

**COMMONWEALTH OF MASSACHUSETTS**

**DEPARTMENT OF ENERGY RESOURCES**

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MASSACHUSETTS CLEAN PEAK  
STANDARD

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APRIL 12, 2019

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**COMMENTS OF  
RETAIL ENERGY SUPPLY ASSOCIATION  
RE STRAW PROPOSAL**

The Retail Energy Supply Association (“RESA”)<sup>1</sup> hereby submits its comments in response to the Department of Energy Resources’ (“Department” or “DOER”) April 2, 2019 Clean Peak Standard Straw Proposal.<sup>2</sup> RESA appreciates the opportunity to comment on this important matter.

**INTRODUCTION**

RESA is a non-profit organization and trade association that represents the interests of its members in regulatory proceedings in the Mid-Atlantic, Great Lakes, New York and New England regions. RESA members are active participants in the retail competitive markets for electricity, including the Massachusetts retail electric market. Several RESA member companies are licensed by the Department of Public Utilities (“DPU”) to serve residential, commercial and industrial customers in Massachusetts and are presently providing electricity supply to customers in the Commonwealth. As such, RESA and its members have an interest in ensuring that the

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<sup>1</sup> The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).

<sup>2</sup> Clean Peak Standard Straw Proposal (Apr. 2, 2019) (“Straw Proposal”).

creation of the new Clean Peak Standard program (“Program”) does not have an adverse effect on RESA members, their customers, or the continued success of the retail electric market in Massachusetts.

## **BACKGROUND**

On August 9, 2018, Governor Baker signed into law An Act to Advance Clean Energy (“Act”),<sup>3</sup> which directed the Department to develop a program requiring retail electricity providers to meet a baseline minimum percentage of sales with qualified clean peak resources that dispatch or discharge electricity to the electric distribution system during seasonal peak periods, or alternatively, reduce load on the system.<sup>4</sup> Pursuant to the Act, the Department is charged with developing regulations that establish:

- seasonal peak periods;
- a minimum standard for retail electricity providers;
- a value for clean peak certificates by creating an alternative compliance payment (“ACP”) rate and potentially other mechanisms; and
- a metering and verification protocol to ensure that all data is collected, reviewed and reported in a consistent manner.<sup>5</sup>

After reviewing available information, the statutory definition of clean peak resource,<sup>6</sup> and a number of other factors, the Department determined that approximately 0 MWh were being served by existing clean peak resources during peak load hours as of December 31, 2018, and established the 2019 Minimum Standard percentage requirement at zero percent (0%).<sup>7</sup> However, any clean peak resource with a commercial operation date on or after January 1, 2019

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<sup>3</sup> Chapter 227 of the Acts of 2018.

<sup>4</sup> *Id.* at § 13(a).

<sup>5</sup> *Id.* at § 13(c).

<sup>6</sup> *See id.* at § 7 (defining clean peak resource as: “a qualified RPS resource, a qualified energy storage system or a demand response resource that generates, dispatches or discharges electricity to the electric distribution system during seasonal peak periods, or alternatively, reduces load on said system.”).

<sup>7</sup> *See* Establishment of Clean Peak Energy Standard Baseline and 2019 Minimum Standard E-mail Correspondence from Michael Judge, Director, Renewable and Alternative Energy Division, Department of Energy Resources to Clean Peak Energy Standard Stakeholders (Dec. 31, 2018) (“DOER CPS E-mail”).

that meets the standards of a clean peak resource during a seasonal peak period (as defined in the Clean Peak Standard regulations) may be permitted to generate clean peak certificates<sup>8</sup> that can be purchased in compliance year 2019 for use towards compliance requirements in 2020 or 2021.<sup>9</sup>

On January 16, 2019, the Department issued Clean Peak Standard Stakeholder Questions and sought responses to a set of questions intended to help with the development and design of the Clean Peak Energy Standard.<sup>10</sup> Various stakeholders, including RESA, responded to the Questions.<sup>11</sup> The Department incorporated the feedback received on the development of the Clean Peak Standard into the Straw Proposal, which it presented on April 2, 2019.<sup>12</sup> The Department invited stakeholder feedback on the Straw Proposal by April 12, 2019. RESA hereby submits its comments in response to the Straw Proposal.

## **COMMENTS**

In the Straw Proposal, the Department indicated its desire to implement the Program “in the most cost-effective manner for Massachusetts customers possible while reducing emissions.”<sup>13</sup> Generally, RESA and its members support the development of the Clean Peak Standard and can be a conduit for the Program’s success through the development and offering of innovative, renewable, and demand response products that aid in addressing system peaks. However, in order to mitigate the effects of the new Program and control ratepayer costs, as discussed more fully below, RESA urges the Department to ensure that the Program design

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<sup>8</sup> Chapter 227 of the Acts of 2018, § 7 (defining clean peak certificate as: “a credit received for each megawatt hour of energy or energy reserves provided during a seasonal peak period that represents a compliance mechanism.”).

<sup>9</sup> DOER CPS E-mail.

<sup>10</sup> *See, generally*, Clean Peak Standard (CPS) Stakeholder Questions (“Questions”).

<sup>11</sup> *See, generally*, Clean Peak Energy Standard Stakeholder Answers.

<sup>12</sup> *See, generally*, Straw Proposal.

<sup>13</sup> Straw Proposal, at 4.

avoids locking ratepayers into long-term commitments, provides for as much quantity and cost certainty as possible, and is developed prospectively and in a competitively neutral manner.

## **I. THE MINIMUM STANDARD SHOULD BE FIXED AND PREDICTABLE**

For 2019, the Department established a baseline Minimum Standard requirement of zero percent (0%).<sup>14</sup> In each subsequent year, the Department is required to establish a Minimum Standard requirement for retail suppliers that increases at a rate of at least 0.25% of total retail sales annually.<sup>15</sup>

In order to implement the Program “in the most cost-effective manner for Massachusetts customers possible,”<sup>16</sup> the Department should publish predictable quantity schedules to allow businesses to manage their affairs more effectively and reduce risk premiums. A formula or other methodology that fails to provide an easy and predictable method for determining compliance creates uncertainty that forces suppliers to estimate their compliance obligations and to include a significant premium in what they charge consumers to protect against that risk; thereby, increasing prices to ratepayers. Furthermore, if the compliance obligation is ultimately less than the suppliers estimated, customers will have paid more for Program compliance than was actually necessary.<sup>17</sup>

Conversely, by providing quantity and cost certainty, the Department can eliminate risk premiums associated with such uncertainty - resulting in lower prices for consumers. Thus, RESA urges the Department to provide both quantity and cost certainty regarding the Program’s compliance obligations. Otherwise, customer contracts are likely to include a substantial risk

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<sup>14</sup> See DOER CPS E-mail.

<sup>15</sup> Chapter 227 of the Acts of 2018, § 13(a); *see also* Straw Proposal, at 5.

<sup>16</sup> Straw Proposal, at 4.

<sup>17</sup> See, e.g., Revised Final 2019 SREC I and SREC II Minimum Standards E-mail Correspondence from Michael Judge, Director, Renewable and Alternative Energy Division, Department of Energy Resources to Solar Stakeholders (Sep. 5, 2018) (reducing the SREC-II Minimum Standard after the compliance year had already commenced).

premium to protect suppliers from future quantity risk. In particular, RESA requests that the Department adopt one of the following two proposals to eliminate or, at least, mitigate the uncertainty associated with the annual compliance obligation.

First, rather than using a formula or other methodology with unknown and unpredictable variables to calculate the compliance obligation, RESA proposes that the Department provide a schedule that allows suppliers to know *with certainty* at the time the Program regulations are adopted what their compliance obligations will be for the life of the Program. Such certainty will allow suppliers to make appropriate forward clean peak certificate contracting decisions and eliminate the need to include risk premiums in their customer contracts to cover quantity uncertainty.

Alternatively, if the Department requires flexibility to respond to changing conditions or to balance supply and demand, RESA proposes that, at the time the Program regulations are adopted, the Department publish a schedule that establishes the compliance obligation for at least the first three (3) years of the Program and then, each subsequent year, establish the compliance obligation for the compliance year three (3) years forward. If the Department does not provide quantity certainty for several years, customers with multi-year fixed price arrangements<sup>18</sup> will still be faced with increased risk premiums to account for the quantity uncertainty in the later years of those agreements. Conversely, by establishing a three (3) year forward compliance obligation, the Department can eliminate this risk premium in the majority of customer contracts.

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<sup>18</sup> See Energy Switch Massachusetts website (available at: <http://www.energyswitchma.gov>) (displaying multiple fixed price offers that extend thirty-six (36) months into the future) (last visited Apr. 12, 2019).

## II. THE DEPARTMENT SHOULD PROTECT EXISTING RATEPAYER EXPECTATIONS

In the Straw Proposal, the Department proposes to exempt retail load served under contracts executed prior to January 1, 2019.<sup>19</sup> However, as the Department most certainly appreciates, the competitive electricity market in the Commonwealth continues to advance and suppliers continue to enter into contractual obligations, often with multi-year terms of service, while new regulations are being proposed and promulgated by the Department. However, suppliers do not take market positions or enter into agreement terms with customers based simply on the announcement that a regulatory change may occur or even based on the release of proposed regulatory revisions. Rather, since announced or even proposed regulatory revisions are subject to change based on legislative considerations as well as the regulatory input process, suppliers take market positions and enter into agreements based only on actual regulatory requirements officially promulgated by the governing regulatory authority. In this way, customers are not exposed to undesirable contracting arrangements, unnecessary price increases and/or pricing volatility as a result of speculative regulatory changes that may never be adopted or that may be significantly modified through the regulatory process before such changes ultimately become effective.

In this case, this issue is further exacerbated by the fact that the Department has not given suppliers *any* indication of what their potential obligations may be<sup>20</sup> or the expected cost of those obligations.<sup>21</sup> Without this information, suppliers have absolutely *no* basis on which to even attempt to price the Clean Peak Standard into contracts that extend into 2020 and beyond.

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<sup>19</sup> Straw Proposal, at 5.

<sup>20</sup> Although suppliers are aware that there will be “a *minimum* annual increase in obligation of 0.25%,” the Department has not yet announced the exact amount of each year’s increase or even the amount of next year’s increase. *See* Straw Proposal, at 33.

<sup>21</sup> *See* Straw Proposal, at 32 (discussing the alternative compliance payment but not proposing the amount).

Accordingly, suppliers have entered into and continue to enter into agreements with customers that do not account for the Clean Peak Standard because suppliers do not know nor can they reasonably estimate their compliance obligations or the cost of such obligations beyond 2019.

Only once the Department officially promulgates the regulations for the Program will suppliers modify their market positions and/or the terms of their agreements with customers to account for the Clean Peak Standard.<sup>22</sup> Thus, RESA requests that the Department modify the Straw Proposal to exempt retail load served under contracts executed prior to the date that the Clean Peak Standard regulations are ultimately promulgated.

Furthermore, because suppliers enter into multi-year agreements,<sup>23</sup> even if the Department institutes the Program prospectively, customers with fixed-price arrangements could still be faced with unexpected price increases to account for the new obligation.<sup>24</sup> When a new obligation is imposed, it impacts existing contracts that were not priced to include such obligations and may have a term of service that extends over multiple years. While suppliers may have contractual and legal means to address change of law circumstances, these mechanisms will have a direct and immediate financial impact to customers who have contracted for a fixed-price and will now be subject to new and unanticipated charges that are not within their budgets. These unanticipated charges place customers in an untenable position as they may be required to pay these new and unanticipated costs per the terms of their contractual agreements. Moreover, they undermine the customers' underlying confidence that the competitive electricity market can

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<sup>22</sup> See Straw Proposal, at 34 (setting forth the anticipated implementation schedule, including a fourth quarter 2019 or first quarter 2020 timeframe for the promulgation of final regulations).

<sup>23</sup> See Energy Switch Massachusetts website (available at: <http://www.energyswitchma.gov>) (displaying numerous fixed price offers that extend 12-36 months into the future) (last visited Apr. 12, 2019).

<sup>24</sup> See, e.g., Chapter 227 of the Acts of 2018, § 13(a) (requiring that, for each year after 2019, “every retail electricity supplier in the commonwealth shall provide a minimum percentage of not less than an additional 0.25 per cent of sales by retail electricity suppliers in the commonwealth that shall be met with clean peak certificates, as determined by the department.”).

provide and deliver the type of pricing products they desire (which often include fixed-price products) and have contracted to meet their energy needs. The other alternative is for suppliers to enter into agreements in which they pass through the cost of Program compliance to customers. However, this type of contracting arrangement is not desirable to many customers because it does not provide budget certainty. These customers prefer fixed price contracts in which the risk of price fluctuations is placed on the suppliers.

Accordingly, consistent with its prior practice,<sup>25</sup> RESA requests that the Department create a compliance exemption (subject to suppliers providing appropriate documentation) from the Program's compliance obligation until the expiration of any contracts existing as of the effective date of the regulations establishing the new Program. In this way, the Department can establish a paradigm that protects existing stakeholder expectations.

### **III. ALTERNATIVE COMPLIANCE RATES SHOULD BE FIXED AND PREDICTABLE**

In the Straw Proposal, the Department contemplates an initial ACP price that would be designed to meet market needs, remain level for ten years, and decline annually thereafter.<sup>26</sup> RESA supports this proposal because it will allow the Department to implement the Program "in the most cost-effective manner for Massachusetts customers possible."<sup>27</sup>

An ACP recognizes that there may not be sufficient certificates available in the market at a reasonable price and, as a practical matter, places a ceiling on the price of certificates. In doing so, it avoids a small number of generators being able to artificially increase the price of certificates and the resulting costs borne by ratepayers. It also avoids consumers having to bear

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<sup>25</sup> See, e.g., 225 C.M.R. 14.07(2)(a), (3)(a); cf. 225 C.M.R. 14.09(g) (setting the ACP Rate for that portion of a supplier's SREC obligations that were contractually committed or renewed prior to January 1, 2010 to the RPS Class I ACP Rate for the applicable compliance year).

<sup>26</sup> See Straw Proposal, at 32.

<sup>27</sup> Straw Proposal, at 4.



the expense for clean peak energy at any price. Thus, RESA supports the inclusion of an ACP in the Clean Peak Standard.

RESA also supports an ACP that is fixed and known for ten years. Otherwise, suppliers will be faced with a constantly moving target that will not permit them to appropriately price their products. As a consequence, customers will always be subject to a significant risk premium as suppliers attempt to ensure they have adequately covered the costs of Program compliance.

#### **IV. RESOURCE ELIGIBILITY CRITERIA SHOULD BE WELL-DEFINED AND PREDICTABLE**

The Straw Proposal outlines eligibility criteria for resources to participate in the Program.<sup>28</sup> RESA supports the development of eligibility criteria that allow stakeholders to know with certainty whether resources are eligible for the Program. However, eligibility criteria should be used solely for the purpose of determining whether resources are qualified to participate in the Program and generate clean peak certificates. Simply because a resource qualifies to participate in the Program should not be a guarantee that the resource actually will sell clean peak certificates. The ability of a resource to sell its clean peak certificates in the market should depend on its competitiveness (for example, in terms of pricing) in the market. As the Straw Proposal recognizes, “[c]lean peak certificates *can* be sold to retail electricity suppliers.”<sup>29</sup> Accordingly, the Department should not increase retail electricity supplier obligations simply to ensure that all clean peak certificates that are generated are actually purchased. In fact, doing so, would undermine the Department’s goal of implementing the Program “in the most cost-effective manner for Massachusetts customers possible while reducing emissions.”<sup>30</sup>

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<sup>28</sup> Straw Proposal, at 6-10.

<sup>29</sup> Straw Proposal, at 3 (emphasis added).

<sup>30</sup> Straw Proposal, at 4.

**V. DEMAND RESPONSE CARVE-OUT RESOURCE ELIGIBILITY SHOULD BE WELL-DEFINED AND PREDICTABLE**

The Department is required to establish “a minimum percentage of clean peak certificates that must be derived from demand response resources.”<sup>31</sup> In the Straw Proposal, the Department offered potential parameters for demand response resources, including being able to measure and verify the reduction in load or energy delivered to a load or the grid for clean peak certificate generation and being connected to the Distribution System in Massachusetts.<sup>32</sup> The Department also noted that demand response resources “[c]ould potentially include energy storage, electric vehicle charging infrastructure, and all other responsive electric loads for which the response can be measured and verified.”<sup>33</sup> This is very amorphous. As a consequence, it is not currently clear how retail electricity providers would satisfy a demand response carve-out. The Department should establish clear parameters as to what will qualify as a demand response resource so that suppliers can ensure that they have satisfied the associated carve-out compliance obligation without having to engage in any independent analysis that could result in a different interpretation than that of the Department. To this end, as it has done with other programs, RESA encourages the Department to establish a qualifications process that makes resource owners responsible for demonstrating that their resources satisfy the requirements of the Program.<sup>34</sup>

**VI. THE PROGRAM SHOULD INCLUDE BANKING CONSISTENT WITH THAT PERMITTED FOR THE RPS**

In the Straw Proposal, the Department noted that clean peak certificates “are minted following the receipt and verification of the performance of qualified participating facilities for

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<sup>31</sup> See Chapter 227 of the Acts of 2018, § 13(c)(iii) (requiring “the establishment of a minimum percentage of clean peak certificates that must be derived from demand response resources”).

<sup>32</sup> See Straw Proposal, at 10.

<sup>33</sup> Straw Proposal, at 10.

<sup>34</sup> See, e.g., 225 C.M.R. 14.06 (establishing a qualification process for Class I RPS, SREC and SREC II resources).

the month.”<sup>35</sup> In addition to addressing minting of clean peak certificates, the Program should provide for banking of clean peak certificates, in a manner similar to that in which RPS provides for banking of renewable energy certificates (“RECs”).<sup>36</sup>

RESA urges the Department to incorporate banking provisions, which will reduce the cost of compliance and minimize the cost impacts to ratepayers. Without banking, the market for clean peak certificates will be limited not only by the number of clean peak generators but also by time. When supply is limited, prices increase. In order to provide a hedge against those price increases, suppliers should be permitted to bank clean peak certificates. Banking allows suppliers to meet their obligations in the most efficient and cost effective way and to manage their obligations as the amount of load they serve changes. Thus, RESA urges the Department to permit suppliers to bank clean peak certificates and to do so consistent with the RPS banking provisions. By providing this flexibility, the Department can reduce the cost of overall Program compliance; thereby, implementing the Program “in the most cost-effective manner for Massachusetts customers possible while reducing emissions.”<sup>37</sup>

## **VII. THE ELECTRIC DISTRIBUTION COMPANIES SHOULD NOT ENTER INTO LONG-TERM CONTRACTS FOR CLEAN PEAK RESOURCES**

Pursuant to the Act, in establishing certificate values, the Department “*may* include a process by which electric distribution companies competitively procure clean peak certificates from clean peak resources and enter into long-term contracts, subject to the approval of the department of public utilities.”<sup>38</sup> However, since long-term contracts are not required, RESA urges the Department to refrain from establishing such a process.

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<sup>35</sup> Straw Proposal, at 20.

<sup>36</sup> See 225 CMR 14.08(2).

<sup>37</sup> Straw Proposal, at 4.

<sup>38</sup> Straw Proposal, at 29 (emphasis added); Chapter 227 of the Acts of 2018, § 13(c) (same).

There are several misconceptions about long-term contracts. The first is that long-term contracts are needed to foster generation development. This is simply inaccurate. Numerous resources have been built using market-based mechanisms, including the renewable energy portfolio standards (“RPS”),<sup>39</sup> alternative energy portfolio standard (“AES”)<sup>40</sup> and Clean Energy Standard (“CES”).<sup>41</sup> Moreover, renewable energy technology is constantly evolving and improving as the industry innovates and develops cheaper ways to produce electricity. If the electric distribution companies (“EDCs”) are locked into long-term contracts, however, customers will be forced to pay too much and will be prevented from benefiting from lower cost renewable sources that may become available over time. In addition, long-term commitments put the Commonwealth in the position of picking winners and losers and effectively shutting various competitors out of the market for an extended period of time; thereby, limiting the availability of clean peak resources today and into the future. Thus, entering into long-term commitments for clean peak resources leaves little (if any) flexibility to pursue cheaper, cleaner technologies when they become available.

The second misconception is that long-term contracts will reduce prices. This is also inaccurate. In fact, long-term power purchase agreements also force consumers to bear investment risk and drive up the price for electricity. Renewable energy technology is constantly evolving and improving as the industry innovates and develops cheaper ways to produce electricity. Resource owners are no more anxious than any other entity to be the party left holding the risk of accepting contract terms less favorable than they would receive from selling on a shorter term basis in the market. Thus, resource owners will build these risks into the prices

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<sup>39</sup> See 225 C.M.R. 14.00 *et seq.*; 225 C.M.R. 15.00 *et seq.*

<sup>40</sup> See 225 C.M.R. 16.00.

<sup>41</sup> See 310 C.M.R. 7.75.

at which they are willing to enter into long-term contracts for clean peak resources. As a consequence, the prices of these long-term commitments will likely be at or near the ACP; thereby, increasing costs to ratepayers.

This effect will be exacerbated by the risk associated with customer migration. Prior to restructuring, when a regulated utility was the monopoly supplier to retail customers, it did not face a migration risk if it entered into long-term commitments and then prices fell. Today, if the EDCs predict higher long-term prices for clean peak resources and the market brings lower prices, ratepayers will be locked in to higher prices for several years. In that case, customers will have an incentive to migrate to competitive suppliers, leaving the EDCs to recover the cost of above-market commitments from their remaining Basic Service customers.<sup>42</sup> EDC attempts to collect this amount from a shrinking pool of Basic Service customers will raise rates even further and, in turn, induce further migration away from Basic Service. As a consequence, a smaller and smaller group of customers will be paying for these long-term commitments over time.

Moreover, even EDC long-term commitments that turn out to be below market prices for an extended period are problematic. First, they could have a negative effect on retail competition and technological innovation. Electric suppliers are justifiably very hesitant to enter a market and make the necessary long-term investment where there is regulatory uncertainty in the form of an ever lingering possibility that an EDC may be permitted to enter into ratepayer-subsidized long-term contracts that could substantially erode market incentives for customers to choose competitive supply. Further, creating a disconnect between retail prices and the actual market for clean peak resources will send inaccurate price signals to customers about the costs of these resources and their impact on customer bills. As a consequence, customers may not take steps to

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<sup>42</sup> 220 C.M.R. 17.06 (only permitting the net costs associated with long-term renewable energy contracts to be collected in non-bypassable rates to the extent the EDCs sell the energy into the wholesale markets and sell the RECs through a competitive bid process).

reduce consumption during peak periods; thereby, undermining the intent of the Program. Further, if substantial demand for clean peak certificates is met by long-term commitments, there may be less incentive for innovators to develop new technologies to satisfy demand for clean peak resources.

Long-term EDC contracts will also increase costs to ratepayers served by competitive suppliers by reducing the number of clean peak certificates available during periods of scarcity. This will force suppliers to buy clean peak certificates at prices at or near the ACP or limit supplier investment in clean peak certificates because the prices for those resources are higher than the ACP.

The third misconception about long-term contracts is that they will smooth price fluctuations. However, any fixed position is a hedge that carries with it inherent risks. Even if prices remain low for the duration of the contract periods, after the terms expire, customers may experience rate shocks from delayed price volatility associated with clean peak certificates. Thus, RESA urges the Department to forego long-term contracts in favor of a market-based approach similar to that used for the RPS,<sup>43</sup> AES,<sup>44</sup> and CES,<sup>45</sup> which allows for technology development without long-term contracts. In this way, the Department can capture market efficiencies and avoid shifting risks from resource owners to consumers.

Finally, within the next ten-years, the renewable energy market will likely be much more decentralized. Consumers will have the ability, and will want, to make their own decisions regarding energy either on their own or through clean energy aggregations. They will have the ability to pay for what energy they want supplied and choose the source. This vision of the future

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<sup>43</sup> See 225 C.M.R. 14.00 *et seq.*; 225 C.M.R. 15.00 *et seq.*

<sup>44</sup> See 225 C.M.R. 16.00.

<sup>45</sup> See 310 C.M.R. 7.75.

is inconsistent with a top down mandate of long-term commitments. In the future, consumers might not even work through retail energy suppliers, preferring to go directly to vendors and aggregators.<sup>46</sup> Advances in technology will help dictate this path, but either way, a decentralized future is inconsistent with long-term commitments. RESA strongly supports a competitive energy market that promotes innovation and better prices and services for consumers. Current availability and fungibility of renewable energy resources and credits has worked well for customers from both an environmental and cost perspective.

### **VIII. THE DEPARTMENT SHOULD ENCOURAGE SMART METER DEPLOYMENT AND ADOPT APPROPRIATE METERING REQUIREMENTS**

The Straw Proposal notes that the Department is working on metering requirements and may establish different metering requirements depending on, for example, project size and project technology.<sup>47</sup>

According to U.S. Energy Information Administration data, in 2017, out of approximately 2.9 million meters in Massachusetts, fewer than 50,000 were AMI (Advanced Metering Infrastructure) meters.<sup>48</sup> To co-measure consumption and behind the meter renewable generation from clean peak resources more effectively, advanced meter infrastructure should be deployed statewide. Today, there is a persistent mismatch between EDC provision of summary meter reads plus load profiles for billing purposes and what the EDC shares with ISO New England Inc. (“ISO”) on an interval basis. This mismatch leads to suppliers receiving invoices from the ISO that differ from the bills that suppliers send to customers. Incentivizing distributed

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<sup>46</sup> Consumers may well choose to make long-term commitments with resources. So long as such choices are driven by consumer preference and are based on arm’s length relationships, they are desirable features of a dynamic, competitive market.

<sup>47</sup> Straw Proposal, at 30.

<sup>48</sup> See Form EIA-861M (formerly EIA-826) detailed data (available at: <https://www.eia.gov/electricity/data/eia861m/#ammeter>) (last visited Apr. 12, 2019).

renewable generation and requiring it to have interval data read metering without deploying advanced metering infrastructure for market consumption will exacerbate this problem.

Therefore, RESA urges the Department to encourage AMI meter deployment.

In addition, for the metering requirements of clean peak resources behind the meter, allowing retail customers or their designees access to the data in a timely, accurate, and standardized way will lead to optimized consumption/demand response along with clean peak resource deployment.

#### **IX. THE DEPARTMENT SHOULD ENSURE THAT THE PROGRAM IS ADMINISTERED EFFICIENTLY**

The Straw Proposal discusses the Department's plans for minting, tracking, verifying, and otherwise administering clean peak certificates.<sup>49</sup> For instance, the Department "is considering whether it should seek the services of a single or multiple entities to track and verify metered data, mint certificates, and develop a trading platform for certificates."<sup>50</sup> RESA appreciates that these plans are under development. As the Department considers its approach to administering clean peak certificates, it should endeavor to maximize its use of existing systems and protocols with which stakeholders are already familiar. Doing so should increase efficiencies and mitigate costs that, ultimately, will be borne by ratepayers. In particular, RESA suggests using the New England Power Pool Generation Information System ("NEPOOL GIS") for minting and trading of clean peak certificates. Many stakeholders are already familiar with NEPOOL GIS from their involvement in other certificate markets and could apply that familiarity to the clean peak certificate market if NEPOOL GIS has a role in its administration.

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<sup>49</sup> Straw Proposal, at 30-31.

<sup>50</sup> Straw Proposal, at 31.



## **X. THE MINIMUM STANDARD SHOULD REASONABLY BALANCE EXPECTED SUPPLY AND DEMAND**

Pursuant to the Act, the Department is required to establish a Minimum Standard requirement for retail suppliers that increases at a rate of at least 0.25% of total retail sales annually.<sup>51</sup> In the Straw Proposal, the Department noted “[i]n order to properly size the Clean Peak Standard obligation with balanced costs and benefits, [the Department] is analyzing relevant resource impacts to design the most cost-effective program possible.”<sup>52</sup>

The Commonwealth already has a myriad of programs intended to promote the development and use of clean resources. In fact, it has two RPS obligations – one for Class I<sup>53</sup> and one for Class II.<sup>54</sup> The Class I renewable standard has two carve-outs – one for Solar Carve-out Renewable Generation Units and another for Solar Carve-out II Renewable Generation Units.<sup>55</sup> There is also an AES<sup>56</sup> and a CES.<sup>57</sup> In addition, the Commonwealth has established EDC procurement programs for clean resources.<sup>58</sup> Each of these mandates adds costs to ratepayer bills that cannot be as effectively managed or hedged as the commodity itself. As a consequence, with each new program, the opportunities for customers to save on their electric bills are reduced. Thus, RESA requests that the Department set the Minimum Standard for this Program as low as is reasonably possible. This is especially important in the early years of the Program. During these years, the Department should tightly align the Minimum Standard with the available supply of clean peak resources and reasonably expected incremental capacity.

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<sup>51</sup> Chapter 227 of the Acts of 2018, § 13(a).

<sup>52</sup> Straw Proposal, at 33.

<sup>53</sup> 225 C.M.R. 14.00 *et seq.*

<sup>54</sup> 225 C.M.R. 15.00 *et seq.*

<sup>55</sup> 225 C.M.R. 14.00 *et seq.*

<sup>56</sup> 225 C.M.R. 16.00 *et seq.*

<sup>57</sup> 310 C.M.R. 7.75.

<sup>58</sup> Chapter 188 of the Acts of 2016 (inserting sections 83B, 83C & 83D into the Green Communities Act); 225 C.M.R. 20 *et seq.* (solar Massachusetts renewable target (“SMART”) program regulations).

Otherwise, demand will far outpace supply. As a consequence, retail electricity providers will forego purchasing clean peak certificates because the prices for those resources will be higher than the ACP.

### **CONCLUSION**

For all of the foregoing reasons, RESA urges the Department to ensure that the Program design avoids locking ratepayers into long-term commitments, provides for as much quantity and cost certainty as possible, and is developed prospectively and in a competitively neutral manner. RESA appreciates the opportunity to comment on this important matter and looks forward to the opportunity to provide further input as the Department continues to develop the Program.

Respectfully submitted,  
RETAIL ENERGY SUPPLY  
ASSOCIATION

A handwritten signature in black ink that reads "Joey Lee Miranda". The signature is written in a cursive, flowing style.

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