

NECEC's 2016 Clean Energy Policy Priorities

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Clean energy is an essential and cost-effective part of meeting Massachusetts' energy needs, addressing high electricity costs and helping to achieve our environmental objectives. Over the past 10 years, Massachusetts has seen substantial growth in renewables, efficiency, and other clean energy resources and the clean energy sector now employs nearly 100,000 people in the Commonwealth. Clean energy represents 10% of our energy mix and has the potential to grow and further diversify our electricity supplies, bringing additional energy security, price stability, economic development and environmental benefits to the Commonwealth's citizens, businesses and industries. NECEC has identified the following Policy Priorities to continue to advance an economic clean energy future for Massachusetts.

Facilitate Large-Scale Clean Energy Imports: Pass legislation to allow diverse clean energy resources to be imported to Massachusetts will protect consumers and the environment and will be critical for the Commonwealth to stabilize electricity prices and achieve its climate commitments. NECEC supports legislation that includes:

- *Large-Scale Clean Energy Procurements* – Require solicitation of 18.9 TWh of Renewable Portfolio Standard (RPS)-eligible resources (such as onshore wind) and hydroelectricity in order to facilitate cost-effective achievement of the RPS, replace retiring generation, reduce greenhouse gas emissions and diversify our electricity supply.
- *Pairing of Wind and Hydroelectricity* - Require bundled procurements of RPS-eligible resources (such as onshore wind) and hydropower in order to drive in-region development and maximize efficient use of transmission for clean energy.
- *Meaningful Offshore Wind Development* – Require periodic solicitations of 8.5 TWh of offshore wind of sufficient scale over 15 years in order to tap Massachusetts' world-class offshore wind resource and develop a sustainable industry in Massachusetts.
- *Energy Procurement Standards and Criteria* – Competitively procure cost-effective and environmentally preferable clean energy resources through a procurement process that protects against self dealing, ensures reliability, price stability, affordability for all income levels, and that environmental impacts of electricity generation and transmission are appropriately avoided, minimized, and mitigated.

An amended version of Governor Baker's bill S1965, *An Act Relative to Energy Sector Compliance with the Global Warming Solutions Act*, or Senator Downing's bill S.1757, *An Act Relative to Clean Energy Resources*, could serve as the vehicle for this legislation.

Create a Nation- Leading Energy Storage Program: Energy storage can increase grid reliability, integrate intermittent renewable energy resources, and lower overall electricity costs by reducing peak demand. The legislature should direct and authorize DOER to develop an energy storage program that provides procurement targets and incentives for deploying energy storage technology, both behind-the-meter and grid-connected, in order to integrate renewable energy sources and improve the operation of the grid.

Pass bill S1762, *An Act Relative to Energy Storage Systems*.

Enhance Clean Energy Financing Opportunities: Expand energy efficiency and clean energy financing options through Property Assessed Clean Energy (PACE) for residential and commercial customers by leveraging private funds, ensuring strong consumer protections.

- **Commercial Property Assessed Clean Energy (CPACE):** Enact a CPACE program in Massachusetts to give business owners an opportunity to obtain low cost loans for energy efficiency and clean energy improvements. Aggregating financing demand and issuance of bonds lowers the cost of financing for these improvements to save energy. Bonds are repaid through a surcharge on

municipal property taxes. CPACE has been highly successful in Connecticut, New York and Rhode Island are also implementing CPACE programs.

Bill S. 177, An Act Fueling Job Creation Through Energy Efficiency, could serve as a vehicle for this legislation.

- **Residential PACE (RPACE):** Enact a Residential PACE program that allows property owners to improve their property value with energy efficiency and renewable energy installations. RPACE aggregates financing by allowing communities and property owners to opt into a voluntary program, establish a private financing option, and provide authorization to enter into agreements with third party financiers. It is forecast that an RPACE program in Massachusetts would generate more than \$200 million in economic stimulus and create more than 1,000 jobs by using local contractors to install improvements. In a year when fully ramped up RPACE will allow thousands of homeowners to finance energy efficient and renewable energy improvements that increase property value and, over the course of their lifetime, can save homeowners more than \$300 million on their energy bills and reduce greenhouse gas emissions by 300,000 tons.

Bill H2889, An Act Promoting Residential Energy Efficiency Improvements, with amendments, could serve as a vehicle for this legislation.

Expand Renewable Portfolio Standards (RPS): Increase the RPS growth rate from 1% to 2% annually to continue to drive additional clean energy development and maintain support for diverse renewable energy sources, including both grid-scale and distributed clean energy, to help achieve greenhouse gas reduction requirements, energy security and economic development objectives.

Senator Downing's bill S.1757, An Act Relative to Clean Energy Resources, includes RPS expansion and could serve as the vehicle for this legislation.

Establish a Long-Term Sustainable Solar Policy: Remove net metering caps, preserve retail rate net metering for key project categories, ensure equitable access for low-income households and affordable housing, and support community solar. NECEC appreciates the recent legislative action to increase caps and revise incentive programs but notes that the new caps have already been hit in some parts of the Commonwealth.

Extend the Benefits of Energy Efficiency to Delivered Fuels: Creating an Oil Heat Energy Efficiency Fund, paid for with a 2.5 cent assessment on each gallon of heating oil sold for heating in the state, will serve the millions in Massachusetts who depend on heating oil, so they can cut energy expenses and improve comfort. This fund would also help create new business opportunities for companies serving oil heat customers, creating clear incentives for the oil heat sector to help accelerate energy efficiency.

Pass Bill S1766, An Act Further Promoting Energy Efficiency and Green Jobs

Support and Strengthen Massachusetts' Nation-Leading Climate Policies:

- The Regional Greenhouse Gas Initiative (RGGI) is a first-in-the-nation partnership between states proven to be an effective market-based climate policy. In 2016, the RGGI states are engaging in an overall program review, setting goals through 2020 while determining their path to compliance with the US EPA's Clean Power Plan.
- Massachusetts should lead the RGGI states to set goals for the program review (and the US EPA's Clean Power Plan) that will enable the Commonwealth and the region to meet their aggressive long-term climate goals.

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