

# Cape Light Compact Executive Committee & Governing Board Meeting

**DATE:** Thursday, February 13, 2020  
**LOCATION:** Cape Light Compact Offices – MV Conference Room  
261 Whites Path, Unit 4, South Yarmouth  
**TIME:** 2:00 – 4:30 p.m.

## AGENDA

2:00 PM Public Comment  
Barry Margolin, Chair of 350 Cape Cod

Approval of Minutes

Chairman's Report, Ron Zweig

1. Staff to Provide Brief Explanation of the SMART Tariff

2020 Operating and Energy Efficiency Budget Reports, Peter Cocolis

Presentation on Proposed Cape & Vineyard Electrification Offering (CVEO), Austin Brandt

Proposed 2020 Main Streets Offering for Small Businesses, Lindsay Henderson

Overview of 2020 CLC Marketing Videos and 2018 Annual Report, Dan Schell

Overview of Proposed Senate Legislation on Climate Change, Jeff Bernstein

Administrator's Report, Maggie Downey:

1. Update on DPU 19-136, 2020 Energy Efficiency Surcharge
2. Finalize list of questions for Eversource's on their December presentation to the Board
3. Update on DPU 18-116, Active Demand Reduction Offering

Board Member Update (Reserved for Updates on Member Activities the Chair Did Not Reasonably Anticipate Would be Discussed – No Voting)

**Cape Light Compact JPE  
Governing Board  
Meeting Minutes  
Wednesday, January 8, 2020**

The Cape Light Compact JPE Board of Directors met on Wednesday, January 8, 2020 in the Martha's Vineyard Conference Room at the Cape Light Compact JPE Offices at 261 Whites Path, Yarmouth MA 02664 at 2:00 PM.

**Present Were:**

1. Peter Doyle, Alternate, Barnstable
2. Robert Schofield, Executive Committee, Bourne
3. Colin Odell, Brewster
4. Peter Cocolis, Executive Committee, Chatham
5. Brad Crowell, Dennis
6. Erik Peckar, Dukes County – **By Phone**
7. Alan Strahler, Edgartown
8. Ronald Zweig, Chair/Executive Committee, Falmouth
9. Valerie Bell, Harwich
10. Richard Toole, Executive Committee, Oak Bluffs – **By Phone**
11. Martin Culik, Executive Committee, Orleans
12. Nathaniel Mayo, Provincetown
13. Richard Elkin, Wellfleet
14. Sue Hruby, West Tisbury
15. Joyce Flynn, Vice Chair/Executive Committee, Yarmouth

**Absent Were:**

1. Michael Hebert, Aquinnah
2. David Anthony, Secretary/Executive Committee, Barnstable
3. Timothy Carroll, Chilmark
4. Fred Fenlon, Eastham
5. Wayne Taylor, Mashpee
6. Leanne Drake, Sandwich
7. Kirk Metell, Tisbury
8. Jarrod Cabral, Truro

**Members/Alternates:**

Physically present: 13

Present by phone: 2

**Legal Counsel:**

Jeffrey Bernstein, Esq., BCK Law, P.C. – By Phone

**Staff Present:**

Austin Brandt, Senior Power Supply Planner

Dan Schell, Marketing and Communications Coordinator

Maggie Downey, Administrator

Margaret Song, C&I Program Manager  
Megan Terrio, Comptroller  
Melissa Allard, Senior Administrative Coordinator  
Mona Boumghait, Massachusetts Maritime Academy Intern  
Phil Moffit, Planning and Evaluation Manager

**Public Present:**

None.

Ronald Zweig called the meeting to order at 2:00 PM. Ronald Zweig recognized Erik Peckar of Dukes County and Richard Toole of Oak Bluffs who were remotely participating because physical attendance at the meeting would be unreasonably difficult.

**PUBLIC COMMENT:**

There was no public comment.

Ron Zweig introduced the Compact's Massachusetts Maritime Academy Intern, Mona Boumghait. She will be working with the Compact until the end of February.

**APPROVAL OF MINUTES:**

The Board considered the December 11, 2019 Open Session Meeting Minutes.

Sue Hruby stated that at the top of page three she doesn't think she said, "transfer stations." Maggie Downey asked if she thought stating "that many solar panels have been installed throughout the Cape and Vineyard" was consistent with her remarks. Sue Hruby answered yes.

*Martin Culik moved the Board to accept the minutes as amended and to release them as amended, seconded by Robert Schofield.*

Peter	Doyle	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Richard	Toole	Oak Bluffs	Abstained
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (14-0-1)*

**CHAIRMAN'S REPORT:**

1. Elections for 2020 Officers

*Maggie Downey asked if there were any nominations for Chair. Martin Culik nominated Ronald Zweig. Seconded by Peter.*

Peter	Doyle	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Richard	Toole	Oak Bluffs	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (15-0-0)*

*Maggie Downey asked if there were any nominations for Vice Chair. Peter Cocolis nominated Joyce Flynn. Seconded by Valerie Bell.*

Peter	Doyle	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Richard	Toole	Oak Bluffs	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (15-0-0)*

*Maggie Downey asked if there were any nominations for Secretary. Peter Cocolis nominated David Anthony. Seconded by Robert Schofield.*

Peter	Doyle	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Richard	Toole	Oak Bluffs	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (15-0-0)*

*Maggie Downey asked if there were any nominations for the position of Treasurer. Ronald Zweig nominated Glivinski and Associates, Inc. Seconded by Sue Hruby.*

Peter	Doyle	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Richard	Toole	Oak Bluffs	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (15-0-0)*

*Maggie Downey asked if there were any nominations for the position of Business Officer. Joyce Flynn nominated Megan Terrio. Seconded by Richard Elkin.*

Peter	Doyle	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Richard	Toole	Oak Bluffs	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (15-0-0)*

2. Elections for 2020 Executive Committee

Maggie Downey asked that if there were any nominations for the officer seats on the Executive Committee members beyond the Chair, Vice Chair, Secretary, Treasurer and Business Officer nominations. She stated that Peter Cocolis, Richard Elkin, Martin Culik, and Robert Schofield were nominated at the previous Board Meeting.

*There were no new nominations. Ron Zweig moved the entire slate of Peter Cocolis, Richard Elkin, Martin Culik, and Robert Schofield . Seconded by Joyce Flynn.*

Peter	Doyle	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Richard	Toole	Oak Bluffs	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes

Joyce	Flynn	Yarmouth	Yes
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*Motion carried in the affirmative (15-0-0)*

3. Questions for Eversource from Last Month’s Meeting

Maggie Downey asked the Board what it would like to do about the questions that were not answered during Eversource’s presentation during the last meeting. Richard Elkin stated that the Compact should send Eversource the questions and then set up a time to have them present their answers to the Board. Colin Odell stated that he would like to get the answers before the Board Meeting to see if more information is needed. Ron Zweig asked if Board Members could add questions. Maggie Downey stated that she will send the list of questions to the Board and if anyone wants to add any they can email her back.

**OVERVIEW OF 2019 OPERATING AND EFFICIENCY BUDGETS, PETER COCOLIS:**

Peter Cocolis stated that the Compact’s spending is under budget for both the Energy Efficiency and Operating Budgets. Peter Cocolis stated that 81% of the Energy Efficiency Budget has been spent. There is about \$5 million in invoices that are still pending. Maggie Downey stated that once the invoices are processed the Compact would have spent between 95-97% of the Energy Efficiency Budget. Peter Cocolis stated that 68% of the Operating Budget has been spent based on invoices received as of today’s meeting date. There are also some outstanding invoices to be paid under the Operating Budget.

Maggie Downey stated that at the March Board Meeting the Compact will present the year end data along with the saving goals. Richard Elkin asked what the headers stand for. Phil Moffit stated that “EMV” stands for Evaluation, Measurement and Verification, “STAT” stands for Sales, Technical Assistance and Training, and “PP&A” stands for Program Planning and Administration. Maggie Downey stated that these terms are defined by the Department of Public Utilities (“DPU”) and the DPU determined how the reports would be laid out.

Richard Elkin asked where the \$5 million in outstanding Energy Efficiency invoices are coming from. Phil Moffit stated that \$5 million in vendor invoices have been submitted, reviewed by appropriate staff, but have not yet been entered into the Compact’s energy efficiency database. Richard Elkin asked if there are any other invoices that haven’t come in. Maggie Downey stated that each of the program managers know what is still outstanding. All 2019 vendor invoices are due by January 15<sup>th</sup>.

Peter Cocolis reviewed the Power Supply Fund Balance Analysis worksheet. The total mil-adder revenue for 2019 is \$900,220.02. The interest income from January through November 2019 is \$15,200.65. The operating expenditures year to date is \$600,399.50. Peter Cocolis, referring to the handout, then asked what the interfund transfers (\$29,070.00) are. Maggie Downey stated that it is the money, previously approved by the Board, that was used for solar PV projects with Habitat for Humanity. The fund balance at the end of 2019 is \$1,135,631.31. After the 2020 Operating Budget is appropriated, the unallocated fund balance is \$265,805.75.

Peter Cocolis stated that the Reserve Fund could be used for legal if needed. Maggie Downey stated that it could be used to reduce power supply rates but the Compact would need a bit more in the fund before having an impact on rates. Richard Elkin asked what the difference is between a reserve fund and free cash. Peter Cocolis stated that the Reserve Fund was established by a vote of the Board and these funds could be appropriated for unforeseen expenses as further approved by the Board. Free cash is funds that have not been appropriated by the Board. Colin Odell stated there are plenty of references for how the reserve fund can be used with a vote of the Board. The Compact would not have to go back to using free cash if the \$250,000 Reserve Fund is fully

funded. Richard Elkin asked why not fully fund the Reserve Fund now. Maggie Downey stated that the Board could do a budget amendment to fund the \$250,000 reserve fund in 2020. Colin Odell stated that this would be an appropriate topic after 2019 balances have been closed. Maggie Downey stated that the Compact can bring it back for the April Board Meeting.

**DISCUSSION OF OTHER POST EMPLOYMENT (“OPEB”) AND RETIREMENT LIABILITIES:**

Maggie Downey stated that the Compact has been allocating funds for its OPEB liability since 2016. Allocation is based on payroll. It will be fully funded within the next four years or less. Free cash could fund some of it. Richard Elkin asked why there is such a decrease in Retirement Liability from 2017 to 2018. Maggie Downey stated that the Compact funded what was appropriated each year. The Compact is proposing to put the liabilities into a trust as permitted by Massachusetts General Laws.

Richard Elkin asked about putting it into a trust. Maggie Downey stated that it will be discussed at the March Board Meeting. Valerie Bell asked if the Compact is separated from Barnstable County Retirement Association. Maggie Downey stated that the Compact is a member of Barnstable County Retirement Association. However, it has its own actuarial and liability accounts. Valerie Bell asked if employees contribute. Maggie Downey stated employees contribute 11% of their salary each pay period. Richard Elkin asked how old the actuarial analysis is. Maggie Downey stated that it was done in 2019.

**UPDATE ON PROPOSED CAPE & VINEYARD ELECTRIFICATION OFFERING (“CVEO”), AUSTIN BRANDT:**

Austin Brandt reviewed the Proposed Cape & Vineyard Electrification Offering PowerPoint. He stated that the Compact is in the process of finalizing its budget. Once that is done it will be sent to the Energy Efficiency Advisory Council (“EEAC”). If it approves the program it will then be sent to the DPU for its review and approval.

Peter Cocolis stated that even some people who are making 81% or higher than the state median income are also struggling. Austin Brandt stated that that is true. However, this time around the Compact is focusing on people more in need. Austin Brandt stated that only single-family homes are eligible for the program. Richard Elkin stated that, in his opinion, not serving low-income customers in multifamily establishments may be biasing the statistics. Maggie Downey stated that the initial offering is for single family, deed restricted homes (homes restricted for income eligible individuals). They can be rental properties. Austin Brandt stated that it is difficult to install solar on multimeter multifamily homes and be able to have it benefit the customer. Maggie Downey stated that the Compact will investigate using Department of Housing and Community Development (“DHCD”) funds and working with towns on new low-income construction.

Maggie Downey stated that the program is designed to pursue the goals of 2018 amendments to the Green Communities Act, strategic electrification, storage and renewable technology. Heat pumps are highly efficient, but for low-income customers their electric bill can be a burden. That is why the Compact proposes to install solar and storage as well to reduce total energy bills. Martin Culik asked how much it will cost. Austin Brandt stated that it will cost \$50,000 for the solar and storage. The cost of heat pumps has not yet been determined. Richard Elkin stated that it sounds high. Maggie Downey stated that the Compact uses the Massachusetts Clean Energy Center data. Richard Elkin stated that the data is old.

Valerie Bell asked if there was any net metering credits involved. Austin Brandt stated that the projects will be will not be eligible for Solar RECs because that program has been replaced by Solar Massachusetts Renewable Target (SMART). Richard Elkin asked if Sola Massachusetts SMART was included. Austin Brandt answered



yes. Austin Brandt stated that the Compact is looking into the revenue from the clean peak standards, but there is very little information available at this time on pricing. He stated that the Compact estimated costs based on the best available information. As with all energy efficiency programs, anything that isn't spent on the program is fully reconciled through the DPU the following year. Richard Elkin asked if SMART requires the homes to be deed restricted. Austin Brandt answered no. Ron Zweig asked if ownership will revert to the customer if it's a deed restriction house if the customer were to sell their house. Austin Brandt stated that it becomes the owner's asset. Margaret Song stated that with the deed restriction it makes it so the house can only be sold to a customer within a certain defined income bracket.

Maggie Downey stated that the program is addressing how low-income customers are already paying for all those who already have solar. Colin Odell asked if the Compact would go out to negotiate for heat pumps as it has done for solar. Austin Brandt stated that the Compact will go out to bid for heat pumps too and will select one or two installers. It will be competitively procured.

Brad Crowell stated that this program has been designed to get through the DPU, but not to solve all of the social problem. Austin Brandt stated that the Compact is trying to also solve the social problem as well. Richard Elkin stated that there are other factors such as trees surrounding a home and therefore solar can't be installed. Austin Brandt stated yes, there are many factors to take into consideration. Colin Odell asked if there is a Third-Party Owner ("TPO") for the heat pump portion of the program. Austin Brandt answered no.

Martin Culik stated that this program is going to be in high demand and is a monumental marketing piece. Austin Brandt stated that the marketing will be targeted since the Compact can only serve 250 customers. The Compact doesn't want to cause an issue by having to turn away a lot of people. Marketing will be done through the Towns, Habitat of Humanity and other nonprofit housing organizations. Sue Hruby stated that it will be a great marketing piece once it is finished.

#### **ADMINISTRATOR'S REPORT, MAGGIE DOWNEY:**

##### **1. Update on DPU 19-136, 2020 Energy Efficiency Surcharge**

Maggie Downey stated that the Compact has provided the DPU with requested information on shared costs such as documentation for rent, salary, benefits, etc. The issue of shared costs is an open item at the DPU; Maggie Downey will keep the Board updated as new information is presented.

##### **2. Review Documents Sent to CLC Board**

Maggie Downey stated she emailed out the following documents: Summary of Conflict of Interest Law for Municipal Employees, Office of the Attorney General: Open Meeting Law Guide and Educational Materials, Office of the Attorney General: 940 CMR: Open Meetings, and Office of the Inspector General: How to be an Effective Board Member of the Public Board or Commission. She stated that there are two signature pages that need to be signed and returned to her on the Open Meeting Law and Conflict of Interest documents.

##### **3. Review Annual Meeting Attendance Requirements**

Maggie Downey stated that she'll be reviewing Board Members' attendance for the year. Martin Downey stated there are a few towns whose board members haven't been present at any Board Meetings. Maggie Downey stated that Aquinnah said it would submit the required attendance waiver letter. Valerie Bell stated that maybe

the Board can meet on the Vineyard once a year. Maggie Downey stated that she would be happy to, but the Compact has tried this before and there was not a good turnout.

Richard Elkin asked if the Compact could get around the open meeting law when it comes to getting around the rule about Board Members having to be physically present. Maggie Downey stated that she doesn't think there is a way to get around it. Jeffrey Bernstein stated that as a JPE, the Compact could seek legislative or other authorization but under current law, remote participation did not count for quorum purposes under the Open Meeting Law. Maggie Downey stated that even getting the Vineyard towns to participate remotely would help with the Compact's internal attendance requirements.

#### 4. 350.org Asked to Present to Board at February Meeting

Maggie Downey stated that 350.org has asked to come and present to the Board in February. She stated that she had discussed with members of 350.org that Board Members wouldn't be able to vote on anything unless given permission from their town.

Brad Crowell stated that unfortunately the topic has become very political and the Compact is not a political advocacy group. He believed that it could cause potential problems. Sue Hruby stated that the Vineyard has its own version of 350.org. She also stated that it could take up a lot of time during the Board Meeting. Nate Mayo stated that he would like to hear what they are trying to do at a municipal level and finds it appropriate to the Compact. Maggie Downey stated that they did ask if the Compact could advocate/lobby and she informed them that they could not lobby and a vote in support would have to be discussed with their appointing authority/town. Members of 350.org would like to present to the Board. Brad Crowell stated that they could talk during public comment. Colin Odell stated that then it would keep it out of the part of the meeting where the Board would need to comment or vote. Maggie Downey stated she will let them know that they can speak only during public comment. Nate Mayo asked if the time for them to speak during public comment could be extended. Maggie Downey answered yes as long as approved by the Chair.

#### 5. Select Board Meetings

Maggie Downey stated that the Compact is setting up times to meet with each town's Select Board/Town Council. She stated that Melissa Allard will send along a calendar invite when the date has been set.

#### ADJOURNMENT:

*Motion to adjourn made at 4:06 PM moved by Peter Cocolis, seconded by Colin Odell.*

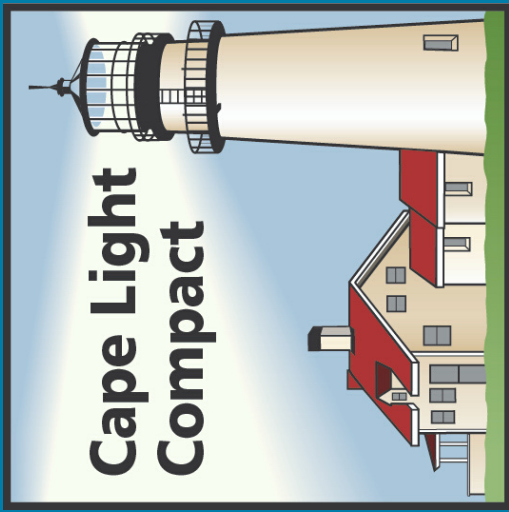
Respectfully submitted,

Melissa Allard

#### LIST OF DOCUMENTS AND EXHIBITS:

- Meeting Notice/Agenda
- December 11, 2019 Draft Meeting Minutes
- 2019 Energy Efficiency Budget
- 2019 Operating Budget
- Power Supply Fund Balance Analysis worksheet
- OPEB and Retirement Liability & Fund Balance Analysis worksheet

- Cape & Vineyard Electrification Offering – Update PowerPoint



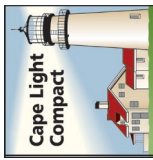
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# SMART Program Overview

February 13, 2020  
CLC Governing Board  
Meeting

# MA State solar “incentives”

- State tax credit
- **Net metering**
- Renewable Portfolio Standard, Clean Peak Standard, Clean Energy Standard
  - Via environmental attributes such as renewable energy certificates (“RECs”)
- **Solar Massachusetts Renewable Target (SMART)**
  - Successor to previous REC-based SREC-1 and SREC-2 carve-out programs



# Net metering

- Net metering is a tariff-based (i.e., administered by utilities) program that allows customers with behind-the-meter (“BTM”) renewable energy projects to “sell” excess power generated on a monthly basis to the utility in exchange for a **bill credit**
  - Net metered projects must adhere to certain criteria spelled out in law and regulations
  - Bill credits are called net metering credits (“NMC”)
- Net metering is intended to compensate resources for the value of their **excess** electricity
  - For small projects (e.g., residential rooftop solar), NMC value approximates retail price of delivered electricity
- **Qualification for net metering is separate and distinct from participation in the SMART program**

# DOER Solar Incentive Programs

- The MA Department of Energy Resources (“DOER”) has designed and overseen solar-specific incentive programs to intended to accelerate the installation of solar PV.
- SREC programs: Initial solar incentive program based on a carve-out of the Renewable Portfolio Standard (“RPS”) for solar projects eligible to generate Solar Renewable Energy Certificates (“SRECs”), which had a higher value than other RECs. This was followed by a second RPS solar carve-out, the SREC-II program.
  - SREC-I/SREC-II were market-based (rather than tariff-based) programs designed and administered by DOER. The utilities were not involved in administering the programs.
- SMART: the SREC programs ended in 2018 and were succeeded by SMART. SMART is a tariff-based incentive program designed by DOER but administered by the

# SMART Program

- SMART was designed with the intent to deploy an additional 1600 MW (beyond SREC-I & -II) of solar in MA while minimizing ratepayer costs and incentivizing the most beneficial types of solar developments
  - DOER commissioned study on how best to achieve objectives to inform program design
- SMART is a tariff-based incentive program designed by DOER but administered by the utilities.
  - Move away from market model of SREC-I & -II (reduced pricing volatility and transactional costs)
  - Utilities keep Class-1 RECs generated by SMART projects and pay out a fixed per-kWh rate to project owners
    - Utilities may sell RECs into market and/or use them for RPS compliance for basic service



# SMART Incentive Structure

- Incentive/compensation rate for each project for the entire SMART qualification period is fixed at the time of installation based on a set of factors
  - Utility service territory, incentive block, project type, project size, location, offtakers, etc.
- Designed as a declining incentive block
  - Incentive rates decrease as more projects are qualified under the program
  - 8 blocks, each block containing about 200 MW across the state
- Project owners receive a payment (**separate from NMCs on electric bill**) for the total amount of electricity produced (kWh) multiplied by the SMART incentive rate
- Compensation rate is adjusted to account for the “value of energy,” which is essentially the NMC rate for

# Compensation Rates/Terms/Adders

Capacity	Base Compensation Rate Factor	Compensation Term Length
≤ 25 kW AC, Low Income	230%	10 years
≤ 25 kW AC	200%	10 years
> 25 kW AC, ≤ 250 kW AC	150%	20 years
> 250 kW AC, ≤ 500 kW AC	125%	20 years
> 500 kW AC, ≤ 1,000 kW AC	110%	20 years
> 1,000 kW AC, ≤ 5,000 kW AC	100%	20 years
> 5,000 kW AC	Not eligible for SMART	Not eligible for SMART

- DOER set base compensation rates for each investor-owned utility (IOU) service territory by soliciting bids for large solar projects and using the prices submitted.
  - Percentages shown above are applied to the base compensation rates set by that procurement process
- Project “adders” and “subtractors” (applied to the applicable base compensation rate for 25+ kW projects) include: location (building-mounted, floating, brownfield, landfill, canopy-mounted, agricultural), type (community shared solar, low-income property, low-income community shared solar), owner (public entity), and whether it utilized solar tracking
- Additional adder applicable to any size project for paired energy storage systems



# Who pays? Customers

- All customers of electric IOUs in Massachusetts fund the SMART program on the distribution side of their electric bill, through a SMART factor reviewed and approved by the Department of Public Utilities (DPU)
  - Shown as “Distributed Solar” line item charge
  - Includes funding for both the incentives and the approved administrative costs incurred by the IOUs in administering the program
- **Net metering paid for through charges built in to “distribution charge” line item** Estimated at 4% of program costs
- SREC-I/II programs are also paid for by customers, but through the supply side of the bill as part of suppliers’ RPS compliance costs

**Delivery**  
(Rate 32 R1 RESIDENTIAL) (Prorated)  
Meter 1980606

Customer Charge		\$7.00
Distribution Charge	151 kWh X .06464	\$9.76
Transition Charge	151 kWh X -.00013	-\$0.02
Transmission Charge	151 kWh X .02695	\$4.07
Revenue Decoupling Charge	151 kWh X .00053	\$0.08
Distributed Solar Charge	151 kWh X .00166	\$0.25
Renewable Energy Charge	151 kWh X .00053	\$0.08
Energy Efficiency	151 kWh X .01477	\$2.23
Subtotal Delivery Services		\$23.45
<b>Total Cost of Electricity</b>		<b>\$38.50</b>



# Summary

- Net metering and SMART are separate programs, governed by separate laws and regulations
  - Different program participation caps
  - Different qualification terms
    - Net metering: 25 years
    - SMART: 10-20 years
- Net metering allows qualified renewable energy programs to sell **excess** electricity in exchange for a bill credit
- SMART provides cash compensation to projects based on **total** production
  - Reduced by the value of energy, which is approximately the NMC value

# Additional Resources

- Synapse SMART report commissioned by CLC: <https://www.synapse-energy.com/sites/default/files/Getting-SMART-16-069.pdf>
- DOER's SMART webpage: <https://www.mass.gov/info-details/solar-massachusetts-renewable-target-smart-program>
- Historical development of SMART: <https://www.mass.gov/info-details/historical-development-of-the-solar-massachusetts-renewable-target-smart-program>
- IOU SMART webpage: <http://masmartsolar.com/>

ORG	OBJECT	ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	AVAILABLE BUDGET	% USED
01001	5110	OP-SALARIES	45,000	45,000	0.00	45,000	0.00
01001	5119	OP-SALARY RESERVE	5,000	5,000	0.00	5,000	0.00
01001	5171	OP-RETIREMENT	13,503	13,503	0.00	13,503	0.00
01001	5173	OP-GROUP INSURANCE	12,035	12,035	7.61	12,027	0.10
01001	5174	OP-MEDICARE/OTHER TAXES	1,275	1,275	0.00	1,275	0.00
01001	5179	OP-MISC FRINGES	500	500	0.00	500	0.00
01001	5180	OP-RETIREMENT LIABILITY	42,700	42,700	0.00	42,700	0.00
01001	5181	OP-OPEB LIABILITY	15,000	15,000	0.00	15,000	0.00
01001	5210	OP-UTILITIES	500	500	4.42	496	0.90
01001	5270	OP-MISC RENTALS	1,000	1,000	0.00	1,000	0.00
01001	5272	OP-RENT	3,600	3,600	0.00	3,600	0.00
01001	5290	OP-CUSTODIAL SERVICES	800	800	0.00	800	0.00
01001	5301	OP-ADVERTISING	160,000	160,000	4,345.78	155,654	2.70
01001	5309	OP-IT SERVICES	398	398	0.00	398	0.00
01001	5313	OP-STAFF PROFESSIONAL DEVELOP	5,000	5,000	525.00	4,475	10.50
01001	5314	OP-PAYROLL SERVICES	80	80	0.00	80	0.00
01001	5315	OP-LEGAL SERVICES	195,000	195,000	0.00	195,000	0.00
01001	5316	OP-AUDIT FEES	1,000	1,000	0.00	1,000	0.00
01001	5318	OP-TREASURY SERVICES	1,000	1,000	60.62	939	6.10
01001	5319	OP-CONTRACTUAL	20,000	20,000	0.00	20,000	0.00
01001	5320	OP-OUTREACH/MARKETING CONTRACT	100,000	100,000	0.00	100,000	0.00
01001	5341	OP-POSTAGE	10,000	10,000	89.89	9,910	0.90
01001	5343	OP-TELEPHONES	1,257	1,257	295.42	962	23.50
01001	5344	OP-INTERNET	587	587	225.78	361	38.50
01001	5345	OP-PRINTING	12,500	12,500	0.00	12,500	0.00
01001	5400	OP-SUPPLIES	1,500	1,500	0.00	1,500	0.00
01001	5490	OP-FOOD SUPPLIES	500	500	0.00	500	0.00
01001	5710	OP-TRAVEL IN STATE	17,000	17,000	1,038.52	15,961	6.10
01001	5720	OP-TRAVEL OUT STATE	6,000	6,000	0.00	6,000	0.00
01001	5730	OP-SPONSORSHIPS	41,800	41,800	17,938.00	23,862	42.90
01001	5731	OP-SUBSCRIPTIONS	20,000	20,000	15,783.50	4,217	78.90
01001	5732	OP-SOFTWARE LICENSES	1,225	1,225	64.96	1,160	5.30
01001	5741	OP-INSURANCE	15,000	15,000	0.00	15,000	0.00
01001	5789	OP-UNPAID BILLS	2,000	2,000	0.00	2,000	0.00
01001	5850	OP-MISC EQUIPMENT	500	500	0.00	500	0.00
01001	5854	OP-FINANCIAL SOFTWARE SYSTEM	1,000	1,000	12.80	987	1.30
01001	5855	OP-COMPUTER EQUIPMENT	3,000	3,000	0.00	3,000	0.00
		Total 01 OPERATING FUND	757,260	757,260	40,392.30	716,868	5.30
		Expense Total	757,260	757,260	40,392.30	716,868	5.30



# Cape & Vineyard Electrification Offering

Energy Efficiency Advisory Council

February 12, 2020

**Cape Light  
Compact**



*Working Together Toward A Smarter Energy Future*

## Cape & Vineyard Electrification Offering (CVEO)

Cape Light  
Compact



- Cape Light Compact (CLC) is seeking passage of a resolution in support of CVEO from the EEAC
- CVEO advances the 2018 amendments to the Green Communities Act, and the revised proposal addresses concerns raised by stakeholders and the DPU
- Utilizing energy efficiency funds and leveraging outside funds, CVEO cost-effectively reduces participating customers' overall energy bills



# CVEO Overview

Cape Light  
Compact



- Deploys three technologies as a package:
  - Cold climate heat pumps
  - Solar photovoltaic (PV) systems
  - Battery energy storage systems (BESS)
- Focuses on low-income ( $\leq 60\%$  SMI) and moderate-income (61-80% SMI) customer groups; limited to 250 customers
- All participants will be required to have energy assessment and install recommended measures prior to CVEO enrollment

# Policy Background

Cape Light  
Compact



- Designed with 2018 GCA Amendments in mind
  - Heat pumps: a plan may include “... strategic electrification, such as measures that are designed to result in cost-effective reductions in greenhouse gas emissions through the use of expanded electricity consumption while minimizing ratepayer costs.” G.L. 25, § 21, (b)(2)(iv)(A).
  - Batteries: a plan may include “...efficiency and load management programs including energy storage and other active demand management technologies.” G.L. 25, § 21, (b)(2)(iv)(A).
  - Solar PV: a plan may include “...programs that result in customers switching to renewable energy sources or other clean energy technologies.” G.L. 25, § 21, (b)(2)(iv)(J).
- Municipal Aggregators have unique authority



# Background on Plan

Cape Light  
Compact



- Compact initially proposed CVEO as part of 2019-2021 energy efficiency plan
  - 700 total customers, tiered services by income level
- DPU did not approve when initially proposed but stated it “merits close consideration.” Requested additional consideration of stakeholder concerns and required EEAC approval of redesign prior to resubmittal to DPU.
  - CLC has worked with stakeholders to develop a revised proposal

# CVEO Objectives

Cape Light  
Compact



- Serve 250 total non-gas heated participants, tiered services by income: Low-income (up to 60%), moderate income (61-80%)
  - Enhanced incentives for all three measures
- Convert oil, propane, electric resistance heat to cold climate heat pumps
- Install PV systems to support electrification of heating system and reduce GHG emissions
- Install battery storage for demand response & resiliency
- Addresses the issue of upfront cost barrier



# CVEO Participant Incentives

Cape Light Compact



Income Level (SMI)	Customers			HP Incentive	Solar PV + Storage Incentive
	2020	2021	Total		
Low-Income <=60%	50	100	150	100% (Statewide)	100%
Moderate Income 61-80%	25	75	100	100%	75+% \$5,000 customer contribution cap
<b>Total Participants</b>	75	175	<b><u>250</u></b>		

# Summary of Changes

Cape Light  
Compact



- Reduced size (250 customers, from 640 for 2020/2021)
- Eliminated enhanced incentives for >80% SMI
- Better leverages existing incentives/programs
  - Innovative third-party ownership (TPO) model for solar PV + battery systems allows monetization of tax credits and other incentive programs to reduce impact of EES on ratepayers
  - Federal ITC, depreciation, SMART, ConnectedSolutions, Clean Peak Standard, APS
  - Compact issued a Request for Information to solar developers to inform new design, and worked closely with stakeholders
- Changes result in lower overall cost, reduced bill impacts



# Focus on Equity

Cape Light  
Compact



- Low- and moderate-income customers are being left behind in terms of:
  - Electrification
    - Difficult to switch customers from oil and propane due to high upfront cost of heat pumps
  - Solar
    - Generally cannot take advantage of tax credits, high upfront cost
      - Only 8% of CC/MV solar installations are in LI census block groups
      - 2% of CC/MV MassCEC solar loans were to homes where residents earned 80% or less of SMI.
    - Reduces impact to electric bill from converting to heat pumps
  - Battery storage
    - Low- and moderate-income customers cannot pay for storage; statewide pay-for-performance program is not adequate for storage adoption in this customer group
- LI customers tend to have high energy burdens (% of income spent on energy)

# TPO Key Design Considerations

Cape Light  
Compact



- **PPA:** Compact will issue RFP for a “pre-paid” TPO PV + BESS power purchase agreement (PPA) and select qualified bidder
- **TPO:** Tax-equity TPO will own system for up to 10 years. Will be responsible for system performance and maintenance during TPO ownership period.
  - Vendor and participants will sign Compact’s contract
- **Participant cost:**
  - LI participant will have \$0 PPA
  - MI participants may have a non-zero PPA: responsible for 25% of system up to \$5,000
- **After 10 years:** At end of TPO ownership period, systems revert to customer at no additional cost



# Participants' Perspective

Cape Light  
Compact



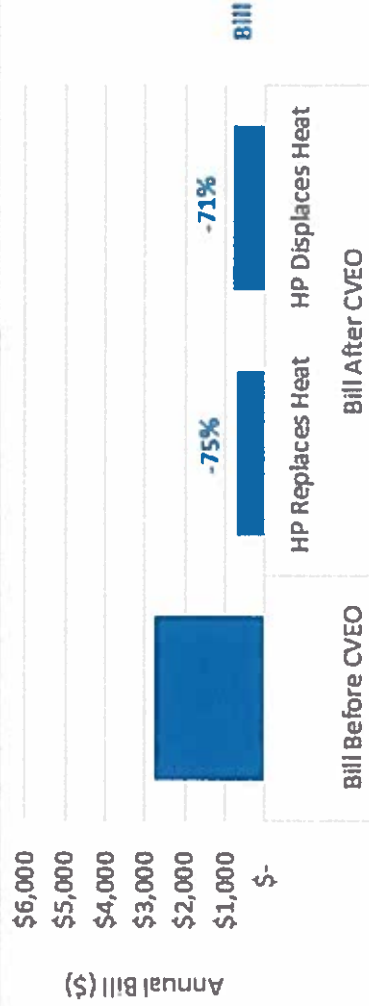
- **Low-Income:** All three technologies installed at no cost
- **Moderate-Income:**
  - HPs installed at no cost
  - PV+BESS payment for 25% of system cost, \$5,000 cap
    - Likely option to spread payment over term of PPA
- **Both**
  - Reduced energy bills
  - Customer owns HPs, TPO owns PV+BESS until end of PPA term
  - PV+BESS maintenance at \$0 cost over PPA term
    - CLC will issue RFP for extended maintenance beyond PPA at customer's option and expense
  - No HP maintenance cost for 5-10 years
    - CLC will procure 5-10 year maintenance contract for CVEO participants

# Customer Energy Cost Impact

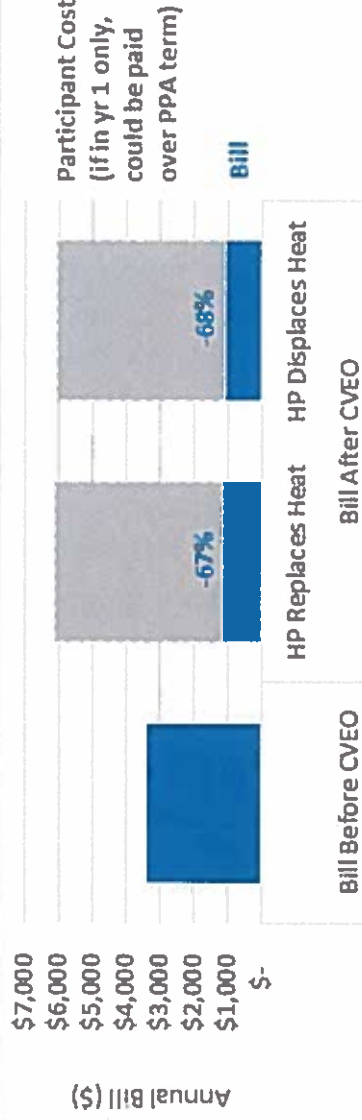


## Oil Heating Before CVEO

### Low Income



### Moderate Income



*Package of measures is more beneficial to participant than installing any of the three alone*

Gray bar shown is participant cost share for PV/BESS system. May be able to be spread over PPA term.

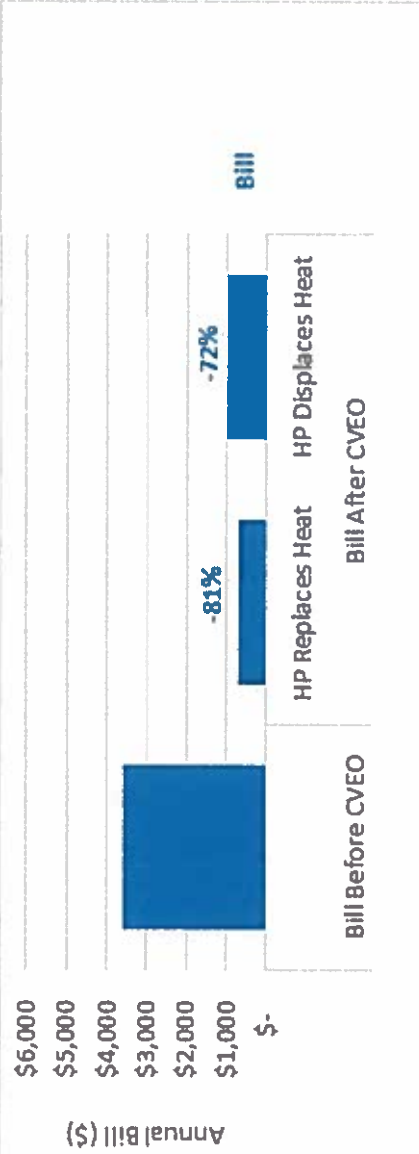


# Customer Energy Cost Impact

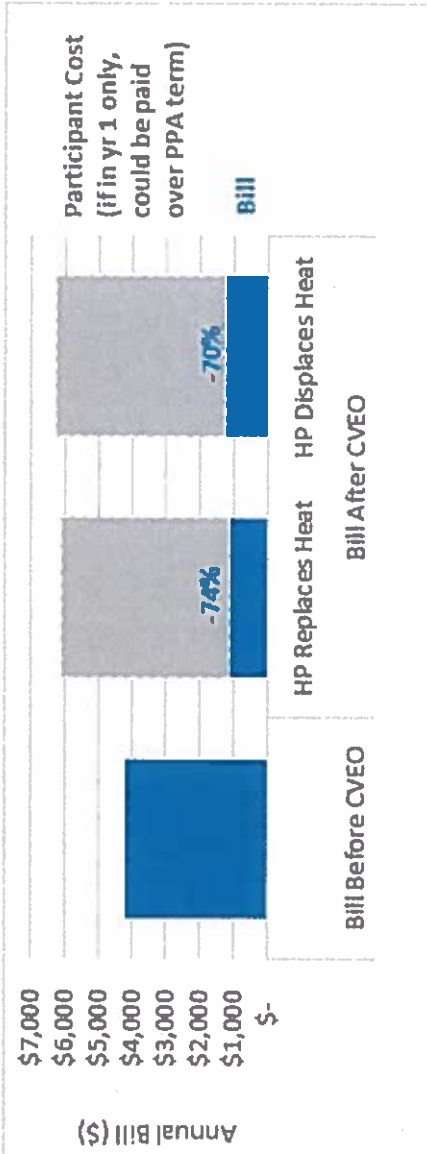


## Propane Heating Before CVEO

### Low Income



### Moderate Income



*Package of measures is more beneficial to participant than installing any of the three alone*

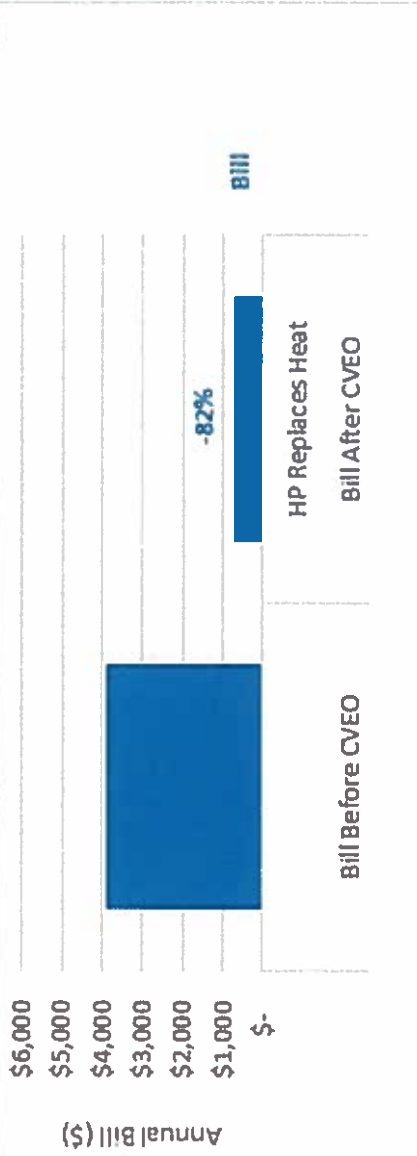
Gray bar shown is participant cost share for PV/BESS system. May be able to be spread over PPA term.

# Customer Energy Cost Impact

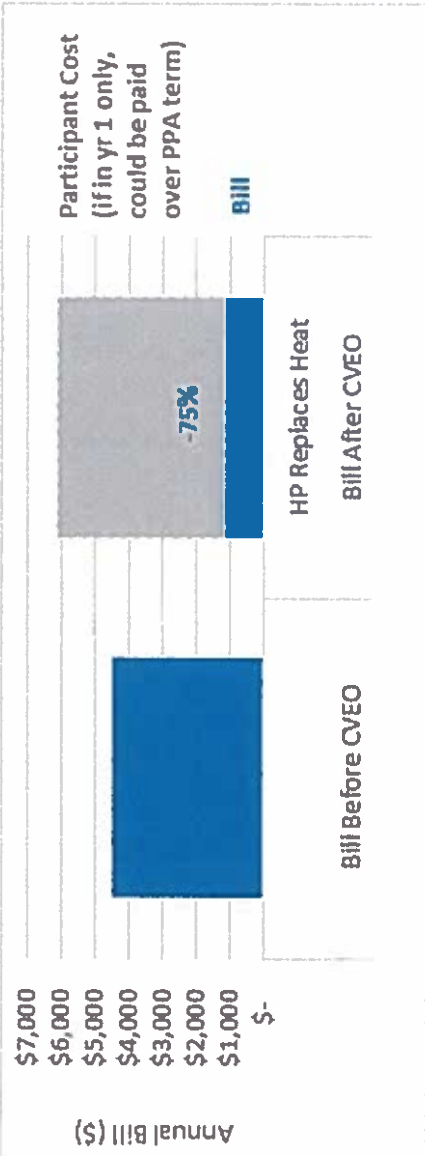


## Electric Baseboard Heating Before CVEO

### Low Income



### Moderate Income



*Package of measures is more beneficial to participant than installing any of the three alone*

Gray bar shown is participant cost share for PV/BESS system. May be able to be spread over PPA term.

# Revised Budget

Cape Light Compact



2020-2021	Heat Pumps	PV + Storage	Total
Plan	\$7.2M	\$20.5M	\$27.6M
Revised	\$6.8M	\$5.0M	\$11.7M
Difference	-\$0.4M	-\$15.5M	-\$15.9M

*Budget reduction as compared to original primarily due to leveraging of outside funding and fewer participants (250 as revised vs. 640 originally planned in 2020/2021)*

*The Compact estimates CVEO, as revised, will leverage over \$8M in non-energy efficiency funds.*



# Bill Impacts

Cape Light Compact



## Residential (R-1)

Years	EERF	Energy Conservation	Avg. Monthly Usage (kWh)	Total Cost (per month)
2018	\$0.01859 +	\$0.00250	x 516	= \$10.88
2019	\$0.02028 +		x	= \$11.75
2020, 1-6	\$0.02162 +		x	= \$12.45
2020, 7-12	\$0.02268 +		x	= \$12.99
2021	\$0.02578 +		x	= \$14.59
2019-2021	\$0.02259 +		x	= \$12.95

## Low Income (R-2)

Years	EERF	Energy Conservation	Avg. Monthly Usage (kWh)	Total Cost (per month)
2018	\$0.00148 +	\$0.00250	x 488	= \$1.94
2019	\$0.00005 +		x	= \$1.24
2020, 1-6	\$0.00167 +		x	= \$2.03
2020, 7-12	\$0.00316 +		x	= \$2.76
2021	\$0.00431 +		x	= \$3.32
2019-2021	\$0.00230 +		x	= \$2.34

# Savings and Cost-Effectiveness

Cape Light Compact



2020-2021	Plan	Revised	Difference	
			Change	% Change
<b>Savings</b>				
Participants	640	250	(390)	-61%
Annual MWh	4,945	1,221	(3,724)	-75%
Lifetime MWh	133,279	38,860	(94,418)	-71%
Summer kW	7,579	2,938	(4,641)	-61%
Winter kW	8,061	3,198	(4,863)	-60%
Annual CO2 Short Tons	3,934	1,935	(1,999)	-51%
<b>Cost-Effectiveness</b>				
Benefits (\$M)	\$ 88.9	\$ 28.4	\$ (60)	-68%
TRC Costs (\$M)	\$ 29.9	\$ 12.6	\$ (17)	-58%
Net Benefits (\$M)	\$ 58.9	\$ 15.9	\$ (43)	-73%
Benefit-Cost Ratio	3.0	2.3	(0.7)	-24%
CLC Budget (\$M)	\$ 27.6	\$ 11.7	\$ (16)	-57%

*CVEO measures only*



# Next Steps

- Discussion and vote on Council Resolution
- Submit to Department of Public Utilities as a compliance filing in D.P.U. 18-116





# Main Streets Initiatives 2020

February 13, 2020

**Cape Light  
Compact**



*Working Together Toward A Smarter Energy Future*

# Overview

- 
- What is Main Streets?
  - Recap of participation from October 2, 2019 event
  - Events planned for 2020





# What is Main Streets

- Working with RISE Engineering and NRM (refrigeration vendor), go door-to-door in a specified area to install energy efficiency measures on-site. For other opportunities we will follow up with customer.

- Criteria for eligible street:
  - Defined “Main Street” which allows for walking the street to go business to business
  - Engaged Chamber of Commerce
  - Supportive Town staff



# Recap of 2019 Event

Cape Light  
Compact



- Held events in Chatham and Oak Bluffs on October 2<sup>nd</sup>
- Positive feedback from business owners
- Excited to have Cape Light Compact doing the assessments to help them save on their energy costs
- Some didn't even know about the program. Good opportunity for CLC to be in the community
- Many customers signed up for further efficiency improvements



# 2019 Main Street Participants

Cape Light  
Compact



Town	Total Participants	Total Incentive	Total kWh Saved
Chatham	22	\$73,392.00	97,582
Oak Bluffs	29	\$96,498.66	154,176

- Lessons learned:
  - Having a trusted member of the community actively doing outreach was key to the success of the event for Oak Bluffs and the preparation of business owners
  - There were several businesses in both locations that are seasonal and had closed before the event occurred
  - Will be improving the tracking of data for future events (# of customers, etc.)
  - To maximize resources, hold one town Main Streets event at a time
  - Hold event over several days (3-4) instead of one or two days to capture as many people as possible



# 2020 Main Streets Events



- Looking to hold 2 events in Spring and 2 in the Fall
  - Last week of April and first week of May (Small Business Week)
  - Last week of September and first week of October (around Energy Efficiency Day)

## • Towns that showed interest in 2019 were:

- Barnstable
  - Hyannis
  - Osterville
- Harwich
  - \*Harwich Port
- \*\*Orleans
- \*Provincetown
- \*\*Tisbury

## • Please confirm interest by Friday 2/21.

- *Proposed: \* Spring, \*\*Fall*



**Dollars saved through energy efficiency can directly impact a business's bottom line. We can help.**

Dear Friends,

In honor of Energy Efficiency Day on October 2, 2019, Cape Light Compact and its local O&M, your Mass Save Account, are participating with the Towns (TTC) to give us being local (local events) on-premise energy assessments, at no cost to you. In one action visit, an Energy Specialist will assess your business' current energy use, provide a custom and LED of recommendations to save you energy and money, and help you determine a plan to make your business more efficient. Over 100,000 local business assessments will be completed in 2019 to save the energy efficiency program to the point of 10%.

Our goal is to help you make your business more energy efficient, so you can:

- Lower energy and increase profitability
- Increase your energy efficiency
- Increase your business' bottom line and productivity

All you have to do is sign up for the program and we will be right by your side. To get started, please contact us at 1-800-333-3333 or visit [www.mass.gov/energy](http://www.mass.gov/energy).

To learn more about how we're making your business more energy efficient, visit [www.mass.gov/energy](http://www.mass.gov/energy).

**Guil. Gillette** *Energy Efficiency*  
Massachusetts  
Chairman, Town Manager

**Myra J. O'Connell**  
Cape Light Compact Account Manager

Also provided by with:  
**QUANTUM**  
Energy Solutions  
**QUANTUM**  
Energy Solutions  
1000  
1000  
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Energy Efficiency  
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1000  
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# Logistics



- Engage folks in the community to help with outreach in advance of the day and make sure that a decision maker will be in attendance on the day.

Measures	Standard Offer	Main Streets Offer
LED screw-in bulbs, faucet aerators, spray valves, smart strips, showerheads, thermostats	100%	100%
Additional Lighting and Refrigeration	Up to 80%	Up to 90%
Custom	Up to 50%	Up to 65%

# Marketing for Events

- There will be specific marketing and outreach to targeted businesses about this event
- Obtain support from Town Managers/Administrators and work on outreach to businesses
- Work with the local Chambers of Commerce to get inserts in the newsletters
- Try to obtain media coverage on the day, promote the businesses participating, video and pictures

A graphic for Cape Light Compact's Energy Efficiency Day. It features a large "LOPEN" sign in the background. The text is arranged in a clean, modern layout with blue and white color schemes.

**Save the Date!**

**October 2nd**

**save energy**

**save money**

Cape Light Compact is celebrating **Energy Efficiency Day** with a Main Streets initiative to help small businesses save energy and money.

Cape Light Compact will be on your street October 2nd to meet with businesses about ways to save energy and **install energy-efficiency measures.**

Plus, for a limited time, the Compact is offering enhanced incentives\* - **up to 50%** on select lighting, refrigeration and other eligible electric energy-efficiency upgrades!

Learn more and let us know your business is interested:

Call 1-800-797-6666 or visit [CapeLightCompact.org/MainStreets](http://CapeLightCompact.org/MainStreets)

\*Qualifying businesses that save more than 10% on their energy bills by October 31, 2015. See [www.capecompact.org](http://www.capecompact.org) for details.

CAPE LIGHT COMPACT  
A COMMUNITY MAIN STREET



# “Main Streets” Offer for All



- The “Main Streets” offer will be extended to all businesses, (up to 1.5 million kWh in annual usage), in all towns on Cape and Vineyard for the time period of:
  - April-May
  - September-October
- Will do advertising and outreach to businesses on the Cape and Vineyard promoting this offer
  - Social media targeting, radio ads, digital and print ads
- Work with Chambers of Commerce for assistance in promoting through their newsletters and other avenues



Lindsay Henderson

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[lhenderson@capelightcompact.org](mailto:lhenderson@capelightcompact.org)

# Summary of Massachusetts Climate Bills



Presented by:  
**Jeffrey M. Bernstein, Esq.**  
**02/13/2020**

# Massachusetts Climate Bill Package

Senate has approved three bills to move to the House:

- **S.2476:** An Act to Accelerate the Transition of Cars, Trucks and Buses to Carbon-Free Power
- **S.2477:** An Act Setting Next Generation Climate Policy
- **S.2478:** Energy SAVE Act

Together they aim for zero carbon emissions by 2050.

January 21, 2020: Governor Baker committed Massachusetts to net zero carbon emissions by 2050 in his State of the Commonwealth address.

## S.2477: Overview

- Net Zero Carbon Emissions by 2050, with Interim Targets
- Carbon Pricing Mechanism to be established by 2022 by executive branch
- New Independent Watchdog Climate Policy Commission established
- New Department of Public Utilities (“DPU”) mission statement
- Amendment boosts CLC energy efficiency program

## S.2477: Net Zero Emissions by 2050

- Requires carbon emission reduction limits be established every 5 years, including by:
  - 2030: At least 50% below 1990 levels
  - 2040: At least 75% below 1990 levels
- Sublimits to be set in certain sectors, including electric power, natural gas, transportation, commercial/industrial/residential heating and cooling, agriculture
- Secretary to promulgate regulations to ensure targets reached
- Secretary to file certificate of compliance following target that must include remedial steps if target not reached

## S.2477: Carbon Pricing Mechanism

A market-based carbon pricing mechanism must be in place by January 1, 2022.

- The bill does not choose a specific mechanism; leaves it to executive branch to select (e.g., revenue-neutral carbon fee or regional “cap and trade”).
- Secretary to promulgate regulations to implement.
- Deadlines to develop a carbon price for specific sectors:
  - Transportation sector by 2022 through the Transportation & Climate Initiative (“TCI”).
  - Commercial, industrial, and institutional buildings by 2025
  - Residential buildings by 2030
- Civil administrative penalties may be imposed and enforced.



## **S.2477: Climate Policy Commission**

- The bill establishes an independent public watchdog to oversee the state’s handling of the climate crisis in a non-partisan, science-based manner.
- Commission to track and assess public and private sector progress towards goals.
- Commission to hold public hearings examining certificates of compliance for five-year interim emission reduction limits.

## **S.2477: Energy Efficiency Impacts**

- Amendment 26 provided that municipal aggregations like CLC may propose an energy plan that is enhanced or more comprehensive than the state-wide plan, and the DPU may not withhold approval if the plan is cost effective.
- Secretary must incorporate emissions reduction goals into three-year plans with MassSave.
- At conclusion of three-year plans, DPU must evaluate actual emission reduction contributions.

## S.2477: Miscellaneous Provisions

- DPU’s mission to include reductions in GHG emissions in regulatory decisions for the first time.
- Future solar energy programs to set aside allocations for low-income communities. (Addresses failure of the SMART program.)
- Net zero energy code to allow cities and towns to enact stricter energy stretch codes to limit fossil fuels as the source of heating for new buildings.
- MA Clean Energy Center to fund energy innovation pilots.
- Utilities may test technology and pipelines that generate and transport “renewable thermal energy” (i.e., emissions-free technologies that heat buildings using warmer below ground temperatures).

# S.2478: Energy SAVE Act

## **Expansion of the Commonwealth's energy and water efficiency standards for 17 common household and commercial appliances:**

- Faucets, showerheads, plumbing fittings and fixtures, portable electric spas
- Computers and monitors
- High color rendering index, cold temperature and impact-resistant fluorescent lamps
- State-regulated general service lamps
- Commercial dishwashers, ovens, fryers, hot-food holding cabinets and steam cookers
- Water coolers
- Residential ventilating fans
- Spray sprinkler bodies
- Electric vehicle supply equipment

## **S.2478: Energy SAVE Act (continued)**

- Designed to safeguard against efforts at the federal level to rollback some federal energy efficiency standards (e.g., light bulbs).
- Estimated reductions by 2035 of:
  - \$282 million in utility bills; and
  - 271,000 metrics tons in Commonwealth's carbon annual emissions (Cite: Environmental Massachusetts)
- Some states (e.g., CA, VT, HI, CO) updated their standards in 2018 or 2019; other states (e.g., NY, ME, CT, RI) are also considering.



## **S.2476: An Act to Accelerate the Transition of Cars, Trucks and Buses to Carbon-Free Power**

- Requires MBTA to convert to 100% electric fleet
  - Beginning January 1, 2030: leases and purchase of busses must be zero emissions, all-electric
  - December 31, 2040: MBTA must operate a 100% zero emissions electric passenger bus fleet
- Requires purchases and leases of state vehicles to be zero emissions starting in 2024 where affordable replacements are available.
- Priority on deploying zero emissions vehicles in underserved communities and communities with a high percentage of low income routes.
- Department of Transportation to develop plan for siting of charging stations to serve state-owned or leased vehicles.
  - All service stations on Mass Pike to have charging facilities.

## **S.2476: An Act to Accelerate the Transition of Cars, Trucks and Buses to Carbon-Free Power**

- Requires a study on opportunities to electrify vehicles owned or leased by municipalities, regional school districts, and regional transit authorities.
  - Study to include costs/financial assistance from state, federal, regional sources.
  - Amendment allows municipalities to obtain from state registry the number of gas-powered, hybrid and zero-emission vehicles and average number of miles driven by each.
- Amends state building code to require EV charging stations in parking lots (with 10+ parking spaces) for new construction/major renovation of commercial and residential buildings
  - Adds at least one EV parking spot or not less than 5% of total number of parking spaces, whichever is greater.
- Codifies existing state consumer rebate program for EV purchases
- MBTA to develop a plan to reduce carbon emissions of its commuter rail and light rail operations.

## Next Steps

- These three final bills have been sent to the House.
- The House may take up, modify, and pass these bills, which would then be sent to a conference committee.
- If the House and Senate reach consensus on final bills, they would be voted on by the full legislature and sent to the Governor for his signature.
- The current legislative session ends on July 31, 2020.

# Contact Information

*The information in this presentation is general in nature and is not legal advice.*

For more information, contact:

**Jeffrey M. Bernstein, Esq.**

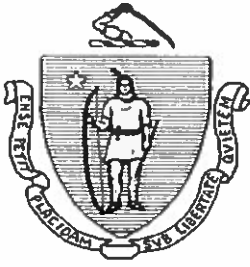
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Waltham, Massachusetts 02452**

**[www.bck.com](http://www.bck.com)**





# The Commonwealth of Massachusetts

## DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 18-116-A

February 10, 2020

Petition of Towns of Aquinnah, Barnstable, Bourne, Brewster, Chatham, Chilmark, Dennis, Eastham, Edgartown, Falmouth, Harwich, Mashpee, Oak Bluffs, Orleans, Provincetown, Sandwich, Tisbury, Truro, Wellfleet, West Tisbury, and Yarmouth, and Dukes County, acting together as the Cape Light Compact JPE, pursuant to G.L. c. 25, § 21 for approval by the Department of Public Utilities of its Three-Year Energy Efficiency Plan for 2019 through 2021.

---

### ORDER REGARDING IMPLEMENTATION OF ACTIVE DEMAND REDUCTION OFFERINGS BY CAPE LIGHT COMPACT JPE

APPEARANCES:

Jeffrey M. Bernstein, Esq.  
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## I. INTRODUCTION AND PROCEDURAL HISTORY

On October 31, 2018, the towns of Aquinnah, Barnstable, Bourne, Brewster, Chatham, Chilmark, Dennis, Eastham, Edgartown, Falmouth, Harwich, Mashpee, Oak Bluffs, Orleans, Provincetown, Sandwich, Tisbury, Truro, Wellfleet, West Tisbury, and Yarmouth, and Dukes County, acting together as the Cape Light Compact JPE (“Compact”), along with the natural gas and electric distribution companies<sup>1</sup> (together, “Program Administrators”), each filed a three-year energy efficiency plan with the Department of Public Utilities (“Department”) for calendar years 2019 through 2021 (“Three-Year Plans”).<sup>2</sup> With some modifications, disallowances, and conditions, the Department approved each Three-Year Plan on January 29, 2019. 2019-2021 Three-Year Energy Efficiency Plans, D.P.U. 18-110 through D.P.U. 18-119, at 181 (2019) (“2019-2021 Three-Year Plans Order”).

As part of its Three-Year Plan, the Compact sought to implement an active demand reduction offering (Statewide Plan, Exh. 1, App. K – Cape Light Compact, at 4). The

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<sup>1</sup> The distribution companies acting as Program Administrators are Bay State Gas Company, d/b/a Columbia Gas of Massachusetts; The Berkshire Gas Company; Boston Gas Company and Colonial Gas Company, each d/b/a National Grid; Fitchburg Gas and Electric Light Company, d/b/a Unitol; NSTAR Gas Company, d/b/a Eversource Energy; Liberty Utilities (New England Natural Gas Company) Corp., d/b/a Liberty Utilities; Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid; and NSTAR Electric Company, d/b/a Eversource Energy.

<sup>2</sup> For a detailed procedural history of the underlying proceeding, refer to 2019-2021 Three-Year Energy Efficiency Plans, D.P.U. 18-110 through D.P.U. 18-119, at 1-4 (2019).

Department declined to approve the Compact's proposed active demand reduction offering (and related budget) until a final agreement was in place between the Compact and NSTAR Electric Company d/b/a Eversource Energy ("NSTAR Electric"), the electric distribution company serving the Compact's customers. 2019-2021 Three-Year Plans Order at 129 & n.63, 138-139 & n.68 (citations omitted). The Department found that, without such an agreement, it was unable to determine whether the Compact's proposed offerings (including the proposed active demand reduction offerings, the statewide offerings, and any Compact-specific enhancements) would undermine NSTAR Electric's obligation to provide safe and reliable service to its distribution customers. 2019-2021 Three-Year Plans Order at 138-139 (citations omitted).

The Department directed the Compact, on or before September 30, 2019, to file a report with the Department outlining the status of its efforts to reach a final agreement with NSTAR Electric regarding (1) all aspects of the coordination necessary for the Compact to implement active demand reduction offerings in its service area and (2) how any costs related to such coordination will be addressed. 2019-2021 Three-Year Plans Order at 139. The Compact was to include a copy of any signed agreement with the filed report. 2019-2021 Three-Year Plans Order at 139. The Department stated it would then review the agreement to determine if it adequately addresses distribution reliability concerns and whether the proposed treatment of any related costs is reasonable. 2019-2021 Three-Year Plans Order at 139.

On September 27, 2019, the Compact filed a report (“Report”) indicating it had entered into a Memorandum of Agreement (“Agreement”) with NSTAR Electric, effective August 14, 2019, and intended “to govern the implementation, siting, and dispatch of ‘dispatchable assets’ (as such term is defined in the [Agreement]) by the Compact as part of its active demand response<sup>3</sup> energy efficiency programs” during the term of the Three-Year Plan (i.e., through December 31, 2021) (Report at 2). In support of its filing, the Compact submitted the following: (1) its Agreement with NSTAR Electric; (2) the testimony of Margaret T. Downey, the Compact’s Administrator, as Exhibit Compact-13 (later revised on November 19, 2019); (3) updated data tables, including revised proposed residential and commercial and industrial (“C&I”) active demand reduction program budgets for Department approval, marked as Exhibit Compact-13(1); and (4) a revised active demand response

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<sup>3</sup> Although the Agreement uses the term “active demand response,” the Department refers to these programs as “active demand reduction” programs. 2019-2021 Three-Year Plans Order at 133.

benefit-cost ratio model marked as Exhibit Compact-5a.<sup>4</sup> In addition, the Compact responded to sixteen information requests from the Department.<sup>5</sup>

## II. SUMMARY OF PROPOSAL

The Agreement addresses the coordination with NSTAR Electric necessary to implement the Compact's active demand reduction offerings. In particular, the Agreement addresses the following: (1) a process by which the Compact will submit interconnection applications for dispatchable assets for review by NSTAR Electric, which will have the authority to refuse, for siting purposes, any dispatchable asset or block of dispatchable assets where the installation is likely to adversely impact the operation, safety, or reliability of NSTAR Electric's electric power system (Agreement, § 1.1.3); (2) the requirement that the Compact comply with a dispatch plan for the dispatchable assets that is prepared by NSTAR Electric (Agreement, § 1.2.1); (3) the requirement that the Compact use the same vendors as NSTAR Electric to develop and implement a dispatch platform

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<sup>4</sup> The Compact had previously submitted an exhibit designated as Exhibit Compact-13; therefore, the Department will refer to the testimony of Margaret T. Downey submitted with the Report as "Downey Test." and the updated data tables attached thereto designated as Exhibit Compact-13(1) as "Downey Test., Att." The Department will refer to the revised testimony of Margaret T. Downey submitted on November 19, 2019 as "Downey Test. (Rev.)." Finally, the revised active demand response benefit-cost ratio model designated as Exhibit Compact-5a is the second revision of this exhibit, therefore, the Department will refer to it as "Exhibit Compact-5a (2<sup>nd</sup> Rev.)."

<sup>5</sup> On its own motion, the Department moves the Compact's responses to Information Requests DPU-Compact 4-1 through DPU-Compact 4-5 and DPU-Compact 5-1 through DPU-Compact 5-11, filed on November 19, 2019 and December 17, 2019, respectively, into the record in this phase of the proceeding.



(Agreement, § 1.2.4); (4) that NSTAR Electric will have access to the Compact's dispatch platform and the ability to terminate a dispatch in the event of an emergency, an off-schedule distribution system condition, or any other condition that, in NSTAR Electric's reasonable opinion, will adversely impact the operation, safety, or reliability of the NSTAR Electric power system (Agreement, § 1.2.5); and (5) that NSTAR Electric will review for approval the Compact's dispatch contracts entered into with customers receiving dispatchable assets or funding for dispatchable assets through the implementation of the Compact's Three-Year Plan (Report at 2-3; Agreement, § 1.3.4).

Under the Agreement, the Compact it is responsible for the payment of all coordination costs with NSTAR Electric (Agreement, §§ 1.2.3, 1.2.6, 1.3.2). These coordination costs include the following: (1) all costs associated with development and implementation of the dispatch platform (Agreement, § 1.2.3); (2) NSTAR Electric's vendor costs and fees associated with the provision of access to the Compact's dispatch platform (Agreement, § 1.2.6); and (3) NSTAR Electric's incremental costs to monitor and override, as necessary, the dispatch of dispatchable assets implemented by the Compact (e.g., additional labor, incidental costs, software fees, vendor costs, or incremental fees) (Report at 3; Agreement, § 1.3.2). The Compact estimates that it will incur approximately \$20,000 in coordination costs per year in 2020 and 2021 (Exh. DPU-Compact4-4, at 2).<sup>6</sup> The

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<sup>6</sup> The Compact states that NSTAR Electric was unable to provide it with an estimate of anticipated coordination costs because "several variables could affect such costs" (Exh. DPU-Compact 4-2). Instead, the Compact estimated the annual coordination costs based on other costs billed to the Compact by NSTAR Electric and factors such as anticipated staff hours, number of participating assets, and number of dispatches.

Compact proposes to treat these coordination costs as non-program-specific costs (Exhs. DPU-Compact 4-4; DPU-Compact 5-7).

In addition to the Agreement, the Compact submitted revised proposed residential and C&I active demand reduction program budgets. The Compact states that Department approval of the proposed budgets will permit it to implement residential and C&I demand reduction programs in 2020-2021 that are consistent with the demand reduction programs being offered by the other Program Administrators (Report at 4, citing Three-Year Plans Order at 139 n.68). The proposed budgets represent a net decrease of \$9,581,979 (or 73 percent) from the active demand reduction program budgets originally proposed by the Compact in its Three-Year Plan (Exh. DPU-Compact 4-4, at 2). The Compact proposes to revise its active demand reduction program budgets to incorporate the following: (1) active demand incentives consistent with the Department-approved statewide offerings; (2) updated participation assumptions; (3) updated cost information from implementation vendors; and (4) estimated NSTAR Electric coordination costs (Exhs. Downey Test. (Rev.) at 8-10; DPU-Compact 4-3; DPU-Compact 4-4).

### III. ANALYSIS AND FINDINGS

The Department has recognized that active demand reduction offerings have the potential to impact the local distribution system in a manner that is different from other energy efficiency programs. Cape Light Compact, D.P.U. 17-84, at 21 (2018).

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The Compact maintains that its estimate is reasonable and expected to be “adequate to cover any [coordination] costs billed by NSTAR Electric” (Exh. DPU-Compact 4-2).

Accordingly, because the Compact is not an electric distribution company,<sup>7</sup> the Department has found that the Compact is required to coordinate with NSTAR Electric to ensure that any proposed active demand reduction offerings will not adversely impact reliability of the local distribution system. Three-Year Plans Order at 133, citing D.P.U. 17-84, at 21.

Consistent with the Department's directives in the Three-Year Plans Order at 139, the Compact filed a Report outlining its efforts to reach an agreement with NSTAR Electric and attached the final, signed Agreement addressing the coordination necessary for it to implement active demand reduction offerings in its service area. After review, the Department finds that the Agreement, which governs the implementation, siting, and dispatch of assets by the Compact as part of its active demand reduction energy efficiency programs during the remainder of its current Three-Year Plan term (i.e., 2020 and 2021), adequately addresses the distribution reliability concerns discussed in the Three-Year Plans Order. In making this determination, the Department gives significant weight to NSTAR Electric's decision to enter into the Agreement as the company obligated to provide safe and reliable electric distribution service in the Compact's service area. Further, and importantly, the Agreement gives NSTAR Electric access to the Compact's dispatch platform and the unilateral ability to terminate a dispatch in the event of any condition that, in

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<sup>7</sup> The Compact is the only energy efficiency Program Administrator that is not a natural gas or electric distribution company. Rather, the Compact is a municipal aggregator that has received Department approval to act as an energy efficiency Program Administrator in its service area. See, e.g., Cape Light Compact, D.P.U. 15-166 (2016).

NSTAR Electric's reasonable opinion, will adversely impact the operation, safety, or reliability of NSTAR Electric's power system (Agreement, § 1.2.5).<sup>8</sup>

In addition, consistent with the Department's directives in Three-Year Plans Order at 139, the Report includes the Compact's proposal regarding how costs related to active demand reduction coordination with NSTAR Electric should be addressed.

2019-2021 Three-Year Plans Order at 139. Specifically, the Agreement provides that the Compact will reimburse NSTAR Electric for all such coordination costs (Agreement, §§1.2.3, 1.2.6, 1.3.2). For cost-allocation purposes, the Compact proposes to treat the coordination costs as non-program-specific and allocate them across all programs (Exhs. DPU-Compact 4-4; DPU-Compact 5-7). The Compact maintains that its proposed treatment of coordination costs is reasonable and consistent with how it allocates other costs billed by NSTAR Electric (Report at 3-4).

Unlike other costs billed by NSTAR Electric that support the Compact's ability to administer energy efficiency programs generally, the coordination costs at issue here are specific to the Compact's active demand reduction programs. NSTAR Electric would not incur these costs (and the Compact would not pay these costs) but for the Compact's

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<sup>8</sup> The Department notes that the Compact will use the same third-party vendor as NSTAR Electric to implement its dispatch platform. Nothing in this Order is intended to affect NSTAR Electric's ability to limit or terminate third-party access to its systems. However, in the event that a limitation or termination of third-party access hinders the Compact's ability to implement its active demand reduction offerings, NSTAR Electric shall give written notice to the Compact and the Department within five business days of such limitation or termination.



provision of active demand reduction programs in NSTAR Electric's service territory. Accordingly, the Department does not accept the Compact's proposed treatment of coordination costs as non-program-specific. Instead, the Compact shall treat any coordination costs related to active demand reduction as program-specific and allocate such costs to its active demand reduction programs as set forth in Exhibit DPU-Compact 5-6. With this revised allocation, the Department finds that the Compact's proposal regarding the treatment of costs related to its active demand reduction coordination with NSTAR Electric is reasonable. 2019-2021 Three-Year Plans Order at 139.

Finally, with its required coordination Agreement with NSTAR Electric in place, the Compact seeks Department approval of revised residential and C&I active demand reduction budgets (Exh. Downey Test. (Rev.) at 8-10). In addition to the estimated coordination costs with NSTAR Electric addressed above,<sup>9</sup> the revised budgets incorporate active demand reduction incentives that are consistent with the Department-approved statewide offerings (Exhs. Downey Test. (Rev.) at 8-10; DPU-Compact 4-3; DPU-Compact 4-4). Although the total revised active demand reduction budget is significantly lower<sup>10</sup> than the budget initially

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<sup>9</sup> The Department has some concern about the accuracy of the Compact's estimate of annual coordination costs given the number of variables that could affect such costs, particularly in the initial year of the Agreement (Exh. DPU-Compact 4-2). Accordingly, the Compact shall clearly identify and describe all active demand reduction coordination costs charged to its energy efficiency budget in its next Annual Report and Term Report.

<sup>10</sup> The overall budget decrease is driven by the Compact's decision to offer active demand reduction incentives that are consistent with the Department-approved statewide offerings (Exh. DPU-Compact 4-4, at 2).

proposed by the Compact in its Three-Year Plan, it includes significant increases in estimated costs for the Compact's interruptible load curtailment offering<sup>11</sup> (Exhs. DPU-Compact4-4; DPU-Compact 5-11).

After review, and in consideration of the findings above regarding the required coordination with NSTAR Electric, the Department approves the Compact's proposed budgets for implementation in 2020-2021 of residential and C&I active demand reduction programs that are consistent with the active demand reduction programs being offered by the other Program Administrators (Exh. Downey Test., Att.). As with all energy efficiency program costs, the Compact must demonstrate that all costs of its active demand reduction programs were reasonable and prudently incurred at the time final cost recovery is sought. G.L. c. 25, §§ 19, 20; 2016-2018 Three-Year Energy Efficiency Plans, D.P.U. 15-160 through D.P.U. 15-169, at 47 (2016), citing Fitchburg Gas and Electric Light Company, D.P.U. 11-01/11-02, at 323 (2011); Boston Gas Company/Essex Gas Company/Colonial Gas Company d/b/a National Grid, D.P.U. 10-55, at 434, 440-442 (2010); Boston Gas Company, D.T.E. 03-40, at 140-141 (2003); New England Telephone and Telegraph Company, D.P.U. 86-33-G at 101 (1989); Boston Edison Company, D.P.U. 1720, at 70-78 (1984);

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<sup>11</sup> In particular, the revised budget for the C&I interruptible load offering has increased by \$1,328,095 (or 275 percent) as compared to the budget for this offering proposed by the Compact in its Three-Year Plan (Exh. DPU-Compact 5-11). The Compact maintains that this increase is primarily due to updated participation assumptions (Exh. DPU-Compact 5-11). Given the significant increase in estimated costs for the Compact's interruptible load curtailment offering, the Compact shall provide full and complete documentation supporting the updated participation assumptions in its next Annual Report.

Oxford Water Company, D.P.U. 1699, at 13 (1984). Failure to make this demonstration will result in disallowance of such costs.<sup>12</sup> See Three-Year Plans Order at 143.

IV. ORDER

Accordingly, after due consideration, it is:

ORDERED: That the revised budgets for implementation in 2020-2021 of residential and commercial and industrial demand response programs by the Towns of Aquinnah, Barnstable, Bourne, Brewster, Chatham, Chilmark, Dennis, Eastham, Edgartown, Falmouth, Harwich, Mashpee, Oak Bluffs, Orleans, Provincetown, Sandwich, Tisbury, Truro, Wellfleet, West Tisbury, and Yarmouth, and Dukes County, acting together as the Cape Light Compact JPE, are APPROVED; and it is

FURTHER ORDERED: That the Towns of Aquinnah, Barnstable, Bourne, Brewster, Chatham, Chilmark, Dennis, Eastham, Edgartown, Falmouth, Harwich, Mashpee, Oak Bluffs, Orleans, Provincetown, Sandwich, Tisbury, Truro, Wellfleet, West Tisbury, and Yarmouth, and Dukes County, acting together as the Cape Light Compact JPE, and

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<sup>12</sup> Disallowed costs shall not be recovered through the Compact's energy efficiency surcharge.

NSTAR Electric Company d/b/a Eversource Energy, shall comply with all other directives contained in this Order.

By Order of the Department,

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*/s/*  
Matthew N. Nelson, Chair

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*/s/*  
Robert E. Hayden, Commissioner

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*/s/*  
Cecile M. Fraser, Commissioner



An appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part. Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. G.L. c. 25, § 5.