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Provide an executive summary of your response(s). ***Do not exceed the remainder of this page.***

In response to the questions in the White Paper on a Clean Energy Standard dated March 21, 2011, the New England Clean Energy Council ("Council") is submitting its "CES Core Principals". This document highlights the core principals that the Council believes should be part of any Clean Energy Standard Proposal. The CES Core Principals represent a consensus from a broad cross-section of the Council's membership.

Summary of CES Core Principals:

- Both Renewable Energy and Energy Efficiency are fundamental and integral to any broader Clean Energy Standard (CES) proposal. But the legislation has to recognize that energy efficiency is a different resource type from clean and renewable supply resources.
 - Utilities should not be able to meet the CES requirement without using energy from renewable sources.
 - Include energy efficiency in the same bill, but with a separate Title.
- Promote an aggressive CES standard.
- Clarify definitions of clean energy and renewable energy.
- States should be allowed to exceed the federal standards.
- Efficiency improvements to existing fossil fuel productions.

About the New England Clean Energy Council:

The Council represents over 200 member organizations, including clean energy companies, venture investors, major financial institutions, universities, industry associations, utilities, labor and large commercial end-users. The Council's ranks now include clean energy CEOs, representatives from most of the region's top law firms, and partners from most of the top New England venture capital firms (with a total of over \$8 billion under management).

The New England Clean Energy Council's mission is to accelerate New England's clean energy economy to global leadership by building an active community of stakeholders and a world-class cluster of clean energy companies.

Website: www.cleanenergycouncil.org

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If there is an additional topic related to the design of a mandatory market based program that you would like to address, please submit comments on this form.

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CES Core Principals

- **The NECEC Supports a Clean Energy Standard (CES) that will provide distinct requirements for renewable energy and will not weaken existing state programs.**
- **Energy Efficiency should also be considered as part of a CES but the legislation has to recognize that energy efficiency is a different resource type from clean and renewable supply resources. Accordingly:**
 - **Utilities should not be able to meet the CES requirement without using energy from renewable sources.** There are several ways to structure the legislation to guarantee that renewables are a key component of the CES.
 - **Carve-out for renewables:** In this scenario, there would be an overall requirement that includes both renewable energy and low or zero-carbon energy (clean energy) supply to load-serving entities. A specific increasing percentage of this requirement should come directly from qualifying renewable resources. Thus, a load-serving entity can choose whether to meet the entire standard with renewable resources or a mix of renewable and clean energy resources. In either case, however, we recommend a minimum percentage carve-out requirement that must come from renewable resources.
 - **Separate the RES and CES into two distinct requirements:** The load serving entity would be required to use specified percentages of renewable energy and clean energy resources with increasing targets over time for each.
 - **Separate the RES and CES into two separate percentage requirements but allow load serving entities to use renewable resources to meet a portion of the CES requirement and the clean energy resources to meet a portion of the RES (e.g. a flex plan):** This structure still separates the percentage requirements, which should be increasing over time, but allows both a portion of renewable and clean energy resources to meet a portion of the overall percentage requirement.
 - **Include energy efficiency in same bill, but with separate Title.** Energy efficiency is the lowest cost resource for meeting a CES, and should be included in RES/CES legislation. Energy efficiency should be allowed to contribute toward the overall RES/ CES standards. But the legislation needs to recognize that renewable and clean energy *supply* resources as compared to energy

efficiency *demand* resources are very different resources with fundamentally different characteristics and market barriers.

- Co-mingling efficiency with renewable and clean energy supply requirements would cause confusion, market inefficiencies and disrupt existing state efficiency programs because for the past 15-20 years the states have applied renewable and clean energy supply standards to load serving entities (LSEs) and efficiency standards to local distribution companies (LDCs).
 - Energy efficiency should be promoted through a separate title in the same bill to build on existing state practice by requiring LDCs, and/or efficiency program administrators designated as such by state law, to invest in energy efficiency and other demand side measures. This requirement could take the form of an annual floor amount of efficiency investment for LDCs (that state requirements would be allowed to exceed) and a requirement that LDCs procure all efficiency resources that are cost-effective and cheaper than supply. This requirement should not displace a renewables requirement on LSEs.
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- **Promote an aggressive CES standard.** A CES policy can only be effective if it encourages investment in clean energy and renewable technologies and energy efficiency beyond what states and companies have already committed. The standard should increase over the years in a predictable and sustainable manner. The early years should consider that some states might require extra time to catch-up to other states that have already taken a strong stance on clean and renewable technology technologies, and energy efficiency investment and projects.
 - **Clarify definitions.** The definitions of what qualifies as clean energy and renewable energy need to be specific and clear, including with respect to clean energy a requirement for carbon capture and sequestration or beneficial use.
 - **States should be allowed to exceed the federal standards.** With the lack of comprehensive federal energy legislation, many states have established aggressive renewable and clean energy standards. When a federal RES/CES standard is established, states should be allowed to set higher standards within their jurisdictions.
 - **Efficiency improvements to existing fossil fuel production.** While some improvements to existing fossil fuel production should be allowed to meet part of a CES, load-serving entities should not be allowed to fulfill the entire requirement by updating their existing facilities.