

Community Empowerment :

An Act to promote long-term renewable contracts for municipal aggregators and municipalities



Community Empowerment: Rationale and Reasoning

- **We need more renewable energy projects to address climate change, energy security, and reliability**
 - Main barrier to more projects is financing
 - Projects need long-term contracts with credit-worthy buyers
 - Federal and State level policies alone probably not sufficient to deliver
- **Residents of MA are supportive of renewable energy, especially where there is a local benefit**

Given above, we should also look to local initiatives and capabilities as a basis for new policies to finance renewable energy projects

Community Empowerment: *What is it?*

A state enabling policy that :

- Empowers local communities, through a democratic process, to set their own course for their energy future
 - Communities can enable financing (“support”) projects that meet criteria of local values and concerns
 - Communities support projects of the community’s choice
- Meaningful, direct support = Enabling financing
 - Residents provide credit-worthy buyer that projects need to secure financing and construct project
- Long-term energy cost stabilization opportunities
- Ability to purchase above RPS for community’s residents, businesses and municipal buildings

Community Empowerment: *What is it not?*

- Community Aggregation
- Community or Group Net-metering (e.g. “solar gardens”)
- Municipal governments purchasing renewable energy
- Municipal utilities or light departments
- Green Energy choice (e.g. “GreenStart”)

All of these policies have various advantages, and Community Empowerment has similarities to each.

But CE is something different...

Community Empowerment: How would it work under MA legislative proposal?

1. Community makes the decision to enter into Community Empowerment contracts on behalf of all end-users in community
 - Decision process is same as under current law for Community Aggregation, MGL Chapter 164. Section 134
 - If a community decides “yes”, individual end-users can continue to choose whichever electricity supplier they want

BUT

 - End-users cannot opt-out of the Community Empowerment contract after 60 day opt-out window
 - Town and school users automatically included

CE: How would it work?

2. Specific project decisions are per vote of community's governing body: the process is transparent and democratic

- Anticipate that most towns will use Energy Committees, or existing Community Aggregator, and a transparent RFP process to select projects
- Communities can choose to cooperate with other communities in the state, so as to increase buying power
- Requirement for public hearings and independent analysis
- Community Empowerment technical assistance made available from DOER and oversight from DPU

CE: How would it work?

3. Contracts are on a “contract-for-difference” basis:

- Town and developer agree to a “*Strike Price*”: a fixed price per MWh
- Once operational the project sells its energy into the wholesale market “*Reference Price*”
- The difference between the wholesale price (“*Reference Price*”) actually received by the project and the “*Strike Price*” is charged -or credited- to residents on a per KWh basis
- This charge or credit appears as a line item on the distribution utility portion of the residents’ electric bills

Community Empowerment: Advantages and Features

- Additional to, and compatible with, current clean energy policies
 - Builds on the Green Communities Act and existing municipal aggregation law
- Compatible with existing electricity markets
- No national legislation necessary
- State legislation is enabling only
- Can be deployed anywhere nationally, in any regulatory setting
- Biggest Challenge:
 - Requires many, strong local initiatives to get to significant scale