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

March 14 and 19, 2019



Stakeholder Process Schedule

Meeting Schedule:

Thursday, March 14, at MassDEP's Worcester Office

- 1:00 PM - CES Background; Increasing the stringency of the CES
- 1:30 PM - The “CES-E”
- 2:00 PM - Applying the CES to municipally-owned utilities

Tuesday, March 19, at MassDEP's Boston Office

- 1:00 PM - CES Background; Increasing the stringency of the CES
- 2:00 PM - The “CES-E”
- 3:00 PM - Applying the CES to municipally-owned utilities

Comment Deadline: Friday, March 29, 2019



Background: Expanding the CES

- 310 CMR 7.75(10) required a review in 2017 of options for addressing “existing” (pre-2010) generators and municipal utilities.
- The Global Warming Solutions Act 10-year Progress Report, issued by the Massachusetts Executive Office of Energy and Environmental Affairs stated *“In the 2040s, assuming existing clean resources such as regional nuclear power plants and pre-2020 imported hydropower remain on line, the 80% standard will be sufficient to ensure that Massachusetts’s electricity supply is almost completely decarbonized in 2050”* and listed the following recommendations and next steps:
 - *Partner with municipal light plants to advance GHG emission reductions, including review of phasing in CES.*
 - *Explore expanding eligibility to include existing (pre-2010) generators.*
- Expanding the CES would ensure that Massachusetts’ electricity supply is almost completely decarbonized in 2050.



Background: Key CES Requirements

- The Clean Energy Standard (CES) regulation, 310 CMR 7.75, requires distribution companies and competitive suppliers to procure certificates to demonstrate the use of clean energy to generate the electricity that they sell in Massachusetts.
 - Qualified clean energy includes post-2010 low-emitting generation, Renewable Portfolio Standard (RPS) Class I-qualified generation, and generation procured pursuant to the 2016 Energy Diversity Act.
 - The standard increases 2% per year, from 16% in 2018 to 80% in 2050 (of which RPS requires 13% in 2018 and 55% in 2050).
 - The regulation includes an alternative compliance payment (ACP) option, based on 75% of the RPS Class I ACP amount in 2018-2020, and 50% thereafter.



Background: CES Implementation Update

- First compliance deadline is 7/1/19.
 - MassDEP staff are working with MA Department of Energy Resources staff to simplify and coordinate training and the compliance process.
 - The CES regulation includes amended GHG emissions reporting requirements for retail electricity sellers.
 - MassDEP will provide additional submittal information to retail sellers well in advance of the compliance deadline.
- CES attribute has been added to NEPOOL-GIS certificate tracking system for all CES-qualified generation.
- As allowed by 310 CMR 7.75, MassDEP will exempt from the 2018 and 2019 standards electricity sold under certain contracts executed prior to promulgation of the CES.



Increasing the Stringency of the CES in 2020

- Market conditions indicate that sufficient supply exists in the regional certificate market to support a small increase in the standard in 2020 and 2021 without triggering the use of ACPs for compliance.
- Increasing the standard above the current regulatory requirement of 20% in 2020, for example to 21% or 22%, could provide additional reductions to help ensure compliance with GWSA emissions limits.

Stakeholder Questions:

- Do you support increasing the stringency of the standard in 2020 and 2021?
- Is an increase of 1-2% appropriate?
- Are there any particular issues or information that should be considered in determining whether to increase the standard?
- How should existing electricity supply contracts be treated if this modification is made?



The CES-E: Description

- A “CES-E” that encourages retention of existing non-emitting imports to Massachusetts could be structured to:
 - Require retail electricity sellers to annually procure certificates from pre-2010 generators in an amount equal to 15% of current electricity sales.
 - Qualify generators if they:
 - Meet the CES emissions threshold, but are excluded by CES “vintage” requirements for post-2010 generation or post-2017 transmission.
 - Are located in a state or adjacent control area that has consistently been a significant exporter of clean energy to Massachusetts, on a net annual basis (i.e., Quebec and NH).
 - Do not have an announced retirement date.
 - Include an ACP of, for example, 15% of the RPS Class I ACP.
- Regular program reviews could be used to ensure long term alignment among the CES, CES-E, and the need to decarbonize electricity generation by 2050.

The CES-E: Stakeholder Questions

- Do you support implementing the CES-E concept?
- Is a stringency of approximately 15% of current electricity sales reasonable?
Should the standard be expressed in % or MWh?
- Are the proposed eligibility requirements reasonable with respect to:
 - Location?
 - Vintage?
- Should there be special provisions to address the possibility of a significant CES-E retirement that would affect the CES-E market, or attempt to limit the number of MWh an individual generator may contribute in a year?
- How could smaller hydro generators in NH and MA be included without encouraging certificate “shuffling?”
- If MLPs are added to the CES, should they be subject to the CES-E?
- Are there ways to coordinate this policy with other states?



Municipal Utilities: Description of Options

- The CES requirements could be applied to municipal light plants (MLPs) beginning in 2021, with modifications to:
 - Phase in the standard over time
 - The approach proposed in 2016 included a phase-in schedule starting at approximately 6% in 2021 and rising to 80% in 2050.
 - Address existing contracts with and ownership of “existing” (pre-2010) hydro and nuclear generators.
 - The approach proposed in 2016 exempted these MWh from covered electricity sales, thereby reducing the compliance obligation in proportion to the number of exempt MWh. Under this approach, these MWh are not counted toward compliance.
- Exempt the smallest MLPs.
- Implement a reporting-only requirement, to support future consideration of including MLPs
 - Reporting of clean energy purchases or other methods to meet GWSA goals could be required.
 - A program review requirement could be used to ensure that the data is used to inform future consideration of including MLPs.



Municipal Utilities: Stakeholder Questions

- Do you support including MLPs in the CES?
- Do you support the phase-in schedule that was proposed in 2016 (6% in 2021 rising to 80% in 2050)? A different schedule?
- Do you support exempting the smallest MLPs?
- How should contractual and ownership relationships with “existing” (pre-2010) nuclear and hydro facilities be addressed?
 - Count all non-emitting MWh toward compliance? (i.e., MLPs with sufficient nuclear and hydro MWh in a particular year could comply without the use of “new” clean energy.)
 - Subtract non-emitting MWh from covered electricity sales? (i.e., All MLPs must increase new clean energy purchases every year.)
- Do you support the reporting-only approach, making reporting of clean energy mandatory?
- Is there any way to accommodate municipal RE projects that sell RECs without double counting?



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

Staff Contact: Will Space
william.space@mass.gov
617-292-5610

Jordan Garfinkle
jordan.garfinkle@mass.gov
617-292-5904

Comments and questions to: climate.strategies@mass.gov

Comment Deadline: Friday, March 29, 2019

