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A non-profit Association of Industrial, Commercial, Institutional and Governmental Large Energy Users

Samantha Meserve
Department of Energy Resources
100 Cambridge St.
Boston, MA 02114

Re: 2020 APS Minimum Standard Review Comments

Ms. Meserve:

The Energy Consortium commends the Department of Energy Resources for reviewing its programs periodically to determine if they are successful in lowering the carbon output in Massachusetts.

We refute some of the findings in the Daymark Report on the Alternate Energy Portfolio Standard. The report discusses the redirection of Alternate Energy Certificates toward other forms of energy efficient installations without reviewing the carbon reduction characteristics of CHP. The report states that CHP has a payback within a year of installation, that it has no emissions reduction connected to it and that perhaps it should be eliminated as a participant in the Alternate Energy Portfolio. The report sees little importance in the role of CHP in helping Massachusetts meet its GHG achievement.

We believe it is important to point out the value of CHP to the goal of the program. As an organization whose members utilize CHP to supplement its use of electricity, it is important that the Department consider the importance of CHP in the role CHP plays in facilitating the transition of energy usage to an efficient, reliable, lower carbon producing resource. CHP is important in climate control because it uses fuel more efficiently. It is possible for it to use the same fuel to produce heat and electricity at the same time. AECs have played an important role in our decision making about the viability of CHP for our businesses and institutions.

CHP is important for our facilities because it provides us with reliability and resilience. All of our facilities require reliability and power quality. Many of them are involved in health care and life saving research. Others have businesses that employ many Massachusetts residents and need CHP to make sure their production runs can operate reliably and continually in many cases.

CHP provides grid stability and can lower growth pressure on transmission and distribution infrastructure, especially with the current push to electrification. They can also be instrumental on facilitating the integration of renewables to the grid mix. Reducing the economic feasibility of CHPs would slow that process.

Resiliency is very important to Massachusetts in this time of adverse weather conditions as a result of climate change. CHP plays a key role in the distribution network. Not only does CHP support the institution that installs a CHP unit but it helps to flatten the electric load on the electric grid by reducing the amount of electricity needed at surrounding sites and reduces transmission and distribution needs.

CHP reduces emissions significantly. The Daymark report claims that, "In the cases modeled CHP does not provide any emissions benefits" ¹. One must note that in the cases modeled, Daymark shares very few assumptions. One of the primary reasons an institution or business installs CHP is due to its energy efficiency and emissions reduction. As described above, our members want to do the right thing while assuring that they

¹Page 6 of the Daymark report

have an adequate, reliable energy supply. Apparently the Daymark report uses average emissions factors for the region. When CHP is analyzed for inclusion in its energy supply, the calculations of emissions from the facility are included because organizations have GHG goals. The appropriate comparison uses the Emitting Local Marginal Unit because each unit is displacing the marginal unit needed to satisfy the electric load at the given time. Calculations show emissions results from a CHP to be as much reduction as 28%.

Another concern TEC has with the report is the assumption by Daymark that CHP does not need an incentive to build and operate, because its payback is lower than 1 year. Daymark says that "CHP systems are currently economic without the support of the APS."² Later they say that, "...CHP do(sic) not require support of the APS in order to achieve net benefits over a 5 year period."³ Our members refute this in that no major project such as CHP has a payback that is that low and an estimate of the APS is included in analysis used for the calculation of CAPEX and OPEX. The figures in both instances we believe are grossly underestimated. The CHP units of most TEC members exceed the lowest model that Daymark reviewed and the cost of the other models appear to understate both the cost of the unit and its installation and the operating cost connected to using it. CAPX does not appear to include installation cost including permitting, architecture, etc. The OPEX cost appears to be dramatically reduced also. Daymark also comments on the availability of the ITC to offset costs. Many of The Energy Consortium members are non-profits so ineligible for receipt of the ITC. It is also important to remember that when planning for an installation that involves as much cost as a CHP unit the uncertainty of the incentive provided may impair the project so that financing becomes a problem.

To minimize customer financial anxiety, TEC suggests that the DOER consider grandfathering all CHP facilities currently participating in the APS or planning a CHP installation. More importantly, the DOER should consider delaying the release of the updated APS until the Daymark study is reviewed by other stakeholders.

Please note that these comments partially answer the DOER questions. Specifically, questions 1, 3, 8 and 9.

For these reasons we applaud the APS review of program and TEC is interested and willing to participate in the stakeholder process.

Respectively submitted,



Roger Borghesani, Chairman

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² Page 6 Daymark Report

³ Page 6 Daymark Report