

## **BILL SUMMARY**

**BILL NO:** House 4373/Senate 2468 (S. 2768 Conference Report)

**TITLE:** An Act Relative to Green Communities

**SPONSOR:** Speaker DiMasi, et. al.

**COMMITTEE:** Telecommunications, Utilities and Energy

**HEARING DATE:** Monday, April 2, 2007

**PRIOR HISTORY:** New Bill

**CURRENT LAW:**

General Law Chapters 25, 25A, 40J, 164, 166A, etc, and numerous Special Acts.

**SUMMARY:**

**SECTION 1:** Directs the state to replace state-owned and operated vehicles, with vehicles having above-average fuel efficiency for new vehicles within their size class, as determined by the Federal government.

**SECTION 2:** Directs the Commissioner of the Division of Capital Asset Management and Maintenance (DCAMM) to minimize life-cycle costs in new construction.

**SECTION 3:** Establishes the Regional Greenhouse Gas Initiative (RGGI) Auction Trust Fund.

**SECTION 4:** Codifies the Office of the Ratepayer Advocate under the Attorney General to intervene in proceedings affecting ratepayers.

**SECTION 5:** Directs the Board of Registration of Home Inspectors, the State Board of Building Regulations and Standards, the Executive Office of Energy and Environmental Affairs (EOEEA) and the Energy Efficiency Council to develop regulations to require documents to be provided to buyers at the time of closing outlining the procedures and benefits of a home energy audit.

**SECTION 6:** Technical change regarding the Department of Energy Resources (DOER).

**SECTION 7:** Amends Chapter 21A by adding sections 21 and 22:

Section 21: Requires the Secretary of the EOEEA to design and implement a bidding process for competitive procurement of electric generation.

Section 22: Authorizes EOEEA and DOER to offer RGGI allowance for sale by auction and identifies how auction proceeds shall be disbursed.

**SECTION 8:** Allows land designated by the town with the potential for Class I renewable development to be considered as an economic target area.

**SECTION 9:** Gives the Department of Public Utilities (DPU) the authority to periodically audit utility companies.

**SECTION 10:** Adds Section 18A to Chapter 25 that allows assessments to be collected from steam distribution companies under jurisdictional control of the DPU.

**SECTION 11:** Amends Chapter 25 by striking out sections 19 and 20 and inserting in place section 19, 20, 21 and 22.

Section 19: This section requires EOEEA to require a mandatory charge per kilowatt-hour for all electricity and gas consumers of the Commonwealth, except those consumers served by a municipal lighting plant which does not supply generation service outside its own service territory or does not open its service territory to competition at the retail level, to fund energy efficiency activities.

Section 20: This section requires EOEEA to require a mandatory per kilowatt-hour for all electricity consumers of the Commonwealth, except those consumers served by a municipal lighting plant which does not supply generation service outside its own service territory or does not open its service territory to competition at the retail level, to support the development and promotion of clean and renewable energy projects, and allows municipal lighting plants to elect to assess and remit the mandatory charge to access the funds available through the Massachusetts Renewable Energy Trust Fund (MRET).

Section 21: Directs the DPU to ensure that the Commonwealth's electric and natural gas resource needs will first be met through all available energy efficiency and demand resources that are less expensive than supply. The cost of supply will be determined by the Department with consideration of the average cost of generation to all customer classes over the previous 24 months. No later than March 20, 2008 and every three years afterwards, the electric distribution utilities and municipal aggregators with certified efficiency plans will jointly prepare an electric Efficiency Investment Plan and the natural gas distribution utilities will jointly prepare a gas plan.

Section 22: Establishes the Energy Efficiency Advisory Council.

**SECTION 12:** Amends Chapter 25A by striking out the first three sections and inserting in place the following three sections:

Section 1: Establishes the Department of Energy Resources within EOEEA.

Section 2: Vest in the Department of Energy Resources all the duties and authority currently vested with the Division of Energy Resources. Within the Department there will be three

divisions: a Division of Energy Efficiency, a Division of Renewable and Alternative Energy Development, and a Division of Green Communities.

Section 3: Definitions.

**SECTION 13:** Technical change regarding annual report from DOER.

**SECTIONS 14-21:** Technical changes regarding DOER.

**SECTION 22:** Amends Chapter 25A by striking out section 10 and inserting in place section 10 and 10A:

Section 10: Establishes a Green Communities Program within the Division of Green Communities to provide technical and financial assistance in the form of grants and loans to municipalities and other local governmental bodies qualifying Green Communities.

Section 10A: Directs DOER to design and implement a competitive procedure for the procurement of electric generation from clean energy generating facilities on behalf of municipalities seeking assistance with the procurement. Any competitive bids received will include payment options with rates that remain uniform for a minimum of 5 years. In place of designing and implementing a competitive bidding process, the Director may become a member of one or more programs organized and administered by the Massachusetts Health and Educational Facilities Authority or its subsidiary organization for the purpose of competitive group purchasing of electricity.

**SECTION 23:** Amends Chapter 25A by striking out section 11C and inserting in place section 11C:

- (a) Authorizes a public agency to contract for the procurement of energy management services for a term of 20 years or less.
- (b) Allows local government bodies may contract for the procurement of energy management services.
- (c) Public agency may cancel a request for qualifications when it determines that the cancellation or rejection may serve the best interests of the public agency.
- (d) Commissioner shall enforce these provisions.

**SECTION 24:** Technical change regarding DOER.

**SECTIONS 25 & 26:** Technical changes regarding the DPU.

**SECTION 27:** Technical change regarding Committee reference.

**SECTIONS 28 & 29:** Technical changes regarding DOER.

**SECTION 30:** Technical change regarding the DPU.

**SECTION 31:** Technical change regarding Committee reference.

**SECTION 32:** Amends Chapter 25A by striking out Section 11F and inserting in place section 11F and 11F 1/2:

Section 11F: Amends the existing Renewable Energy Portfolio Standard (RPS). DOER will establish a RPS for all retail electricity suppliers selling electricity to end-use customers in the Commonwealth. Defines Class I and Class II renewable energy generating source and requirements thereof.

Section 11F ½: Establishes an alternative energy portfolio standard (APS) for all retail electricity suppliers selling electricity to end-use customers in the commonwealth.

**SECTION 33:** Technical change regarding DOER.

**SECTION 34:** Technical change regarding the DPU.

**SECTION 35:** Technical change to Section 11G of Chapter 25A.

**SECTION 36:** Technical change regarding DOER.

**SECTION 37:** Amends Chapter 25A by striking out and replacing section 11I. Establishes an alternative energy procurement process for state agencies, local government bodies or building authorities to achieve energy savings.

**SECTIONS 38 & 39:** Technical changes regarding Committee references.

**SECTIONS 40-42:** Technical changes regarding DOER.

**SECTION 43:** Technical change to Section 13 of Chapter 25A.

**SECTION 44:** Amends Chapter 25A by adding section 14 and 15:

Section 14: Allows a state agency, building authority, or local governmental body to contract for energy conservation projects that have a total project cost of \$100,000 or less.

Section 15: Allows a state agency, building authority or local governmental body with a total project cost of less than \$100,000 to acquire photovoltaic panels and associated equipment for onsite use of energy generated by these panels.

**SECTION 45:** Technical change regarding DOER.

**SECTION 46:** Technical change regarding the DPU.

**SECTION 47:** Technical change regarding DOER.

**SECTION 48:** Technical change to Section 3 of Chapter 40J.

**SECTION 49:** Amends Chapter 40J by striking out and replacing section 4E. Establishes the MRET. All amounts from section 20 of Chapter 25 and any income derived from the investment of the amounts collected shall be credited to the fund for the public purpose of generating the maximum economic and environmental benefit from renewable energy to the ratepayers of the Commonwealth. Establishes a governing board and a 5 year strategic plan. Gives the board authority to expend the money in furtherance of public purposes.

**SECTION 50:** Extends the financing term for municipalities for efficiency, alternative, or renewable improvements from 10 to 20 years.

**SECTION 51:** Amends section 1 of Chapter 90 by inserting the definition of “alternative fuel” and “alternative fuel vehicle” (AFV).

**SECTION 52:** Amends section 1 of Chapter 90 by inserting the definition of “hybrid vehicle”.

**SECTION 53:** Amends the definition of a hybrid vehicle to achieve an increase of 25 percent fuel efficiency as compared to the average vehicle of its class as defined by the United States Environmental Protection Agency.

**SECTION 54:** Requires local building inspectors to have a general knowledge of the energy requirements as part of the International Energy Conservation Code (IECC).

**SECTION 55:** Requires State Board of Regulations and Standards to adopt, within one year of its being updated, the latest edition of the IECC as part of the State Building Code.

**SECTION 56:** Clarifies that the Department of Telecommunications and Cable (DTC) will enforce chapter 159 (common carries) with respect to telecom, and DPU with respect to everything else.

**SECTION 57:** Amends Chapter 164 definitions.

**SECTION 58:** Allows electric and distribution companies to own or operate solar facilities, but only for solar up to 25 MW for the first year and 50 the second and thereafter. Requires electric and distribution companies to file with DPU. The DPU must assess the program by 2011, and this is sunsetted in 2012.

**SECTION 59:** Sunsets the section that allows electric companies to own solar renewable generation.

**SECTION 60:** Requires notification of competitive electric suppliers at time of change of utility service, move, or inquiry into efficiency or rates.

**SECTION 61:** Amends section 1E of Chapter 164 by increasing service quality penalties from 2% to 2.5%.

**SECTION 62:** Technical change regarding DOER.

**SECTION 63:** Technical change to make correct reference to basic service.

**SECTION 64:** Ensures that residential customers eligible for low income discount rates receive service on demand, and requires discos to periodically notify all customers of the availability and method for obtaining low income discounts.

**SECTION 65:** Technical change regarding Committee reference.

**SECTION 66:** Clarifies that energy related services of municipal owned companies are separate activities from municipal generation supply services.

**SECTIONS 67 & 68:** Clarifies that companies subject to plant damage system administration include steam distribution companies.

**SECTION 69:** Authorizes the DPU to oversee and review utility company mergers at holding company level.

**SECTIONS 70-73:** Updates meter reading for utility company practices.

**SECTION 74:** Technical change regarding DOER.

**SECTION 75:** Technical change to make correct reference to basic service.

**SECTIONS 76 & 77:** Replaces standard offer with new relevant term of basic service.

**SECTION 78:** Establishes net metering. Promotes on-site generation through financial incentives. DOER will continue to remove any impediments to the development of efficient, low-emissions distributed generation taking into account the need to appropriately allocate any associated costs in a fair and equitable manner.

**SECTION 79:** Adds Chapter 164B to Chapter 164 that allows DPU oversight of steam distribution companies.

**SECTION 80:** Corrects references from the Governor's reorganization.

**SECTIONS 81 & 82:** Makes a reference change to the correct section for energy management services.

**SECTION 83:** Establishes a 5 year pilot in which electric companies shall enter into long term contracts of 10-15 years with renewable generators.

**SECTION 84:** Establishes a pay and save pilot program to allow utility customers to purchase and install renewable generation products by paying over time through their utility bills.

**SECTION 85:** Establishes a smart grid pilot program.

**SECTION 86:** Provides retail access to competitive suppliers of renewable generation.

**SECTION 87:** Establishes a special commission to study the use of construction and demolition (C&D) material in the renewable portfolio standard as it relates to the Massachusetts RPS.

**SECTION 88:** Establishes a commission to examine environmental and economic impact of instituting a green building plan for the Commonwealth.

**SECTION 89:** Establishes a commission to examine the siting of energy facilities in the Commonwealth.

**SECTION 90:** Requires DOER to establish a pilot program to assist consumers with the purchase of energy efficient items for residential home modifications through low-interest loans.

**SECTION 91:** Requires DPU and DOER to report on the effectiveness of the system benefit charge

**SECTION 92:** Requires DPU to hold a public hearing relative to the maintenance and improvements of gate boxes of gas utilities and a public hearing relative to maintenance and repair standards for distribution systems of investor-owned electric and gas utilities.

**SECTION 93:** Allows for payments to be directed towards the Green Communities Program and grants for commonwealth based programs that develop renewable generation, flywheel storage, and energy generation educational programs.

**SECTION 94:** Requires DPU to assess effectiveness of allowing electric companies to own solar renewable generation and make recommendations to the legislature on continuing, expanding, or eliminating this program.

**SECTION 95:** Exempts certain companies who have filed with the Federal Energy Regulatory Commission (FERC) before the effective date of this act, from the merger provisions contained in this bill.

**SECTION 96:** Requires DOER in consultation with DCAMM to establish methodology for life-cycle cost analysis by July 1, 2009

**SECTION 97:** Efficiency First Advisory Council must undertake study of energy efficiency and demand response programs by December 31, 2009.

**SECTION 98:** Requires DPU to establish terms for non-utility suppliers for programs by September 1, 2009.

**SECTION 99:** Requires Mass Turnpike to develop a plan for availability of AFV stations on the Pike by January 1, 2014.

**SECTION 100:** Requires state transportation authorities and officials along with DOER to develop a statewide master plan for advancement of hybrid and AFV.

**SECTION 101:** Requires the MBTA to study the feasibility of incorporating AFV and hybrids into its fleet

**SECTION 102:** Requires DPU to hold a public hearing and report on the impacts of competitive retail supply marketplace on the existing default service adjustment mechanism.

**SECTION 103:** Requires electric companies to file compliance plan on the requirements in section 1D of chapter 164 that requires them to provide billing services for competitive suppliers.

**SECTION 104:** Requires each electric distribution company to file a compliance plan by April 1, 2010.

**SECTION 105:** Renewable energy generation outside of ISO New England.

**SECTION 106:** Requires the Secretary of EOEAA to make recommendations regarding what supplemental funds, if any, will be expending for the Low Income Home Energy Assistance Program. The recommendations will include recommended funding levels and funding sources.

**SECTION 107:** Requires DOER to conduct a study on the current barriers to establishing municipal electric utilities.

**SECTION 108:** Directs DOER to collaborate with UMass Boston to establish an educational outreach pilot program designed for communities to further goals of this bill.

**SECTION 109:** Directs DPU to open an investigation and study of Ex Parte communication during proceedings.

**SECTION 110:** Requires that gas and electric companies maintain low income allocation amounts under their efficiency plans for 3 years after those plans expire.

**SECTION 111:** Provides reporting deadlines for the first round of the utilities' energy efficiency plans.

**SECTION 112:** On or before March 1, 2009, the Department of Environmental Protection (DEP) and DOER will promulgate RGGI regulations.

**SECTION 113:** Grandfathers in current multi-year agreement on greenhouse gas emissions.

**SECTION 114:** Host communities language – effective for tax years January 2009-2011.

**SECTION 115:** DEP ability to withhold vintage year allowances from auction to transition to RGGI.

**SECTION 116:** Establishes energy goals for the Commonwealth.

**SECTION 117:** Competitive bidding effective date of July 1, 2008.

**SECTION 118:** RPS effective dates of January 1, 2009.

**SECTION 119:** APS effective date of January 1, 2009.

**SECTION 120:** IECC effective date of six months after the effective date of this Act.

**SECTION 121:** Home energy audit effective date of one year after the effective date of this Act.

**SECTION 122:** Solar renewable generation effective date of June 30, 2012.

**SECTION 123:** Hybrid vehicle fuel efficiency of 25 percent effective date three years after the effective date of this Act.

**SECTION 124:** Governor's Reorganization technical correction effective date of April 10, 2007.