

Department of Energy Resources Coordinates Solicitation for Long-term Renewable Energy Contracts by Electric Utilities

A Green Communities Act provision, long-term contracting will bolster the economics of Massachusetts-based clean energy projects

BOSTON - Advancing the clean power development goals embodied in landmark energy reform legislation signed by Governor Patrick in 2008, the Department of Energy Resources (DOER) today announced it is coordinating a process under which the Commonwealth's investor-owned electric utilities are soliciting bids for approximately 750,000 megawatt hours of energy to be supplied by new renewable power projects sited in Massachusetts.

The solicitation announced today is the next step in implementation of the Green Community Act, which requires Massachusetts electric distribution companies to enter into 10- to 15-year contracts with renewable energy projects located within state boundaries, including state and adjacent federal waters. The utilities participating in this solicitation are Fitchburg Gas and Electric Light Company d/b/a Unitil, Massachusetts Electric Co. and Nantucket Electric Co. d/b/a National Grid, NSTAR Electric Co., and Western Massachusetts Electric Co.

"The Green Communities Act placed Massachusetts on a new course toward a clean energy future, and these bids for long-term purchase of new renewable energy generated within the Commonwealth move us further in that direction," said Energy and Environmental Affairs Secretary Ian Bowles. "Long-term contracting will help renewable energy developers obtain the financing they need to get renewable energy projects off the ground and clean power flowing to homes and businesses throughout the state."

Under the Green Communities Act, electric distribution companies must solicit long-term contracts for renewable power at least twice by July 1, 2014, for a total of 3 percent of each company's distribution sales. Eligible projects are those that qualify for Renewable Energy Credits (RECs) under the Massachusetts Renewable Portfolio Standard Class I regulations. Under the RPS, electricity suppliers are required to purchase a minimum percentage of their power from qualified renewable energy suppliers each year. Set at 5 percent in 2010, the minimum benchmark increases by 1 percent annually under the Green Communities Act. Both the RPS and the new requirement for long-term contracting are meant to provide certainty for clean energy developers and help them obtain the financing needed to build successful projects.

"Long-term contracts will provide assurance for developers of renewable energy facilities - making it much more likely that projects will move off the drawing board and start contributing to the low-carbon economy we are growing in Massachusetts," DOER Commissioner Philip Giudice said.

The competitive solicitation for long-term renewable energy contracts was formally issued on Friday, January 15, with bids due to electric distribution companies on February 19. Contracts with successful renewable energy bidders are anticipated to be signed in June, after which the power purchase agreements of each individual utility company will be submitted to the Department of Public Utilities for review and approval.