

Massachusetts 2007 Energy Bill

An Act Relative to Green Communities

House Bill No. 4373



**Environment
Northeast**

This summary by Environment Northeast of Massachusetts House Bill No.4373, *An Act Relative to Green Communities* focuses on the environmental and energy efficiency elements. The bill was approved unanimously by the House on November 14, 2007 and will be taken up by the Senate.

The bill significantly reforms the state's energy policies, ramps-up the state's commitment to energy efficiency, renewables, and clean fossil like combined heat and power. It includes virtually all of ENE's highest priority policy recommendations for utility reform and efficiency and clean energy investments. These provisions are supplemented by parallel proceedings to decouple utility revenue from sales ongoing at the Department of Public Utilities.

Summary of Major Bill Provisions

- ***Electric Energy Efficiency and Demand Resources:*** requires electric distribution utilities to increase investments in energy efficiency and demand resource programs for all customers by mandating that all demand side resources that are cost-effective and cheaper than supply are captured, reducing consumers' energy bills, reducing emissions, and reducing our reliance on imported fossil fuels. The current efficiency systems benefit charge is maintained and new funding streams for electric efficiency programs including the ISO Forward Capacity Market and auction proceeds from the Regional Greenhouse Gas Initiative are directed to efficiency investments.
- ***Natural Gas Energy Efficiency:*** the natural gas distribution utilities are required to increase their investments in energy efficiency programs for all customers to ensure that all cost-effective energy efficiency is captured, reducing consumers' energy bills, reducing emissions, and reducing our reliance on imported fossil fuels.
- ***Energy Efficiency Program Design and Oversight:*** a new oversight Council is established to ensure that demand resource plans maximize economic benefits to consumers. The Council will hire independent technical consultants and is comprised of a broad array of stakeholder constituencies including low-income, commercial and industrial, manufacturing, environmental and efficiency experts.
- ***Renewable Portfolio Standard:*** the RPS has been divided into two classes. Class I, which includes new solar, wind, incremental hydro, and low-emission advanced biomass technologies, carries a target of 14% of MA energy sales by 2020. Class II eligible technologies includes existing low-emission biomass, waste-to-energy and certain run-of-the-river hydro resources; targets for Class II RPS requirements will be set by the newly named Department of Clean Energy.
- ***Long Term Renewable Contracting:*** as part of a 5 year pilot program, utilities are mandated to enter into long term contracts of 10-15 years in length for up to 3% of their total load to spur construction and financing of new renewables. This requirement is in addition to their RPS obligations.
- ***Alternative Energy Portfolio Standard:*** a new portfolio standard is established to support combined heat and power and gasified coal, with emissions standards to be set by the state that are consistent with the state's environmental goals (to be consistent with the bills greenhouse gas reduction goals, emissions

standards should require a significant portion of any coal CO₂ emissions to be captured and sequestered). Targets for the AEPS requirements will be set by the Department of Clean Energy.

- **Building Energy Codes:** the bill requires the Board of Building Regulations and Standards (BBRS) to adopt the latest edition of the IECC energy code at least every three years. In addition, the BBRS must develop regulations (1) to require all new construction and major renovations comply with the energy conservation code and (2) to certify and train energy inspectors.
- **Green Communities:** creates the Green Communities program, aimed at providing financial assistance (through award grants, loans and financing assistance) for a variety of efficiency and conservation projects at the municipal level. In addition, the Green Communities program is aimed at spurring cities and towns to taking proactive steps to reduce and improve the efficiency of their energy use. In order to qualify for financial assistance, the town must agree to a streamlined permitting process for new renewable projects. Funding for the Green Communities program will come, in part, from the Renewable Energy Trust Fund and from Alternative Compliance Payments relating to Renewable Portfolio Standards.
- **Net Metering:** establishes provisions around net metering, the aggregate capacity of net metering shall not exceed 1 per cent of the distribution company's peak load. The Department will continue to remove any impediments to the development of efficient, low-emissions distributed generation.

Summary of New Clean Energy Goals for Massachusetts

- Meet at least 25 per cent of the commonwealth's electric load, including both capacity and energy, by the year 2020 with clean, demand side resources
- Meet at least 20 per cent of the commonwealth's electric load by the year 2020 through new, renewable generation;
- Reduce the use of fossil fuel in buildings by 10 per cent from 2007 levels by the year 2020 through the increased efficiency of both equipment and the building envelope;
- Reduce greenhouse gas emissions by 20 per cent from 1990 levels by the year 2020; and
- Develop a plan to reduce total energy consumption in the commonwealth by at least 10 per cent by 2017 through the development and implementation of the green communities program



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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.