



SMART GROWTH AND REGIONAL COLLABORATION

July 9, 2019

Michael Judge, Director
Renewable and Alternative Energy Division
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

RE: Draft regulations to amend portions of 225 CMR 14 Renewable Energy Portfolio Standard – Class I (“RPS Class I”) and 225 CMR 15 Renewable Energy Portfolio Standard – Class II (“RPS Class II”)

Dear Mr. Judge:

Thank you for the opportunity to provide comments on DOER’s draft regulations to amend portions of the Renewable Portfolio Standard (Class I and II).

The Metropolitan Area Planning Council (MAPC) is the Regional Planning Agency serving the people who live and work in the 101 cities and towns of the Metro Boston region. As a member of the Global Warming Solutions Act Implementation Advisory Committee (GWSA IAC) since its inception, MAPC has been working with our municipalities for many years to implement policies to meet the Commonwealth’s greenhouse gas (GHG) emissions reduction goals. Representing Commonwealth cities and towns on the Energy Efficiency Advisory Council (EEAC) since November 2017, MAPC has played an important role in developing the Commonwealth’s next three-year energy efficiency plan with a focus on advocating for new opportunities for cities and towns to promote energy efficiency savings for all within their communities and to maximize the economic and environmental benefits of energy efficiency.

For the energy sector, compliance with the state’s mandated GHG emissions reduction goals will require not only sizeable increases in clean energy measures and innovation, but also in the diversity of – and reliance on – renewable energy resources. The Renewable Portfolio Standard (RPS) plays a critical role in bringing the Commonwealth, and individual communities, closer to achieving our GHG emissions reduction goals while transitioning building and transportation energy demand away from fossil fuels.

MAPC commends DOER for its leadership on supporting access to clean, affordable, and reliable energy across the Commonwealth. However, MAPC has several concerns regarding the proposed amendments to the RPS, that go beyond regulatory clarification and streamlining, and the potential impact these substantive changes could have on the regional renewable energy market.

Relaxed Eligibility Requirements for Imported Energy

DOER's proposed amendments remove the following requirements that imported energy must meet in order to qualify in NEPOOL GIS: unit-specific import contracts, associated transmission rights, actual settlement of energy, and confirmation of energy transaction via NERC tag. Removal of these requirements is inconsistent with the requirements set in all other states participating in the NEPOOL GIS market, and creates an opportunity for the double counting of RECs.

Through our work on green municipal aggregation, MAPC has directly supported the development of aggregation plans that include a minimum of an extra five percent percentage points of MA Class I renewable electricity in 14 cities and towns, with the Town of Brookline including a significant 25 percentage points on top of the RPS requirement. Numerous other communities in the region have followed suit, with the City of Newton most recently including 46 percentage points above the RPS. The highly valuable additionality benefits of these programs rely on the credibility of MA Class I RECs in the market as a mechanism for driving investment in local renewable energy projects. The proposed changes risk undermining this credibility as well as the ability to accurately track and verify the attributes of imported generation, which could lead to double counting. Elimination of these tracking requirements would be a grave mistake, which could lead to inaccurate crediting of attributes and an artificially inflated supply of renewable attributes, and weaken the intent of the RPS.

Less Restrictive Requirements for Biomass

The proposed changes loosen the overall standards for biomass energy to receive RECs by eliminating efficiency standards, changing total GHG accounting requirements, broadening definitions of acceptable fuels, and lengthening the timeframe on which emissions reductions are calculated. These changes are contrary to the goals of the RPS and the state's commitments under the GWSA. As our timeframe to meaningfully address the climate catastrophe continues to shrink, MAPC believes that these changes move the Commonwealth in the wrong direction. The state should continue to prioritize the increased use of truly non-emitting sources of energy. Expanding eligibility for generators that actively release additional GHGs into the atmosphere, with a "break even" point decades into the future, would be a step backwards on the state's climate trajectory. At this point in time, we cannot afford to incentivize any additional GHG emitting infrastructure, as the negative effects of the emissions emitted now will far outweigh any mitigating effects of carbon captured by regrowth in future decades.

Further, these changes backtrack on prior provisions that were added to the RPS in 2012 to address the lifecycle emissions of biomass. As more communities are striving to achieve carbon neutrality by 2050, the carbon sequestration value of our state's tree canopy is critical to reaching these goals. The regulations enacted in 2012 addressed these concerns by limiting qualified biomass systems to small, high-efficiency plants and were supported by several years of scientific research. MAPC opposes DOER's rollback of these more stringent standards for biomass energy, and, if anything, would support making the regulations around biomass even more stringent.

New Limits on SREC I Generation

DOER's proposed change to limit SREC I generation to 40 quarters is a substantive regulatory change that alters the anticipated financial trajectory for existing renewable energy projects in Massachusetts and dangerously deviates from DOER's past guidance on the program.

This change is inconsistent with past program guidance and statements made by DOER in FAQ and webinar documents upon roll-out of the SREC I program that indicated projects would generate SRECs until the program's final compliance year. System owners with qualified SREC I projects have been operating under the guidance provided previously by DOER that "the end [of SREC generation] will not occur before the Opt-in Term of all PV projects has ended."¹ MAPC's primary concern regarding a change of this magnitude, to a program that ended in 2013, is that it causes great uncertainty in the market around the state's existing and future solar incentive programs.

The new 40 quarter limits on SREC I generation will have an adverse impact on early adopters of solar (e.g., those systems installed at the start of the program through October 2012). Of the 69 municipal projects qualified under SREC I, 50 projects with RPS dates from the beginning of the program until October 2012 would lose an estimated total over \$1.4 million.² Two projects with start dates of October 2012 would have neutral outcomes between the two policies. The 18 projects installed after those would have a benefit of \$449,493.00 total.

The inability for communities to receive their contracted revenue from existing projects could severely undermine not only the continuance of those projects to their full lifetime, but also the municipal appetite to undertake additional renewable energy projects in the future and municipal climate goals writ large. The Commonwealth should encourage and support greater certainty, ambitious climate goals, and expansion of renewable development rather than disincentivize this progress through market uncertainty and revenue losses.

Capped Rates for Alternative Compliance Payments

The proposed amendments to RPS Class I would cap alternative compliance payments (ACP) at \$70 per MWh (starting in 2020), with a review schedule for every five years following. MAPC is opposed to capping the ACP, as we believe that this change sends the wrong message to energy suppliers at a time when climate science and current projections all indicate that much more aggressive action to reduce GHG emissions is required. The additional benefits of MA Class I RECS for municipal aggregation programs also rely on a strong ACP – if the cap is too low, electricity suppliers may opt to pay rather than identify eligible sources for MA Class I RECs.

¹ DOER Answers to Questions from the 12/18/09 Webinar, <http://www.grotonelectric.org/wp-content/uploads/2013/07/Questions-on-SREC.pdf>

² MAPC's estimates are based on the assumptions that (1) systems produce 1.2 MWh annually for energy kW in nameplate capacity, (2) each SREC is worth \$265 (current price in 2018), (3) each system has produced SRECs since their RPS effective date, and (4) the final compliance year was 2023 (the end of the opt-in period for the last qualified system under the SREC I program).

Thank you for your consideration of our comments and concerns regarding the proposed amendments to the RPS Class I and Class II regulations. Please contact me or Cammy Peterson, Director of Clean Energy, at cpeterson@mapc.org or 617-933-0791, with any questions or for further discussion.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebecca Davis". The signature is fluid and cursive, with the first name "Rebecca" being more prominent than the last name "Davis".

Rebecca Davis
Deputy Director, MAPC