Power Advisory LLC

[S.2372](): An Act to promote energy diversity

Passed Senate (39-0 majority) on June 30, 2016

Offshore wind:

- Requires solicitation of long-term contracts for at least 2,000 MW of offshore wind by June 30, 2030.
  - First solicitations should be for approx. 400 MW
  - Timetable and method of contracts proposed jointly by distribution companies and DOER; can be coordinated with other NE states
  - Distribution companies should conduct at least 3 competitive solicitations through staggered procurement schedule
- Contracts shall not be approved if LCOE & net present value of contract price of subsequent procurement is greater than previous one
  - LCOE should include transmission & renewable energy certificates
- Distribution companies should take all reasonable action to structure contracts/ pricing to mitigate impact on balance sheet
- Transmission costs are required to be incorporated into proposals
- Offshore generation can be paired with energy storage systems
- Resources under proposals must:
  - Enhance electricity reliability
  - Be cost effective to ratepayers (considering costs and benefits, including economic & environmental)
  - Mitigate transmission costs; any overruns are not borne by ratepayers
  - Moderate system peak load requirements
  - Demonstrate project viability in commercially reasonable timeframe
  - Mitigate environmental impacts
  - Promote additional employment/ economic development
- Wind developer must provide data (observations, metadata in relation to investigation modeling, monitoring of development site/ surrounding area in terms of meteorological, geotechnical, oceanographic, other environmental characteristics) to DPU at least every 6 months
- Independent evaluator to monitor process
- DPU's consideration of a proposal's costs/benefits should include: non-price economic and environmental benefits, existing and anticipated federal/state environmental requirements
- Distribution company can choose to use energy purchased for resale to customers or retain as RECs

Clean energy generation (CEG) / hydro:

- "Clean energy generation" is now: 1) hydro 2) new Class I RPS eligible firmed up with hydro or 3) <u>new Class I RPS eligible</u> (not necessarily including hydro; can be onshore, solar, anaerobic digestion, energy storage, etc.)
- Requires energy distribution companies to jointly/ competitively solicit proposals for CEG by April 1, 2017
  - Should conduct 1 or more competitive solicitations through schedule or staggered procurement schedule as long as they enter into cost-effective long-term contracts of not more than 12,450,000 MWh by December 31, 2018
  - Timetable and method of contracts proposed jointly by distribution companies and DOER; can be coordinated with other New England (NE) states
- Distribution companies should take all reasonable action to structure contracts/ pricing to mitigate impact on balance sheet
- Transmission costs must be incorporated into proposal, whether as part of the bid price or related to delivery of energy via transmission tariff; recovery through federal transmission rates can be authorized
- Resources must (all the same as offshore except):
  - *Include* moderate system peak load requirements

- Preference will be given to proposals that include both hydro and new Class I AND to proposals that include firm service
- Requires appropriate unit-specific tracking system to ensure delivery of CEG resources; should estimate life-cycle GHGs
- Distribution company can choose to use energy purchased for resale to customers or retain as RECs

Standards and Planning:

- Requires state to develop a comprehensive energy plan every three years reflecting energy needs, demand & best strategies
- Doubles annual rate of increase in state's RPS
  - Section 11F of Chapter 25A General Laws: every retail supplier should provide a minimum % kWh from Class I renewable energy generating sources an additional 1% of sales annual until 12/31/16 and an additional 2% of sales every year thereafter
    - Rather than just an additional 1% every year indefinitely

Energy Efficiency:

- Requires DOER to establish home energy rating & labeling system to score homes based on energy consumption by fuel, energy costs (thermal and electric), GHG emissions; must be disclosed when a home is listed for sale & home energy audit required before the sale (except for in special circumstances)
  - Should consider Mass Save Home MPG program, RESNET home energy rating system, DOE home energy score, other rating systems
  - Finalize system no later than December 15, 2016; begin implementing no later than June 30, 2017
  - Provide recommendations for implementation of similar system for residential rental property transactions no later than June 30, 2017
- Energy efficiency task force to create successor EE program beginning in 2018; first meeting by October 1, 2016; report recommendations by June 1, 2017

Energy Storage:

- By December 31, 2016 DOER decide whether to set targets for electric companies to procure energy storage systems to be implemented by January 1, 2020
  - If appropriate, should adopt targets by July 1, 2017; reevaluate every 3 years
  - By January 1, 2020, each electric company to submit a report to show energy storage compliance

Grid:

- DOER + DPU to conduct study on need to modernize grid in order to:
  - Reduce demand, reduce costs, integrate distributed energy resources, reduce carbon emissions, enhance reliability/ resiliency
  - Consider alternative structures and designs
- Renewable energy infrastructure financing task force to examine industry gaps in financing and infrastructure

Fossil fuels:

- Requires gas distribution companies to repair gas leaks ranked as Grade 3 (non-hazardous) exposed during construction
- Oil Heat EE Fund: to provide financial incentives for EE programs that reduce oil consumption; paid for by assessment charged on heating oil (expected to produce approx. $20M/ year)
- Doesn't prohibit construction of new pipelines, but doesn't permit utility companies to require electricity ratepayers to subsidize new natural gas pipelines

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