



CITIZENS
ENERGY
CORPORATION
a non-profit energy company

March 9, 2017

Massachusetts Department of Energy Resources
Massachusetts Office of the Attorney General
Fitchburg Gas & Electric Light Company d/b/a Unitil
Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid
NSTAR Electric Company and Western Massachusetts Electric Company d/b/a Eversource

Re: Section 83C Stakeholder Comments

To Whom it May Concern:

Citizens Energy Corporation would like to thank the Department of Energy Resources, Office of the Attorney General and the electric distribution companies (“EDCs”) that operate in Massachusetts for their continued support to bring cost-effective clean energy generation to the Commonwealth. Citizens Energy is a Boston-based non-profit energy company founded in 1979 by Joseph P. Kennedy II that uses revenues from energy-related business ventures (like partnering with utilities and developers to build renewable energy projects or new high voltage transmission lines) to finance charitable programs to make life’s basic needs more accessible and affordable for low-income families. Recognizing that cleaner, renewable energy sources are often costlier than fossil-fuel based sources, Citizens has created a number of assistance programs to help alleviate the burdens of high-cost energy for low-income individuals and families. For more than 35 years, Citizens has consistently identified and capitalized on market opportunities to generate millions of dollars in revenue that has been channeled to social ventures and charitable causes throughout the United States.

Given our successful track record of funding charitable programs to benefit low-income ratepayers from our own profits (therefore not adding additional cost to projects), Citizens would like to take this opportunity to comment on how preference should be given to bids that benefit low-income ratepayers.

Question:

14. Section 83C requires the DOER to give preference to “proposals that demonstrate a benefit to low-income ratepayers in the Commonwealth without adding cost to the project.” Please describe the minimum requirements a bidder should demonstrate to meet this standard.

Citizens Response:

Citizens Energy believes the stipulation for a low-income benefit is critically important to the selection process. In Citizen’s 37-year history, we have seen the devastating impact higher energy costs have on the most vulnerable citizens. While we applaud and fully support the ground-breaking efforts in Massachusetts to transition to a greener, more renewable energy mix, Citizens is equally focused on ensuring the cost burden of this cleaner energy is not disproportionately shouldered by low-income ratepayers, who already see a higher share of their income go towards heating and electricity costs.

For these reasons, Citizens believes that bidders should, at a minimum, be required to provide the following information to demonstrate their bid meets the requirements of Section 83C:

- An overview of the low-income ratepayer benefit program structure and any associated partnerships, including:
 - Who will be responsible for the design, implementation, operation and administration of the program.
 - Track record of the bidder (or associated partner) running similar programs benefiting low-income ratepayers and results of those programs.
 - Details on the contractual commitment to provide benefits to low-income ratepayers and how this will not add cost to the project.

Furthermore, Citizens believes the evaluation of a project's proposed benefits to low-income ratepayers should occur during the procurement process at two separate stages. First, since specific language was included in the Act (Section 83C of Chapter 169 of the Acts of 2008, as amended by Chapter 188 of the Acts of 2016, An Act to Promote Energy Diversity) for preference to be given to proposals that show a direct benefit to low-income ratepayers, this should be incorporated in the minimum threshold requirements for a proposal to qualify for evaluation. Since these minimum standards are typically designed to ensure all proposed projects comply with the requirements of the RFP, and satisfy any relevant statutory criteria under the procurement statutes (i.e. Section 83C), any proposal that does not demonstrate a benefit to low-income ratepayers should be disqualified from further review and evaluation.

Second, proposals that are able to demonstrate a benefit to low-income ratepayers should be evaluated as part of the qualitative analysis. During this analysis, the low-income benefit standard should be given equal weighting to other qualitative evaluation factors likely to be assessed, such as: project viability, feasibility, development status, reduction in greenhouse gas emissions, etc. A qualitative score should be assigned to each bid based on the specific attributes of the proposed benefit to low-income ratepayers (for example, on a scale of 1-10).

When evaluating and assigning a qualitative score to each proposal on the low-income benefit, strong preference should be given to projects that (i) utilize creative project structures that ensure the cost of any low-income program is not simply 'baked into' the project, and (ii) create partnerships with non-profit companies with a demonstrated track record of participating in large-scale clean energy projects, and delivering meaningful assistance to low-income households through those projects. One example of a creative project structure the RFP process should reward is the inclusion of a meaningful investment partnership interest for a non-profit company, whose mission is to use profits earned from successful ventures to assist the poor. This structure would be in contrast to a project proposal that simply proposes to set aside a certain amount of funds each year to benefit low-income ratepayers. Such a structure would violate the Act's provision that costs not be added to the project to benefit low income ratepayers, since any funds diverted in this fashion would simply be made up in the overall price of the project. Conversely, an investment partnership with a non-profit company, whose investment in the project is funded with its own capital, whose corporate mission is to assist the poor (vs. provide a return to shareholders), would not add any costs to the overall project. Similarly, given the size of the energy procurement in the Act, proposals that incorporate partnerships with companies that have a documented track record of successfully developing projects of this scale, and using profits to assist the poor, should be scored higher in this category. Given the burden the poor will continue to face, it's important that low-income commitments made in the proposal stage are actually delivered once a project reaches commercial operation.

CONCLUSION

Citizens Energy supports the efforts to procure cost-effective long term contracts for clean renewable generation, but feels the selection committee should ensure such contracts do not put undue burden on low-income families in the Commonwealth. As such, we believe that clear evaluation metrics that give preferential consideration to proposals that include creative investment partnership-type project structures and that can clearly demonstrate a benefit to low-income ratepayers without adding hidden costs to the project should be given strong preference in the upcoming RFP.

Thank you for this opportunity to provide comment.

Sincerely,



Peter F. Smith
Chief Executive Officer