

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

William M. Straus

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to distributed generation.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
William M. Straus	10th Bristol

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 3381 OF 2007-2008.]

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO DISTRIBUTED GENERATION.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1.

2 (a) Massachusetts energy customers have some of the highest electricity rates in the nation, and those
3 customers in the Boston area have a highly congested power grid that is subject to capacity constraints during times
4 of peak electrical demand.

5 (b) A shortage of electric generation supply and inadequacies in the transmission and distribution system
6 endangers the economic well-being of the Commonwealth

7 (c) A failure to act on these issues has the potential to lead to a region-wide blackout such as was seen
8 throughout the northeast in August 2003.

9 (d) Electric customers need the ability to use all the tools available to them to increase energy reliability and
10 manage price without penalty.

11 (e) Distributed generation (DG) provides unique benefits to all consumers by immediately shifting energy
12 demand off of the grid and increasing the supply of generation within Massachusetts while contributing to improved
13 environmental quality and public health and safety.

14 (f) The cost of customer sited DG, and hence the benefits provided to the grid, are paid for by the individual
15 customer using the DG and is not born by other ratepayers.

16 (g) It is essential that Massachusetts encourages the installation of clean DG to increase the supply of
17 electricity, to increase self-sufficiency of consumers, improve system reliability and encourage new generation to
18 connect to the grid.

19 (h) In compliance with the Governor’s Climate Action Plan, the Report of the Task Force on the Blackout and
20 other policies regarding energy efficiency and greenhouse gas reduction, the provisions of this Bill are urgently
21 needed and consistent with existing legislation.

22 (i) DG provides benefits to all Massachusetts residents equal to or greater than large central station power
23 plants.

24 (j) Massachusetts continues to have a series of statutes, regulations, rules and tariffs regarding DG that are
25 inconsistent, send mixed signals, and generally discourage DG by allowing certain fees, charges, and other
26 restrictions that inhibit customer deployment of clean DG. In particular, the recent DTE Order in the case 03-121
27 accepting a so called “stand-by rate” for NSTAR has raised the costs and barrier to establishing distributed
28 generation in contradiction of stated policy.

29 (k) The decision made in DTE 03-121 did not take into account any of the benefits that are created by DG
30 deployment, nor did it require NSTAR to provide factual evidence that the installation of DG on the NSTAR grid
31 imposes costs on the utility.

32 BE IT THEREFORE ENACTED THAT:

33 All standby rates should be indefinitely suspended pending the completion of DTE investigation 02-38, and the DTE
34 and shall further be directed not to approve any standby rates for the other state’s utilities until such time as:

35 (a) The DTE has completed a complete study of the benefits created by DG, including but not limited
36 enhancements in grid reliability, financial savings from avoided utility investment and reduction in wholesale
37 natural gas and electricity prices and including environmental benefits. Where possible, the DTE shall be directed to
38 put a financial value on these benefits;

39 (b) The DTE has completed a full analysis of the costs that DG imposes on the Commonwealth’s
40 distribution utilities, exclusive of revenue reduction;

41 (c) The DTE has compared the two values shown above to calculate a fair standby rate for DG, inclusive
42 of all costs and benefits;

43 SECTION 2. Definitions

44 (a) Distributed Generation (DG): Distributed Generation describes electricity generators which are physically
45 located at the point of electric use, and are designed and operated for the economic benefit of the electricity user.

46 (b) DTE: The Massachusetts Departments of Telecommunications and Energy