

# SETTING MARKETS IN MOTION: NECEC'S 2018 MASSACHUSETTS CLEAN ENERGY POLICY PRIORITIES



Legislative action in 2018 is imperative to ensure that the growth of the Commonwealth's clean energy economy continues. Massachusetts is at a pivotal juncture: market uncertainty and stalled projects and investment threaten to flatten growth at a time when we need to accelerate clean energy – including solar, wind, advanced energy storage, energy efficiency, and peak demand reduction, among others – to improve resiliency and manage our energy costs. The Policy Priorities outlined below will create jobs, help stabilize electricity costs, reduce total and peak energy consumption, and achieve the emissions reductions needed to meet our statutory environmental requirements.

Massachusetts needs to act on clean energy in 2018. To build on the progress of the 2016 session and chart a clear path forward, the legislature should advance the following clean energy policy priorities:

## Increase the Massachusetts Renewable Portfolio Standard (RPS)

**Renewable Portfolio Standards** are the foundation for clean energy markets and a proven policy tool to support successful, cost-effective renewable energy development. Neighboring states continue to double-down on their RPS success, with Rhode Island (31%), Connecticut (40%), New York (50%), and New Jersey (50%) all outpacing Massachusetts' current 2030 target (25%). An increased RPS will ensure a robust market for future renewable development and become the linchpin for the next era of growth.

- **Raise the annual RPS growth rate to achieve 50% renewable energy by 2030**, driving additional clean energy development and ensuring market alignment for future large-scale procurements, policies, and incentive programs. Without an increase, uncertainty in market commitment will deter future renewable investment for the Commonwealth.
- An increased RPS will strengthen the state and regional economies, create clean energy jobs, reduce dependency on fossil fuels, lower air emissions, and stabilize wholesale electricity prices.
- A **Clean Peak Standard (CPS)** has potential as a complementary policy, but it cannot be considered a replacement for or alternative to a strengthened RPS.

Multiple bills filed this session seek a 2-3% annual increase in the RPS, which would put Massachusetts on a course for 40-50% renewables by 2030. NECEC is supportive of bills H.2700, H.1747, S.1841, and S.1876, among other potential vehicles.

## Increase the Net Metering Caps and Fix the Minimum Monthly Reliability Contribution (MMRC)

Massachusetts lost *one-fifth* of its solar workforce in 2017 as a result of hitting net metering caps across much of the Commonwealth, a significant decline that could be reversed if net metering caps are increased. The net metering caps threaten to undermine the success of the Commonwealth's new solar incentive program, **SMART**, which is still in the process of being rolled out, more than two years after the Legislature authorized its creation. For SMART to work, all behind-the-meter projects (i.e., those serving onsite load) will require the availability of net metering. Furthermore, ongoing uncertainty about the workability of the alternative on-bill crediting mechanism (AOBCM) under SMART indicates that net metering may be needed for community shared solar. Moreover, customers are hindered from adopting other technologies, such as anaerobic digestion, because the net metering caps have been hit.

In addition, the approval of Eversource's **monthly minimum reliability contribution (MMRC)**, which imposes new, difficult to understand, and unfair charges on future solar customers based on their personal peak electricity usage, will further slow solar adoption, even with the implementation of the SMART program. Finally, proposed new **property tax legislation** would pose another barrier to customer adoption of solar, adding confusion to a set of already-complicated rules.

To relieve pent-up demand and ensure that all projects have a viable path forward under SMART, the Legislature must act swiftly in a number of important areas:

- **Increase the public and private net metering caps by 5% each (H.2712, S.1824, S.1831).**
- **Clarify criteria for the MMRC and require Eversource to modify its MMRC accordingly (support S.2314).**
- **Modify or block passage of negative solar property tax legislation (oppose S.2364).**

## Set Robust Energy Storage Targets and Authorize Storage Rebate Programs

The *State of Charge* report found that **energy storage** could deliver \$3.4 billion in benefits to Massachusetts. Energy storage can also affect a 10% reduction in Massachusetts peak system demand and more than a million metric tons of carbon dioxide emissions reductions over a ten-year period. Massachusetts should move beyond the pilot/demonstration project phase and lock-in meaningful **long-term storage targets** and supportive policies, such as **rebate programs**. Long-term (i.e., 2025 and 2030) targets and rebate programs remain the primary policy levers at the Legislature's disposal to catalyze energy storage market development and technology deployment, helping integrate more distributed and grid-scale clean energy resources and reducing the costs and environmental impacts of peak period energy consumption in the Commonwealth. Rebate programs for storage, like the MOR-EV rebate, can spur widespread customer adoption of energy storage, especially for solar+storage retrofits and for standalone, behind-the-meter storage systems not covered by the SMART program.

- The Legislature should send a strong signal to the market by enacting ambitious but achievable long-term energy storage targets of **1,766 MW by 2025**, following in the footsteps of New York, New Jersey, and other first-movers. **NECEC supports S.1874 and H.1746.**
- The Legislature should also direct the Department of Energy Resources (DOER) to implement rebate programs to promote the adoption of customer energy storage systems and extend tax exemptions to storage. **NECEC supports H.2600.**

## Unlock New Innovations and Savings in Energy Efficiency

The Legislature should act to expand eligibility for **new technologies and equipment** in Massachusetts' nation-leading **energy efficiency programs**. In light of the dramatic technological advancements that have taken place over the last decade, new valuable products and services must be made available to customers, such as renewables, energy storage, electric vehicle charging, air source heat pumps, fuel cells, combined heat and power/cogenerated steam, district energy, and more. Urgent action is needed as drafts of the next three-year energy efficiency plans are now being reviewed by the Energy Efficiency Advisory Council (EEAC).

- Legislation filed proposes a package of customer-centric improvements to broaden the technologies and fuels that are eligible for energy efficiency incentives and available to homeowners and businesses looking to save money and lower their energy bills.
- The bill would also enable energy efficiency programs to support the best energy choices regardless of fuel type or technology and require that the programs consider economic development benefits.

**NECEC supports Representative Benson's bill, H.1724, to allow the next three-year efficiency plans to fully address new frontiers of efficiency innovation and best meet customers' evolving technological and fuel needs. Related language has also been included in the Environmental Bond Bill filed by the Baker-Polito Administration (H.4318, accompanied by H.4438).**

## Other Key Clean Energy Priorities

- **Support S.2302**, the Senate omnibus bill, and critical provisions on solar, storage, offshore wind, 2030 GWSA compliance, and more.
- **Support S.1821, S.1869, and H.1726** to extend carbon pricing beyond the electric sector.
- **Support H.1725 and S.1875** to advance grid modernization and local energy resources.
- **Support H.2699 and H.3742**, among others, to promote the adoption of zero-emission vehicles.
- **Support H.3907** to extend property tax exemptions and PILOTs to new fuel cells systems.

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