Bill H.2700, proposed by Representative Kay Khan, attempts to materialize the goals set out in the Global Warming Solutions Act of 2008 through a regulatory framework based on Renewable Portfolio Standards (RPS). RPS requires energy service providers to source a certain portion of their energy from renewable energy markets, increasing acquisition on an annual basis. The two central goals of the RPS provisions are to diversify energy sources so as to reduce reliance on exhaustible sources of energy and secondly, to ensure that carbon emissions reach the 1990 baseline emission levels. The economic and fiscal implications of the bill are expected to bring not only thousands of new jobs to the economy but is also expected to expand the tax collection base.

The Bill

H.2700: An Act to increase the renewable portfolio standard and ensure compliance with the Global Warming Solutions Act

Elevator Speech

We are Phil and Amogha. We would like to talk to you about Renewable Portfolio Standards (RPS) as a means of achieving sound environmental stewardship in order to protect MA citizens from hazards associated with climate change. This is extremely important if we truly want to preserve our quality of life and that of future MA citizens.

Massachusetts is legally obliged to comply with the Global Warming Solutions Act – at this point in time however, these standards are not being observed by Massachusetts statutes. Through responsible, ecological, and sound energy practices, in the spirit of environmental justice, we must implement a policy to reduce our reliance on dirty energy and save at-risk Massachusetts citizens from numerous climate change threats. In fact, Boston is one of a few US cities that is considered to be at risk due to climate change.

Currently, Massachusetts is one of 29 states that mandates the annual increase of renewable energy sources through Renewable Portfolio Standards (RPS). However, instead of assuming a leadership position, Massachusetts is falling behind. The current annual increase in RPS...
levels is not robust enough for Massachusetts to achieve its long-term renewable energy targets. The interim target year 2030 of achieving 25% RPS is itself becoming a difficult goal to achieve.

We must increase the annual RPS to an at least 2% increase per annum if we want to achieve a responsible policy-driven solution. By incentivizing suppliers to switch to renewable energy, the policy-driven rise in demand can bring efficiency gains in the form of higher competition, while driving down average costs and prices. By undertaking this policy, the Commonwealth will not only be compliant with the Global Warming Solutions Act but will also experience economic growth in terms of adding jobs and lowering energy production costs.

As a means of securing the future of the Commonwealth and preserving the integrity of our economy, is the Representative willing to support Bill H.2700 in furtherance of our obligation of environmental stewardship?

**Excerpt from Storybook**

*Expert Testimony from Mohit Dua, CEO and Founder of WindESCo, a firm that specializes in wind turbine optimization:*

Dua claims “as a result of stable policies, cost sharing essentially covers the price of wind turbines”, which essentially translates to a cost-effective and economically sustainable model. He further added, “Under current market conditions, offshore wind is becoming more and more competitive.”

Dua also stated, “State-based efforts in the U.S. exist in the shadow of federal policies.” Companies with substantive capital and ability to engage in large-scale renewable energy mainly qualify for federal tax rebates, excluding small-scale companies. Under current policies, companies do not have any incentive to adopt green energy, lowering our ability to find a viable solution.

**Op-Ed**

*Amogha*

*Navigating Rising Waters and Troubled Times*

The Commonwealth of Massachusetts has a mandate to reduce its reliance on carbon-based sources of energy. The mandate is implemented in the form of Renewable Portfolio Standards (RPS) and Renewable Fuel Standards (RFS). The RPS platform is used to target households and industries in their acquisition of clean energy. Within the energy market, suppliers are required to increase their acquisition of renewable sources of energy as a part of their overall portfolio at a rate of 1% on an annual basis. In other words, energy suppliers must reduce their reliance on carbon-based energy platforms at a rate of 1% per year as a part of their compliance to the RPS regulations. However, the issue is that the RPS mandate is too slow for a significant change or improvement to occur. MA coastal habitants have had to face loss of life, property and opportunity. In essence, MA is not fulfilling its constitutionally-guaranteed obligations to its citizens. Implementing the solution will only become harder as we let time pass by. In fact, the Global Warming Solutions Act (GWSA) prescribes that MA carbon emissions be reduced to 80% of 1990 base emission levels by 2050. Under the current mandate, this is not only impossible but is also extremely counterproductive as it allows for higher emission levels, which would require an even more costly transition process to clean energy. This is a major problem and it is a problem that is affecting all of us.

MA’s commitment to solving the problem and contributing towards a solution is significantly falling behind. The earth is the only home that humankind has ever known and it is the only home we will ever know for the reasonably distant future, and if there is any state that understands the principle of collective action for a systemically collective problem, it is MA. It is extremely saddening to see a state that would otherwise consider itself a pioneering moral force, is falling behind to the extent that it is becoming a part of the problem. In the larger scheme of things, MA’s contribution might appear to be insignificant but if history has shown us anything it is that the power of humanistic leadership has an appeal like no other. At the cost of appearing idealistic, I submit that the movement to legalize same-sex marriage is a clear-cut illustration of how the contribution of one state in one nation can impact the world in its outlook towards issues that affect society and its sense of common humanity.

If MA opens its doors to market-based or semi-market-based solutions to climate change, this change can become a success story, inspiring other sister-states to join in. The Northeast region is one of the richest and most influential regions in the United States. This region through MA leadership has the intellectual capacity as well as the practical tolls to lead the way in finding a solution that can be replicated across jurisdictions and nations. The RPS regulatory platform is definitely one of those tools that have shown significant signs of success. From an economic and political perspective, the RPS mandate in MA has been unanimously endorsed across the political spectrum with minor reservations on implementation procedures. This non-partisan approach is essential if we want to use existing political frameworks and economic infrastructure in searching for a cohesive solution that does not undermine either our democratic federalism or our robust economic institutions. The deadlock that we see
Bill proposes two policy amendments. The first, accelerate the State budget and two, larger economy-wide impact. The broken down into two principal categories – one, impact on

The MA legislature has a number of bills on its docket that propose RPS acceleration to at least a 2% increase on a yearly basis. These legislations must be given priority consideration given the daily volume of carbon emissions and the high minimum time it would take businesses and households to adjust to the new regulations. The sooner we pass these policies, the easier it will be for the economy to adjust to the new norms. This consideration is even more underscored if the eventual aim is to inspire other states to adopt and adapt this path-breaking policy measure in earnest. It is undeniably imperative for all stakeholders—citizens, businesses, energy suppliers and governmental authorities—to support these policies as a means of preserving their own way of life as well as securing the future of their children and other future citizens. History may remember Boston for its democratic fight against taxation without representation and its contribution to the American revolution, it may also credit MA to be the pioneering force behind the legalization of same-sex marriage, and therefore, it would be the greatest travesty if history records MA for its inaction against the greatest threat to humankind.

**House Ways and Means Script**

Mr. Chairman, under the current regulations, Massachusetts is falling behind in its commitment to reverse the adverse impacts of climate change on Massachusetts citizens. As a legislator who has previously served as the Vice-Chair of the Joint Committee on Economic Development and Emerging Technologies, we understand that you have an appreciation for policies that incentivize the growth of emerging technologies under an economic model that is viable. In the spirit of ensuring economic viability and stimulating the renewable energy industry, we urge that the policies outlined in Bill H.2700 be understood under the rubric of a sustainable fiscal model, as demonstrated by numerous organizations and agencies such as the Sierra Group and the Northeast Clean Energy Council (NECEC). We mention this explicitly and agencies such as the Sierra Club financial simulation. An alternate simulation conducted by NECEC claims that the policy will bring price stability and cost predictability to the otherwise highly volatile natural gas-based energy market, ensuring at least an annual 1.3% fall in wholesale energy prices.

While many economists advocate for a market based solution to climate change along the lines of setting quotas and selling pollution permits, the legislation in question calls for a legislative or a regulatory approach to climate change and emission control. Some of the concerns associated with a regulatory approach are in the form of economic objections. By stipulating an increase in renewable sources of energy consumption, the state is essentially creating an artificial demand for a commodity that would otherwise be less competitive in a free market. Therefore, the objection is based on an unfair business practice and unfair government intervention logic. However, the counter can also be found in the economic logic of protecting an infant industry if it can become competitive at a later point, especially when such industries obviate the negative externality of pollution and...
carbon emissions. According to industry experts like Mohit Dua, CEO and Founder of WindESCo, and Kevin Lindemer, MD of IHS Markit, offshore wind farming is an excellent example of green energy becoming naturally competitive with carbon-based energy markets. The last few years have witnessed a dramatic fall in offshore wind energy production costs, making end-user and wholesale prices within the competitive range of carbon-based energy industries.

Another popular reservation to the policy expressed in the bill comes in the form of lowered real estate valuation. Many land-property investors and owners have expressed concern over loss of value due to proximity to large-scale green energy plants. While this concern will remain somewhat unmitigated in the short-run, in the long-run we can expect consumer preferences and expectations to change with time, allowing for the markets to stabilize obviating preference-based undervaluation.

Mr. Chairman, as a former investment banker and financial advisor yourself, we hope that you take these facts and figures into consideration before deliberating over the fiscal and economic viability of the said policies. It is our sincerest belief that these policies not only reconcile the numerous reservations that the opposition might have but also benefit the economy of the Commonwealth immensely, all at the cost of what the Commonwealth is already allocating for the RPS framework to be operational. Given the level of research and analysis that has already been done on the subject, we urge you to support this bill throughout its legislative life, especially by voting it out favorably under the aegis of this committee.

Letter to the Legislator

It has come to our attention that Massachusetts has been lagging in its commitment to the standards laid out in the Global Warming Solutions Act of 2008. More specifically, the Commonwealth finds itself in a weak position relative to neighboring states in its efforts to increase implementation of renewable energy sources. Through our analysis, we have found that current statutory regulations are not incentivizing growth in the renewable energy industry at the foundational level. We believe that this puts our state at risk of taking a ‘too little-too late’ approach to committing to clean energy sources – an issue that could bring dire ecological and fiscal implications for the future. If left unaddressed, we risk the health of our economy, in terms of productivity, efficiency and output, in addition to potential loss in the form of life and property. While it is obvious that a high reliance on carbon-based sources of energy jeopardizes the quality of life for future generations, given the current trends, our generation appears to be sharing the same plight.

We are aware that you have a background in the real estate market and therefore, like you, we too have an appreciation for how policy change can impact the economy. Given the current, market conditions, it is becoming increasingly clear that climate change will affect the economy adversely, if environmental regulations remain unamended. Sectors like the real estate markets are also expected to face the brunt of climate change due to factors such as higher sea-levels and lower demand for coastal assets.

Bill H.2700 addresses this issue by proposing an increase in the acceleration of Renewable Portfolio Standards (RPS) from an annual 1% to 2%. This will decrease the rate of environmental pollution but also an assortment of economic benefits. Namely, analyses by the Northeast Clean Energy Council (NCEC) project that the implementation of this increase in RPS can directly lead to job creation, decrease in wholesale energy prices, and reduce carbon emissions to a third of current levels. The diversification of energy sources in Massachusetts can further stabilize price points for consumers by reducing dependence on natural gas, a demonstrably volatile market responsible for high energy prices in Massachusetts.

As the combined risks of higher energy prices for citizens and the consequence of carbon-emitting practices continue to rise year by year, public outcry is understandably collecting more momentum by the day in response. It has become undeniably clear that a measure must be implemented in order to strike a balance between the demand for energy and the necessity for a cleaner future. Our support of Bill H.2700 is but one voice among many that call for the Massachusetts legislature to deeply consider the adoption of this bill as a viable solution to the problems associated with the current trajectory of energy reliance demands in their current condition in the state. As our Representative, it is our sincerest hope that our interest and seriousness expressed in the matter will find the highest support and the most adequate representation under the aegis of your office. We hope that you will contribute towards the successful passage of Bill H.2700 and help in garnering support amongst your peers at the State House, especially members of the Telecommunications, Utilities and Electricity Committee.

Excerpts from Campaign Journals

Philip

Our meetings directly with the sponsor of Bill H.2700, Representative Kay Khan, provided us the baseline understanding of not only what the bill constituted, but why in fact such a legislation was proposed in the first place. As a resident of Newton, Representative Khan had worked closely with the locally based Sierra Club – an activist organization.
directly involved with the research and formulation of arguments for the necessity of renewable energy sources in Massachusetts.

As directed by Representative Khan, we attended a panel discussion hosted by the Sierra Club explaining key points on the issue as well as the proposed solution through the introduction of the bill. Though it was surprising not to see the Representative present at the meeting, we were considerably shocked at her own knowledge of the issue, delving into some of the more robustly ancillary aspects of the problems surrounding a lack of mandated renewable energy implementation. It was through these discussions that we were able to compile our own understandings of the issue and truly appreciate the necessity of the bill's passage – a critical perspective we were able to take into our further meetings with other important legislators that held the fate of the bill within their decision for its future.

Amogha
Meeting with Representative Randy Hunt

Rep. Hunt invited us to discuss his approach to Bill H.2700. Rep. Hunt was somewhat skeptical towards the idea of accelerating the RPS to 3%. He preferred a more moderate approach of allowing businesses and other industry stakeholders to adopt green energy according to their own business models. He preferred this approach because he did not want Massachusetts to lose its competitiveness as an investment destination. As a person of finance and former financial officer at various Massachusetts businesses, he had a good understanding of how businesses perceive strict mandate based regulations. He was more concerned about the potential economic losses associated with faster acceleration than adoption of green energy itself. In all fairness, he definitely did have a point when he expressed concern over non-compliance and potential capital investment flight from Massachusetts.

Rep. Hunt did not oppose the policy on principle but was averse to heavy-handed initiatives. He expressed his reservations in the form of supporting the RPS bills with the caveat of making it practical for businesses to adopt green technology on their own terms as opposed to state-intervention in artificially influencing business models. This interaction brought to the forefront the issue of short-term cost and long-term benefit. The debate between these two trade-offs was central to understanding the larger issue of why there is still some friction in adopting green energy policies across the country.

Updates

As of July 16, 2018, the bill had been ordered to study.

For more information

View the bill:
malegislature.gov/Bills/190/h2700

Sierra Club
sierraclub.org/massachusetts