the listed purchase price of a gasoline-powered vehicle of like quality during  
664 the taxable year of the purchase. A corporation which does not maintain at least 10 per  
665 cent of its fleet as alternative fuel vehicles or hybrid vehicles, as those terms are defined  
666 in said section 3 of said chapter 25A, shall not be eligible for the credit.

667 Section 31C3/4. A corporation, licensed as a common carrier of passengers under  
668 chapter 159A, which maintains a motor vehicle fleet equal to or in excess of 25 vehicles  
669 and purchases, leases or performs an aftermarket conversion, as that term is defined in  
670 section 3 of chapter 25A, of a conventional fuel vehicle to an alternative fuel vehicle, as

671 that term is defined in section 3 of chapter 25A, and maintains the alternative fuel  
672 vehicle, and which corporation is a domestic or foreign corporation under subparagraph  
673 1 or 2 of section 30, may receive a credit against its excise due under this chapter. The  
674 amount of the credit shall be equal to fifty per cent of the difference between the  
675 purchase price or the cost of the aftermarket conversion of the alternative fuel vehicle  
676 and the listed purchase price of a gasoline-powered vehicle of like quality during the  
677 taxable year of the purchase, as hereinafter provided. A corporation which does not  
678 maintain at least 10 per cent of its fleet as alternative fuel vehicles or hybrid vehicles, as  
679 those terms are defined in said section 3 of said chapter 25A, shall not be eligible for the  
680 credit.

681 SECTION 14. Section 4 of chapter 64E of the General Laws, as appearing in the 2004 Official  
682 Edition, is hereby amended by striking out, in lines 9 and 10, the words "19.1 per cent of the  
683 average price computed to the nearest tenth of one per cent per gallon" and inserting in place  
684 thereof the following words:- 25 per cent less than the rate on fuel set forth in chapter 64A.

685 SECTION 15. Section 2 of chapter 90 of the General Laws, as so appearing, is hereby amended  
686 by inserting after the tenth paragraph the following paragraph:-

687 Upon application, the registrar shall furnish an energy independence placard or sticker  
688 bearing a designation to be determined by the registrar to any person who is the title or  
689 lease holder of a qualified hybrid or alternative fuel vehicle, as those terms are defined  
690 in section 3 of chapter 25A, and who meets the requirements of this paragraph. The  
691 placard or sticker shall be of a size and design to be determined by the registrar and shall  
692 be numbered and contain identifying features and specifications as the registrar

693 considers appropriate. The authorized user shall permanently affix the placard or sticker  
694 to the vehicle so as to be readily visible in accordance with instructions provided by the  
695 registrar from time to time. The registrar may impose a reasonable fee for the costs  
696 associated with the processing of applications and the issuance of placards or stickers.  
697 The Massachusetts Turnpike Authority shall make available to all holders of placards  
698 Fast Lane toll transponders and shall waive the initial application fee associated with the  
699 acquisition of the transponder. A city or town may, by by-law or ordinance, grant  
700 municipal parking at a reduced rate or without charge to holders of the energy  
701 independence placard or sticker.

702 SECTION 16. Section 7A of said chapter 90, as so appearing, is hereby amended by inserting  
703 after the fifth paragraph the following paragraph:-

704 The emissions and maintenance inspection programs provided for in this section shall  
705 not apply to a qualified hybrid or alternative fuel vehicle or clean alternative fuel if the  
706 vehicle obtains a rating from the United States Environmental Protection Agency of at  
707 least 50 miles per gallon during city fuel economy tests unless remote sensing devices  
708 indicate the hybrid or alternative fuel vehicle may not meet current emissions standards.  
709 The commissioner shall promulgate such regulations as may be required to implement  
710 this exemption.

711 SECTION 17. Section 142M of chapter 111 of the General Laws, as so appearing, is hereby  
712 amended by inserting before the definition of "Commissioner" the following definition:-

713 "Clean alternative fuel vehicle" shall mean natural gas, hydrogen or electricity when  
714 used as a motor vehicle fuel or propane when used as a motor vehicle fuel if such a  
715 vehicle meets the federal fleet emissions standards under the federal Clean Air Act or  
716 any emissions standards adopted by the commissioner of environmental protection as  
717 part of the commonwealth's implementation plan under the Clean Air Act.

718 SECTION 18. Section 221 of Chapter 112 of the General Laws is hereby amended by inserting  
719 after the words "and any other residential housing components" in the definition of "Home  
720 Inspection" the following new text:-

721 " , as well as home energy score."

722 SECTION 19. Chapter 143 of the Massachusetts General Laws is hereby amended in section  
723 94, clause h, by inserting after the word "ninety-six;" the following new text:

724 "and including the energy conservation code,"

725 SECTION 20: Chapter 143, of the Massachusetts General Laws is hereby amended by adding in  
726 section 94, after clause (l), the following new clause:-

727 (m) To adopt, at least once every three (3) years, the latest edition of the model energy  
728 conservation code, the International Energy Conservation Code (IECC), published by  
729 the International Code Council. No amendments to the Massachusetts energy  
730 conservation code shall be adopted that increase energy consumption in buildings.

731 SECTION 21. (a) There shall be established at the University of Massachusetts, the  
732 Commonwealth Alternative Fuels Institute, for the purpose of researching and developing  
733 hybrid and alternative fuel vehicles and alternative fuels and any related technology and

734 components involved in the production, conversion, operation and maintenance of hybrid and  
735 alternative fuel vehicles and hybrids.

736 (b) The Institute shall have among its primary goals the development and commercialization of  
737 the vehicles, fuels, equipment and technology for the purposes of deriving environmental  
738 benefits, reducing dependence on conventional fossil fuels and facilitating economic growth.

739 (c) The Institute shall be governed by policies and operating procedures developed and  
740 maintained by the president of the university and its board of trustees, together with the  
741 governing bodies of each subdivision of the university assigned to engage in the operations of  
742 the Institute.

743 (d) Subject to appropriation, the Institute shall engage in projects as determined to be feasible  
744 by its advisory board, and may issue requests for proposals and enter into cooperative research  
745 agreements in carrying out this act.

746 (e) There shall be an advisory board of the Institute, comprised of: the president of the  
747 University of Massachusetts or his designee, who shall also serve as the chairperson; the  
748 secretary of environmental affairs or his designee; the secretary of economic affairs or his  
749 designee; the secretary of transportation or his designee; the general manager of the  
750 Massachusetts Bay Transportation Authority or his designee; a representative of the regional  
751 transit authorities; 3 members to be appointed by the governor, 1 of whom shall represent the  
752 business community, 1 of whom shall have expertise in environmental issues and 1 of whom  
753 shall represent consumers; 2 members appointed by the president of the university, each having  
754 expertise in relevant science and technology; 1 member of the senate and 1 member of the  
755 house of representatives. Each appointed member shall serve for a term of 3 years, and shall be  
756 eligible to be appointed for consecutive terms.

757 (f) The Institute shall undertake a comprehensive industry needs assessment, in consultation  
758 with the advisory board, of businesses engaged in the research, development or production of  
759 alternative fuel vehicles and hybrids, alternative fuels and related components and technologies.  
760 The assessment, which shall be completed not later than 6 months after the effective date of this  
761 act, shall include, but not be limited to the following:

- 762 (1) the identities of industry participants and a characterization of their business activities  
763 involving hybrid and alternative fuel vehicles and related technologies and components;
- 764 (2) current or projected impediments to the growth and development of industry participants;
- 765 (3) feasible means by which state government, including the commonwealth's institutions of  
766 higher education, may assist industry participants;
- 767 (4) potential collaborative efforts between the commonwealth and industry participants,  
768 including industry-sponsored research and development and the securing of public and private  
769 research funds;
- 770 (5) potential sources and uses of federal government funding for research and development  
771 including, but not limited to, funding opportunities contained in any federal renewable or  
772 alternative energy legislation.

773 SECTION 22. The Massachusetts Turnpike Authority shall develop a plan, in consultation with  
774 the executive office of transportation, for the availability of alternative fuel at each fueling  
775 facility or service terminal on the Massachusetts Turnpike. The plan shall provide for  
776 availability not later than January 1, 2012. Should the authority determine that facilitating the  
777 availability is not feasible, it shall report the findings, together with the reasons therefor, to the  
778 house and senate committees on ways and means and the joint committee on transportation not  
779 later than January 31, 2006.

780 SECTION 23. (a) The commissioner of energy resources, in consultation with the secretary of  
781 administration and finance, the secretary of transportation, the general manager of the  
782 Massachusetts Bay Transportation Authority, a representative of the regional transit authorities,  
783 the secretary of economic affairs, the secretary of environmental affairs, and the operation  
784 services division, shall develop a statewide master plan for the advancement of hybrid and  
785 alternative fuel vehicles and related technology.

786 (b) The plan shall encompass a 10-year period beginning in 2007, and shall be divisible in  
787 increments of not less than 5 years. The plan shall take into account the geographic diversity of  
788 the commonwealth, its present and projected demographics, present and projected transportation  
789 needs and infrastructure, and current, emerging and foreseeable alternative fuel and vehicle  
790 technologies.

791 (c) The plan may establish goals for areas such as the purchase and use of hybrid and alternative  
792 fuel vehicles and hybrids by the commonwealth, its political subdivisions, private commercial  
793 fleets and citizens, the development of fueling facilities, and technologies, and the production,  
794 import action or distribution of alternative fuels.

795 (d) In addition, the plan shall identify strategies and corresponding methods of achieving its  
796 identified goals together with necessary administration and legislative actions. The plan shall be  
797 reported to the clerks of the senate and house of representatives not later than 18 months  
798 following the effective date of this act.

799 SECTION 24. The secretary of administration and finance through the division of operational  
800 services, in consultation with the commissioner of energy resources, shall enter into contracts  
801 and agreements with the manufacturers or providers of hybrid or alternative fuel vehicles as

802 may be necessary for the purchase or lease of the vehicles, or aftermarket conversion equipment  
803 or technologies in order to comply with this act.

804 SECTION 25. The commissioner of energy resources shall annually develop a directory of  
805 alternative fuel vehicles, equipment and services available for purchase by public entities.  
806 The directory shall include vehicles available for heavy, medium and light duty usage, as well  
807 as the spectrum of alternative fuels available, as defined in section 3 of chapter 25A of the  
808 General Laws, and the appropriate applications, estimated costs, and positive and negative  
809 aspects of each vehicle and fuel. To the extent possible, the directory shall contain photographs  
810 of the available vehicles.

811 The directory shall be produced and promulgated in a manner reasonably devised to assist in  
812 promoting awareness and the utilization of alternative fuel vehicles by the commonwealth and  
813 its political subdivisions and shall be made available to municipalities and agencies of the  
814 commonwealth to assist in the identification and acquisition of hybrid and alternative fuel  
815 vehicles. The catalog shall be made available to nongovernment entities but the commissioner  
816 may impose a reasonable fee consistent with the cost of reproducing the catalog.

817 SECTION 26. The secretary of economic affairs, in consultation with the executive office of  
818 transportation and the division of energy resources, shall evaluate the feasibility and desirability  
819 of any methods which could be utilized by the commonwealth in order to provide incentive for  
820 or incubate the production of alternative fuel vehicles and equipment within its borders. The  
821 evaluation shall include, but not be limited to, the potential economic benefits of the production,  
822 including job growth, and the potential environmental benefits associated with the production  
823 and increased distribution of alternative fuel vehicles and equipment in the commonwealth.

824 The secretary shall report the findings of the evaluation, and its recommendations, if any,  
825 together with drafts of legislation necessary to carry such recommendations into effect, to the  
826 clerks of the senate and house of representatives not later than 1 year after the effective date of  
827 this act.

828 SECTION 27. Not later than December 31 of each year, the Massachusetts Bay Transportation  
829 Authority shall file with the clerks of the senate and house of representatives and the joint  
830 committee on economic development and emerging technologies a report indicating its  
831 utilization of hybrid and alternative fuel vehicles and related technologies. The report shall  
832 include, but not be limited to, the increased costs or savings, if any, associated with the use of  
833 the vehicles, the amount of fuel used and conserved by the use of the vehicles, the emissions  
834 rates for the vehicles and other vehicles in the fleet and the positive and negative factors, if any,  
835 associated with their use.

836 The report shall identify any impediments to the use of the vehicles and technologies and shall  
837 include any legislative recommendations to address those impediments.

838 SECTION 28. The operational services division, in consultation with the executive office of  
839 transportation, the secretary of administration and finance, the division of energy resources, the  
840 Massachusetts Bay Transportation Authority and regional transit authorities, shall study the  
841 feasibility of developing and implementing a system to facilitate the mass purchase of  
842 alternative fuel vehicles by the commonwealth and its political subdivisions. The study shall  
843 include, but not be limited to, the potential cost savings to be derived from the system, the cost  
844 of its administration, appropriate purchasers to participate in the system and the probability of  
845 its utilization by those purchasers.

846 The operational services division shall report the findings of the study, and its recommendations  
847 if any, together with drafts of legislation necessary to carry such recommendations into effect,  
848 by filing the same with the clerks of the senate and house of representatives not later than 1 year  
849 after the effective date of this act.

850 SECTION 29. There shall be a special commission to report on the expanded use of biodiesel  
851 fuel in the commonwealth. The commission shall consist of 1 member to be appointed by the  
852 department of environmental protection; 1 member to be appointed by the department of  
853 telecommunications and energy; 1 member to be appointed by the division of energy resources;  
854 2 members to be appointed by the senate president; 1 member to be appointed by the senate  
855 minority leader; 2 members to be appointed by the speaker of the house of representatives; 1  
856 member to be appointed by the minority leader of the house of representatives; and members to  
857 be appointed by the governor to provide appropriate consumer, environmental, and industry  
858 representation. The commission shall submit a report and recommendations to the secretary of  
859 environmental affairs; office of commonwealth development; the joint committee on  
860 telecommunications, utilities, and energy; the joint committee on environment, natural resources  
861 and agriculture; the joint committee on state administration and regulatory oversight; and the  
862 house and senate clerks by June 30, 2006. The commission shall conduct a study of the current  
863 impediments in state and federal law and regulation to the certification, licensure and  
864 availability for sale in the commonwealth of highly efficient diesel passenger vehicles under the  
865 California LEV II standards and potential methods to address such impediments. It shall also  
866 examine barriers and opportunities for widespread use of biodiesel and low-sulfur biodiesel  
867 fuels for motor vehicles, heating, and other appropriate uses in the commonwealth. From this  
868 study the commission shall submit a plan for the expanded use of biodiesel and low-sulfur

869 biodiesel fuels in the commonwealth and proposals for new regulations and laws to expand the  
870 use of biodiesel where feasible and appropriate.

871 SECTION 30. Hybrid and alternative fuel vehicles which display a special identifying placard  
872 issued under section 12 may travel in high occupancy vehicle or HOV lanes. This section shall  
873 expire 3 years following the effective date of this act.

874 SECTION 31. Section 11 shall be in effect for taxable years 2006 to 2010, inclusive.

875 SECTION 32. Section 13 shall be in effect for taxable years 2005 to 2015, inclusive.

876 SECTION 33. Section 14 shall be in effect for taxable years 2005 to 2010, inclusive.