



Frequently Asked Questions:

**Municipal Light Plant and Municipality Participation in the
Massachusetts Clean Energy Center's (MassCEC) Renewable Energy
Trust Fund**

Updated: February 2024

The Green Communities Act of 2008, as amended, establishes mechanisms for (i) municipal lighting plants and (ii) individual municipalities within certain municipal lighting plant service territories to participate in MassCEC's Renewable Energy Trust Fund (the "RET" or the "Trust") and clarifies the implications of such participation. This document provides answers to questions that municipal lighting plants and municipalities may have when considering whether to participate in the Trust Fund.

GOVERNING LEGISLATION

1. What law governs municipal light plant (MLP) ability to participate in the Renewable Energy Trust Fund (Trust)?

The Green Communities Act (the "Act") as originally enacted in 2008 amended the provisions of M.G.L. c. 25, § 20 which govern, in part, the collection of a charge of 0.5 mill per kilowatt-hour to support the development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 Trust funding for projects in MLP territories unless:

- The mandatory charge for the RET fund is collected by the MLP and remitted to MassCEC; and
- MassCEC's Board of Directors determines that the grant, loan or subsidy is intended for the principal purpose of generating public benefits for customers that do pay into the Trust, 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 Trust.

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 Green Communities Act.

3. Can the MLP change its mind?

No. Pursuant to the requirements of M.G.L. c. 25, § 20, the MLP's election to join the Trust is irrevocable. The Trust's Membership 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.

4. Can an individual municipality within an MLP service territory elect to join the Trust?

Yes. Notwithstanding the limitations regarding a service charge being levied against an entire MLP service territory or specific Board of Director findings by MassCEC, an individual municipality served by an MLP serving multiple municipalities that does not supply generation service outside its own service territory or does not open its service territory to competition at the retail level AND that has not already elected to assess and remit a service charge to the RET may adopt a mandatory service charge to the

RET. In these circumstances, the MLP must collect this charge from ratepayers in the municipality through electric bills. This change to M.G.L. c. 25, § 20 was enacted pursuant to *An Act Relative to Municipal Light Plan Participation in Green Communities* (230 Mass. Acts. 2022).

5. To whom, and in what form, does MassCEC's Renewable Energy Trust fund report its financial accounting?

MassCEC submits an annual statutory report to the Massachusetts General Court.

6. Is there a deadline for MLPs or individual Municipalities to opt into MassCEC's Renewable Energy Trust fund?

No.

7. If the MLP includes several municipalities, must they all elect to opt in or can a single municipality do so?

If the MLP is making the election, then the decision to opt into the Trust would have to cover the entire MLP service territory, not just one member town. However, a single municipality within an MLP service territory may unilaterally elect to join the RET, as explained in Question 4 above.

COLLECTION OF FUNDS

8. What is the level of the charge for MassCEC's Renewable Energy Trust fund?

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 MassCEC's Renewable Energy Trust fund is approximately 30 cents.

9. Who can increase, decrease, or eliminate the charge for MassCEC's Renewable Energy Trust fund?

The charge is set by law. Changing it would require an Act of the Legislature.

10. 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.

11. How often would a municipal light plant make payments into MassCEC's Renewable Energy Trust fund?

Monthly.

12. Who is MassCEC's Renewable Energy Trust fund charge paid to?

The Trust charge is paid to the Massachusetts Clean Energy Center (MassCEC). The Trust charge is either wired into or deposited into the Massachusetts Renewable Energy Trust Fund.

13. If an MLP opts in to MassCEC's Renewable Energy Trust fund, 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.

MASSCEC PROGRAMS AND ELIGIBILITY

14. What programs would be open to MLP customers or participating individual municipalities?

All of MassCEC's applicable programs would be open to MLPs that participate in the Trust, as well as municipalities individually electing to participate in the Trust and residents residing therein. For information about MassCEC's current funding opportunities please visit www.MassCEC.com.

15. Who can apply for and receive funding from MassCEC's Renewable Energy Trust fund?

Eligibility varies by initiative. Interested parties should review the eligibility criteria listed for current funding opportunities at www.MassCEC.com.

16. Will MassCEC guarantee a certain level of awards to a participating MLP or individual Municipality?

No. Awards are made based upon advertised criteria including eligibility, consistency with MassCEC's programmatic objectives, credibility and quality of the proposal, and availability of funds. While MassCEC 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.

17. What, if any, restrictions would apply to existing projects that are otherwise eligible for support from the Trust?

MassCEC will not accept applications or make awards for projects in MLP territories until the effective date of the Trust Membership Agreement. After that date, the eligibility of a project for Trust support

will be determined by the rules and guidelines for each initiative. Keep in mind that an important role of MassCEC is to provide financial assistance to projects that would otherwise not go forward under current market conditions. Accordingly, MassCEC does not generally award funds to projects that have already been successfully financed and/or built.

18. Who decides which grant applications get approved?

Depending upon the type of project and application (e.g., rebate, grant, loan, etc.) MassCEC staff reviews applications and makes recommendations to MassCEC Management. MassCEC's Chief Executive Officer and Executive Director has authority to make awards up to a specified level which depends upon the award type. Larger awards must be approved by MassCEC's Board of Directors.

19. Is there any dollar limit to one grant?

Yes. Award limits vary by the program, solicitation and type of project. Visit www.MassCEC.com for more details.

20. Are there published guidelines for acceptable projects?

Yes. Please refer to MassCEC's solicitations web pages beginning at www.MassCEC.com.

MECHANICS OF JOINING THE TRUST

21. How does an MLP or individual municipality join MassCEC's Renewable Energy Trust fund?

MassCEC has developed Trust Membership Agreement forms to formalize an MLP's or individual municipality's decision to join the RET. The agreement is available at: www.MassCEC.com. There is one Agreement form for MLPs that have sole authority to make the decision, a second form for MLPs which require the host municipality to formally authorize the decision, and a third form for individual municipalities electing to join the RET.

Along with the executed Membership Agreement, the MLP or individual municipality must 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 (as defined in the Membership Agreement).

Once the agreement is executed by MassCEC, the MLP must submit documentation of the effective date of the Trust charge to MassCEC. Acceptable documentation could include a copy of a bill, bill stuffer notice, or rate sheet.

22. What local approvals are necessary?

This may vary by municipality according to local rules and by-laws governing the MLP and the municipality in general. MassCEC requires a legal opinion from municipal counsel regarding the validity of a decision to join the RET. Generally, MassCEC 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).

23. 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.

24. Does participation in MassCEC's Renewable Energy Trust Fund subject an MLP to the net metering requirements included in the Green Communities Act?

No.

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