

**Frequently Asked Questions:
Municipal Light Plant Participation in the Renewable Energy Trust**

Updated: September 25, 2009

The Green Communities Act of 2008 establishes a mechanism for municipal lighting plants to participate in the Massachusetts Renewable Energy Trust and clarifies the implications of such participation. This document provides answers to questions that municipal lighting plants may have when considering whether to participate in the Trust.

NEW LEGISLATION

- 1) ***What law governs municipal light plant (MLP) ability to participate in the Renewable Energy Trust (Trust or RET)?*** The Green Communities Act (Chapter 169 of the Acts of 2008, hereinafter the “Act”) signed by Governor Patrick in July 2008 amended the provisions of M.G.L. Chapter 25 which govern, in part, the collection of a charge of 0.5 mill per kilowatt-hour to support the development and promotion of renewable energy projects. The Act stipulates that an MLP that does not supply generation service outside its own service territory or does not open its service territory to retail competition may elect to assess and remit the charge and join the RET.

Furthermore, the Act prohibits RET funding for projects in MLP territories unless:

- the mandatory charge for the RET is collected by the MLP and remitted to MTC, or
 - the RET Governing Board determines that . . .
 - the grant, loan or subsidy is intended for the principal purpose of generating public benefits for customers that do pay into the RET, and will generate only incidental private benefits to the recipient, and
 - the supported project provides unique or extraordinary opportunities to advance the public purposes of the RET.
- 2) ***Will an MLP electing to participate in the Trust be required to open its service territory to retail electric competition?*** No. This is explicitly stated in the Act.
- 3) ***Can the MLP change its mind?*** No. Pursuant to the requirements of the Act, the MLP’s election to join the Trust is irrevocable. The RET Participation Agreement that the MLP must sign to memorialize and enforce the irrevocability of the decision contains obligations to repay the Trust for funds provided in support of projects within the MLP territory should the MLP ever subsequently act in derogation of the decision to join the Trust.

COLLECTION OF FUNDS

- 4) ***What is the level of the charge for the Trust?*** The renewable energy charge is 0.5 mill (i.e. 1/20th of one cent) per kWh delivered to retail customers. For a typical residential customer consuming 600 kWh per month the contribution to the RET is 30 cents.
- 5) ***Who can increase, decrease or eliminate the charge for the RET?*** The charge is set by law. Changing it would require an Act of the Legislature.

- 6) **How often would a municipal light plant make payments into the RET?** Monthly.
- 7) **Who is the RET charge paid to?** The RET charge is paid to the Massachusetts Technology Park Corporation, doing business as the Massachusetts Technology Collaborative. The RET charge is either directly wired into or deposited into the Massachusetts Renewable Energy Trust Fund.

RET PROGRAMS AND ELIGIBILITY

- 8) **What programs would be open to MLP customers?** All of the Trust's programs would be open to MLPs that participate in the Trust. These include grants and loans for installation of photovoltaic, wind, biomass, hydro or other systems at homes, businesses, institutions and public facilities. For a description of current funding opportunities please see the RET web site at <http://www.masstech.org/renewableenergy/index.html>.
- 9) **Who can apply for and receive funding from the Trust?** Eligibility varies by initiative but there is at least one funding opportunity available to homeowners, business owners, public, private and non-profit entities.
- 10) **What technologies are eligible for support?** This list of eligible technologies is set forth in legislation which created the RET, and includes: biomass, fuel cells, hydropower, landfill gas, solar photovoltaic, and wind. The Green Communities Act added solar thermal (water heating) and geothermal; these technologies have not yet been incorporated into RET programs.
- 11) **Will the RET guarantee a certain level of awards to a participating MLP?** No. RET awards are made based upon advertised criteria including, for example: eligibility, consistency with RET programmatic objectives, credibility and quality of the proposal, and availability of funds. While the RET does strive for geographic diversity in its awards it does not establish minimum award levels for any particular jurisdiction such as electric distribution service territory or municipality.
- 12) **What, if any, restrictions would apply to vintage projects that are otherwise eligible for support from the trust?** RET will not accept applications or make awards for projects in MLP territories until the effective date of the RET Participation Agreement. After that date, the eligibility of a project for RET support will be determined by the rules and guidelines for each initiative. Keep in mind that an important role of RET is to provide financial assistance to projects that would otherwise not go forward under current market conditions. Accordingly, RET does not generally award funds to projects that have already been successfully financed and/or built.

MECHANICS OF JOINING THE RET

- 13) **How does an MLP join the RET?** The Massachusetts Technology Collaborative (MTC) has developed a RET Participation Agreement to formalize an MLP decision to join the RET. The Agreement is available at: <http://www.masstech.org/renewableenergy/mandate.htm>.
 - Note that there is one Agreement form for MLPs that have sole authority to make the decision. A second form is available for MLPs which require the host municipality to formally authorize the decision.
 - Along with the executed Participation Agreement submit written documentation of the MLP and/or municipal authority to execute the agreement. The documentation must definitively state whether a regular or special town meeting and/or town vote or any other official action by the Host Municipality is or is not legally required to duly authorize and effectuate the Irrevocable Trust Membership Decision.

- Once the Agreement is executed by MTC the MLP must submit documentation of the effective date of the Trust charge to MTC. Acceptable documentation could include a copy of a bill, bill-stuffer notice, or rate sheet.
- 14) ***What local approvals are necessary?*** This may vary by municipality according to local rules and by-laws governing the MLP. MTC will require a legal opinion from municipal counsel regarding the validity of a municipal irrevocable decision to join the RET. Generally, MTC will require that the municipal decision be made and/or endorsed by both the MLP governing body (e.g. MLP Board of Commissioners) and the elected municipal government (e.g. Board of Selectmen).
 - 15) ***What requirements would be imposed on the MLP regarding mandatory disclosure on retail electric bills?*** MLP bills must include a separate line item for the renewable energy charge which shows the rate (0.5 mill per kWh) and bill amount for actual electricity consumption.
 - 16) ***May an MLP elect to participate in the Trust if it is, by contract, prevented from assessing and collecting the surcharge from one or more large customers for a period of years?*** No. The statute states that an MLP “may elect to assess and remit a mandatory charge per kilowatt-hour upon its electricity consumers on the same terms and conditions as apply to the charge imposed on consumers residing in competitive distribution service territories” (M.G.L. Chapter 25, Section 20(b), emphasis added). The charge for competitive distribution service territories applies to all electricity consumers (M.G.L. Chapter 25, Section 20(a)).
 - 17) ***Does participation in the Trust subject an MLP to the net metering requirements include in the Green Communities Act?*** No.

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- 18) ***If the Light Board opts in to the RET, can they pay the assessment from their operating budget or does the charge have to be passed down to ratepayers?*** The legislation requires that the charge be assessed to customers. Thus, simply paying the assessment from the operating budget would not be allowed.
- 19) ***Is there a list of approved project grants and their amounts available?*** Yes. Please refer to the project database available at http://www.masstech.org/Project_Srch.cfm.
- 20) ***Who decides on which grant applications gets approved?*** Depending upon the type of project and application (e.g. rebate, grant, loan) Trust staff reviews applications and makes recommendations to Management. For awards other than standardized rebates staff first presents proposed awards to a panel of independent external reviewers and gets their feedback. The Trust Executive Director has authority to make awards up to a specified level which depends upon the award type. Larger awards must be approved by the Trust Governing Board.
- 21) ***Is there any dollar limit to one grant?*** Yes. Award limits vary by the program, solicitation and type of project. Specific limits are described in solicitations available beginning at <http://www.masstech.org/RenewableEnergy/solicitations/index.html>.
- 22) ***Are there published guidelines on acceptable projects?*** Yes. Please refer to the Trust solicitations web pages beginning at <http://www.masstech.org/RenewableEnergy/solicitations/index.html>.
- 23) ***Is there any discussion you are aware of that involves increasing the mandatory contribution to the fund?*** Any such activity would occur at the Massachusetts General Court. We suggest that MLPs consult with their local State Representative or Senator.
- 24) ***To whom, and in what form, does the Trust report its financial accounting?*** The Trust submits an annual statutory report to the Massachusetts General Court. See <http://www.masstech.org/renewableenergy/news.htm>.

- 25) *Is there a deadline for MLPs to opt into the Trust?* No.
- 26) *If the MLP includes several municipalities must they all elect to opt in or can a single municipality do so?* The decision to opt into the Trust would have to cover the entire MLP service territory, not just one member town.
- 27) *Are “wholesale” PV projects eligible for CommSolar rebates?* No. CommSolar projects must be associated with a building or facility.

MORE INFORMATION

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