

To: NECA Board of Directors

From: Renewable Energy and Distributed Generation Committee,  
Eric Krathwohl & Paul Belval, Co-Chairs

Date: September 6, 2007

Re: Renewable Energy and Distributed Generation Committee Report

---

The following is the report of the Renewable Energy and Distributed Generation Committee for the September 6, 2007 Board meeting. Over the summer there were a number of important developments concerning Renewable Energy and Distributed Generation, which the following highlights. Also, this report provides notice of upcoming events of interest to the Renewable Energy and Distributed Generation community.

## **MASSACHUSETTS**

On August 9, 2007, the Massachusetts Department of Public Utilities (“DPU”) extended its deadline for comments to September 10, 2007 for comments in the DPU Investigation re Efficient Deployment of Demand Resources, D.P.U. 07-50 and stated anticipated public hearing dates during the weeks of October 22 and 29, 2007.

During August, 2007, comments were filed in docket D.P.U. 07-49, Petition of River Run Condominium Trust for ruling on the guidelines for Energy Efficiency Programs, regarding River Run’s ability to tap utility funded energy efficiency programs for purposes of supporting River Run’s thermal solar panels for pre-heating of domestic hot water.

On July 24, 2007, NSTAR filed a petition for approval of a renewable energy supply power program for its basic/default service customers for effect January 1, 2008 and simultaneously sought approval of two long term contracts to purchase wind power and associated renewable energy certificates. The DPU docketed this matter as D.P.U. 07-64 and on August 31, 2007 issued an expedited procedural schedule to address the two contracts (on the grounds of contracts requiring quick approval and the policy need to support renewable energy development). However, contrary to NSTAR’s request, the DPU bifurcated NSTAR’s proposed renewable energy supply power program for its basic/default service customers and stated a schedule would be set up later.

Today the Cape Cod Commission will hold a public hearing on Cape Wind. The project is being reviewed by the Commission as a “Development of Regional Impact” (DRI).

The next Massachusetts Wind Working Group meeting will be held Wed, Sep 26<sup>th</sup>, 2-4pm at the UMass Boston, Healey Library, 11<sup>th</sup> Floor, featuring Philip Giudice, Commissioner of the DOER, and Greg Watson & David Cash, EOEEA, who will speak on Wind Power in Massachusetts: Policy, goals, strategies, programs & permitting.

**For more info:** see <http://www.ceere.org/rerl/mwwg.html>.

## CONNECTICUT

On August 28, the Connecticut Supreme Court issued decisions in Wheelabrator Lisbon, Inc. v. DPUC and in Minnesota Methane, LLC v. DPUC finding that in the PURPA/QF power purchase agreements in those cases (both of which pre-dated the enactment of the RPS in Connecticut), the utility, and not the generators, were entitled to the renewable energy credits, or RECs, produced by those renewable facilities. While much of the decisions is based on the jurisdiction of the Department of Public Utility Control, the most interesting part of those decisions was the Court’s agreement with the DPUC that, since the utility would not have been required under PURPA and Connecticut law to purchase the power at “avoided cost” if they had not been renewable resources, the utility was entitled to the renewable attributes of those resources. The Court stated that finding that the generators were entitled to the RECs would have provided “an additional, un-bargained for benefit to the [generators], again at the expense of the utility and the ratepayers.”

## MAINE

The Maine Public Utilities Commission issued a Notice of Rulemaking on August 21 proposing revisions to its rules to implement a recent change in the Maine RPS. That change creates a new category of renewables, to be called “New Renewable Energy Sources,” in addition to the existing “Eligible Resources” under Maine law. Under the proposed rules, to qualify as a “New Renewable Energy Source,” a generator must be one of the qualifying fuel types, must have an “in-service” date after September 1, 2005 and, except for wind facilities, must have a capacity of 100 MW or less. The required percentages for New Renewable Energy Sources would start at 1% in 2008 and ramp up to 10% in 2017. A link to the Notice of Rulemaking on the Maine PUC website.

[http://www.maine.gov/mpuc/doing\\_business/rules/proposed/2007-391nor.doc](http://www.maine.gov/mpuc/doing_business/rules/proposed/2007-391nor.doc)

## **NEW HAMPSHIRE**

On August 31, 2007, the New Hampshire Public Utilities Commission issued an order (No. 24,785) on PSNH's Motion for Rehearing of Order No. 24,763 concerning response to EPACT '05 regarding smart metering and time based rates. PSNH (and other utilities) urged that neither smart metering and time based rates was fully necessary or appropriate (cost-effective) and the PUC established a hearing on such matters on October 10, 2007 and allowed filing of testimony for that hearing by September 17, 2007.

On July 12, 2007, the New Hampshire Public Utilities Commission issued an order (No. 24,774) on the scope of its docket DE 07-064 regarding "appropriate rate mechanisms that would have the effect of removing obstacles to and encouraging investment in energy efficiency." The PUC stated it would consider ratemaking alternatives such as decoupling and in response to Unitil's inquiry, the PUC stated its review would "include, in a general way, distributed generation and other "displacement" technologies and practices." A utility presentation was scheduled for July 30 and a procedural schedule was to be set thereafter.

## **RHODE ISLAND**

On July 5, 2007, the Rhode Island Public Utilities Commission issued its revised rules on a Renewable Energy Standard and issued a related report thereon. Changes primarily related to verification regarding renewable source generation data.

## **FEDERAL**

On August 4, 2007, the U.S. House of Representatives passed both H.R. 2776, the energy tax package, and H.R. 3221, the overall energy bill, which included extension and improvement of the solar investment tax credits, in H.R. 2776. The solar investment tax credit provisions in H.R. 2776 are as follows:

- Provides an eight-year extension of the existing 30 percent Investment Tax Credit for businesses under Section 48 of the tax code
  - Provides the ability for corporate and personal filers to claim the Investment Tax Credit against the Alternative Minimum Tax (AMT)
  - Removes the prohibition barring utilities from using the section 48 Investment Tax Credit
  - Provides no extension of the existing 30 percent Investment Tax Credit for homeowners under Section 25 of the tax code, but eliminates the existing \$2,000 maximum dollar limitation

As well, the tax title provides up to \$2.4 billion in bonding authority for the issuance of Clean Renewable Energy Bonds.

### ***Overall Energy Bill Passes with Several Key Solar Provisions***

Also, the House passed H.R. 3221, incorporating energy legislation from several non-tax committees. A full listing of the provisions related to solar can be found below.

Most notably, the House adopted an amendment by Congressman Tom Udall (D-NM) to create a national Renewable Energy Standard. The RES would require utilities to provide 15 percent of their power from renewable sources by 2020, allowing 4 percent of the requirement to be satisfied with electricity efficiency measures. The RES does not pre-empt state RPS requirements or statutes.

We note that eligible solar technologies include both solar electric and solar water heating technologies. As well, for distributed generation (including distributed solar), a 3x credit multiplier would be issued for each kilowatt hour generated.

Here is the complete listing of solar provisions that can be found in H.R. 3221. For more information, go to [www.seia.org](http://www.seia.org).

### **Solar Provisions in H.R. 3221, the New Direction for Energy Independence, National Security, and Consumer Protection Act**

- **Title III - Small Business Committee** Sec. 3005: Provides grants, subject to appropriation, and authorizes technical assistance to small businesses to assist them in evaluating the suitability of using solar energy resources.
  
- **Title IV – Science and Technology Committee** Sec. 4301- 4308: *The Solar Energy Research and Advancement Act of 2007*, provides funds, subject to appropriation, to support the research, development, and commercial application of solar energy technologies. Special emphasis is placed on concentrating solar power thermal storage research, solar lighting and cooling and advanced photovoltaic technology development.
  
- **Title VII – Natural Resources Committee**
  - o Sec. 7302: Directs the Bureau of Reclamation to inventory lands under its jurisdiction for suitability for solar energy development projects.
  
  - o Sec. 7304: Establishes a Strategic Solar Reserve Program that seeks to identify lands under the Bureau of Land Management’s jurisdiction that can accommodate up to 25 GW of solar energy development. Provides favorable terms and conditions for permitting, leasing and site identification.

□ **Title IX – Energy and Commerce Committee**

- o Sec. 9072 - 9075: Authorizes the Department of Energy, subject to appropriation, to assist state, county, local government, schools, universities, airports and other qualifying entities, to provide technical assistance to increase the deployment of solar energy systems.
  
- o Sec. 9086: Authorizes 25 year federal power purchase agreements for solar energy (current maximum duration is 10 years).
  
- o Sec. 9321- 9328: Authorizes heightened cooperation between the U.S. and Israel on innovative energy technologies, including solar.

**Adopted Amendments**

- **Renewable Electricity Standard (RES) --** Requires electric suppliers, other than governmental entities and rural electric cooperatives, to provide 15 percent of their electricity using renewable energy resources by the year 2020. It would allow 4 percent of the requirement to be satisfied with electricity efficiency measures. For distributed generation (electric energy generated by a renewable energy resource at an on-site eligible facility, used to offset part or all of the customer's requirements for electric energy), including distributed solar, the Secretary of Energy shall issue three renewable energy credits to such customer for each kilowatt hour generated.
  
- **Solar Energy Industries Research and Promotion Board --** Creates a Solar Energy Industries Research and Promotion Board to increase consumer awareness nationwide of solar energy options and appropriate certifications. The solar program would be funded entirely by a small portion of industry revenues. No appropriations are authorized.