September 29, 2020

Senate President Karen Spilka
Massachusetts State House
24 Beacon Street, Room 32
Boston, MA 02133

Speaker Robert DeLeo
Massachusetts State House
24 Beacon Street, Room 356
Boston, MA 02133

Dear Senate President Spilka and Speaker DeLeo:

The following organizations write to express our opposition to a provision in the House *Act Creating a 2050 Roadmap to a Clean and Thriving Commonwealth* ("the House Bill"), which would dramatically expand the electric and gas distribution companies' ("utilities") ability to construct, operate and own solar projects.

Our organizations strongly support establishing aggressive greenhouse gas reduction targets in law, however, as the joint conference committee considers reconciling the House and Senate bills, we respectfully recommend dropping Section 15H of H.4933 from the final climate legislation.

Section 15H authorizes the utilities to construct, operate and own solar generation facilities with *each electric – and gas – company* owning no more than10 percent of the total installed megawatts capacity of solar generation facilities in the Commonwealth as of July 31, 2020. This is an almost ten-fold expansion of utility-owned solar in the Commonwealth. Advanced under the premise of helping municipalities reach their climate change goals, this provision's main outcome would be to allow utilities to recover non-competitive costs from their ratepayers to build such projects.

Subject to approval by the Department of Public Utilities ("DPU") and the municipality where the project is located, this provision would make any utility-owned projects exempt from the

long-standing, near-total prohibition against utilities owning power plants. While the provision encourages utilities to use these solar assets to serve environmental justice communities this proposed legislation does not provide any explanation, guidance, or direction on how these customers should be served.

Authorizing Section 15H would reverse decades of highly effective Massachusetts energy policy. More than twenty years ago, the Massachusetts Legislature broke up the functions of vertically integrated public utilities, based on a long-standing and well-documented track record of utility cost overruns and sky-high utility rates. Policy makers created a monopoly distribution company to deliver electricity to customers subject to rate regulation, and competitive independent power providers that are not subject to direct price regulation. This separation of power sector functions has generally resulted in increased efficiency and lower rates for customers, resulting from retiring inefficient – and usually dirtier – power plants. Now, the utilities propose to get back into the power plant business under the auspices of serving local municipalities.

Reintroducing vertical integration through this measure creates an unlevel playing field for independent, local solar companies when competing for municipal business. Currently, supported by the Solar Massachusetts Renewable Target ("SMART") program, independent solar companies have been encouraged to serve local governments by offering them low-cost clean power to meet their energy goals. Utilities entering into this competitive market creates an unfair competitor who can stymie independent projects by throwing up roadblocks in the interconnection process, and would also transfer the economic benefits created from these projects to the utilities' shareholders, instead of the local businesses creating jobs. This measure would essentially foreclose the opportunities for competition to drive down the installed costs of solar and energy storage systems for municipalities.

There is absolutely no evidence that the utilities can serve municipal customers better than the independent market. In fact, the utility industry's record is the exact opposite and resulted in breaking up the industry in the first place. Furthermore, the Legislature and the officials at the Department of Energy Resources are already incentivizing independent firms to pursue municipal projects through the SMART program.

This provision also gives the utilities control of solar energy projects, when time and time again, the utilities have shown no commitment to decarbonizing the electric system. An August 19, 2020 article from the Energy and Policy Institute, showed how National Grid, using ratepayer money, spent hundreds of thousands of dollars and time attempting to block specific decarbonization measures, including specific provisions of the House Bill.

While we understand the constraints imposed by the COVID -19 crisis, unlike nearly all of the bill's major provisions Section 15H was never part of stand-alone legislation; nor was it subject to a hearing or testimony from stakeholders. Rather, its addition significantly benefits utility companies at the expense of ratepayers of the Commonwealth.

For the foregoing reasons, the undersigned believe the provision should be rejected.

Please contact David Gahl at dgahl@seia.org or at (518-487-1744) with any questions about this letter.

Respectfully submitted,

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Rep. Brad Jones