



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

TechNet Northeast | Telephone 774.230.6685
One Beacon Street, Suite 16300, Boston, MA 021081
www.technet.org | @TechNetNE

December 4, 2020

Hon. Patrick Woodcock
Commissioner
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: TechNet Comments on 2020 APS Minimum Standard Review

Dear Commissioner Woodcock,

On behalf of TechNet's member companies, I respectfully submit our response to the Department of Energy Resources' (DOER) solicitation of public comments regarding its review of the Alternative Portfolio Standard (APS) minimum standard, published on the DOER website on November 5, 2020. In particular, we urge DOER to continue supporting fuel cell technology while making program adjustments that ensure a robust APS market.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. Our diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over three million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance.

Electricity is the lifeblood of the technology economy. These industries require electricity that is not just economical and clean, but electricity that is successfully delivered without interruption. The APS program has been instrumental in encouraging adoption of clean, efficient and resilient fuel cell systems in Massachusetts, but the recent decline in Alternative Energy Certificate (AEC) prices caused by oversupply hinders their financial viability. The study by Daymark Energy Advisors commissioned to review the APS program focused on combined heat and power (CHP) and renewable thermal, which together produce the vast majority of AEC supply.

Fuel cells are a proven technology that are used by entities with some of the highest reliability requirements in the world. Through recent extreme weather events and other power outages, facilities protected by fuel cell-powered microgrids have been able to continue operating uninterrupted. In addition to the important high-tech industries in Massachusetts, this includes hospitals, supermarkets and other facilities that are

increasingly considered “critical facilities” amid the pandemic. We support policies that help to realize the full range of benefits from fuel cells, which include increased community preparedness and resilience, energy cost savings, and reduced combustion-related air pollution.

Supply of AECs is already outpacing demand and the imbalance is predicted to grow significantly. According to the Daymark study, CHP is the largest contributor to AEC supply, and renewable thermal makes up the next largest share. With respect to CHP, the report concluded that the technology is economically viable without support from the APS program, and can achieve net financial benefits after 5-years.

A key hurdle that APS has historically helped overcome is the upfront cost associated with installing APS-qualified systems. Renewable thermal systems benefit from APS just like all other eligible technologies; however, in cases where biofuels that qualify as renewable thermal are a matter of fuel-switching only, these projects do not require significant, if any, upfront capital expenditure. All other APS-eligible technologies do, highlighting the importance of a robust AEC market to the financial viability of projects with high upfront costs – for those without upfront costs, APS can be a windfall rather than a critical support. And unlike non-combustion energy from fuel cells, combustion of liquid biofuels creates local air pollution such as NO_x and particulate matter. Recent studies add to a growing body of evidence that combustion-related pollutants such as NO_x, SO₂ and particulate matter are even more harmful to human health than previously believed, and that the burdens are borne disproportionately by economically-disadvantaged communities.

It is our belief that the APS program was working as intended and providing needed support for APS-eligible technologies until the oversupply of AECs adversely affected the market. We respectfully request that DOER correct the supply/demand imbalance caused by renewable thermal and CHP, and make no changes to the other aspects of the program.

We appreciate the opportunity to provide input on this important issue. Thank you for your consideration of our comments. Please do not hesitate to contact me if I can be helpful.

Sincerely,



Christopher Gilrein
Executive Director, Massachusetts and the Northeast
TechNet
cgilrein@technet.org