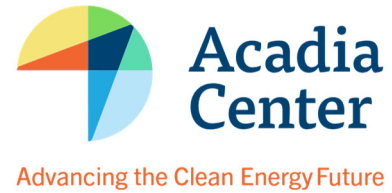


RPS Testimony to DOER

Acadia Center Statement

May 13, 2019



Good afternoon, I'm Deborah Donovan, Massachusetts Director with Acadia Center. Acadia Center appreciates the opportunity to submit testimony in response to DOER's proposed changes to the Massachusetts RPS. Acadia Center is a non-profit research and advocacy organization committed to advancing the clean energy future through reliable information, comprehensive advocacy and collaborative problem solving.

Acadia Center joins others here in our focus on the extreme urgency surrounding the need to aggressively address the existential threat that climate change poses to our planet and humankind. This is the lens through which we view opportunities that state policy makers are pursuing to reduce carbon emissions from all sectors of the economy, including the electric power sector. The MA RPS has been a groundbreaking and successful policy that was made stronger last year through the change to a 2% annual increase in the overall target, which increases the benefits of the RPS.

Unfortunately, there are many proposed changes to the RPS that would undermine the intended purpose of the RPS. These changes lower the threshold for generators that emit CO₂ to participate in the RPS. As well, these changes relax the accountability associated with the participation in the REC market, which will further erode the climate benefits of the program. Acadia Center urges DOER to preserve the climate-protective goals of the RPS program, and withdraw from consideration those changes that would cause a reversal of some of the most protective aspects of the RPS.

First, Acadia Center is very concerned over the sweeping changes to the rules governing the participation of biomass in the program. At the outset, the inclusion of biomass as a fuel that would be eligible for incentives under the RPS was problematic and controversial. In 2012, the update to the RPS rules regarding biomass added in science-based standards that addressed the carbon balance of the biomass lifecycle. The proposal is a dramatic reversal of those standards. Acadia Center will further outline our objections to these changes in our written testimony.

Among the other issues that are cause for concern, Acadia Center would like to focus our remarks here today on the issues raised by the changes to the requirements for imported energy that allows that energy to earn RPS-eligible RECs through the NEPOOL GIS system and participate in the New England REC market.

- The NEPOOL GIS is the system that ensures the integrity of the REC market for MA RPS compliance as well as for compliance with other MA programs and policies in other states.
- The NEPOOL GIS is a reliable 3rd party platform that takes information about electric generators' production and characteristics and issues certificates, some of which are eligible for use by utilities for compliance with the RPS.
- This integrity is based on:
 - Preventing the double counting of the attributes of eligible generation over more than one standard (e.g. inventory in NY, RPS in MA)

- Preventing green-washing or round-tripping type of market arbitrage by the exporters that would result in the “leakage” of the attributes that determine if generation is eligible for RPS compliance.
 - Leveling the playing field between eligible generators located inside New England and generators adjacent to and exporting energy into New England.
- The NEPOOL GIS operates under a set of rules that are based on the combination of requirements of all 6 New England states’ policies that rely on generation attribute certificates for compliance.
- Under the current MA RPS rules, in order to be eligible for RPS compliance, NEPOOL GIS certificates associated with imported energy must have all of the following:
 - Unit-specific import contracts
 - Associated transmission rights
 - Actual settlement (delivery) of energy
 - Confirmation of the energy transaction via NERC tag
- Removal of the requirements currently applicable to imported energy create a number of significant concerns:
 - If removed, the MA RPS would operate under a set of requirements that are in conflict with the current NEPOOL GIS operating rules.
 - GIS Operating Rules have been developed through a regional consensus based process to work with the requirements that all 6 New England states have.
 - The rules around the delivery of imports have been in effect since 2002.
 - Removal of the requirement would be in conflict with the legislative intent of the RPS as well as the that intent confirmed by the Green Communities Act
 - Further, the relaxation of delivery requirements has the potential to create opportunities for market shenanigans that will artificially increase REC supply, which in turn will undermine the value of legitimate RE generation and devalue the attributes created by generators within New England.

Acadia Center urges DOER to refrain from making drastic changes to the deliverability of imports, as they would cause significant market uncertainty and disrupt the market at a time when we need to incentivize the development and operation of renewable energy generating units that are actually lowering carbon emissions, and not getting rewarded for playing a shell game enabled by lax rules.

Acadia Center is skeptical about the removal of the provisions that require non-intermittent units to also make a commitment of their capacity in the New England wholesale market. First such a change would go against state statute. The Green Communities Act also requires that non-intermittent importing units make a commitment to the ISO-NE’s forward capacity market in order to be RPS eligible. Removal of those provisions as proposed by DOER also are in conflict that statutory requirements. However, if there is some practical reason for this change, and the DOER can demonstrate that this change would not undermine the integrity of the attribute markets in the region, Acadia Center would be very interested to hear it. In the face of the controversy that is currently clouding the importation of vast amounts of hydro energy into the region to meet the MA 83D statute due to concerns about a level playing field, a lack of an historical import baseline, and the absence of either an equivalent system to the GIS in Quebec or some adequate monitoring and verification, Acadia Center is concerned about the consequences of removing this requirement, particularly as it is reflected in the Clean Energy Standard and future clean energy procurements.

Acadia Center appreciates the opportunity to speak here today and to submit our comments later in the regulatory process. Thank you.

For more information:

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