
Clean Energy Standard (CES) Stakeholder Meetings: Options for Amending the CES

October 23, 24, and 25, 2017



Stakeholder Process Schedule

Meeting Schedule:

1:00 PM on Monday, October 23 at MassDEP's Boston Office

- Amending the CES: The 2016 Energy Diversity Act
- Amending the CES: The "CES-E"

2:00 PM on Tuesday, October 24 at MassDEP's Worcester Office

- Amending the CES: Municipal Utilities
- Amending the CES: The 2016 Energy Diversity Act
- Amending the CES: The "CES-E"

10:00 AM on Wednesday, October 25 at MassDEP's Boston Office

- Amending the CES: Municipal Utilities

Comment Deadlines:

- Amending the CES: The 2016 Energy Diversity Act – **October 30**
- Amending the CES: The "CES-E" – **November 30**
- Amending the CES: Municipal Utilities – **November 30**



CES Requirements (from fact sheet)

- Sets a minimum percentage of electricity sales that utilities and competitive suppliers must procure from clean energy sources. Begins at 16% in 2018 and increases 2% annually to 80% in 2050.
 - RPS Class I compliance counts toward the CES (13% in 2018, increasing 1% per year to 45% in 2050).
- Allows for compliance using clean energy credits (CECs) or alternative compliance payments (ACPs).
- Requires eligible clean energy generators to be RPS-eligible or:
 - Demonstrate net lifecycle GHG emissions of at least 50% below those from the most efficient natural gas generator (e.g., hydro, nuclear, etc.);
 - Be located in the ISO-NE control area, or be located in an adjacent control area and utilize new transmission capacity;
 - Have commenced commercial operation after December 31, 2010.



CES Requirements (from fact sheet)

- Includes limited grandfathering of existing contracts between competitive suppliers and customers.
- Allows banking of clean energy credits (CECs) for use after 2020.
- Requires MassDEP to review options in 2017 for addressing existing (pre-2010) resources and municipal utilities, and complete a program review by December 31, 2021.



CES Changes from Proposal (from fact sheet)

- The final CES does not include requirements for municipal utilities beyond already-required emissions reporting and the study referenced above. In the proposed rule, they were required to comply beginning in 2021.
- Limited grandfathering of existing contracts between competitive suppliers and customers has been added to accommodate electricity sold under existing contracts in 2018 and 2019.
- For years 2018 – 2020, the ACP rate is being increased to 75% of RPS amount to reflect the importance of achieving reductions by 2020. Beginning in 2021, the ACP rate will be 50% of the RPS amount, as proposed.
- The use of banked CECs is not allowed until 2021.



Key CES Implementation Steps

- 2017
 - Create existing (“grandfathered”) contracts form (submit by 12/31/17)
 - Create Statement of Qualification form
- 2018
 - Implement changes to NEPOOL-GIS
- 2019
 - Finalize compliance process (deadline 7/1/19)
- MassDEP staff are coordinating with MA Department of Energy Resources staff to ensure consistency with similar Renewable Portfolio Standard requirements.



Review of Options for Amending the CES

Not later than December 31, 2017, the Department shall complete a review, including an opportunity for public comment, of options for including generators that meet all requirements of 310 CMR 7.75, except for the commercial operation date requirements in 310 CMR 7.75(7)(a)2. and (b)1., in the clean energy standard. This review shall also examine options for including annual standards for MEDs and MLBs in the clean energy standard.

- 310 CMR 7.75(10)



Amending the CES: The 2016 Energy Diversity Act

Description of Option:

- Amend the CES so that energy procured pursuant to the Energy Diversity Act is a CES-eligible resource.
(see stakeholder discussion document for additional details)

Stakeholder Question:

- Are there any other policy implications with amending CES eligibility to include clean energy generation procured to align with the Energy Diversity Act implementation?



Amending the CES: The CES-E

Description of Option:

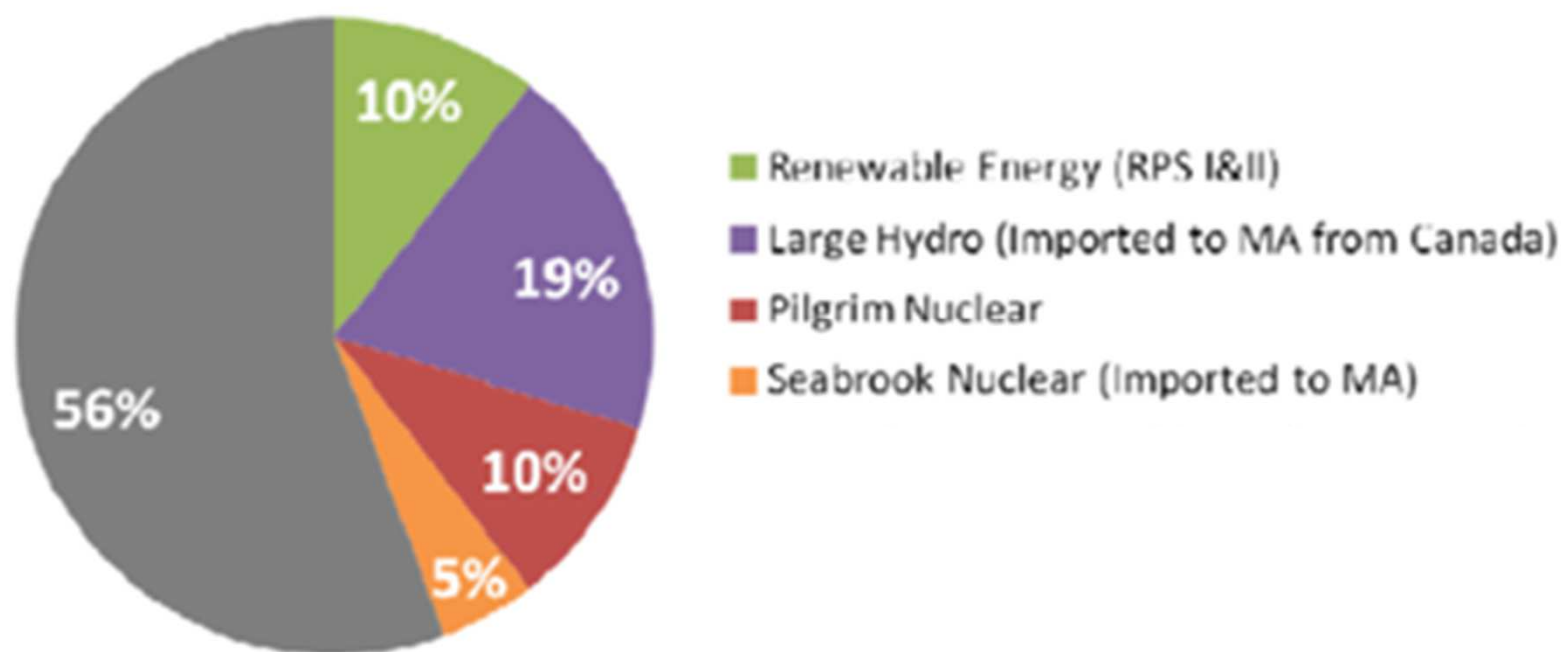
- Amend the CES to add a separate requirement to support existing clean generators.
(see stakeholder discussion document for additional details)

Stakeholder Questions:

- Is the CES-E approach described in the discussion document an appropriate approach for supporting existing clean generators?
Are there other viable approaches?
- Are there eligibility requirements that are particularly important, such as limits on the size or location of clean generators, or technology-specific requirements?



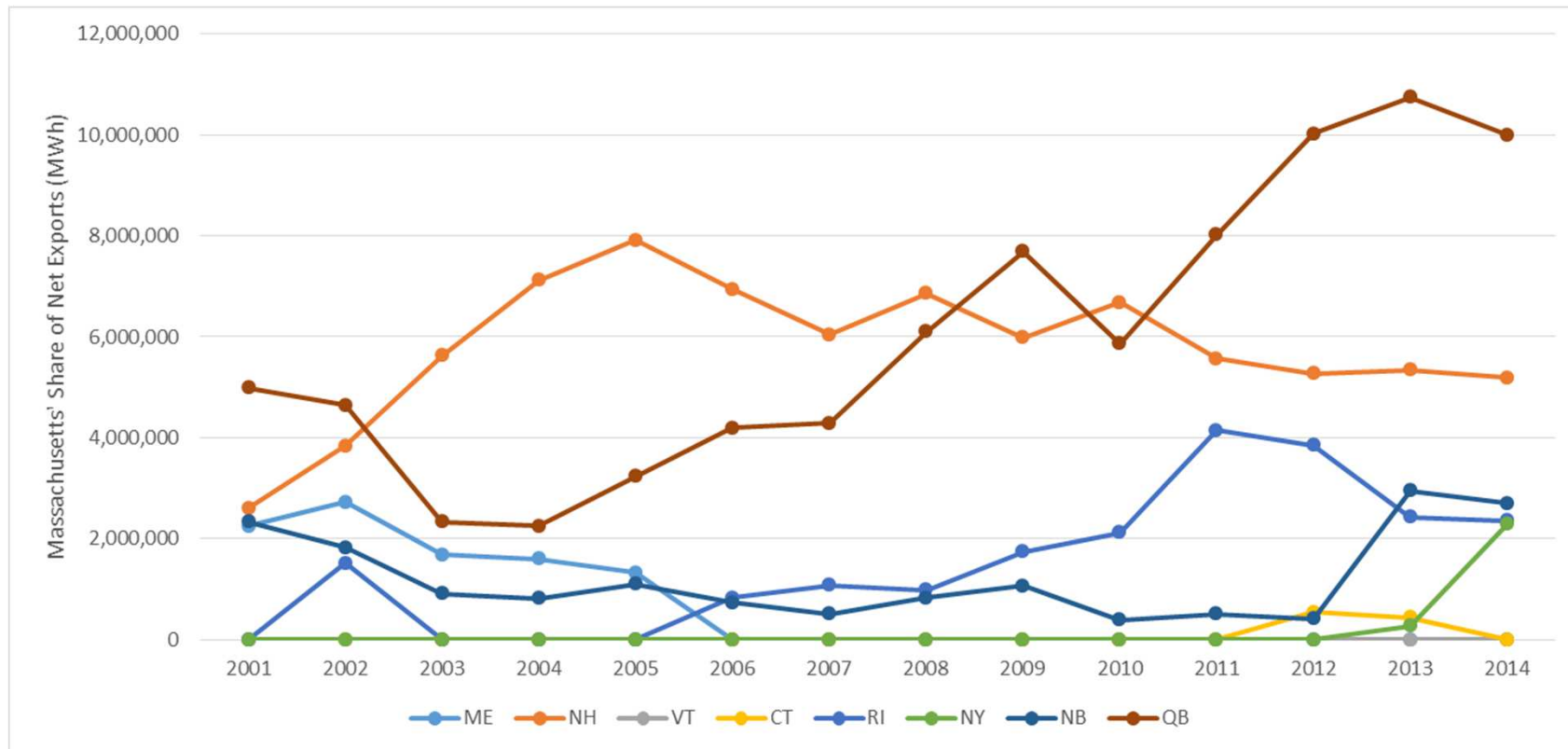
Major Sources of Clean Electricity, 2012



Calculated based on MassDEP 2012 GHG Emissions Inventory. Percentages are illustrative and would be refined and updated if used for further policy development.



Sources of “Imported” Electricity Consumed in MA



Quantities are from “Emissions from Electricity Consumed in Massachusetts” spreadsheets, a component of MassDEP’s GHG Inventory. Methodology includes adjustment for settlement of renewable energy certificates.



Amending the CES: Municipal Utilities

Description of Option:

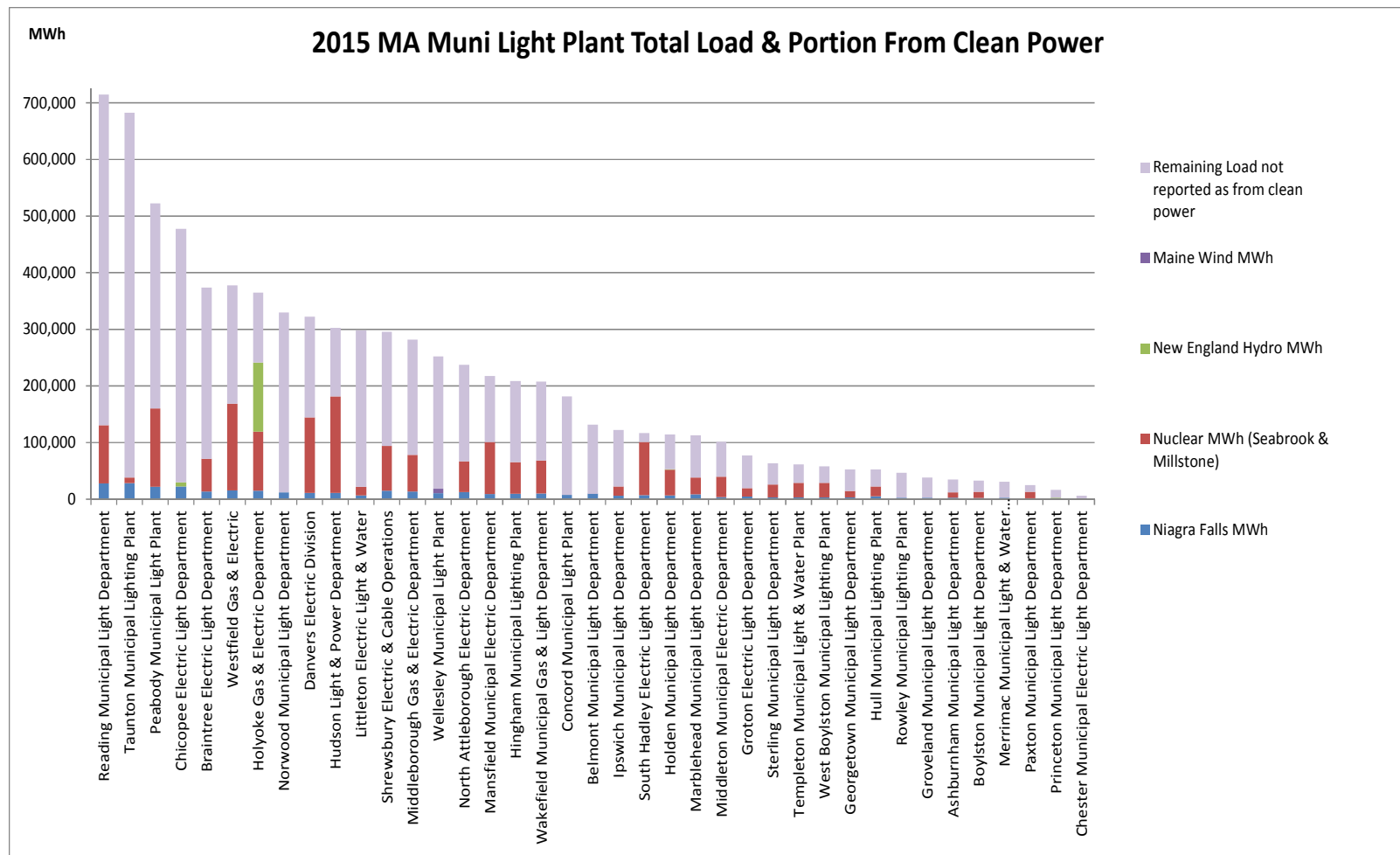
- Amend the CES to establish standards for municipal utilities.
(see stakeholder discussion document for additional details)

Stakeholder Questions:

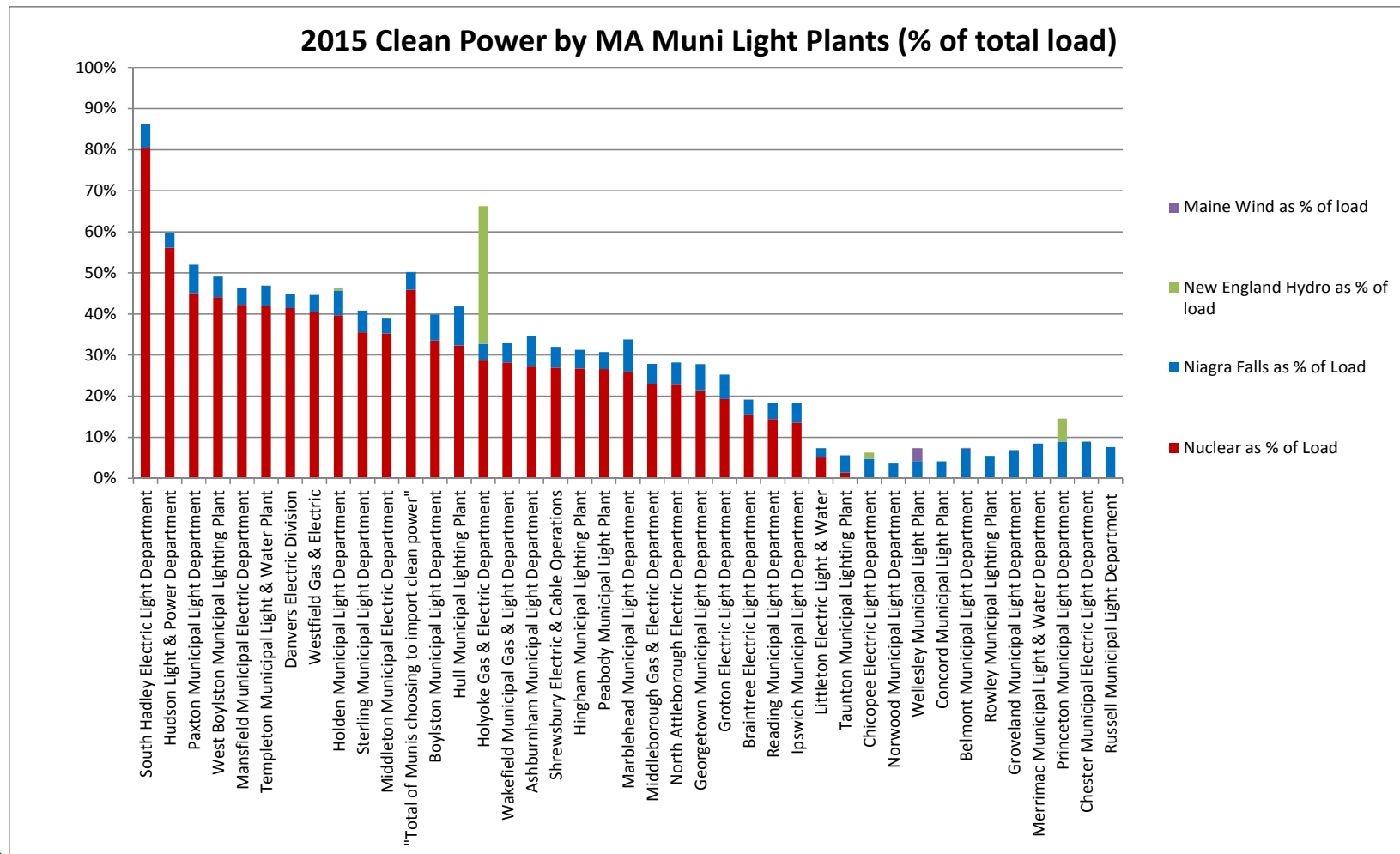
- What are the issues to consider as they relate to including municipal utilities in the CES? How could a CES-E address municipal utilities' relationships with existing clean generators?
- What are the relevant contractual issues faced by municipal utilities as we consider options?
- What are the legal issues to be considered?



Municipal Utilities: Load and Clean Power



Municipal Utilities: Clean Power



Information posted at: <http://www.mass.gov/eea/agencies/massdep/climate-energy/climate/ghg/ces.html>

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