

HOUSE No. 3128

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act relative to distributed generation..

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. (a) Massachusetts energy customers have some of the highest electricity
2 rates in the nation, and those customers in the Boston area have a highly congested power grid
3 that is subject to capacity constraints during times of peak electrical demand.

4 (b) A shortage of electric generation supply and inadequacies in the transmission and
5 distribution system endangers the economic well-being of the Commonwealth

6 (c) A failure to act on these issues has the potential to lead to a region-wide blackout
7 such as was seen throughout the northeast in August 2003.

8 (d) Electric customers need the ability to use all the tools available to them to increase
9 energy reliability and manage price without penalty.

10 (e) Distributed generation (DG) provides unique benefits to all consumers by
11 immediately shifting energy demand off of the grid and increasing the supply of generation
12 within Massachusetts while contributing to improved environmental quality and public health
13 and safety.

14 (f) The cost of customer sited DG, and hence the benefits provided to the grid, are paid
15 for by the individual customer using the DG and is not born by other ratepayers.

16 (g) It is essential that Massachusetts encourages the installation of clean DG to increase
17 the supply of electricity, to increase self-sufficiency of consumers, improve system reliability
18 and encourage new generation to connect to the grid.

19 (h) In compliance with the Governor’s Climate Action Plan, the Report of the Task
20 Force on the Blackout and other policies regarding energy efficiency and greenhouse gas
21 reduction, the provisions of this Bill are urgently needed and consistent with existing legislation.

22 (i) DG provides benefits to all Massachusetts residents equal to or greater than large
23 central station power plants.

24 (j) Massachusetts continues to have a series of statutes, regulations, rules and tariffs
25 regarding DG that are inconsistent, send mixed signals, and generally discourage DG by
26 allowing certain fees, charges, and other restrictions that inhibit customer deployment of clean
27 DG. In particular, the recent DTE Order in the case 03-121 accepting a so called “stand-by rate”
28 for NSTAR has raised the costs and barrier to establishing distributed generation in contradiction
29 of stated policy.

30 (k) The decision made in DTE 03-121 did not take into account any of the benefits that
31 are created by DG deployment, nor did it require NSTAR to provide factual evidence that the
32 installation of DG on the NSTAR grid imposes costs on the utility.

33 BE IT THEREFORE ENACTED THAT:

34 All standby rates should be indefinitely suspended pending the completion of DTE
35 investigation 02-38, and the DTE and shall further be directed not to approve any standby rates
36 for the other state's utilities until such time as:

37 (a) The DTE has completed a complete study of the benefits created by DG,
38 including but not limited enhancements in grid reliability, financial savings from avoided utility
39 investment and reduction in wholesale natural gas and electricity prices and including
40 environmental benefits. Where possible, the DTE shall be directed to put a financial value on
41 these benefits;

42 (b) The DTE has completed a full analysis of the costs that DG imposes on the
43 Commonwealth's distribution utilities, exclusive of revenue reduction;

44 (c) The DTE has compared the two values shown above to calculate a fair
45 standby rate for DG, inclusive of all costs and benefits;

46 SECTION 2. Definitions

47 (a) Distributed Generation (DG): Distributed Generation describes electricity
48 generators which are physically located at the point of electric use, and are designed and
49 operated for the economic benefit of the electricity user.

50 (b) DTE: The Massachusetts Departments of Telecommunications and Energy