

Reforming Massachusetts' Energy System



**Environment
Northeast**

2007 Legislative Proposals

The region and the state are suffering from high energy costs and environmental impacts. Energy markets are fractured and there is little to no planning occurring while energy bills and greenhouse gas emissions increase. Important energy resources such as energy efficiency and combined heat & power that are powerful tools to lower energy bills and environmental impacts are not being captured. It is time to reform and modernize the way Massachusetts plans for and procures energy resources.

Reform Utility Planning and Procurement

Massachusetts should adopt a new electric and natural gas utility policy to achieve the following goals:

- Create an energy planning and procurement process for electricity and natural gas that seeks to minimize total consumer costs, maximize environmental benefits, and achieve the state's climate change goals;
- Increase investments in local energy resources like energy efficiency, renewables, and other distributed generation over imported energy resources like fossil fuels, to stem the flow of energy dollars out of the region and increase our energy independence;
- Invest in all cost-effective energy efficiency, i.e. where: it is cheaper to assist consumers to use energy more efficiently than to supply them with another unit of electricity or natural gas (energy efficiency is also the most cost-effective option to mitigate greenhouse gas emissions).
- Reform the way distribution companies recover their fixed costs to remove the current disincentive they have to promote distributed generation and energy efficiency by creating modest, regular true-ups in rates to ensure that any fixed costs recovered through kilowatt-hour charges are not dependent on sales volumes.

See ENE's handout entitled *Reform Massachusetts' Utility Planning and Procurement* for more detail on this policy.

Create Energy Efficiency Programs for Heating Oil Customers

State residents' and businesses that use heating oil also deserve relief from soaring prices. Efficiency programs should be developed for heating oil users and in coordination with other efficiency programs for maximum cost effectiveness. The programs will allow consumers to receive assistance in improving the efficiency of their entire building. These programs should be paid for through a 1 cent per gallon surcharge on heating oil.

Create Incentives for Clean and Efficient Combined Heat & Power

Electric generation from fossil fueled power plants is generally inefficient. Much of the potential energy embodied in the fuel is lost in the form of waste heat or transmission losses. Combined heat and power (CHP), sometimes called cogeneration, can achieve efficiencies of 90% or more through the on-site use of excess heat. High efficiency CHP can significantly reduce consumption of fossil fuels and reduce greenhouse gas and air emissions.

The state should require that an increasing percentage of electricity be supplied from new, highly efficiency (>75%), CHP power plants using incentives, contracts or a portfolio standard. The state should set a standard to require that all electric load serving entities purchase supply of energy from CHP starting at 1% in 2010 and increasing to 6% in 2015 (captures ~25% of the MA technical CHP potential).

Update Building Energy Efficiency Standards & Improve Enforcement

The state should increase energy savings in buildings by requiring that building energy codes are regularly updated and enforced for all new construction and major renovations.

- Require that the building energy code be updated to the latest International Energy Conservation Code (2006 IECC) and automatically updated within 6 months of any new revision of the IECC.
- Establish a new inspection mechanism dedicated to energy code compliance and supply a self sufficient revenue stream through building permit fees.

Create High Efficiency Energy Performance Standards for Publicly Funded Buildings

The state should follow the federal government's lead and require that all state funded buildings achieve an efficiency performance standard that exceeds the IECC standards by 30%.

Environment Northeast / 31 Hayes Road, Boston, MA 02131 / 617-469-6375 / www.env-ne.org
Rockport, ME / Portland, ME / Providence, RI / Hartford, CT / New Haven, CT

Samuel Krasnow, Policy Advocate and Attorney, 617-469-6375, skrasnow@env-ne.org
Derek Murrow, Director - Policy Analysis, 203-495-8224, dmurrow@env-ne.org
Daniel L. Sosland, Executive Director, 207-236-6470, dsosland@env-ne.org

Environment Northeast is a nonprofit research and advocacy organization focusing on the Northeastern United States and Eastern Canada. Our mission is to address large-scale environmental challenges that threaten regional ecosystems, human health, or the management of significant natural resources. We use policy analysis, collaborative problem solving, and advocacy to advance the environmental and economic sustainability of the region.