

Commonwealth of Massachusetts
Executive Office of Energy & Environmental Affairs
DEPARTMENT OF ENERGY RESOURCES

RENEWABLE & ALTERNATIVE ENERGY PORTFOLIO STANDARDS

GUIDELINE

FOR RETAIL ELECTRICITY SUPPLIERS ON THE DETERMINATION OF SALES TO END-USE CUSTOMERS FOR CALCULATING THEIR ANNUAL RPS & APS OBLIGATIONS

May 24, 2012

Pursuant to the
Renewable Energy Portfolio Standard – Class I Regulations in 225 CMR 14.00,
Renewable Energy Portfolio Standard – Class II Regulations in 225 CMR 15.00, and
Alternative Energy Portfolio Standard Regulations in 225 CMR 16.00

This *Guideline* revises and replaces the *Guideline for Retail Electricity Suppliers on the Determination of Sales to End-Use Customers for Calculating the Annual RPS Obligation*, dated February 9, 2006 (“*2006 Guideline*”). The *2006 Guideline* had provided clarification of the method by which Retail Electricity Suppliers (“Suppliers”)¹, a.k.a., retail Load Serving Entities (“LSEs”), must determine their electrical energy sales to End-Use Customers in the Commonwealth in order to calculate their annual RPS compliance obligations. This new *Guideline* is effective for all classes of RPS and for APS. The Department of Energy Resources (“DOER”) will enforce this *Guideline* with regard to the Compliance Filings for CY 2011 and for subsequent Compliance Years.

Both the *2006 Guideline* and this new *Guideline* address a certain difficulty in practical implementation of the 1997 RPS statutory language and the 2008 successor statutory language for RPS Class I, RPS Class II, and APS. The challenge has been to develop a method by which “kilowatt-hours sales to end-use customers . . . every year” could be ascertained and documented in a manner that is clear, accurate, and non-burdensome. This new *Guideline* is designed to provide clarification that resolves some ambiguity within and between the *2006 Guideline* and the current regulations that has led to inconsistencies in the manner by which Suppliers have been determining their “retail sales to End-Use Customers”.

Based its interpretation of the RPS statute and regulations, as well as its understanding of the procedures of the ISO New England (“ISO”) and the NEPOOL GIS (“GIS”), DOER has determined that the most appropriate, reliable, accurate, and efficient source for documenting “retail sales to End-Use Customers” (hereinafter, “Retail Load Obligation”) is the Compliance/calendar Year total of the 90 Day Resettlement (a.k.a. Data Reconciliation Process) figures provided by the regulated Utilities both to DOER and – directly and indirectly (via the ISO) – to the other (competitive) Suppliers. These data are reflected in the Initial Settlement and Monthly Meter Adjustment (“MMA”) data provided to LSEs at the NEPOOL GIS by the ISO via the GIS Administrator. The GIS refers to these combined data for each LSE as an LSE’s Load Obligation. However, due to ISO procedural timing, those figures at the GIS for the first quarter of each year include the MMA figures for November and December of the previous year, and the figures at the GIS for the last quarter of each year do not include the MMA figures for November and December of the Compliance Year (“CY”). DOER itself, per a procedure described below, will provide Utility-derived data for the CY that compensate for the delayed provision of those data at the GIS.

¹ Terms in this *Guideline* that are capitalized are defined terms in the [RPS or APS Regulations](#), in the *NEPOOL GIS Operating Rules* (available via www.nepoolgis.com), in *ISO New England Manual M-28* (available via http://www.iso-ne.com/rules_proceeds/isone_mnls/), or in this *Guideline*.

Stated most generally, **DOER requires that each Supplier base its calculation of Generation Certificate obligations under the RPS and APS Minimum Standards each year on Load Obligation data provided to Suppliers by the regulated Utilities both via the ISO New England and via DOER, as adjusted by the Supplier for any inter-LSE transfers of Load Obligation Certificates at the NEPOOL GIS and, in the case of RPS Class II and APS obligations, for Exempt Loads.**

1. Procedures for Determining the Retail Load Obligation of Each Supplier

Based on DOER's interpretation of the RPS and APS statutes and its regulations pursuant thereto, DOER provides the following procedure for the annual determination of the total Retail Load Obligation that each Supplier shall use as the basis for calculating the quantity of qualified Generation Certificates it needs for compliance with the Minimum Standard for each of the Massachusetts Energy Portfolio Standards.

- DOER will continue to require (as it did for the 2004-2010 Compliance Filings) that each of the regulated Utilities provide to DOER *on a confidential basis* a Utility Load Obligation Table, as an electronic spreadsheet formatted by DOER. These spreadsheets contain the Data Reconciliation Process (90 Day Resettlement) figures that the Utilities also provide monthly to the ISO, but listed here by Supplier/LSE, not by Load Asset. Each Utility also supplies to each competitive Supplier serving retail load in its franchise territory the data pertaining to each of the Supplier's own Load Assets in that territory. All Suppliers thereby have access to the relevant Supplier-specific data contained in the records provided by the Utilities to DOER, although differently sorted.² DOER expects to receive the Utility data no later than the end of April for the Compliance Year that ends the prior December 31st.
- DOER will extract from the four Utility spreadsheets the rows that pertain to each competitive Supplier, and will draft an LSE Load Obligation spreadsheet for each Supplier that contains that Supplier's rows from the Utility spreadsheets, as well as row and column totals. DOER will send each Supplier its own spreadsheet as early as possible during the first half of the fourth quarter Certificate Trading Period³, i.e., no later than May 15th.
- When each competitive Supplier receives its LSE Load Obligation spreadsheet from DOER, the Supplier will review and verify its spreadsheet immediately. If a Supplier concludes that an unacceptable error has been made that it is not able to rectify by the inter-LSE transfer of Obligation Certificates at the GIS or via a Requested Billing Adjustment⁴, then it must address such error with the Utility and shall notify DOER of such action. It is highly desirable that an agreed conclusion be reached early enough to allow sufficient time for any necessary acquisition or sale of Certificates before the end of the fourth quarter Certificate Trading Period at the GIS (midnight on June 15th). (See bullet 1 on the next page for procedure.)
- Subject to adjustments provided in this *Guideline*, each Supplier will regard and use the total provided by DOER as its Retail Load Obligation, which is the figure that it will report in its *RPS and APS Annual Compliance Filing* as the total electricity sold to its End-Use Customers. That total is the basis that the Supplier shall use for calculating its RPS and APS Generation Certificate obligations. That total should be the same as the total that the Supplier can calculate from data provided to it separately by its host Utilities. DOER notes that such total is not likely

² These figures are inclusive of line losses.

³ Trading Period is defined in *GIS Operating Rule 3.2*.

⁴ Pursuant to *ISO New England Manual M-28*, Section 9 (see footnote 1).

to match the total of the Load Obligation Certificates minted in its GIS account during the four quarters of the year, due to the delayed schedule by which the ISO New England reports 90 Day Resettlement data to the GIS Administrator.

- The Retail Load Obligation figures received from DOER are subject to the following possible adjustments, each of which must be documented by the Supplier:
 1. If a competitive Supplier reaches agreement with one or more the Utilities that any of the 90 Day Resettlement figures for the year was incorrect *and* could not or should not be rectified by inter-LSE transfer of Obligation Certificates at the GIS or via a Requested Billing Adjustment (under ISO *Manual M-28*, Section 9), then the agreed-upon corrected figure(s) shall be submitted to DOER for review and, if deemed necessary, issuance of a revised LSE Load Obligation spreadsheet. Documentation required to support any such correction shall consist of written communication directly from the Utility to DOER that provides the corrected monthly figure(s).
 2. If the Supplier engaged in any inter-LSE transfers of Load Obligation Certificates⁵ during the trading year, then it shall inform DOER to adjust its Retail Load Obligation accordingly. Documentation of any such transfer will consist of a copy of the Supplier's "My Event Log"⁶ that shows only completed inter-LSE Load Obligation Certificate transfers during the CY, including the date, quantity, and direction (in or out) for each transfer. Any assistance needed by a Supplier to produce such documentation will be provided by the GIS Administrator⁷ upon request.
 3. **FOR CY 2011 ONLY:** If a Supplier used, in determining its Retail Load Obligation for Compliance Year 2010, the total of Load Obligation Certificates in its GIS account, without any adjustment for the fourth quarter any subsequent 90 Day Resettlement figures from its host Utilities, then it must make the following adjustment for 2011: The Supplier must add to the twelve-month total of its 90 Day Resettlement figures the Monthly Meter Adjustments ("MMAs")⁸ from November and December of 2010 that are listed in its account for the first quarter of 2011. If the MMA sum from those two months is a negative number, then that number will reduce the total. Documentation shall consist of a copy of the Supplier's first quarter "My Obligations" report⁹ that clearly displays those two MMAs, and the Supplier also must show its calculations.
 4. If a Supplier proposes to make any adjustment other than the ones described above, it must provide to DOER an explanation and documentation satisfactory to the Department of such adjustment. If DOER rejects such adjustment, then the Supplier will be obligated to base its Retail Load Obligation using only the procedure set forth in this *Guideline*, and it must demonstrate RPS and APS compliance for the year with the resulting quantities of

⁵ The inter-LSE transfer of Load Obligation Certificates is provided in *GIS Operating Rule 4.5*. Load Obligation Certificates are certificates created in each LSE's account each quarter in the quantity of what is termed in *GIS Operating Rule 4.1(b)* the LSE's "Certificates Obligation". An LSE's Certificates Obligation is termed, both in this *Guideline* and in common usage at the GIS, the LSE's "Load Obligation", to distinguish it from the RPS obligations to acquire a certain quantity of Generation Certificates.

⁶ The My Event Log is among the reports provided to each GIS Account Holder pursuant to *GIS Operating Rule 5.2*.

⁷ GIS Administrator is defined in *GIS Operating Rule 1.3*.

⁸ An MMA is the difference between the Initial Settlement and 90-Day Resettlement figures for a Load Asset for a given month, calculated by the GIS Administrator from ISO data provided under the latter's *Manual M- 28*. See *GIS Operating Rule 2.5(b)*.

⁹ The My Obligations report for each Trading Period is among the reports provided to each GIS Account Holder pursuant to *GIS Operating Rule 5.2*.

Certificates of each RPS and APS required type, supplemented by any Alternative Compliance Payments needed to meet a shortfall in any of those quantities.

- Every Supplier shall, in calculating its annual obligation under the Minimum Standards of **RPS Class II and APS**, subtract from its Retail Load Obligation total (after any adjustments made in accordance with the above) its pre-2009 contract-serving Exempt Load amounts, as detailed in the 2010 *RPS Class II & APS Compliance Basis Guideline*¹⁰ and as directed in the forms and instructions for each year's *RPS and APS Annual Compliance Filing*.

DOER may provide additional instructions and documentation requirements in its *RPS & APS Annual Compliance Filing Forms and Instructions* for all Suppliers in a given year, as well as for a specific Supplier if needed for further verification of its *Filing*, with the goal of both improving compliance procedures for all Suppliers and improving its own review of *Compliance Filings*.

2. Related Procedural Requirements and Reminders for Retail Electricity Suppliers

DOER also reminds Suppliers of the following existing procedural requirements, here updated, that pertain directly to this *Guideline*:

- Suppliers are required to be in compliance at the end of each Compliance Year with regard to each individual Retail Electricity Product (as that term is defined in 225 CMR 14/15/16.02). To ensure documentation of such compliance, a Supplier must establish and use a separate GIS sub-account for each such Product.¹¹
- No later than the end of each GIS Certificate Trading Period, every Supplier must either “settle” into its state-specific and other Retail Product sub-accounts all NEPOOL GIS Certificates that are encoded as qualified for any of the several types of Massachusetts Energy Portfolio Standard (RECs, SRECs, WECs, and AECs), or (*except* in the case of the fourth/final Trading Period) it may hold them in its Banked Subaccount. Any MA portfolio-qualified Certificates that are not settled into retail sub-accounts or the Banked Subaccount by the end of a Trading Period automatically lose their MA Energy Portfolio Standard Attributes and become “Residual Mix” Certificates. It is important to note that, *at the end of the fourth quarter Trading Period*, any MA portfolio-qualified Certificates that remain in an LSE’s Banked subaccount will permanently lose their RPS or APS Attributes.
- DOER will accept GIS Certificates as documentation for RPS or compliance if they are included in a Supplier’s “My Settled Certificates Disposition”¹² reports from NEPOOL GIS. DOER will accept Certificates that are *not* included in those reports *only if* a Supplier can certify and document to the satisfaction of DOER that those Certificates were, or should have been (pursuant to DOER notice to the GIS Administrator), coded as qualified for one of the MA Energy Portfolio Standards in the calendar quarter for which they were minted, and that those Certificates have not otherwise been sold, retired, claimed or represented as part of electrical energy output or sales, or used to satisfy obligations in jurisdictions other than Massachusetts.

¹⁰ The 2010 *Guideline* (available at <http://www.mass.gov/eea/docs/doer/rps-aps/guideline-on-rps-ii-and-aps-compliance-basis-052510.pdf>) was built upon the 2006 *Guideline*; hereinafter it builds, instead, upon this new *Guideline*.

¹¹ It is the obligation of each Supplier to establish a sub-account for each state in which it serves customers, and to accurately assign its Load Obligation Certificates to its state-specific sub-accounts, per *GIS Operating Rule* 4.1(d).

¹² The My Settled Certificates Disposition report for each Trading Period is among the reports provided to each GIS Account Holder pursuant to *GIS Operating Rule* 5.2.