

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Steven Owens and Jennifer Balinsky Armini

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 relative to a tactical transition to affordable, clean thermal energy.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Steven Owens</i>	<i>29th Middlesex</i>	<i>1/16/2025</i>

HOUSE No.

[Pin Slip]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act relative to a tactical transition to affordable, clean thermal energy.

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

1 SECTION 1. Section 9 of chapter 25 of the General Laws, as so appearing, is hereby
2 amended by inserting after the word “gas” the following words:-

3 “, utility-scale non-emitting thermal energy”

4 SECTION 2. Section 1 of chapter 164 of the General Laws, as so appearing, is hereby
5 amended by inserting after the definition of “Mitigation” the following definition:-

6 “Non-gas pipe alternative,” a retirement of a gas pipeline, an advanced leak repair of gas
7 infrastructure, or an installation of non-emitting thermal infrastructure, including, but not limited
8 to, electrification of space heating, that: (i) delays, reduces or avoids the need to construct,
9 expand or replace gas infrastructure; and (ii) reduces greenhouse gas emissions as required by
10 chapter 21N.

11 SECTION 3. Section 94 of said chapter 164 is hereby amended by inserting at the end of
12 the first paragraph the following:-

13 “The department shall not permit a gas company to recover through rates, prices or
14 charges the costs of construction, expansion or replacement of gas distribution infrastructure
15 unless the gas company demonstrates to the department through its own analysis and through the
16 analysis of requests for proposals solicited through a competitive process from independent
17 entities that all applicable non-gas pipe alternatives were considered and found to be non-viable
18 or cost prohibitive.”

19 SECTION 4. Said section 94 of said chapter 164 is hereby further amended by striking
20 out, each time they appear, the words “gas or electricity” and inserting in place thereof, in each
21 instance, the following:-

22 “gas, utility-scale non-emitting thermal energy or electricity”

23 SECTION 5. Said section 94 of said chapter 164 is hereby further amended by striking
24 out, each time they appear, the words “gas or electric service” and inserting in place thereof, in
25 each instance, the following:-

26 “gas service, utility-scale non-emitting thermal energy service or electric service”

27 SECTION 6. Section 106 of said chapter 164 is hereby amended by inserting after the
28 word “chapter” the following:-

29 “; provided, that the department shall restrict the injection of any amount of a substitute
30 fuel from any source into a gas distribution system that delivers thermal energy to a building
31 unless it determines that such substitute fuel: (i) is non-greenhouse gas emitting in its lifecycle;
32 (ii) does not pose a safety hazard to persons or property; and (iii) has reliable sources of supply
33 that ensure affordability for customers; and provided further, that the department shall prohibit

34 the injection of any amount of hydrogen into a gas distribution system that delivers thermal
35 energy to a residential, municipal, commercial or other building, except that the department may
36 permit the injection of hydrogen produced from a renewable energy generating source, as
37 defined in section 11F of chapter 25A, into a gas distribution system that delivers thermal energy
38 for an industrial process that is difficult to decarbonize.”

39 SECTION 7. Section 141 of said chapter 164 is hereby amended by inserting at the end
40 thereof the following:-

41 (b) In a rate design or other plan for a utility-scale non-emitting thermal energy system
42 filed pursuant to this chapter, the department shall approve a merger of the rate base of such
43 system with the rate base of gas infrastructure and shall permit cross-subsidization between gas
44 ratepayers and utility-scale non-emitting thermal energy system ratepayers.

45 (c) The department shall not approve a rate design that allows gas companies to recover
46 the costs of line or main extensions to connect new customers to the gas distribution system. A
47 customer requesting new gas service must pay the full capital cost of any such line or main
48 extension.

49 SECTION 8. Section 145 of said chapter 164 is hereby amended by inserting at the end
50 of subsection (f) the following sentence:-

51 “The percentage of a gas company’s revenue requirement eligible for recovery that a gas
52 company spends on projects to replace gas infrastructure shall decrease each year by an amount
53 determined by the department until, not later than 2035, 100 percent of the revenue requirement
54 eligible for recovery by a gas company is spent on repair or retirement of gas infrastructure and

55 on installation of utility-scale non-emitting thermal energy projects and 0 percent of the revenue
56 requirement of such company is spent of the replacement of gas infrastructure.”

57 SECTION 9. Said chapter 164, as amended by chapter 239 of the acts of 2024, is hereby
58 amended by inserting at the end thereof the following five sections:-

59 Section 152. (a) As used in this section, the following words shall have the following
60 meanings unless the context clearly requires otherwise:-

61 “Avoided costs”, for a set of buildings that is or will be connected to a utility-scale non-
62 emitting thermal energy system, an estimate of the costs that an electric distribution company
63 would have incurred to instead fully electrify the set of buildings’ energy needs by the current
64 baseline means other than a utility-scale non-emitting thermal energy system.

65 (b) (1) A gas company and an electric distribution company that share service territory
66 shall, not later than October 31 of each year, jointly file with the department a joint tactical
67 thermal transition plan to: (i) reduce greenhouse gas emissions in their shared territory in
68 compliance with the emissions limits and sublimits established in chapter 21N; (ii) promote
69 affordability, including through the maximization of avoided costs and the avoidance of stranded
70 assets; and (iii) promote the additional priorities of the department enumerated in section 1A of
71 chapter 25.

72 (2) A tactical thermal transition plan shall cover the projected work to be performed by
73 street segment over the next 5 years, including, but not limited to: (i) the gas infrastructure to be
74 retired and replaced with utility-scale non-emitting thermal energy systems and the avoided costs
75 resulting from each such installations of a utility-scale non-emitting thermal energy system; (ii)
76 the gas infrastructure to be retired and replaced by other forms of non-emitting thermal energy,

77 and the cost, for each street segment, to upgrade the electric system to meet the increased need
78 for electricity to serve energy uses formerly served by gas; and (iii) the gas infrastructure to be
79 upgraded or replaced with new gas infrastructure, including, but not limited to, aging or leak-
80 prone gas infrastructure and projects addressing gas constraints, and the associated costs for each
81 street segment. Such a plan shall also include: (i) for each subsequent 5-year period until 2050,
82 the projected number of miles of gas pipe to be retired or replaced and the projected reduction in
83 greenhouse gas emissions achieved during each 5-year period until 2050; (ii) a plan for the hire,
84 retention, and training of an operations and maintenance workforce, in each relevant job
85 classification and department, that is sufficient to fulfill the gas company's obligation to provide
86 safe and reliable gas or utility-scale non-emitting thermal energy service through 2050.

87 (3) In developing a tactical thermal transition plan, a gas company and an electric
88 distribution company shall solicit recommendations, such as planning scenarios and modeling,
89 from the Thermal Transition Advisory Council established in section 153, respond to
90 information and document requests from such council and conduct technical conferences and a
91 minimum of 2 stakeholder meetings to inform the public, appropriate state and federal agencies
92 and companies engaged in the development and installation of energy efficiency measures,
93 utility-scale non-emitting thermal energy systems, and other building electrification systems.

94 (c) A gas company and an electric distribution company that share territory shall submit
95 their joint tactical thermal transition plan to the Thermal Transition Advisory Council not later
96 than 150 days before such gas company and electric distribution company file such plan with the
97 department; and provided further, that the Thermal Transition Advisory Council shall return such
98 plan to such gas company and electric distribution company with recommendations not later than
99 70 days before the companies file such plan with the department.

100 A gas company and an electric distribution company that share territory shall submit their
101 joint tactical thermal transition plan, together with a demonstration of the Thermal Transition
102 Advisory Council’s review and recommendations, including, but not limited to, a list of each
103 individual recommendation, the status of each recommendation, and an explanation of whether
104 and why each recommendation was adopted, adopted as modified, or rejected, along with a
105 statement of any unresolved issues, to the department in accordance with a schedule determined
106 by the department. The department shall promptly consider such plan and shall provide an
107 opportunity for interested parties to be heard in a public hearing. The department shall approve,
108 approve with modifications, or reject such plan within 60 days of submittal. In order to be
109 approved, a plan shall provide net benefits for customers and meet the criteria enumerated in
110 subsection (b).

111 (d) The department shall establish and require performance-based rates related to the
112 implementation of the tactical thermal transition plans described in subsections (b). Such
113 performance-based rates shall prioritize the goals of: (i) reducing greenhouse gas emissions in
114 compliance with the limits and sublimits established in chapter 21N; (ii) promoting affordability,
115 including through the maximization of avoided costs and the avoidance of stranded assets; and
116 (iii) promoting the additional priorities of the department enumerated in section 1A of chapter
117 25. In administering such performance-based rates, the department may deny cost recovery.

118 (e) Upon approval by the department of the installation of a utility-scale non-emitting
119 thermal energy system by a gas company, the electric distribution company serving the territory
120 in which the system will be installed shall determine the avoided costs. The electric distribution
121 company shall recover from its ratepayers a portion, determined by the department, of the
122 avoided costs and shall transfer not less than 70 percent of such recovered avoided costs to the

123 relevant program administrator of the energy efficiency program established pursuant to section
124 21 of chapter 25; provided, that the program administrator shall expend such funds on building
125 retrofits and appliance replacements for customers that are connected to such utility-scale non-
126 emitting thermal energy system; and provided further, that in expending such funds, the program
127 administrator shall give priority to low- and moderate-income customers.

128 (g) To avoid duplicative infrastructure and stranded assets and to maintain affordability,
129 if a gas company offers utility-scale non-emitting thermal energy to all customers on a street
130 segment, the gas company shall be considered to have met the essential thermal energy service
131 needs of all customers on such street segment.

132 (h) In any plan or other filing by a gas company that includes the installation of a utility-
133 scale non-emitting thermal energy system or any other type of non-gas pipe alternative, the gas
134 company shall include a plan to provide training and continued employment at pre-existing
135 wages and benefits to workers employed by such gas company whose jobs would otherwise be
136 affected by a transition from gas infrastructure to utility-scale non-emitting thermal energy
137 infrastructure or other non-gas pipe alternatives.

138 (i) The department shall promulgate such regulations as are necessary to implement this
139 section.

140 Section 153. (a) There shall be a Thermal Transition Advisory Council to consist of the
141 executive director of the office of energy transformation, or a designee, who shall serve as chair;
142 the commissioner of energy resources, or a designee; the attorney general, or a designee; the
143 executive director of the Massachusetts clean energy technology center, or a designee; 12
144 members to be appointed by the governor, 1 of whom shall be a representative of middle-income

145 and low-income residential consumers, 1 of whom shall be a representative from a local agency
146 administering the low-income weatherization assistance program, 1 of whom shall be a
147 representative of the environmental advocacy community, 1 of whom shall be a representative of
148 the thermal transition advocacy community, 1 of whom shall be a representative of an
149 environmental justice community organization, 1 of whom shall be a representative of the energy
150 efficiency industry, 1 of whom shall be a representative of the utility-scale non-emitting thermal
151 energy industry, 1 of whom shall be a representative of the building electrification industry, 1 of
152 whom shall be a representative of the thermal energy workforce, 1 of whom shall be a
153 representative of the gas workforce, 1 of whom shall be a representative of municipal or regional
154 interests, 1 of whom shall have technical and engineering expertise in utility-scale non-emitting
155 thermal energy systems, 1 of whom shall be a representative of businesses, including large
156 commercial and industrial end-use customers, and 1 member from each gas company and electric
157 distribution company operating in the commonwealth, who shall serve as non-voting members.
158 Members shall serve for terms of 5 years and may be reappointed.

159 (b) The council shall review and provide recommendations on tactical thermal transition
160 plans developed pursuant to section 152. The council shall encourage least-cost investments in
161 the transition of gas distribution customers to sources of non-emitting thermal energy, with the
162 goals of: (i) reducing greenhouse gas emissions in compliance with the limits and sublimits
163 established in chapter 21N; (ii) promoting affordability, including through the maximization of
164 avoided costs and the avoidance of stranded assets; and (iii) promoting the additional priorities of
165 the department enumerated in section 1A of chapter 25.

166 (c) The council shall annually submit to the department a proposal regarding the level of
167 funding required for the retention of expert consultants and reasonable administrative costs. The

168 department shall approve such proposals either as submitted or as modified by the department.
169 The department shall allocate funds sufficient for these purposes from the natural gas and electric
170 energy efficiency funding authorized under section 19 of chapter 25; provided, however, that
171 such allocation shall not exceed 1 per cent of such funding on an annual basis. The consultants
172 retained under this section shall be experts in energy efficiency, utility-scale non-emitting
173 thermal energy, building electrification, or energy finance, and shall be independent.

174 Section 154. (a) A city or town may, by vote of a majority of the city council or by vote
175 of a majority of the select board, establish a clean energy utility: (i) that owns and installs, within
176 the city or town, solar energy systems that qualify as class I net metering facilities, as defined in
177 section 138, and energy storage system with nameplate capacities that are equal to or less than 25
178 kilowatts, on private property with the permission of the private property owner, and that sells
179 the electricity produced or stored by such systems to customers located on the same property as
180 such systems; and (ii) that owns and installs, within the city or town, utility-scale non-emitting
181 thermal energy systems, on public property or on private property with the permission of the
182 private property owner, and sells the thermal energy produced by such systems to customers
183 directly connected to such systems.

184 (b) The department, in consultation with the department of energy resources, shall require
185 an electric distribution company to implement consolidated billing on solar energy systems and
186 battery storage facilities installed pursuant to subsection (a). In implementing consolidated
187 billing, an electric distribution company shall apply the net value of the bill credit directly to the
188 account of a customer and shall remit directly to the city or town such portion of the payment
189 allocated to such city or town. The net value of the bill credits an electric distribution company

190 applies to an account of a customer may be calculated in a manner determined by the
191 department.

192 (c) The department shall promulgate such regulations as are necessary to implement this
193 section.

194 Section 155. To promote and facilitate the safe, efficient and affordable development of
195 utility-scale non-emitting thermal energy systems throughout the commonwealth and to ensure
196 that thermal energy is managed for the public trust, the department shall promulgate regulations
197 governing the installation, construction, operation and maintenance of utility-scale non-emitting
198 thermal energy systems, except those that are installed and operated wholly on private property.

199 Section 156. (a) As used in this section, the following words shall have the following
200 meanings unless the context clearly requires otherwise:-

201 “Electrification project”, a method of providing a set of gas customers with suitable non-
202 emitting thermal energy that does not involve utility-scale infrastructure. Such a method may
203 include, but shall not be limited to, the replacement of gas appliances with electric appliances,
204 energy efficiency measures, and demand flexibility measures to alter energy consumption.

205 (b) (1) On or before January 1, 2027, the department shall designate priority
206 neighborhood electrification zones. In designating the such zones, the department shall consider
207 factors that include, but are not limited to, the following: (i) the tactical thermal transition plans
208 approved pursuant to section 152; (ii) the availability of supportive municipal government or
209 community partners; (iii) the concentration of low- and moderate-income customers; and (iv) the
210 concentration of projects to replace gas distribution pipes pursuant to section 145.

211 (2) The department shall coordinate with relevant agencies to identify non-ratepayer
212 funding, such as state and federal funds, that may be used to implement electrification projects in
213 priority neighborhood electrification zones.

214 (3) The department may direct a gas company and an electric distribution company, if
215 appropriate, to obtain resources for an electrification project from other available programs,
216 including, but not limited to, energy efficiency, low-income weatherization, gas system
217 enhancement, and distributed generation.

218 (4) The department may update the priority neighborhood electrification zones as
219 necessary.

220 (c) (1) On or before January 1, 2027, in a new or existing proceeding, the department, in
221 consultation with gas companies and electric distribution companies, shall establish a program to
222 facilitate the cost-effective decarbonization of priority neighborhood electrification zones
223 through electrification projects.

224 (2) In administering such projects, the department shall establish all of the following: (i) a
225 process for a gas company to determine and submit electrification projects for approval by the
226 department; (ii) criteria and methodology for determining the cost-effectiveness of electrification
227 projects as compared to replacement, repair, or continued operation of the affected asset of the
228 gas system; provided, that nonenergy benefits may be considered; and provided further, that the
229 cost incurred by a gas company for the electrification project shall be less than the cost that
230 would have been incurred had a gas pipe been replaced; (iii) requirements and programs to
231 ensure that a substitute for gas service for low-income customers is affordable, adequate,
232 efficient, and just and reasonable; (iv) a preference for projects that provide prevailing wages; (v)

233 a requirement that a gas company recover costs related to a project that are deemed just and
234 reasonable and a requirement that prohibits a gas company from recovering behind-the-meter
235 costs associated with a project as capital costs that are afforded a rate of return; and (vi) the
236 appropriate rate of return and recovery period that a gas company is eligible to receive for its
237 costs to implement an electrification project; provided, that a gas company shall not receive
238 ratepayer funding for the costs of an electrification project that are covered by incentives under
239 federal, state, or local laws.

240 (3) To avoid duplicative infrastructure and stranded assets and to maintain affordability,
241 if a gas company implements an electrification project pursuant to subsection (c) and offers
242 suitable substitute energy service to all customers in the priority neighborhood electrification
243 zone, the gas company shall be considered to have met the essential thermal energy service needs
244 of all customers within such priority neighborhood electrification zone.

245 (d) (1) Beginning on January 1, 2030, the department, in a new or existing proceeding,
246 shall review the efficacy of the electrification projects established pursuant to subsection (c) in
247 providing benefits to customers of a gas company and in assisting the commonwealth in
248 achieving compliance with the statewide greenhouse gas emission limits and sublimits
249 established under chapter 21N. On or before March 1, 2031, the department shall submit to the
250 relevant committees of the general court a report on the review.

251 (2) On or before March 1, 2027, and on or before March 1 of each year thereafter, the
252 department shall submit a progress report to the relevant committees of the general court
253 summarizing the findings of the electrification projects, including the locations of the projects,
254 the number of customers affected, the costs of the projects, the funding used to pay for the

255 projects, any assistance provided to customers, and any outcomes, challenges, and
256 recommendations.