

HOUSE No. 3767

By Mr. Jones of North Reading and Senator Tarr, a joint petition (subject to Joint Rule 12) of Bradley H. Jones, Jr., and others relative to competitively solicited proposals from renewable energy developers. Telecommunications, Utilities and Energy.

The Commonwealth of Massachusetts

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In the Year Two Thousand Eleven
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An Act relative to competitively solicited and cost effective long-term renewable energy contracts.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Paragraph 1 of section 83 of chapter 169 of the acts of 2008 is hereby
2 amended by striking out the first sentence and inserting in the place thereof, the following
3 sentence:-

4 Commencing on July 1, 2009, and continuing for a period of 5 years thereafter, each
5 distribution company, as defined in section 1 of chapter 164 of the General Laws, shall be
6 required twice in that 5 year period to competitively solicit proposals from renewable energy
7 developers and, provided at least three reasonable proposals have been received, enter into cost-
8 effective long-term contracts.

9 SECTION 2. Paragraph 2 of section 83 of said chapter is hereby amended by striking out
10 the third sentence and inserting in the place thereof, the following sentence:-

11 The electric distribution company shall select a reasonable method of soliciting proposals
12 from renewable energy developers.

13 SECTION 3. Paragraph 2 of section 83 of said chapter is hereby amended by striking out
14 the fourth sentence and inserting in the place thereof, the following sentence:-

15 The distribution company may consult with the department of energy resources regarding
16 its choice of contracting methods.

17 SECTION 4. Section 83 of chapter 169 of said chapter is hereby amended by striking out
18 the third paragraph and inserting in the place thereof, the following paragraph:-

19 The department of public utilities and the department of energy resources shall each
20 adopt regulations consistent with this section. The regulations shall: (a) allow renewable energy
21 developers to submit proposals for long-term contracts conforming to the contracting methods
22 specified in the second paragraph; (b) require that contracts executed by the distribution
23 company under such proposals are filed with, and approved by, the department of public utilities
24 before they become effective; (c) provide for an annual remuneration for the contracting
25 distribution company up to 4 per cent of the annual payments under the contract to compensate
26 the company for accepting the financial obligation of the long-term contract, such provision to be
27 determined by the department of public utilities at the time of contract approval; and (d) require
28 that the renewable energy generating source to be used by a developer under the proposal meet
29 the following criteria: (1) have a commercial operation date, as verified by the department of
30 energy resources, on or after January 1, 2008; (2) be qualified by the department of energy
31 resources as eligible to participate in the RPS program, under said section 11F of chapter 25A,
32 and to sell RECs under the program; and (3) be determined by the department of public utilities
33 to: (i) provide enhanced electricity reliability within the commonwealth; (ii) contribute to
34 moderating system peak load requirements; and (iii) be cost effective to Massachusetts electric
35 ratepayers over the term of the contract. As part of its approval process, the department of public
36 utilities shall consider the attorney general's recommendations, which shall be submitted to the
37 department of public utilities within 45 days following the filing of such contracts with the
38 department of public utilities. The department of public utilities shall take into consideration
39 both the potential costs and benefits of such contracts, and shall approve a contract only upon a
40 finding that it is a cost effective mechanism for procuring renewable energy on a long-term basis.
41 For the purposes of this section, cost effective shall mean proposals that are likely to result in net
42 ratepayer savings as compared to current and projected future market prices of energy and RECs
43 over the course of the contract period. If, after competitive solicitation, no proposal received by
44 a distribution company is determined to provide such savings, cost effective shall mean
45 proposals that are the least costly in terms of electric service rates.

46 SECTION 5. Paragraph 4 of section 83 of said chapter is hereby amended by striking out,
47 in the first sentence, the following words:- be obligated to

48 SECTION 6. Paragraph 5 of section 83 of said chapter is hereby amended by inserting in
49 the first sentence, after the word "customers," the following words:- at the contracted price

50 SECTION 7: Paragraph 9 of section 83 of said chapter is hereby repealed.

51 SECTION 8. Sections 1 through 7, inclusive, of this act shall take effect on September 1,
52 2011.