



1 Beacon Street, 16th Floor  
Boston, MA 02108

www.aimnet.org | 617.262.1180 | fax 617.536.6785

June 1, 2018

Representative Jeffrey Sánchez, Chairman, and  
Members of the House Committee on Ways and Means  
State House  
Boston, MA 02133

*Re: AIM Opposition: H.1747, An Act to Increase Renewable Energy and Reduce High-cost Peak Hours*

Dear Chairman Sánchez and members of the House Committee on Ways and Means:

Associated Industries of Massachusetts (AIM) would like to indicate our opposition to the above bill currently in the House Committee on Ways and Means.

AIM opposes H.1747 because it is inconsistent with current clean energy goals and will result in higher costs to Massachusetts ratepayers who already pay among the highest cost for electricity in the country.

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.

H.1747 has two parts: the establishment of a new clean peak standard for electricity suppliers and an increase to the current annual requirement for the renewable portfolio standard (RPS).

Since raising the RPS been a source of legislation before we will address that section first.

### **There is no reason to increase the Renewable Portfolio Standard (RPS)**

Increasing the RPS to require electricity suppliers to purchase additional electricity from renewable power sources will delay our transition to clean energy as the RPS only addresses one type of zero carbon energy source - renewable energy (typically offshore wind and solar) - while ignoring the other major type – hydropower. Hydropower is not RPS-eligible under Massachusetts law although it is considered clean energy under the new clean energy standard mentioned below.

Increasing the RPS as H.1747 proposes is about picking energy winners and losers and it does not do that task particularly well.

As you know, Section 83D of the Energy Diversity Act of 2016 requires utilities to solicit and procure 1200 MW of clean energy, equivalent to about 20% of the state's utility load. The winning bid was 100% hydropower. Should the RPS be increased in accordance with this legislation, it would be impossible to procure more hydropower, *even if it is cheaper than any other clean energy alternatives*, since over time the RPS requirement will overtake and crowd out the ability of non-RPS sources (hydropower) to serve load. This will occur even though hydropower, like RPS eligible power, generates no carbon emissions.

For instance, under H.1747, the RPS will be 75% in 2050. The current 83D hydropower procurement will bring all clean energy and RPS sources close to 95% of load – leaving no more capacity for additional long-term contracts for hydropower. In fact, given other supplier requirements referenced below (and maybe even a need for backup generation using natural gas), if H.1747 is enacted, hydropower purchases would need to be reduced as early as 2040. Since this falls within the contract period of the current 83D power purchase agreement, that means hydropower contracts that are guaranteed by Massachusetts ratepayers will need to be sold to out of state customers – possibly at a loss - with Massachusetts ratepayers picking up any shortfall.

We cannot believe that it is the goal of the legislature to close the door on any long-term, cost-effective contracts for hydropower beyond the current procurement while disrupting the current procurement from reaching its full potential. That is the net effect of raising the RPS.

AIM has developed the attached Fact Sheet addressing these issues in more detail.

### **The Clean Peak Standard is not necessary**

The new Clean Peak Standard contained in H.1747 would require electricity suppliers to purchase an annually increasing percentage of electricity during peak hours from clean peak eligible sources as defined in the law.

AIM has long supported renewable and energy efficiency programs which give additional incentives for using renewable power and energy efficiency measures at times and places when it is most needed rather than incentivizing programs equally any time of the day. This is more cost-effective for consumers and ultimately makes these programs better.

Therefore, at first pass, the clean peak standard would seem a valuable tool to reducing energy costs in Massachusetts.

However, rather than changing existing programs (including energy efficiency programs) to accomplish this goal, the new clean peak standard adds *yet another* standard to an already crowded portfolio requirement for energy suppliers.

Currently, there are at least 6 classifications that an energy supplier (and customer) must meet to be compliant with Massachusetts electricity supply laws and regulations, each with its own minimum purchase requirements and penalties if not enough supply is available. A seventh is already under development.

AIM Letter to House Ways and Means in opposition to H.1747  
June 1, 2018

They are as follows:

- RPS Class I – primarily post-1997 wind, solar, small hydropower (30 MW and below) and biomass
- Solar Carve Out – part of RPS Class I but a separate compliance scheme
- RPS Class II Renewables – like RPS Class I but with a commercial operation date prior to January 1, 1998 and with size requirements on hydropower (under 7.5MW)
- RPS Class II Waste-to-Energy – units that burn solid waste
- AEPS (Alternative Energy Portfolio Standard) – primarily Combined Heat and Power (CHP), flywheel storage, and efficient steam technologies
- CES – includes the RPS Class I as above – but non-RPS Class I clean generation units (primarily large-scale hydropower) with a post-2010 vintage requirement
- CES-E - (proposed). Non-RPS clean generation units with a vintage 1990-2010 (primarily large-scale hydropower and some nuclear units)

Should the clean peak standard be instituted there will now be *eight standards*.

It is possible that a well-designed clean peak standard could be beneficial. However, this change should not be accomplished in a vacuum. It requires an analysis of all current programs to make sure that each is performing as intended and that the outcome becomes more than just another unnecessary subsidy for a specific group.

### **Summary**

Neither the RPS increase nor the clean peak standard are necessary. Neither has been subject to appropriate stakeholder input and their ramifications are unknown.

For these reasons, we ask that the House Ways and Means Committee not act favorably on H.1747.

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

Sincerely yours,



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