<u>**JOINT COMMITTEE ON TELECOMMUNICATIONS, UTILITIES, AND ENERGY**</u>

BILL SUMMARY

BILL NO. H.3521

TITLE: An Act maximizing and optimizing small-scale assets in communities

SPONSOR: Representative Jack Patrick Lewis

COMMITTEE: Telecommunications, Utilities, and Energy

HEARING DATE: October 9, 2025

PRIOR HISTORY: New bill

CURRENT LAW:
Chapter 21N of the General Laws pertains to the Department of Environmental Protection. Section 1 defines "secretary" as the Secretary of Executive Office of Energy and Environmental Affairs (EEA).

Section 62 of Chapter 30 defines the term "environmental justice population."

Section 38D of Chapter 121B defines the term "low or moderate income household."

Chapter 164 pertains to the Department of Public Utilities (DPU). Section 1 of Chapter 164 defines a "distributed energy resource" (DER) as small-scale power generation or storage technology, no larger than 20 megawatts, that can provide an alternative to or enhancement of the traditional electric grid. Qualifying technologies include but are not limited to front-of or behind-the-meter resources, demand response, energy efficiency, storage, electric vehicles, and intermittent resources. Said resources must be located on an electric company's distribution system or on a subsystem of the utility's distribution system.

Section 1E of said Chapter 164 pertains generally to performance-based rate schemes; labor displacement or reductions; mediation of small claims.

SUMMARY:
SECTION 1 adds new Section 3C to Chapter 21N of the General Laws, which directs the EEA secretary to establish goals for distributed energy resources (defined in Section 1 of Chapter 164) to reach or exceed 20% of the commonwealth's total electric load by December 31, 2035.

To achieve this DER goal, the secretary shall include goals for solar, storage, and other clean energy resources connected to the electric distribution system.

To support achieving these DER goals, the secretary shall consult with the Department of Public Utilities (DPU) and the Department of Energy Resources (DOER) to (1) create a comprehensive plan; (2) set interim targets; (3) identify barriers and recommend solutions; (4) track and report progress annually; and (5) ensure equitable distribution of resources.

The bill further authorizes the secretary to set goals that are more ambitious than the 20% target or to achieve the required goals ahead of the 2035 deadline.

SECTION 2 adds new section 149 to Chapter 164 of the General Laws. It adds a definition for "virtual power plant" (VPP) which is an aggregation of DERs operated in coordination to provide grid services. It further directs each electric company to establish a VPP program to coordinate customer-owned DERs to reduce peak load and provide grid services. Within 180 days, each electric distribution company must file a VPP program proposal. The program must be a standard offer, open-access tariff that includes compensation and enhanced incentives for low-to-moderate income person (per Section 38D of Chapter 121B)* and residents of environmental justice populations (per Section 62 of Chapter 30), while also allowing for participation from third-party aggregators and direct customers. It must further establish requirements for measurement, verification, and consumer protection.

DPU must approve VPP program proposals within 120 days, set annual procurement targets, determine whether performance incentives for electric companies are appropriately set, and ensure the programs maximize ratepayer benefits. Electric companies are prohibited from owning resources that participate in the VPP program or act as aggregators. Municipal lighting plants may opt into the program through a filing to DOER and DPU but must comply with the same program requirements placed upon the electric distribution companies.

SECTION 3 adds new subsection (d) to Section 1E of Chapter 164, which directs DPU to consider implementing financial performance-based metrics, incentives, and penalties to facilitate the process of interconnecting distributed energy resources. If DPU approves such a system of incentives and penalties for an electric company, the Department must also include a framework for monitoring and reviewing the company's performance against a set of predetermined metrics.

*Note: SECTION 2 of the bill says that Section 38D of Chapter 121B defines the term "low-to-moderate income persons" but the section instead defines the term "low or moderate income household."