

DISTRIBUTION OF THE MASSACHUSETTS RENEWABLE ENERGY TRUST FUND IN THE REALM OF MUNICIPAL POLITICS

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ABSTRACT

As part of the state's restructuring and deregulation of the electric power industry, Massachusetts established the Renewable Energy Trust Fund (RETF) which earmarked approximately \$50 million, collected as a surcharge on consumer electric utility bills, for distribution to municipalities that faced significant increased costs of MSW disposal because of required clean air retrofits to their Waste-to-Energy (WTE) facilities. The focus of this discussion will be upon the process, logistics and issues that evolved as that statutory benefit was implemented, including conflicts that led to the need for using a dispute resolution mechanism. Also included will be summary of issues that other states may want to address if considering similar provisions, in order to avoid some of the conflicts that arose during the Massachusetts process. For details on the Massachusetts program, see my paper presented last year at NAWTEC VIII, titled: *Case Study – Electric Utility Restructuring – Massachusetts Renewable Energy Trust Fund*.

INTRODUCTION

In spring of 2000, the process of implementing the MA RETF began, with the goal of distributing approximately \$50 million to eligible municipalities, in accordance with the provisions of the new statute. The process involved the Massachusetts Technology Collaborative, (MTC) the responsible state agency, charged with administering the RETF, state legislators and over 125 municipalities, their organizations and representatives. After more than six months and an elaborate dispute resolution process, a distribution formula was finally agreed upon. Grant funds will begin flowing to eligible communities during 2001.

BRIEF HISTORY

The Massachusetts utility restructuring bill included Section 68 which stated: *"There is hereby established and set up ...a separate trust fund to be known as the Massachusetts renewable energy trust fund...for the public purpose of generating the maximum economic and environmental benefits over time from renewable energy to the ratepayers of the commonwealth..."*

And, thus the RETF was established. The revenue to fund the trust is derived from a "renewables charge" currently itemized on every consumer's electric bill. RETF. The key language, upon which grant fund eligibility is based, is:

The board shall make available from monies in the fund in accordance with subsection (a) grants to municipalities and other governmental bodies to provide debt service assistance in conjunction with alleviating payment obligations incurred by said municipalities and other governmental bodies through an existing contractual agreement pursuant to the installation of pollution control technology and the implementation of other operational improvements to existing renewable energy projects and facilities in the commonwealth utilizing waste-to-energy technology as a component of municipal solid waste plant technology in commercial use, or the closure of any such existing facilities;

This language includes two key phrases that resulted in a complex process of determining exactly what formula for fund distribution would be both consistent with this language and fair to all communities impacted by APC retrofit expenses. Those phrases are "debt service assistance" and "an existing contractual agreement pursuant to the installation of pollution control technology and the implementation of other operational improvements."