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The Energy Consortium, Inc.

10/30/2019

Ms. Kara Sergeant
Department of Energy Resources
100 Cambridge St. Suite 1020
Boston, MA 02114

RE: Comments on the Proposed Clean Peak Energy Standard Regulations Released on 9/20/2019

The Energy Consortium (TEC) appreciates the opportunity to provide these comments on the proposed Clean Peak Energy Standard (CPS) regulations released by the Department of Energy Resources ("DOER") on September 20, 2019.

TEC is a non-profit association of commercial, industrial, institutional, and governmental large energy users in Massachusetts and has participated in state and regional energy regulatory matters for forty years. It advocates positions and sponsors joint actions that promote fair cost-based energy rates, diversified supplies, retail market competition, and reliable service for its member organizations, their employees and all Massachusetts ratepayers.

Upon review of the Draft Regulations, TEC offers the following comments for the DOER to consider prior to the issuance of final regulations.

1) The Comment Period Will Close Before Important Guideline Documents Are Available

The draft regulations incorporate the following guidelines that have yet to be published:

1. Guideline on Clean Peak Resource Eligibility [21.05(1)]
2. Guideline on Demand Response Resources [21.05(1)(3)]
3. Guideline on the Distribution Circuit Multiplier [21.05(6)(e)]
4. Guideline on Energy Reserves [21.05(7)]
5. Guideline on the Determination of Sales to End-use Customers [21.09(2)(b)]

These Guidelines are an integral part of the regulatory framework, yet as of this writing, they have not been made available to the public for review. Without adequate opportunity to review DOER's proposed Guidelines, it is impossible for stakeholders to analyze many impacts of the regulations.

TEC urges DOER to publish these Guidelines as soon as possible. DOER must allow for a meaningful timeframe to review the proposed Guidelines together with the proposed Regulations. We ask DOER to extend the comment period by 30 days to allow for publication and review of these Guidelines. If the DOER will not extend the comment period, it is critical that DOER provide a process for stakeholder input and comments on each Guideline prior to adoption.

2) The Clean Peak Certificate Procurements by the Distribution Utilities Do Not Specify a Funding Mechanism

Section 21.05(8) of the proposed regulations require Distribution Utilities to conduct staggered competitive procurements for long term supplies of Clean Peak Certificates. The Distribution Companies will be in the position of guaranteeing a fixed price for Clean Peak Certificates whose values will vary with the Certificate market. The mark to market difference between long term contract payment rates and market prices will have to be accounted for somehow, but the proposed regulations are silent as to how this will be done.

TEC strongly advocates that any funding mechanism for competitive procurement of Clean Peak Certificates treat all customers fairly. Funding mechanisms that utilize a non-bypassable charge will result in cross subsidies for customers taking competitive supply since their competitive energy supplier will still have to purchase their full Clean Peak Certificate obligation in the marketplace. If DOER intends for the Distribution Utilities to allocate Clean Peak Certificates procured under long term contracts to Basic Service customers, great care should be exercised to minimize distortions and inequities between Basic Service and competitive energy supply.

3) 2025 is Too Long to Wait Before the First Program Review

Section 21.07(2) of the regulations state that the DOER must conduct a review, solicit stakeholder input, and may modify the Standard.

TEC observes that the 1.5% Year-over-Year increase in the standard compliance obligation contained in the proposed regulations 21.07(1) is aggressive and it's unclear if the market will be able to generate sufficient supply of Certificates. Furthermore, the proposed regulations are silent to the DOER's intended maximum ratepayer cost of \$0.005/kWh for this program.

TEC requests DOER to modify the proposed regulations to include a trigger for an automatic review of the program and adjustment of the minimum standard obligation if either of the following conditions are present:

1. If there is a material shortfall between the Certificates generated by the market and the minimum standard obligation for two years in a row.
 - a. For example, a material shortfall would occur if the minimum standard obligation is 4.5% of load and the market only generates Certificates to cover 2% of load and a shortfall of similar magnitude occurs for more than one program year.
2. If DOER determines that total ratepayer costs for the program exceed \$0.005/kWh in any program year

4) The Program Review needs to assess if the CPS is “displacing non-renewable generating resources during Seasonal Peak Periods”

The purpose of CPS is to increase clean energy during the periods when Net Demand of electricity is the highest and displace non-renewable generating resources during Seasonal Peak Periods. None of the

straw proposals, consultant reports, or draft regulations available to date have provided any quantitative analysis as to how the program as designed supports these goals. The first program review needs to demonstrate that the costs of the CPS are resulting in the above stated objectives.

5) The 25% of Nameplate Requirement May Preclude Development of Storage at Certain Sites

The 25% of nameplate requirement 21.05(1)(a)(1)(b) may be overly restrictive and preclude development of smaller, but otherwise viable energy storage projects. There may be sites where 25% of nameplate is unrealistic due to space constraints or the generation profile of the Class I or Class II generation asset. It might be better for DOER to consider a floor on project size in kW.

Thank you for your consideration of TEC's comments and attention to these important issues as DOER works to finalize these proposed regulations for the Clean Peak Energy Standard

Sincerely,

A handwritten signature in cursive script that reads "Mary Smith for Roger Borghesani". The signature is written in dark ink and is positioned above the typed name and title.

Roger Borghesani, Chairman
The Energy Consortium