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PRESS RELEASE

# Department of Public Utilities Approves Hydroelectricity Contracts

Approval Moves Forward Largest Procurement of Clean Energy in Massachusetts History

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Executive Office of Energy and Environmental Affairs

Department of Public Utilities

Electric Power Division

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**BOSTON** – The Department of Public Utilities has issued an [Order](#) (<https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/10881348>) approving long-term contracts for 9,554,940 megawatt hours (MWh) annually of clean energy between H.Q. Energy Services (U.S.) Inc. (HQUS) and the Commonwealth’s Electric Distribution Companies through the New England Clean Energy Connect 100% Hydro project (NECEC Hydro). These contracts stem from *An Act Relative to Energy Diversity*, [signed](#) (</news/governor-baker-signs-comprehensive-energy-diversity-legislation>) by Governor Baker in 2016, and will ultimately enhance reliability, ensure a resilient energy future for the Commonwealth, and secure progress toward greenhouse gas reduction requirements. This project, which is undergoing permitting review in the State of Maine, represents the largest procurement of clean energy in the Commonwealth’s history, increasing Massachusetts’ electricity supply to nearly half coming from clean energy resources.

“Moving forward with these hydroelectricity contracts is an important next step toward providing Massachusetts ratepayers with additional clean energy resources that will reduce monthly energy bills, cut greenhouse gas emissions and improve winter reliability,” **said Governor Charlie Baker.**

The NECEC hydro bid was selected for contract negotiation in February 2018 based on criteria established under a [Request for Proposals \(RFP\)](#) (<https://macleanenergy.files.wordpress.com/2017/03/83d-rfp-and-appendices-final.pdf>) previously subject to public comment and submitted to the DPU for review and approval on July 2018.

The criteria used in the evaluation of the bids included factors that help mitigate winter price spikes, enhance electricity reliability within Massachusetts, avoid line loss, mitigate transmission costs, while ensuring that transmission cost overruns, if any, are not borne by ratepayers and fosters employment and economic development in Massachusetts. As a result of a stringent review, the NECEC hydro bid was determined to provide the greatest overall value to Massachusetts customers by delivering approximately 9,554,940MWh of capacity per year while providing substantial ratepayer benefits. The DPU’s Order approved the selection and found that these contracts are cost-effective and in the public interest.

“This approval by the Department of Public Utilities ensures access to clean energy sources that will both benefit the environment and provide cost-effective, reliable energy for Massachusetts’ residents and businesses,” **said Energy and Environmental Affairs Secretary Kathleen Theoharides**. “With our historic procurements of hydropower and offshore wind energy, our administration is continuing its commitment to a clean, affordable, and resilient energy future.”

“These contracts will diversify energy sources available to the consumer and are focused on protecting the ratepayers,” **said Department of Public Utilities Chairman Matthew Nelson**. “We look forward to seeing the Commonwealth continue to be a leader in providing clean and reliable sources to meet our energy needs.”

With a total levelized price of 5.9 cents/kilowatt-hour (in real 2017 dollars) for clean energy and transmission, this project is expected to provide approximately 2-4% savings on customer’s monthly energy bills, all other bill impacts remaining equal. Overall, the total net benefits, including both direct and indirect benefits, to Massachusetts ratepayers over the 20-year contract are expected to be approximately \$4 billion.

This project supports the Baker-Polito Administration’s goals of creating a resilient energy future for the Commonwealth by providing firm delivery during winter months, when the region experiences high energy prices due to a reliance on natural gas for both electricity and heating. This project will diversify winter energy resources, increase the amount of clean energy attributable to Massachusetts, and reduce reliance on natural gas.

This Order continues the Baker-Polito Administration’s ongoing efforts to grow the Commonwealth’s clean energy economy and meet our greenhouse gas emission reduction targets. In August 2016, Governor Baker signed into law bipartisan

**[comprehensive energy diversification legislation](#)**

</governor/press-office/press-releases/fy2017/governor-baker-signs-comprehensive-energy-diversity-law.html>)

requiring utilities to competitively solicit and contract for approximately 1,600MW of offshore wind and over 1,000MW of clean energy. The administration’s new solar incentive program, Solar Massachusetts Renewable Target (SMART), will support an additional 1,600MW of solar in Massachusetts, nearly doubling the amount installed as of today at half the estimated pricing of existing programs.

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## Executive Office of Energy and Environmental Affairs

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EEA seeks to protect, preserve, and enhance the Commonwealth's environmental resources while ensuring a clean energy future for the state's residents. Through the stewardship of open space, protection of environmental resources, and enhancement of clean energy, the Executive Office of Energy and Environmental Affairs works tirelessly to make Massachusetts a wonderful place to live, work, and raise a family.

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## **Department of Public Utilities** (</orgs/department-of-public-utilities>)

The DPU oversees investor-owned electric power, natural gas, and water companies in Massachusetts. In addition, the DPU regulates the safety of bus companies, moving companies, and transportation network companies. We also oversee the safety of natural gas pipelines.

**More** (</orgs/department-of-public-utilities>)

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## **Electric Power Division** (</orgs/electric-power-division>)

The mission of the Electric Power Division is to ensure that electric distribution companies in Massachusetts provide their customers with the most reliable resource at the lowest possible cost. EPD also oversees and implements initiatives that encourage clean and renewable energy.

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