

MEMORANDUM

TO: NECA Board of Directors
FROM: Paul N. Belval, Day Pitney LLP
Robert Grace, Sustainable Energy Advantage, LLC
Co-Chairs, Renewable Energy and Distributed Generation Committee
DATE: April 3, 2008
RE: Renewable Energy and Distributed Generation Committee Report

The following is the report of the Renewable Energy and Distributed Generation Committee for the April 4 Board meeting:

Massachusetts Proposes “Green Jobs Act”. Massachusetts House Speaker Salvatore DiMasi has proposed to allocate more than \$50 million to the creation of renewable energy jobs in the state. The bill would create a new clean energy center and would be aimed particularly at creating jobs in start-ups and at attracting additional venture capital investments in the state’s clean energy sector. The proposal would be paid for with funds that would be redirected from the Massachusetts Technology Collaborative’s Renewable Energy Trust Fund.

MA Senate Passes Greenhouse Gas Caps. The Senate passed S. 2531, "The Global Warming Solutions Act", a bill to implement the New England Governors’ greenhouse gas goals, capping emissions at 20% below 1990 levels by 2020 and 80% of 1990 levels by 2050, along with CO2 performance standards for all new power plants in the Commonwealth. The bill now goes to the House for consideration before the formal sessions end on July 31st.

Rhode Island PUC Approves Renewable Energy Plan. The Rhode Island Public Utilities Commission approved National Grid’s renewable energy standard procurement plan for 2008. The plan results in a renewable energy standard rate of 0.084 cents per kWh, which will appear as a separate line item on each customer’s bill. The PUC declined to require National Grid to favor Rhode Island-based renewable energy resources in its procurement plan because the record in the proceeding did not show a net benefit to Rhode Island from such an approach. The PUC also declined to require that a certain percentage of the procurement come from long-term contracts.

Rhode Island Considering Renewable Energy Bill Package. Two Rhode Island state senators have introduced a four-bill package to increase the development and use of renewable energy. The first bill would charge the state economic development agency with administering renewable energy grants and would focus on using renewable energy in affordable housing. The second bill involves a long-term commitment by National Grid to buy the energy output from large renewable energy projects in Rhode Island. The third bill would increase net metering limits and permit “virtual” net metering in the state in which customers receive “credits” for on-site generation in excess of their needs. The final bill would require existing state buildings to buy a percentage of their energy from renewable sources, which would increase each year. Bills have been floated in the House as well on many of the same or similar issues – net metering,

long-term contracting, establishing a municipal renewable energy fund, and establishing a feed-in tariff.

Rhode Island Reconsidering Power Authority; Bill also Addresses RGGI Issues. The Rhode Island House Environment and Natural Resources Committee is considering a bill that would create the Rhode Island Power Authority. This quasi-public entity that would have the authority to enter into long-term contracts to purchase power, which could aid in the development of off-shore wind projects in the state. In addition, the Authority would be able to finance smaller renewable energy projects with bond issues in the \$500,000 to \$1.5 million range. Banks and other investors are typically not interested in smaller projects, so those bond issues could create a viable financing opportunity for those projects. The bill also directs the Department of Environmental Management to arrange for the sale of 100% of RGGI allowances issued in RI. The bill proposes that “a de minimis portion of allowances may be set aside to support the voluntary renewable energy provisions of the RGGI model rule.” The proceeds from the auction or sale of allowances are proposed to be invested in “projects that can reduce long-term consumer energy demands and costs.” The bill references EE and non-carbon emitting energy technologies.

Connecticut Extends Geographic Scope of Clean Energy Options Program; Utilities Launch Joint Solicitation for Two Suppliers. The Connecticut Department of Public Utility Control revised the voluntary Connecticut Clean Energy Options Program to permit RECs from the contiguous United States and the eastern Canadian provinces to be used to satisfy the program’s requirements. The DPUC also approved the existing REC tracking systems in those areas, as well as “conversion transactions” in New York for REC verification for the program without those RECs being transferred to the NEPOOL Generation Information System. Connecticut’s utilities subsequently launched an RFP seeking two suppliers to deliver RECs for the next phase of the program.

Legislation proposed to Implement Recommendations of Maine Wind Power Task Force. LD 2283, An Act to Implement Recommendations of the Governor’s Task Force on Wind Power Development, was introduced on March 27. The bill, reflecting the task force’s consensus recommendations, was introduced very late in the session, and is on a fast track, with hearings and work sessions conducted earlier this week. The bill follows closely the recommendations of the Wind Power Task Force, declaring it is the policy of the State that its political subdivisions, agencies and public officials “take every reasonable action to encourage the attraction of appropriately sited development related to wind energy consistent with all state environmental standards; the permitting and financing of wind energy projects; and the siting, permitting, financing and construction of wind energy research and manufacturing facilities.” Second, the bill establishes the goals of building 2,000 MW of wind by 2015 and 3,000 MW by 2020. Third, the bill establishes areas for expedited permitting and clarifies the roles of the Department of Environmental Protection (DEP) and the Land Use Regulation Commission (LURC) in the permitting process.

New Hampshire Creates Sustainable Energy Office. The New Hampshire Public Utilities Commission has created an Office for Sustainable Energy to focus on renewable energy and

energy efficiency. The office will, among other things, review applications for funds for renewable energy and energy efficiency projects.

Vermont Passes Energy Legislation. S.209 was signed into law by Governor Douglas. Highlights of the law include establishing the state-wide property tax for wind generation plants, streamlining the permitting process for meteorological towers, increasing the state's renewable energy goals, a feed-in tariff, increasing net metering limits, and green pricing program requirements.

MMS Extends Comment Period for Cape Wind. The U.S. Minerals Management Service extended the public comment period on the draft environmental impact statement for the Cape Wind offshore wind project by one month. The comment period was scheduled to expire on March 20, and that period has now been extended to April 21. That draft EIS found that the project will not have a major impact on wildlife, tourism or navigation.

New Jersey and PSE&G Reach Solar Agreement. Public Service Electric & Gas Co., New Jersey's largest utility, and the New Jersey Public Advocate's Division of Rate Counsel have reached a settlement regarding solar investments by the utility. PSE&G will create a subsidiary that will provide loans to residential and commercial customers for the installation of solar energy systems. The loans will be equal to 40% to 50% of the value of the systems and will be paid back through the sale of solar RECs generated by the systems.

IRS Releases CREB Allocations. The Internal Revenue Service has announced that 312 projects have been selected to be financed with the second round of Clean Renewable Energy Bonds (CREBs). The IRS reviewed 342 applications for 395 projects from 33 states, and the volume cap for the bonds was allocated on a "smallest to largest" basis. A total of \$477 million of volume cap was available in this round.

Please contact either of the co-chairs, Paul Belval (860-275-0381) or Bob Grace (508-665-5855), with any questions on this material.