

Governor Patrick Signs Energy Bill Promoting Cost Savings, Renewable and Clean Energy Technology

Legislation will hold down electric bills, promote the development of renewable energy, and stimulate the clean energy industry

BOSTON - Wednesday, July 2, 2008 - Governor Deval Patrick today signed the Green Communities Act, a comprehensive energy reform bill resulting from close collaboration with House Speaker Salvatore DiMasi, who filed the bill in 2007, and Senate President Therese Murray, who led the Senate to pass its version in January.

"Today, Massachusetts has taken a giant step forward toward a clean energy future," said Governor Deval Patrick, who signed the bill at a ceremony at the Museum of Science. "This legislation will reduce electric bills, promote the development of renewable energy, and stimulate the clean energy industry that is taking root here in the Commonwealth."

"This new law puts Massachusetts in the lead nationally in crafting bold, comprehensive energy reform," said House Speaker Salvatore F. DiMasi. "This law will spark a significant increase in the use of renewable energy that will significantly curtail our use of fossil fuels, improve our environment and save us all money in the long run. Working together, we in the House, Senate and Patrick administration have much to be proud of."

"With the cost of energy skyrocketing, this legislation comes at a critical time and puts Massachusetts at the forefront of clean energy policies and the development of alternative fuel sources," Senate President Therese Murray said. "With this landmark legislation, the Commonwealth will tip the scales away from fossil fuels in favor of more efficient and affordable energy alternatives. Emerging technologies and conservation are major parts of this effort, and Massachusetts will lead the way."

Lower Energy Costs

Under the new law, the state will make energy efficiency programs compete in the market with traditional energy supply. Utility companies (NSTAR, National Grid, Western Mass. Electric, etc.) will be required to purchase all available energy efficiency improvements that cost less than it does to generate power, ultimately saving money on consumers' electricity bills.

Utility companies will offer rebates and other incentives for customers to upgrade lighting, air conditioning, and industrial equipment to more efficient models, whenever those incentives cost less than generating the electricity it would take to power their older, less-efficient equipment.

Existing efficiency programs have already shown savings at 3 cents per kilowatt-hour versus 9 cents for power generation. Customers who take advantage of these incentives will save money as they reduce

how much energy they use. The incentives will encourage more efficient energy use, lowering the overall demand on the system and reducing greenhouse gas emissions.

Promoting Renewable Energy

The Green Communities Act promotes renewable energy in a number of ways. The law requires utility companies to enter into 10- to 15-year contracts with renewable energy developers to help developers of clean energy technology obtain financing to build their projects. The agreements will target Massachusetts-based projects.

The law also makes it possible for people who own wind turbines and solar-generated power to sell their excess electricity into the grid ("net-metering") at favorable rates, for installations of up to 2 megawatts (up from 60 kilowatts currently).

The measure also authorizes utility companies to own solar electric installations they put on their customers' roofs - a practice that was previously prohibited - up to 50 MW apiece after two years. If utilities take full advantage of this new opportunity, it will poise Massachusetts to meet Governor Patrick's goal to harness 250 megawatts of installed solar power by 2017.

Making State and Municipal Power Greener

A new Green Communities program comes into effect under the new law, offering benefits to municipalities that make a commitment to efficiency and renewable energy. The state Division of Energy Resources, which is expanded and elevated into the Department of Energy Resources, will now include a Green Communities Division to provide technical and financial assistance to municipalities for energy efficiency and renewable energy efforts. The program will receive \$10 million in funding from a variety of sources, including emissions allowance trading programs, utility efficiency charges, alternative compliance payments generated by the Renewable Portfolio Standard, and the Renewable Energy Trust Fund.

In addition to these provisions, the new energy law doubles the rate of increase in the Renewable Portfolio Standard from 0.5 percent per year to 1 percent per year, with no cap. As a result, utilities and other electricity suppliers will be required to obtain renewable power equal to 4 percent of sales in 2009 - rising to 15 percent in 2020 and 25 percent in 2030, and more thereafter. In addition, the Massachusetts Renewable Energy Trust Fund, which is administered by the Massachusetts Technology Collaborative, comes under the direction of a new governing board chaired by the Commissioner of the Department of Energy Resources.

The law also requires the State Board of Building Regulations and Standards to adopt, as its minimum standard, the latest edition of the International Energy Conservation Code as part of the State Building Code. This will keep Massachusetts building standards at the highest international levels of energy efficiency.

The Green Communities Act gives final legislative approval to the Commonwealth's participation in the Regional Greenhouse Gas Initiative (RGGI). Substantially all of the emissions allowances issued under the program will be auctioned - in accordance with the policy announced by Governor Patrick in January 2007 - allowing the proceeds to go toward reimbursing municipalities that lose property tax receipts as a

result of RGGI mandates, funding Green Communities, providing no-interest loans for municipal energy efficiency projects, and promoting energy conservation.

"With this legislation, Massachusetts takes its rightful place as a national leader in energy reform and environmental protection," said Secretary of Energy and Environmental Affairs Ian Bowles. "This legislation will help businesses and residential consumers fight rising energy costs, reap the benefits of renewable energy, and grow our clean energy industry."