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June 28, 2018

Senator Harriette L. Chandler, President
State House
Boston, MA 02133

Representative Robert A. DeLeo, Speaker
State House
Boston, MA 02133

RE: Comments of Associated Industries of Massachusetts on Energy Proposals

Dear President Chandler and Speaker DeLeo:

There have been numerous proposals originating from both branches of the General Court that make major changes to the Commonwealth's energy policies. On the heels of major omnibus energy legislation last year, Associated Industries of Massachusetts (AIM) urges caution when considering significant changes to current policies, particularly changes that increase the Renewable Portfolio Standard (RPS) and the solar net metering cap. Wholesale changes to the state's energy efficiency programs should also be avoided.

Our mission is to promote the prosperity of the Commonwealth of Massachusetts by improving the economic climate, proactively advocating fair and equitable public policy, and providing relevant, reliable information and excellent services on behalf of thousands of members throughout the state.

Many of these proposals have been discussed in a vacuum, with little analysis of what the changes will do to the overall energy sector or costs to ratepayers. Individually, some are worth further discussion. However, none contain appropriate review of the programs or operate in a holistic fashion to make sure they are accomplishing their intended goals and do not conflict with other recent regulatory changes.

Background

The Energy Diversity Act of 2016 required the procurement of 1600 MW of offshore wind and approximately 1200 MW of "clean energy". At full build authorized under the act, these projects alone transition approximately 38% of the state's energy load to zero-carbon emission sources.

In addition, a new solar program – the SMART program – is in its final approval stages and will put Massachusetts on track for an additional 1600 MW of solar energy.

Finally, the Commonwealth's energy efficiency program will soon have a new multi-year plan for 2019-2021 which will bring new innovative approaches to energy efficiency, including programs related to energy storage and demand management.

Specific to the issues raised above, we offer the following comments:

Raising the Renewable Portfolio Standard (RPS) will not result in additional clean energy

The current RPS – the requirement that energy suppliers purchase renewable energy to serve their electric load - is currently 13% and increases 1% annually. Various proposals have suggested doubling or tripling the annual increase as somehow necessary for the continued development of zero-carbon energy.

We disagree.

The RPS focuses on only one area of clean energy – renewable energy - and completely ignores the benefits of hydropower which is not considered RPS eligible in Massachusetts. Since it is zero-carbon emitting, hydropower contributes to our greenhouse gas reduction goals.

The Department of Environmental Protection (DEP) recognized the contribution of all zero-carbon generation when they promulgated the Clean Energy Standard (CES) which required that 80% of the state's electricity be generated by zero-carbon sources, including RPS sources and hydropower. As a result, we are already committed to a zero-carbon future in the power sector.

Additionally, other mandates relating to energy supply already on the books makes it impossible to secure RPS eligible sources above approximately 50% - a level that some proposals get to as early as 2032.

Increasing the RPS will also eliminate the possibility of adding more hydropower to the energy mix here, either alone or in agreement with other states. Finally, focusing on the RPS does nothing to address the real source of carbon emissions – transportation.

The Solar Net Metering Cap should not be increased

The solar net metering cap has been increased numerous times since its inception. Each time it has been raised the solar industry has failed to adapt their business model despite plenty of advanced notice.

Increasing the solar net metering cap undermines the new SMART solar program developed in response to legislation to adapt the solar program to a sustainable and equitable model.

Blanket increases in the net metering cap simply put incentives where they are not needed and continue overly generous cross-subsidies from non-solar ratepayers. Changing incentives before the SMART program has a chance to work is simply delaying the transition to a sustainable and cost-effective program.

Summary

Adopting and finalizing changes made last session through the regulatory approval process is occupying an enormous amount of time. Inaction this session will not in any way hurt our transition to a clean energy power grid. In fact, we believe enacting the wrong legislation will set us back in these efforts. None of these legislative proposals are targeted towards fixing anything that is broken.

The proponents of these changes are not concerned about a zero-carbon future – the rules are already in place for that. They are interested in wholesale changes to programs that take away future flexibility to adapt to changes in the energy markets – making their subsidies untouchable in the future. Not one has gone through an economic analysis to determine whether they would benefit our clean energy goals or the ratepayers of the commonwealth. None contain mandatory and comprehensive reviews to verify their efficacy.

We urge the legislature to let programs that were reviewed last session proceed without distraction or additional changes until those changes have been implemented.

Should you have any questions please do not hesitate to contact me at 617-488-8308.

Sincerely yours,

A handwritten signature in cursive script that reads "Robert A. Rio".

Robert A. Rio, Esq.
Senior Vice President and Counsel
Government Affairs