



The Cape Light Compact

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April 2, 2007

Senator Michael W. Morrissey
Senate Chairman Joint Committee on Telecommunications, Utilities and Energy
State House, Room 413D
Boston, MA 02133-1053

Representative Brian S. Dempsey
House Chairman Joint Committee on Telecommunications, Utilities and Energy
State House, Room 473B
Boston, MA 02133 -1053

Re: House Bill #3965 - The Green Communities Act of 2007

Dear Chairman Morrissey and Chairman Dempsey:

The Cape Light Compact ("Compact") appreciates the opportunity to submit comments on House Bill 3965, The Green Communities Act of 2007. The Compact is a regional energy services organization made up of all 21 towns of Barnstable and Dukes counties, and the two counties. Each of these towns voted at town meeting or by town council to become municipal aggregators so that they could provide generation services to consumers on an "opt-out" basis, and administer the ratepayer funded energy efficiency programs pursuant to M.G.L. c. 164, §134. The overarching purpose of the Compact is to represent and protect consumer interests in a restructured electric utility industry. As authorized by each town, the former Division of Energy Resources and the former Department of Telecommunications and Energy, the Compact operates the regional energy efficiency program and works with the combined buying power of the region's 200,000 electric consumers to negotiate for lower cost electricity and other energy related public benefits. Since our establishment in 1997, the Compact has had first hand experience representing consumer interest on energy policies and delivering energy efficiency services.

The Compact carefully reviewed and discussed the Green Communities Act of 2007 (the "Act") filed by Speaker DiMasi, Representative Bosley and Representative Dempsey from the perspective of a public entity already working towards many of the goals outlined in the proposed Act and, in some cases, having achieved some of those

objectives. The Compact strongly applauds the Speaker's desire to provide a comprehensive energy solution for Massachusetts and the extensive scope of the proposed Act.

However, the Compact believes the Act can be improved along the following precepts:

1. The Act inadvertently makes significant changes to §134 which governs the opt-out municipal aggregation process which the Compact has successfully employed over the last ten years. Sections 271-272 and 274-276, among others, substitute the term "Basic Service" for "Standard Offer" since the latter is no longer offered. However, this change has perhaps the opposite effect of what is intended -- municipal aggregators may be obligated to price against short-term, last resort "Basic Service" and may not be able to enter into longer-term, competitive supply contracts. **The outmoded term "Standard Offer" can be dropped without substantively changing the municipal aggregation process.**
2. The proposed Act amends several other generation supply provisions within Chapter 164 as enacted in the 1997 Restructuring Act. The Compact respectfully requests that the Act pursue this issue one step further by supporting transparent pricing in the setting of Basic Service rates. Most observers recognize that, aside from the Compact's service territory, competition has brought few benefits to residential and small commercial and industrial consumers in the Commonwealth. **The Act can help remedy that problem by fostering a level playing field.** The Compact will shortly provide, under separate cover, suggested language and changes to the Act to accomplish this and the other major points made in this letter.
3. The Compact has been successfully delivering energy efficiency programs on Cape Cod and Martha's Vineyard for the past five and one half years. During this time frame, the Compact has returned \$26 million in energy efficiency services to ratepayers. The Compact has effectively served the energy efficiency needs of municipal projects by funding 100% of the installation of cost effective energy efficiency measures up to \$75,000 per project per year. This has resulted in the Compact reinvesting approximately \$5.5 million in **municipal** energy efficiency projects on Cape Cod and Martha's Vineyard. Investments in energy efficiency measures in our towns have the added benefit of saving our taxpayers money through lower utility costs. The Compact requests that it be allowed to continue to administer the ratepayer energy efficiency programs on Cape Cod and Martha's Vineyard.
4. The demand for energy efficiency program services on Cape Cod and Martha's Vineyard, and throughout Massachusetts, exceeds available funds. The Compact agrees with Speaker DiMasi that high energy costs are adversely impacting the Massachusetts economy and now is the time to do more. Energy efficiency measures are a proven method for reducing energy usage and costs, not to mention the adverse greenhouse impacts of fossil fuels; therefore, **the Compact does not support reducing the total amount of funds available for energy efficiency programs, from today's levels, by redirecting energy efficiency**

- funds towards other projects as proposed in the Act.** Instead, the Compact strongly supports increasing these funds, so that all cost-effective efficiency measures may be implemented in a timely fashion. One of the goals of the Act is to save 10% of electricity sales by 2017 – roughly 1% per year. The Compact is presently saving 0.8% of electricity sales annually, and with an increase in funds could exceed the goal of 10% savings in electricity sales.
5. The Compact believes that **over the long run, the towns on Cape Cod and Martha's Vineyard are better served – meaning more funds are available to the towns for implementing energy efficiency measures – under the current structure** (Compact administering the energy efficiency programs) than under the structure proposed in the Green Communities Act.
 6. **The towns on Cape Cod and Martha's Vineyard, through the support of the Compact, are already on the road to becoming Green Communities.** The Compact has successfully leveraged the strength of energy efficiency program funds with renewable trust funds through the Green Affordable Homes Initiative that will, by May 2009, support over 50 units of green affordable homes and over 100 kW of installed on-site renewable generation. This is in addition to the 42 kW from photovoltaic panels installed in our communities' schools through our Solarize Our Schools initiative completed in late 2006.
 7. **The Compact supports net metering and cost effective distributed generation.** Municipal net metering (where community renewable projects may offset the usage on all municipal accounts) should be a part of this approach.
 8. With respect to the Renewable Energy Trust Fund aspect of the Act, the Compact supports Speaker DiMasi's objective of increasing the amount of funds available for renewable energy grants for towns and residents. The Green Communities Act addresses funding, contracting provisions, and financial commitments to renewable energy projects. **The Compact believes that a lean, administratively efficient structure which encourages the development of community renewables on a statewide basis best serves these objectives.** Developers of such projects, especially cities and towns, need to be able to enter into long term contracts to sell the energy and renewable energy certificates from their projects at stable, sustainable levels. And, in any case, **the Compact requests that customers of municipal aggregators be afforded any and all benefits of these proposals** – similar to basic service customers served by Investor Owned Utilities.
 9. **The Compact does not support moving the energy consumer protection functions of the Attorney General to the Executive Office of Energy nor does it support blending the role of policymakers with regulators.** The Compact believes that consumers are best served by an advocate independent of the executive branch and by full-time, impartial regulators.

Over the past 10 years, the Compact has worked diligently to represent consumer interests in a restructured electric market. The Compact has partnered with state

agencies, our local distribution company, other utilities, towns, local environmental organizations, residents and businesses to advance and protect consumer interests. The twenty one towns on Cape Cod and Martha's Vineyard are proud of what the Compact has accomplished on our own and through partnerships. We continue to make strides towards fostering green communities, and are poised to advance renewable energy generation through the formation of an electric cooperative. The Compact has been touted as a success of the 1997 Restructuring Act; we request that the final Massachusetts energy law preserve and enhance the rights of municipal aggregators.

The Act wisely recognizes the need to enhance consumer interests and promote a reliable and affordable energy delivery system in our Commonwealth. We look forward to working with you and the Joint Committee staff to help bring about the vision of the Act -- a significant reduction in climate changing emissions through the aggressive development of renewable energy and energy efficiency measures with municipalities playing a key role.

Sincerely,

A handwritten signature in black ink that reads "Bob Mahoney". The signature is written in a cursive, flowing style.

Robert Mahoney
Chairman
Town of Dennis Representative

Cc: Senate President Therese Murray
Speaker Salvatore F. DiMasi
The Honorable Governor Deval Patrick
Senator Robert O'Leary
Representative Demetrius Atsalis
Representative Eric Turkington
Representative Cleon Turner
Representative Matthew Patrick
Representative Sarah Peake
Representative Susan Gifford
Representative Jeffrey Perry
Attorney General Martha Coakley
Barnstable County Commissioners
Secretary Ian Bowles
Undersecretary Ann Berwick
Commissioner David O'Connor
Cape Light Compact Governing Board Members