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The Commonwealth of Massachusetts

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To the Honorable Senate and House of Representatives,

The Commonwealth needs bold and urgent action on climate change, which is why my Administration has worked closely with the Legislature to advance the development of clean energy, reduce emissions, and establish a bold, new goal of Net Zero greenhouse gas (GHG) emissions by 2050. As the state commits to these ambitious targets, our approach must be data-driven, built on a solid policy framework, and allow us to meet our emissions reductions goals while maintaining a healthy, equitable, and thriving economy in Massachusetts.

On the evening of January 4, 2021, you laid on my desk Senate Bill No. 2995, "An Act creating a next-generation roadmap for Massachusetts climate policy." While I support the bill's goals and am largely in agreement with many of its proposals, 35 hours was not enough time to review and suggest amendments to such complex legislation. Over the past ten days, my Administration has worked diligently to review Senate Bill No. 2995 and, for the reasons explained hereafter, there are certain provisions in this bill to which I cannot agree. Had this bill been presented to me with more time while the Legislature was still in session, I would have returned it with amendments to address the concerns set out in this letter. Unfortunately, because the Legislature has adjourned, I do not have that option, and therefore, reluctantly, I cannot sign the legislation as currently written for the following reasons:

- As written, the legislation will work against the critical intent of the recently enacted Housing Choice legislation, and this is a time when the Commonwealth needs more affordable housing.

- There is nothing in this bill to address the ongoing and future impacts of climate change. If we intend to comprehensively address climate change, we must give ourselves and our colleagues in local government the tools necessary to create a Commonwealth that is more resilient to the destructive weather events we continue to face because of ongoing climate change.

- While my Administration wholeheartedly supports the environmental justice goals of this bill, intent without the tools to address those issues are empty promises. This bill does not have language to address the ongoing impacts of climate change faced by those communities.

- We are in the midst of working with all the Northeastern states on a massive undertaking to change the way we all procure clean energy. We are working together because we share the same power grid and there is a tremendous opportunity to make a major difference if we work as a region on building clean power solutions. Certain provisions in this bill will endanger that work.

- Many of the mandates in this legislation are not supported by scientific and detailed data analysis, and ignore the very important criteria for making decisions establishing the GWSA, which remains the North Star for all of our efforts here in the Commonwealth.

- Finally, the Massachusetts economy is just beginning to recover from the pandemic downturn caused by the novel coronavirus known as COVID-19. As we are all learning what the future will hold, I have concerns about the impacts portions of this bill will have for large sectors of the economy.

I commend the Legislature for including important provisions in Senate Bill No. 2995, related to environmental justice, Net Zero, natural gas pipeline safety, and energy efficiency standards for appliances. I understand that the Legislature intends to refile Senate Bill No. 2995, and look forward to working with both chambers in the coming days to improve the bill and quickly reach agreement on ambitious, bipartisan legislation that builds upon Massachusetts' leadership in addressing climate change.

While we are in agreement on our climate goals, we differ on how these goals should best be achieved. Critically, the proposed legislation relies on certain out-of-date policies to reduce emissions and does not use exhaustive scientific data and analysis compiled by the Administration over the course of two years, as required by the Legislature under the Global Warming Solutions Act of 2008 (GWSA), to support its conclusions. Furthermore, the bill does not acknowledge essential issues like climate adaptation and resiliency, the urgent need to develop affordable housing, and ensuring a cost-effective and equitable transition to a clean energy future.

Our Commonwealth faces a housing shortage that threatens the future of families and businesses throughout the state, which is why my Administration filed An Act to Promote Housing Choices to ease barriers to the development of affordable housing. My Administration has heard significant concerns from stakeholders regarding the Legislature's proposal for a net zero energy stretch code, which could slow the development of new housing while raising costs for Massachusetts families. Rick Sullivan, CEO of the WesternMass Economic Development Council and former Secretary of Energy and Environmental Affairs under Governor Deval Patrick, noted that "[w]hile there are many aspects of the TUE conference report that are worthwhile, creating a new building code with undefined terms like 'net zero building' is, quite literally, dangerous. It will likely result in construction slowing or outright stopping in many localities due to unknown, and right now, unknowable new requirements. Such a requirement is neither sound nor sustainable economic development or energy policy." And the Massachusetts Building Trades Council warns that the legislation's language relative to the "stretch building code" would "result in a multitude of building codes across the Commonwealth with the possibility of codes being changed mid-development potentially causing a suspension of new construction." While my Administration supports developing and proposing a new high-performance energy stretch code to the Board of Building Regulation and Standards as detailed in our Clean Energy and Climate Plan, it is imperative that any such proposal is executed in a manner that does not impact the production of affordable housing stock and offers opportunity for public input and dialogue with all stakeholders.

Reducing emissions must be the first line of defense against climate change, but each year Massachusetts communities face greater threats and costs from climate impacts like severe storms, sea level rise, flooding, and droughts, and any comprehensive proposal must include tools to reduce the impacts of ongoing climate change and provide new funding to build a more resilient Commonwealth. Senate Bill No. 2995 missed a significant opportunity by not also addressing our ability to build greater resiliency in the Commonwealth. Two years ago, I filed Senate Bill 10, which would provide $130 million annually for communities to address resiliency challenges. This legislation unfortunately did not advance, despite the benefits it would have for communities and residents across the Commonwealth, the growing cost of climate change, and the significant need demonstrated through my Administration's Municipal Vulnerability Preparedness program.

My Administration remains committed to supporting environmental justice communities and agrees wholeheartedly with the Legislature that strong consideration for the Commonwealth's most vulnerable residents must be part of any comprehensive climate legislation. However, environmental justice communities are not only overburdened by global warming pollution, but are the most impacted by the growing effects of climate change and are least able to adapt. Therefore, it is imperative that any proposed environmental justice language address the ongoing impacts of climate change as environmental burdens faced by these communities.

Almost a year ago, recognizing the scientific consensus that bold, urgent action is required to mitigate and prevent the most severe impacts of climate change, my Administration committed the Commonwealth to an ambitious and legally binding limit of Net Zero emissions by 2050. To determine how to best achieve this limit affordably and equitably, my Administration completed a comprehensive two-year, science-based analysis of the pathways that would position the Commonwealth to reach Net Zero by 2050. As a result of this first-in-the-nation comprehensive study, on December 30, 2020 we released our 2050 Decarbonization Roadmap (Roadmap), the Massachusetts Clean Energy and Climate Plan (CECP) for 2030, and Energy and Environmental Affairs Secretary Theoharides established a statewide GHG emissions limit of 45% below the 1990 GHG emissions level for 2030. The Roadmap includes a detailed analysis of pathways to Net Zero emissions, including an analysis of potential energy resources, projected energy demand, and the supply necessary to meet the demand in all sectors of the economy. Building on that analysis, the CECP for 2030 outlines a detailed plan and the policies needed to implement over the next decade to meet the 2030 emissions limit of 45% below 1990 levels.

Senate Bill No. 2995 requires additional interim emissions limits, new sublimits for particular sectors of the economy, and mandates that the limit for 2030 be at least 50% below 1990 levels. While the Administration and the Legislature are in agreement on the need to achieve Net Zero by 2050, scientific analysis shows that requiring emissions reductions greater than 45% in 2030 risks imposing undue expense and unnecessary economic impact on Massachusetts households and businesses – including those that can least afford it. The Administration's analysis is clear that the difference between 45% and 50% means significantly more cost – an additional $6 billion in costs incurred by residents – and associated impacts for the state economy. Unfortunately, this higher cost does not materially increase the Commonwealth's ability to achieve its long-term climate goals.

Further, sector-based sublimits add unnecessary hurdles to achieving emissions reductions in a cost-effective and equitable manner by artificially requiring that emissions in a given year must reduce in a given sector, rather than allowing the Commonwealth to achieve emission reductions more holistically and efficiently. As illustrated in the Administration's CECP for 2030, 2050 Decarbonization Roadmap, and 2030 Emissions Limit Determination letter – all released before the Legislature passed this bill – the 45% limit set by the Administration and supported by scientific analysis is a nation-leading target that positions the Commonwealth to achieve Net Zero by 2050 cost-effectively and equitably. The CECP for 2030 and 2050 Decarbonization Roadmap also highlight the importance of developing an inventory for carbon sequestration from natural and working lands and other sources in reaching Net Zero by 2050, a critical opportunity missed by the Legislature which we believe merits due consideration given its significant role in helping the Commonwealth achieve its climate goals.

In addition to changing the manner in which the GWSA authorizes emissions limits, this bill would amend foundational definitions and authorities in the GWSA. As written, those

amendments could have serious, negative repercussions for existing and planned regulatory initiatives to reduce GHG emissions in the Commonwealth, including the Transportation and Climate Initiative Program. These definitions are an example of a proposal to which I would have proposed amendments if I had the opportunity.

Our Administration has partnered with the Legislature to secure nation-leading procurements of offshore wind and hydropower, and is working to ensure that those new clean energy resources are built and interconnected to provide cost-effective clean power to Massachusetts ratepayers. As demonstrated in the Administration's 2050 Decarbonization Roadmap, a balanced clean energy supply anchored by offshore wind can help the Commonwealth achieve Net Zero by 2050 in a cost-effective manner while supporting job creation in Massachusetts. However, my Administration believes that rather than choosing clean energy winners and losers, we should instead let the resources compete in a manner that delivers the most benefit at the least cost to Massachusetts ratepayers. To that end, in October 2020 the Commonwealth joined other New England states in calling for a multi-state effort to pivot our regional electricity system planning and market structure to ensure the region is able to achieve our shared climate goals. We urge the Legislature to allow this process to reform our regional energy system to mature over the coming months, at which point we will better understand whether future state procurements are necessary, or if opportunities for regional procurements and coordination emerge as a more effective approach to secure clean energy resources while protecting Massachusetts ratepayers.

For all of these reasons, I am returning this bill unsigned. While I cannot sign Senate Bill No. 2995, I strongly commend the Legislature's work to pass legislation that addresses the urgent challenge of climate change, which presents a growing threat to our residents, environment and economy. In the coming days, I look forward to the opportunity to engage in a constructive, thoughtful dialogue on these important policy proposals with our partners in the Legislature to set the Commonwealth on a path for Net Zero by 2050 through aggressive, equitable and science-based climate action while protecting the state's economy and most vulnerable residents.

Respectfully submitted,

Charles D. Baker,
Governor