SENATE DOCKET, NO. 1257 FILED ON: 1/17/2019

SENATE . . . . . No. 1803

The Commonwealth of Massachusetts

PRESENTED BY:

Harriette L. Chandler

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act sparking the modernization of state heating systems.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
Harriette L. Chandler	*First Worcester*	
Tommy Vitolo	*15th Norfolk*	
Jason M. Lewis	*Fifth Middlesex*	*1/23/2019*
Rebecca L. Rausch	*Norfolk, Bristol and Middlesex*	*1/24/2019*
Joanne M. Comerford	*Hampshire, Franklin and Worcester*	*1/28/2019*
Thomas M. Stanley	*9th Middlesex*	*1/25/2019*
Mike Connolly	*26th Middlesex*	*1/28/2019*
Sal N. DiDomenico	*Middlesex and Suffolk*	*1/31/2019*
Nika C. Elugardo	*15th Suffolk*	*1/30/2019*
Mary S. Keefe	*15th Worcester*	*1/31/2019*
Kay Khan	*11th Middlesex*	*1/30/2019*
David Henry Argosky LeBoeuf	*17th Worcester*	*1/31/2019*
Jack Patrick Lewis	*7th Middlesex*	*1/31/2019*
Marc R. Pacheco	*First Plymouth and Bristol*	*2/1/2019*
Jennifer E. Benson	*37th Middlesex*	*1/30/2019*
Michael D. Brady	*Second Plymouth and Bristol*	*2/1/2019*
Anne M. Gobi	*Worcester, Hampden, Hampshire and Middlesex*	*1/30/2019*

Denise Provost	*27th Middlesex*	*2/1/2019*
Michael O. Moore	*Second Worcester*	*2/1/2019*
Carlos González	*10th Hampden*	*2/1/2019*

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By Ms. Chandler, a petition (accompanied by bill, Senate, No. 1803) of Harriette L. Chandler, Tommy Vitolo, Jason M. Lewis, Rebecca L. Rausch and other members of the General Court for legislation to spark the modernization of state heating systems. State Administration and Regulatory Oversight.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-First General Court
(2019-2020)

An Act sparking the modernization of state heating systems.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1: The Massachusetts clean energy technology center shall administer a Heat Pump Market Development program to fund and offer training programs in the Commonwealth, including but not limited to heating oil dealers, in order to expand markets for space and water heating using efficient heat pump technology. The Massachusetts clean energy technology center may draw upon the Massachusetts Renewable Energy Trust Fund for this purpose, provided that sufficient funds are available, and may cease to offer such program after January 1, 2026.

SECTION 2: Chapter 164 of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by inserting after section 94I, the following sections:-

Section 94J.

(a) Any base rate proceeding conducted by the department under section 94 for electric companies or gas companies must include full decoupling, as specified in D.P.U. 07-50-A. The

department shall consider the impact of decoupling on the gas or electric company's return on equity and make any necessary adjustments thereto.

(b) In any base rate proceeding commencing on or after July 31, 2020, the department may not approve a decoupling mechanism for gas companies based on a revenue per customer approach, or any other method that disincentivizes conversion of fossil fuel heating customers to heat pumps, solar thermal, or other renewable or low greenhouse gas emissions heating technologies.

Section 94K.

(a) In any base rate proceeding conducted by the department under section 94 for gas companies, commencing on or after July 31, 2020, the department shall require the full depreciation and cost recovery of any new gas distribution expansions by no later than December 31, 2040.

(b) In any base rate proceeding conducted by the department under section 94 for gas companies, commencing on or after July 31, 2020, before granting recovery for any new gas distribution expansions the department shall require a showing that all new gas customers first obtained all weatherization, air sealing, and duct sealing work recommended by the energy efficiency programs established in Chapter 25 in an audit or new construction evaluation performed within previous last three years.

SECTION 3. Section 29 of chapter 7C of the General Laws, as so appearing, is hereby amended by striking out subsection (b), and inserting in place thereof the following subsection:-

(b) The division of capital asset management and maintenance or the state agency initiating the construction or renovation of a facility as described in subsection (a) shall conduct a life-cycle cost analysis of any such facility's proposed design that evaluates the short-term and long-term costs and the technical feasibility of using alternate technologies to provide lighting, heat, water heating, air conditioning, refrigeration, gas or electricity. In calculating life-cycle costs, a state agency shall include the value of avoiding carbon emissions, creating renewable energy certificates and other environmental and associated benefits created from the utilization of alternate technologies, and the costs of current or future replacements of fossil fuel dependent technologies to comply with the provisions of Chapter 21N, as applicable. The value of carbon emissions shall equal the value of avoided emissions utilized in the most recent energy efficiency and demand resource plan approved pursuant to Chapter 25. For benefits other than reductions in carbon emissions, this value shall be equal to the bid price of the published market value of any such benefit and shall increase or decrease at a projected rate determined by the department of energy resources. To calculate life-cycle costs, a state agency shall use a discount rate equal to the rate that the commonwealth's tax-exempt long-term bonds are yielding at the time of said calculation and shall assume that the cost of fossil fuels and electricity will increase at the rate of 3 per cent per year above the estimated rate of inflation or at a rate determined by the department of energy resources.

SECTION 4. Said section 29 of said chapter 7C of the General Laws, as so appearing, is hereby amended by adding the following subsection:-

(g)

(1) The executive office of administration and finance, hereafter referred to as the executive office, shall promulgate regulations consistent with this subsection requiring certain new or renovated buildings to use alternate technologies that are not fossil fuel dependent to provide heat.

(2) As used in this subsection the following words shall, unless the context clearly requires otherwise, have the following meanings:-

"Agency", a commonwealth authority, including a quasi-public independent entity performing a public function that does not receive direct appropriations from the commonwealth, board, bureau, commission, department, division, executive office, institution, institution of higher education, the secretary of state, the attorney general, the state treasurer, the state auditor, the administrative office of the trial courts, trial court departments, the supreme judicial court, the appeals court, the governor's office, lieutenant governor's office, the governor's council, the Massachusetts Convention Center Authority, the house of representatives and the senate.

(2) The executive office shall require the use of alternate technologies to provide heat for buildings:

(A) that are owned or operated by the commonwealth or an agency thereof;

(B) for which a municipality or regional school district receives funds from the Massachusetts School Building Authority;

(C) for which a municipality, for profit or nonprofit corporation receives state tax credits of more than $100,000 specifically for the purpose of subsidizing building construction; or

(D) for which a municipality, for profit or nonprofit corporation receives more than $100,000 in funding specifically for the purpose of subsidizing building construction from an agency.

(3) Paragraph (2) shall not, except as provided by regulation, require the use of alternate technologies to provide heat for buildings:

(A) where a municipality, for profit or nonprofit corporation receives state tax credits for any purpose other than subsidizing building construction;

(B) where a municipality, for profit or nonprofit corporation receives funding from an agency for a purpose other than subsidizing building construction;

(C) where federal law would prohibit construction in such a manner or prevent federal funding in excess of $100,000 that would otherwise be expended for such a building;

(D) where the state leases a building owned by a for profit or nonprofit corporation for a term of less than 10 years; or

(E) which are constructed solely for the purpose of residency and which include 3 or less units.

(4) Paragraph (2) shall not, except as provided by regulation, require alternate technologies to provide heat where the difference between the cost of installing alternate technology to provide heat and the cost of a fossil fuel dependent heat delivery system are greater than 10 per cent of the total construction cost of the building. The executive office of administration and finance may increase the 10 per cent threshold by regulation.

(5) The regulations prescribed in paragraph (1) shall not prevent the use of technologies that utilize electricity to provide heat solely because the source of electricity is or may be fossil fuel dependent.

(6) The regulations prescribed in paragraph (1) may include an exception process whereby a building shall not be required to include alternate technology to provide heat where doing so would render impossible a substantial purpose of the building.