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**April 28, 2021**

Dear NEPOOL Participants and Stakeholders,

In response to the April 15, 2021 discussion during the NEPOOL Participants Committee Working Session: *Pathways to the Future Grid*, Eversource offers the following comments:

- 1. Model structure and mechanics.** Developing clean energy projects absent long-term contracts with the Electric Distribution Companies (EDCs) as counterparties presents project developers with a higher level of risk due to volatility in market-based revenues. Eversource recommends that Analysis Group's (AG) modeling opine on the viability of project developers to finance new clean energy projects under a Forward Clean Energy Market (FCEM) and net carbon pricing. For example, including a weighted average cost of capital (WACC) input assumption that reflects a higher level of risk under FCEM if the developer doesn't have security of revenues equivalent to long term PPAs and net carbon pricing which could yield short term volatile pricing would produce capacity expansion results that informs stakeholders on the costs, benefits, and viability of incenting new clean energy resources under alternative market structures.
- 2. FCEM interaction with existing state programs.** Allowing a clean energy resource to earn both renewable energy credit (REC) revenue and clean energy certificate (CEC) revenue as described in Approach 1 must conform with state greenhouse gas (GHG) emission inventory calculations. For example, the Massachusetts Department of Environmental Protection (MassDEP) is responsible for calculating the GHG emissions from electricity consumed in Massachusetts under the Global Warming Solutions Act (GWSA). Eversource is concerned that enabling a clean megawatt-hour (MWh) to earn *both* REC and CEC revenue will make the GWSA GHG emission inventory calculation significantly more complicated and opens the possibility of a single MWh of clean energy being accounted for multiple times and/or in the GHG emission inventories of multiple states.

Eversource agrees with some stakeholders that state environmental programs are likely to continue and are unlikely to be discontinued (as proposed by Approach 3). However, existing state programs, such as renewable portfolio standards (RPS) and the Massachusetts Clean Energy Standard (CES), have not led to significant new clean energy project development. Therefore, modeling Approach 3 under an Integrated Clean Capacity Market (ICCM) construct is likely to provide a useful comparison to the net carbon pricing approach and should not be eliminated from consideration at this stage of the process.

Thank you for the opportunity to comment and we look forward to working with you on this initiative for New England market participants and stakeholders.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Daly', with a long horizontal flourish extending to the right.

James Daly

Vice President Energy Supply