



RMLD Policy 30 Update

BOC / CAB Discussion

24 February 2021

Outline

Context Update

Roadmap 2050 - Capture

Comparisons Roadmap 2050, RPS/CES - Updated

Policy 30 Update - Revision 1

Context Update



RMLD Mission – excellent customer service, competitively priced, system reliability

2012 Policy 30 Sustainable Energy - renewable energy goals

- RMLD power portfolio built under this policy
- Results - ahead of 2025 Policy 30 goals; with associated certificates

Pending State Legislation rate impact – Roadmap 2050

Customer Survey (C&I, R) – reduce GHG emissions with no little to no rate impact

source: RMLD website, RMLD customer survey Jan 2021

RMLD Power Supply 2030



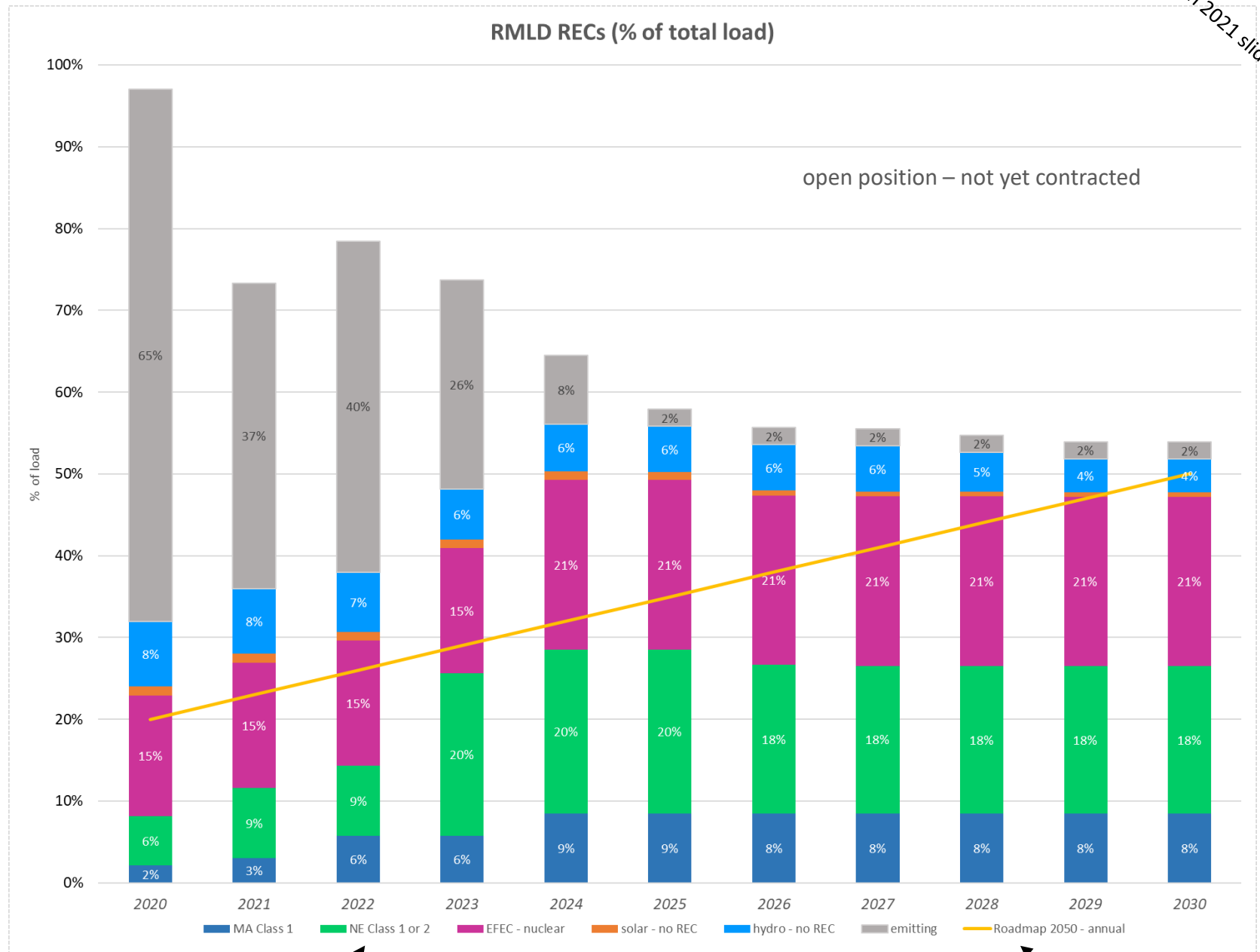
RMLD portfolio exceeds "Roadmap 2050" goals

No compliance rate shock through 2030

Only associated certificates (no RECs purchased to "paper")

Broad base (asset types) reduces price risk

Source: Energy Position Graph Master / RECs stacked bar feb2021



includes Palmer (CT Class 1)

annualized line

Legislation RMLD must comply

MLPs held to compliance
first time in RMLD history

All energy suppliers to be
net-zero non-carbon by 2050

Legislation accommodates
business model differences



Minimum percentage of non-carbon emitting energy sold by MLPs (retail sales):

2030 - 50% non-carbon emitting energy sales

2040 - 75% non-carbon emitting energy sales

2050 - net-zero greenhouse gas emissions energy sales



“non-carbon emitting” defined as energy from: (1) solar photovoltaic; (2) solar thermal electric; (3) hydroelectric, including imports; (4) nuclear; (5) marine or hydrokinetic energy; (6) geothermal energy; (7) landfill methane; (8) anaerobic digester gas; (9) wind energy; (10) biomass; and (11) other generation qualifying as special cases.



MLPs can purchase or generate non-carbon emitting energy.
Existing energy supply contracts meeting Legislation requirements count as compliance.



Certificates for retail energy sales, to meet compliance goals, must be retired.



Annual compliance reporting to MA DOER.
Alternative compliance payment (ACP), if non-compliance.
ACP funds GHG reduction programs in RMLD service territory.

Roadmap 2050 Incremental Compliance Cost

updated

RMLD portfolio non-carbon compliant through 2029

Open positions after 2030 affords flexibility

More RECs to be retired to meet new goal requirements

non-carbon		2021	2022	2023	2024
	unit price (\$/MWH)	\$1.90	\$1.90	\$1.90	\$1.90
	required for non-carbon compliance (count)	159,515	180,447	201,409	222,400
	value (\$)	\$303,078	\$342,849	\$382,676	\$422,559
	incremental compliance value (\$)	\$303,078	\$342,849	\$382,676	\$422,559
	operating revenues budget (\$)	\$92,092,414	\$92,726,173	\$93,461,603	\$94,473,006
	incremental compliance cost / budget (%)	0.3%	0.4%	0.4%	0.4%
	projected rate increase (w/o compliance) (%)	2.5%	3.5%	1.5%	1.5%

*RECs already
contracted*

*No additional RECs
purchases required for
compliance*

RPS / CES Compliance Incremental Cost Impact

RPS / CES compliance not an MLP statutory requirement

RMLD portfolio designed for non-carbon and renewable in Policy 30 (not RPS/CES)

Compliance would require buying, then retiring, additional MA Class 1 RECs, pushing rates up

Excludes any other rate impacts, such as inflation, capacity, transmission, operating costs, ...


MA Class 1 REC		2021	2022	2023	2024
	unit price (\$/MWH)	\$42.00	\$40.00	\$34.00	\$33.00
	required for RPS/CES compliance (count)	152,579	166,566	180,573	194,600
	value (\$)	\$6,408,322	\$6,662,658	\$6,139,492	\$6,421,789
	currently contracted (\$)	\$97,020	\$92,280	\$78,336	\$75,933
	incremental required for compliance (\$)	\$6,311,303	\$6,570,378	\$6,061,156	\$6,345,856
	operating revenues budget (\$)	\$92,092,414	\$92,726,173	\$93,461,603	\$94,473,006
	incremental compliance cost / budget (%)	6.9%	7.1%	6.5%	6.7%
	projected rate increase (w/o compliance) (%)	2.5%	3.5%	1.5%	1.5%

RPS compliance would add

~\$6.3M to annual costs or

~6.8% each year to customer billing, incremental to any other rate impacts

Policy 30 Rev 1 - elements



- A. The **RMLD shall comply with all applicable law pertaining to renewable and GHG reduction power procurement requirements**, including, but not limited to, so-called Roadmap 2050 requirements while balancing its customer priorities and franchise obligations. Roadmap 2050 requirements that are applicable as of the date of this Policy are attached hereto as Attachment 1.

- B. The **RMLD shall develop the Renewable Choice Program, as an option available to all ratepayers**. The Renewable Choice Program will allow RMLD customers to purchase “blocks” of renewable energy certificates (“RECs”) for an additional monthly fee. Customer REC purchases through the Renewable Choice Program are above and beyond RMLD’s other GHG reduction power procurement goals and requirements and are intended to help customers who have stated that they would be willing to pay more to reduce greenhouse gas emissions. The program will be developed as a tariffed rate.

- C. In order to **balance RMLD’s customer priorities and franchise obligations with compliance with all applicable laws** pertaining to renewable and GHG reduction power procurement requirements, the General Manager **may retain or may market RECs** as she/he deems to be in the best interest of the RMLD and in compliance with all applicable law.

- D. If applicable laws pertaining to renewable and GHG reduction power procurement change after the effective date of this Policy, the General Manager will review such changes and report to the RMLD Board on such changes and shall present for review and comment by the Board a **plan for compliance with such changes that is consistent with RMLD’s customer priorities and franchise obligations**.

- E. The **RMLD Board may vote on changes to this Policy from time to time**, and any changes to Attachment 1 shall be set forth below as shown and updated on Attachment 2

Policy 30 Rev 1 - vote



Approve Rev 1, Attachment update 0 – comply with pending Legislation captured

Approve Rev 1, Attachment update 1 - remove biomass from Attachment 1

Thank You