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*Delivery by Email*

Will Lauwers & Samantha Meserve  
Massachusetts Dept. of Energy Resources  
100 Cambridge St., Suite 1020  
Boston, MA 02114

**Subject: Alternative Energy Portfolio Standard Straw Proposal**

Dear Will & Samantha:

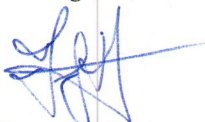
Green Harbor Energy appreciates the efforts by the DOER to effectuate changes to the MA APS program and the opportunity to comment on the proposed changes. In the context of the environmental goals of the Commonwealth and on behalf of our clients, Green Harbor views the general structure of the revisions proposed in the strawman favorably and agrees with the DOER in its overall approach. However, we do believe some of the specific numerical values of the revisions warrant further review and potential changes.

First, we are concerned that the increase in the compliance standard from 5.75% to 7.50% in 2023 may not be sufficient to result in market prices necessary to properly incentivize investment. Due to anticipation of much higher prices, we believe there will be three significant reactions by the market: high levels of banking of MA APS credits in 2022, large quantities of renewable thermal projects in 2023 that have delayed qualification and more generation from existing CHP systems that have been undergoing maintenance outages and plant changes while prices are low. An increase of the compliance standard in 2023 to 8% or 8.5% should be considered.

Second, we believe the factors applied to the phase down of natural gas-fired generation should be less severe in the first years of their application. An immediate 30% reduction in year 2023 as part of the phase out could create two issues. Foremost, we have witnessed a significant drop in production from our base of CHP clients, about 25%, due to the current low prices for AECs. Throughout rest of this decade, CHP systems will provide lower CO2 emissions than the NE ISO grid, therefore, it would be counter-productive to the Commonwealth's emission goals to remove incentives for CHP production prematurely. Furthermore, many of the recently installed CHP systems have not received the AEC revenue expected when investments were made. It is important that DOER programs are viewed to be fair and predictable, otherwise, commercial, industrial and institutional entities will be less likely to participate in programs that can help the Commonwealth achieve its energy and environmental goals. Beginning with a factor of 0.9 with a slower decline in the early years and a more accelerated decline in the later years should be considered.

Green Harbor Energy appreciates your consideration regarding these important issues.

Best regards,



Thomas J. Flynn  
Senior Vice President