



VIA EMAIL TO DOER.APS@mass.gov

December 4, 2020

Ms. Samantha Meserve
Mass. Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: 2020 APS Minimum Standard Review Comment

Dear Ms. Meserve:

Pursuant to 225 CMR 16.07(3), the Massachusetts Department of Energy Resources (the "DOER") is required to complete a review of 225 CMR 16.00, the Alternative Energy Portfolio Standard ("APS"), including a public comment period, no later than December 31, 2020 ("2020 APS Minimum Standard Review"). The review must include, but is not limited to, an examination of the costs and benefits of the APS to ratepayers, an examination of the effectiveness of the program in meeting the energy and environmental goals of the Commonwealth, and an evaluation of whether the Minimum Standard or its rate of increase, as established in 225 CMR 16.07(2), should be adjusted. As an initial step in this review, the DOER commissioned Daymark Energy, LLC ("Daymark") to conduct an independent analysis and report of the APS program ("APS Report"). Daymark finalized the APS Report on October 30, 2020. In order to supplement the information from the APS Report, the DOER opened, on November 5, 2020, a public comment period as part of its 2020 APS Minimum Standard Review to seek feedback from stakeholders on a series of questions published in conjunction with the APS Report.

NSTAR Electric Company ("NSTAR Electric"), NSTAR Gas Company ("NSTAR Gas") and Eversource Gas of Massachusetts ("EGMA") each d/b/a Eversource Energy ("Eversource")(collectively, the "Companies") appreciate the opportunity to provide comments to the DOER as it examines the effectiveness of the APS. Eversource operates New England's largest utility system serving approximately 3.9 million electric and natural gas customers in Massachusetts, Connecticut and New Hampshire. In order to meet its obligations to provide vital public services at a reasonable cost, Eversource ensures system reliability and safety standards are maintained in compliance with national, regional, and industry standards and policies.

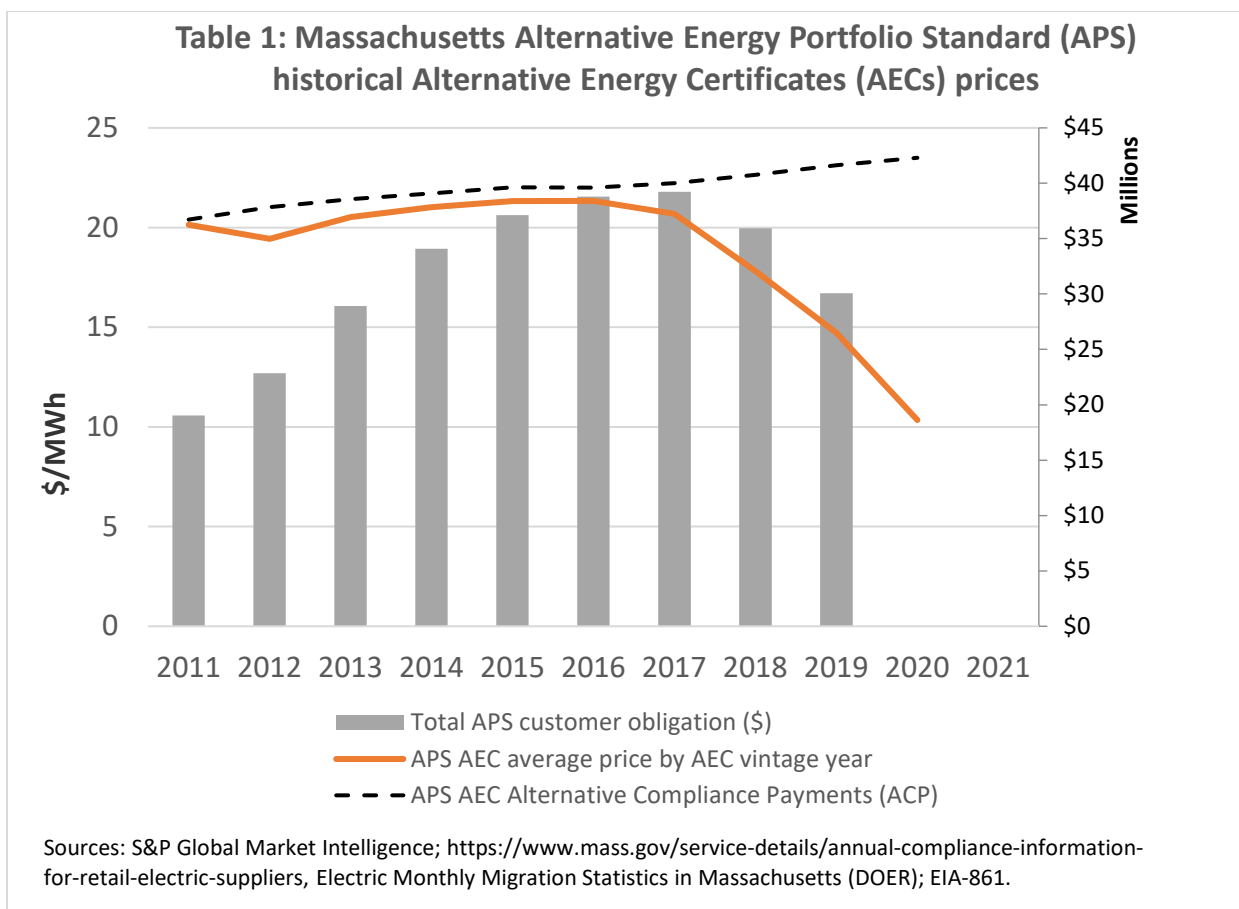
Eversource views clean energy as a critical element of the energy mix in New England, with costs to customers remaining fair and reasonable. The Company is committed to continuing to serve as a clean energy catalyst in the region and is, therefore, actively investing in solar, storage, and electric vehicle infrastructure, and offering comprehensive energy efficiency programs, including heat pumps, as a means of advancing critical Commonwealth energy policies. As the Commonwealth progresses towards achieving its environmental and energy goals, Eversource, as a trusted partner, is evaluating new and

emerging technologies and programs to serve its natural gas customers, including demand response programs, geothermal technology, hydrogen, and the use of renewable and responsible natural gas (“RNG”). In September 2020, Eversource filled the Director of Clean Gas Technologies position, which is a new role responsible for advancing all clean technologies to achieve Eversource’s carbon neutrality goals and Commonwealth clean energy mandates from the gas business unit perspective. As demonstrated by its varied renewable and clean energy investments across its operating companies, Eversource is fully committed to continuing as an engaged partner in helping the Commonwealth meet its 2050 climate goals.

The APS is an important component of the Commonwealth’s environmental and energy policies, and Eversource is supportive of the continuation of the APS and the benefits it provides to customers and the Commonwealth as a whole. As an overarching principle, Eversource agrees with Daymark’s conclusion that the DOER should undertake further stakeholder engagement to assess the APS Report recommendations, including additional public comment, before commencing the promulgation of updated APS regulations (APS Report at 8). While the initial public comment period represents an excellent first step, further robust and comprehensive discussion of the issues and recommendations identified in the Daymark Report and EDC/LDC, industry associations, such as Northeast Gas Association, environmental groups and other stakeholders’ initial comments will focus and enhance any proposed revisions to the APS. Eversource also notes that on-going initiatives in other regulatory forums, including the Department of Public Utilities’ investigation into the future of the natural gas industry, may elicit additional information that can inform the DOER’s review of the APS.

As noted above, Eversource is supportive of the APS and the benefits it provides to customers. The initial comments below are offered in order to continue to maintain a balance between advancing the Commonwealth’s clean energy policies and, consistent with the Companies’ public service obligation to provide customers with safe and reliable service at a reasonable cost to customers, ensuring that costs to customers are reasonable.

As shown in table 1 below, from 2018 to the present, total economic costs of the APS began trending downward. In December 2017, the DOER completed a rulemaking that increased the supply of Alternative Energy Certificates (“AEC”). The category of technologies that are eligible to participate in the APS was broadened to include renewable thermal, fuel cells and waste-to-energy thermal. Since this increase in supply, Eversource has observed a reduction in the cost of AEC, indicating market forces are working for the benefit of customers.



In assessing the state of the APS and potential revisions to the program, the DOER should be cognizant of program complexity and its potential impact of program participation and execution. Increased complexity can create uncertainty leading to lower participation and, therefore, lower supply and higher costs. DOER should strive to simplify the APS wherever possible.

As part of the ongoing analysis into the APS recommended by Daymark in the APS Report, and supported by the Companies, the DOER should ensure that any potential APS modifications do not limit the number of suppliers of AEC credits. Limiting the number of suppliers, either intentionally or inadvertently, could result in a few suppliers obtaining market power and raising prices for customers, as had been experienced in the past in the RPS class II waste-to-energy credits market. Historically, there had been only two suppliers in that market and those suppliers often quoted prices approaching the ACP ceiling, driving up costs for customers. Fortunately for customers, new suppliers have recently begun participating in the RPS class II waste-to-energy credits market.

Eversource appreciates DOER's careful examination of the APS and its consideration of these initial comments. Consistent with the recommendation advanced by Daymark in the APS Report, the DOER should conduct further stakeholder engagement to assess the recommendations contained in the APS Report, as well as any relevant information elicited in other regulatory initiatives in the Commonwealth. Following this engagement, any proposed modifications to the APS should be further vetted and enhanced through an additional comment(s) process, consistent with provisions of G.L. c. 30A, §2.

If you have any questions, please don't hesitate to reach out to Jeffery Waltman, if related to the electric business, or Nikki Bruno, if related to the gas business.

Thank you,



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