

JOINT COMMITTEE ON TELECOMMUNICATIONS, UTILITIES, AND ENERGY

BILL SUMMARY

BILL NO. H.4144

TITLE: An Act relative to energy affordability, independence and innovation

SPONSOR: Gov. Maura T. Healey

COMMITTEE: Telecommunications, Utilities, and Energy

HEARING DATE: June 25, 2025

PRIOR HISTORY: New bill

SUMMARY:

- **Affordability**
 - **Reforming Mass Save (Secs. 1, 2, 3, 4, 10, 60, 62)**
 - New Mass Save Greenhouse Gas Emissions Goal Deadline (Sec. 1)
 - *Current Law:* M.G.L. c. 21N § 3B pertains to the requirement for the Secretary of the Executive Office of Energy and Environmental Affairs to set a goal, established in tons of carbon dioxide equivalent, for the succeeding Mass Save plan’s necessary contribution to meeting each statewide greenhouse gas emissions limit and sublimit not later than March 1 of every third year of each Mass Save plan.
 - *Proposed Changes:* Section 1 of this Act strikes out M.G.L. c. 21N § 3B and replaces it with a new § 3B that sets a new deadline of February 15th of every third year for the Secretary to set the emissions goal for the succeeding Mass Save plan.
 - Mass Save Funding Reforms (Sec. 2, 60)
 - *Current Law:* M.G.L. c. 25 § 19 pertains to the funding for energy efficiency programs including a mandatory charge of 2.5 mils per kilowatt-hour for all consumers, excluding those served by a municipal light plant. This section also pertains to gas energy efficiency programs and the allocation of electric and gas energy efficiency program funds.
 - *Proposed Changes:* Section 2 of this Act strikes out and replaces M.G.L. c. 25 § 19 with a new Section 19 that redefines the purpose of the mandatory charge of 2.5 mils per kilowatt-hour consumers, except those served by municipal light plants, to also include funding programs supporting building decarbonization through the elimination of fossil fuel end uses or reducing energy use through energy efficiency and load management resources. This section also amends how these programs are funded by including additional funding from the building decarbonization and energy efficiency surcharge derived from the gas distribution companies. This section also requires these programs to be

administered by the electric distribution companies (EDCs) and by municipal aggregators with energy plans certified by the Department of Public Utilities (DPU).

This section strikes subsection (b) from Section 19 which allowed the DPU to approve and fund gas energy efficiency programs proposed by gas distribution companies and also strikes subsection (c) from Section 19 which pertained to the allocation of electric and gas energy efficiency program funds to certain customer classes.

This section inserts a new subsection (c) which requires the gas distribution companies to implement a mandatory charge for all consumers to support the approved statewide building decarbonization and energy efficiency plan.

This section also inserts a new subsection (d) that requires the building decarbonization and energy efficiency program funds to be pooled and used to fund and deliver aspects of the statewide building decarbonization and energy efficiency plan, with at least 20% of the funds to be allocated to the low-income residential sector. This pooling of funds happens regardless of which EDC, municipal aggregator, gas distribution company, or municipal light plant serves the ratepayer, as long as the municipal light customer is served by an investor-owned electric distribution or gas distribution company.

This section inserts a new subsection (f) that requires the DPU to direct the EDCs and municipal aggregators to jointly transfer to the Department of Energy Resources (DOER) funds to pay for the costs associated with the development and maintenance of a statewide building decarbonization and energy efficiency database. This section further amends Section 19 by inserting a new subsection (g) that requires the DPU to direct the EDCs and municipal aggregators to jointly transfer an amount no more than \$2,000,000 of the second year of each term to the DOER to support the preparation of a statewide study of remaining building decarbonization and energy efficiency potential. Section 60 of this Act states that the changes made to the Mass Save plan in Section 2 of this Act will apply to the next three-year plan (2028-2030) submitted and shall take effect on January 1, 2028.

- **Building Decarbonization and Energy Efficiency Investment Plan (Sec. 3)**
 - *Current Law:* M.G.L. c. 25 § 21 pertains to the DPU ensuring electric and natural gas resource needs are first met through all available energy efficiency and demand reduction resources that are cost effective or less expensive than supply. This section also directs the electric distribution companies and municipal aggregators to jointly prepare an energy efficiency investment plan and for the natural gas distribution companies to jointly prepare a natural gas efficiency investment plan every three years (Mass Save plans).
 - *Proposed Changes:* Section 3 of this Act restructures and makes several amendments to the Mass Save language. For example, this Act amends the requirements of the Mass Save plan by requiring the EDC's and municipal aggregators to prepare a cost-effective statewide building decarbonization and energy efficiency plan. This plan is required to provide for programs designed to support building decarbonization through the elimination of fossil fuel end uses or the reduction of fossil fuel energy use through energy efficiency and load management resources. This plan is to be prepared in coordination with the building decarbonization advisory council and must be designed to meet or

exceed the EEA Secretary's greenhouse gas emission reduction goal. This section also requires DOER to perform the assessment of the estimated lifetime cost, reliability, and magnitude of all available building decarbonization, energy efficiency, and load management resources.

This section also amends of the required descriptions of programs to be included in the statewide plan, including but not limited to the description of:

- programs to support building decarbonization through the elimination of fossil fuel end uses
- programs delivering home energy scorecards at the time of a home energy assessment
- programs to serve targeted geographic areas that may provide enhanced services that differ from the statewide program offerings, including programs offered by municipal aggregators
- programs that may result in greenhouse gas emission reductions or energy savings realized after the statewide plan term
- programs to coordinate with gas utility non-pipe alternatives investment; and
- services, such as education, to assist customers in decarbonization and energy efficiency planning and implementation.

This section inserts new language that requires the DPU, when authorizing a statewide plan, to ensure that sector level plans are delivered in a cost-effective manner and the statewide plan minimizes administrative costs and utilizes competitive procurements to the fullest extent practical. A program included in the statewide plan is also required to be screened through cost-effectiveness testing at the sector level which is to also include nonenergy impacts and calculations of the social value of greenhouse gas emissions reductions, except in the cases of conversions from fossil fuel utilizing measures to fossil fuel utilizing measures. The sector cost-effectiveness is to be reviewed by DOER and the building decarbonization council.

This section also requires the low-income residential building decarbonization and energy efficiency and education programs to be implemented through the low-income weatherization and fuel assistance program network and be coordinated with the statewide plan with the objectives of standardizing implementation and ensuring eligibility with the low-income weatherization assistance program approved by the U.S Department of Energy.

Additionally, this section prohibits a gas distribution company from administering building decarbonization or energy efficiency programs pursuant to the statewide plan and allows a gas distribution company that is not owned by a corporate parent company that operates an EDC in Massachusetts to provide support, marketing, or customer outreach services to the EDC or municipal aggregator in their administration of the statewide plan, and may be eligible to earn performance incentives associated with its services.

The DPU may also authorize EDCs and gas distribution companies to recover all or a portion of the costs of approved statewide building decarbonization and energy efficiency investment plans via electric rate reduction and gas rate reduction bonds (see Securitization of Utility Assets section below). If the DPU approves the use of an EDC using an electric rate bond in an amount that meets or exceeds the approved budget for a three-year building decarbonization and

energy efficiency plan, it may direct the suspension of the mandatory charge of 2.5 mills per kilowatt-hour from customer bills.

If an EDC or municipal aggregator does not meet the burden of proof to show whether there is good cause for failing to comply with the statewide plan, they shall be fined by the DPU and the monies collected through said fine shall be used by the DOER to maximize programs supporting building decarbonization or energy efficiency. This amends current law which directs these funds to the Massachusetts Clean Energy Center.

Lastly, this section adds customer data protection measures for all customer data collected as part of an energy audit report of provision of energy efficiency and decarbonization services pursuant to the implementation of an approved statewide plan.

- Building Decarbonization and Energy Efficiency Advisory Council (Sec. 3)
 - *Current Law*: M.G.L. c. 25 § 22 directs the DPU to appoint and convene an energy efficiency advisory council (EEAC) which is directed to maximize net economic benefits through energy efficiency and load management resources and to achieve energy, capacity, climate and environmental goals through a sustained and integrated statewide energy efficiency effort. The EEAC is also tasked with reviewing and approving demand resource program plans and budgets, and work with Mass Save program administrators in preparing energy resource assessments, determine the economic, system reliability, climate and air quality benefits of efficiency and load management resources, conduct and recommend relevant research, and recommend long-term efficiency and load management goals. The EDCs and natural gas distribution companies and municipal aggregators are required to provide quarterly reports to the EEAC on the implementation of their respective plans.
 - *Proposed Changes*: Section 3 of this Act strikes out M.G.L. c. 25 § 22 in its entirety and replaces it with a new Section 22 that renames the EEAC to the building decarbonization and energy efficiency advisory council and inserts building decarbonization language throughout.

This section also amends the quarterly reports by removing the natural gas distribution companies from the requirement to submit such reports. The quarterly reports are further amended by requiring a quantification of the degree to which the activities undertaken pursuant to the statewide plan contribute to meeting the greenhouse gas emission reduction goal set forth by the EEA Secretary. This section also requires the EDCs and municipal aggregators to assess the statewide plan's services to underserved ratepayers such as moderate income, renters and small business ratepayers in addition to the already required assessment on low-income ratepayers.

- Repeal of Gas Distribution Company Performance Incentives (Sec. 4, 62)
 - *Current Law*: M.G.L. c. 25 § 21(d)(2) as inserted by Section 3 of this Act pertains to the ability for gas distribution company that is not owned by an EDC, to provide support, marketing or customer outreach services to the EDC or municipal aggregator in the administration of the statewide plan and may be eligible to earn performance incentives associated with its services.
 - *Proposed Changes*: § 4 of this Act repeals paragraph M.G.L. c. 25 § 21(d)(2) and § 62 of this Act states that this repeal takes effect on January 1, 2040.

- DOER Building Decarbonization and Energy Efficiency Plan Authority (Sec. 10)
 - *Current Law*: M.G.L. c. 25A pertains to the Department of Energy Resources.
 - *Proposed Changes*: Section 10 of this Act amends M.G.L. c. 25A by inserting a new section, Section 23, which authorizes the DOER commissioner to work with the EDC's, municipal aggregators, and municipal utilities in the development of building decarbonization and energy efficiency plans and directed to promulgate regulation to carry out this section. This section also requires each MLP to file with the commissioner annually a municipal building decarbonization and energy efficiency plan that offers programs to all qualified customers, including:
 - building energy assessments
 - energy efficiency measures
 - building decarbonization measures
 - home energy scorecards at the time of a building assessment as approved by DOER
 - demand reduction measures.

Each Municipal plan is to be filed with DOER on or before 10/31. Each municipal plan shall also include:

- annual goals for the delivery of energy efficiency measures, building decarbonization measures, and demand reduction measures
- an annual operating budget enumerating income and expenses to carry out this plan
- a statement of how the plan will be publicized to qualified customers; and
- proposed coordination with the weatherization programs approved by the U.S Department of Energy.

This section also authorizes the DOER commissioner to direct the EDCs and municipal aggregators to develop and implement the statewide building decarbonization and energy efficiency plan that offers programs to all qualified customers that supports the installation of no-cost or low-cost:

- building energy assessments
- energy efficiency measures
- building decarbonization measures; and
- load management measures.

This section also directs each EDC and municipal aggregator to file a decarbonization and energy efficiency plan with the commissioner on or before 10/31 prior to the end of the three-year term. The EDCs and municipal aggregator are required to collect and report electronically to DOER its authorized vendors and implementation partners, building data that identifies all buildings and units that received an energy audit, decarbonization and energy efficiency measures, and if participating in any demand response program, building energy use and cost by fuel type, heating fuels and systems. This data is to be reported quarterly to DOER and shall be considered confidential customer data.

Within 120 days after the last day of each year, and EDC, municipal aggregator, or municipal utility shall submit to DOER a report of its activities during the preceding year relating to the implementation of their decarbonization and energy

efficiency plans. DOER is required to forward these reports to the joint committee on energy* and House Ways and Means and Senate Ways and Means.

This Section further authorizes DOER to annually assess against each utility and municipal utility as may be necessary to permit DOER to carry out its responsibilities under section 21A (program development, administration and enforcement, certifications, training, etc.). This assessment is based upon the intrastate operating revenues of a utility and DOER shall apportion estimated costs for the pending fiscal year among all such utilities and assess them on a fair and reasonable basis. A utility is directed to pay such assessments within 30 days of receipt and shall be paid into the general fund. DOER is also directed to apportion actual costs among all such utilities and make assessment adjustments for the same for any variation between estimated and actual costs.

*This section, in line 654, makes reference to the joint committee on energy. To clarify, this should reference the joint committee on telecommunications, utilities, and energy.

- Repeal of the Alternative Portfolio Standard (Sec. 9, 58, 61)
 - *Current Law:* Chapter 169 of the Acts of 2008 established the Alternative Portfolio Standard, which is found in M.G.L. c. 25A § 11F1/2. The APS requires that a certain percentage of the state's electric load is met by eligible technologies, which include Combined Heat and Power (CHP), flywheel storage, and efficient steam technologies.
 - *Proposed Change:* § 9 of this Act repeals the Alternative Portfolio Standard. § 58 directs DOER to update regulations to ensure a "smooth transition" prior to APS program repeal in 2028. DOER is authorized to take action on issues identified as needing consideration but under no circumstance shall compensate existing APS units in 2028 or later. § 61 states that the repeal of the APS shall take effect on January 1, 2028.

- Reduction of Net Metering Credits (Sec. 33 – 39)
 - *Current Law:* M.G.L. c. 164 § 138 establishes definitions that apply to net metering (NEM) facilities in § 139 – 140, including Class I, II, and III NEM facilities and neighborhood NEM facilities that generate Class I, II, and III NEM credits or market net metering credits and neighborhood NEM credits. These primarily consist of solar, wind, and anaerobic digestion facilities. Class I and II NEM credits and Class III municipal/governmental NEM credits are calculated by multiplying NEM credits (that are in excess of a customer's consumption within a billing cycle) by (i) default service; (ii) the distribution kWh charge; (iii) transmission kWh charge; and (iv) the transition kWh charge. Class III private NEM credits and neighborhood net metering credits are calculated similarly but exclude the distribution kWh charge. Market net metering credits are equal to 60% of the value of Class I and II NEM credits and Class III municipal/governmental credits.
 - The calculation for all NEM credits excludes the demand side management charge and the renewable energy charge per M.G.L. c. 25 § 19-20. The transition charge per G.L. c. 164 § 1 provides a mechanism for recovery of an electric company's transition costs after the 1997 Restructuring Act.
 - A Class I facility (which generates Class I NEM credits) is 60 kilowatts or smaller or in the case of a government or municipal facility, 60 kilowatts or smaller per unit. A Class II

NEM facility (generating Class II NEM credits) is greater than 60 kilowatts and equal to or less than one megawatt. A Class III NEM facility (generating Class III NEM credits) is greater than one megawatt and equal to or less than two megawatts.

- *Proposed Law:* § 33 – 37 amends the value of the Class I, II, and III NEM credits, market net metering credits, and neighborhood net metering credits by removing the transition charge from the list of charges multiplied by a customer’s kWh usage to determine their net metering credit value. § 38 – 39 propose to create a new NEM facility known as a “supply rate net metering facility”, which includes all Class I, II, and III NEM facilities and neighborhood net metering facilities that are authorized to interconnect to the distribution system by on or after January 1, 2026. The credit value for this new type of facility would be calculated by multiply NEM credits (that are in excess of a customer’s consumption within a billing cycle) by the default service kWh charge subtracted by the company’s costs associated with the Renewable Portfolio Standard, the Alternative Portfolio Standard, the Clean Peak Standard, the Clean Energy Standard and any future DEP-created portfolio standard program, and the company’s basic service administrative cost factor.
 - New NEM facilities authorized to interconnect on or after January 1, 2026 that would not be subject to this reduction include the following net metering cap-exempt facilities:
 - Residential solar systems under 25 kilowatts
 - Private Class I NEM facilities greater than 25 kilowatts, Class II and III NEM facilities that have an executed interconnection agreement on or after January 1, 2021 – provided that they receive market net metering credits and that excess credits shall be credited or paid out at the utility’s avoided cost rate
- Reforming Residential Competitive Retail Supply Market (Sec. 12, 15-16, 18-19, 21)
 - *Current Law:* There is currently no definition of “energy marketer” in MGL Chapter 164 § 1. MGL. § 1D of Chapter 164 states that an electric distribution company shall pay each supplier that has chosen the complete billing method in full for the generation service used by customers, minus a uniform percentage discount that is based on the EDCs’ amount of uncollectable bills and other reasonable department-approved costs. § 1F requires competitive suppliers to be licensed by DPU and be subject to a department-determined, one-time fee and § 1F(7) directs DPU to establish a code of conduct for retail electricity sales and caps daily penalties at \$25,000 and total penalties at \$5,000,000. § 1F(8)(b) allows a customer to file a complaint with DPU if their retail electricity service has been switched without their prior authorization. Said customer must do so within 30 days of a notice statement date alerting them of the switch.
 - *Proposed Changes:* Adds a definition of “energy marketer” to § 1, which is an individual or entity that sells electricity for or on behalf of a supplier by offering said products, including through door-to-door, telemarketing, and tabletop channels. Amended § 1D allows DPU to set a non-uniform percentage discounts for suppliers that have chosen the complete billing method that is based on each individual suppliers’ amount of uncollectable bills or percentage

of customers in arrears relative to the average of the uncollectable bills or the average number of customers in arrears. Amended § 1F requires brokers, energy marketers, and suppliers to pay an annual fee up to \$10,000 and further requires each energy marketer to execute and maintain a bond to do business in MA, equivalent to \$5,000,000 per retail license, conditioned upon full and faithful performance of all duties and obligations. This bond is valid for a minimum of one year. It further requires an energy marketer to be a legal agent of the supplier and restricts an energy marketer from selling electric generation services unless they have received appropriate training from such supplier. Amended § 1F(7) removes the daily cap of \$25,000 for violations of DPU's code of conduct for retail electricity sales and increases the total cap for a violation to \$10,000,000. It further authorizes DPU to require violators to pay restitution to harmed customers, which does not count towards the penalty amounts, and allows DPU to also suspend or revoke licenses for a violation. Changes to § 1F(8)(b) allow customers to initiate complaints with the DPU that their retail electricity service has been switched without their authorization within two years after the statement date of the notice indicating a change of service. Finally, new Section 1L makes the following changes:

- Allows generation companies or suppliers (retail energy suppliers) to offer electricity to customers receiving discount rates only at prices that do not exceed the 12-month average of the basic service rate offered by the utility whose service territory the customer is located in.
- Prohibits retail energy suppliers from:
 - Assigning or transferring retail energy supply customers without prior DPU approval. Suppliers must provide the DPU notice of such customer changes at least 30 days prior to the effective date.
 - Automatically renewing customer contracts without written consent
 - Offering variable rates other than a rate that adjusts for seasonal variation more than twice in a single year or a time-of-use rate that establishes different rates for periods within a single day
 - Paying brokers, marketers, or other third-party agents or employees a commission or any other incentive-based compensation for enrolling customers
 - Imposing cancellation or early termination fees on customers
 - Offering voluntary renewable or green energy products containing attributes other than those that qualify under MassDEP's clean energy standard regulations.
- Directs DPU to establish and maintain a public website for residential energy customers to compare available retail electricity supply products.
 - Suppliers must list all available products on the website, and all customer enrollments must be processed via the website or another platform established by the DPU. Retail energy suppliers must provide the DPU information, to be published on the public website, regarding:
 - Rates charged to customers (quarterly)
 - Data on clean or renewable energy attributes recently retired (annually)
 - Quarterly, DPU will publish each retail energy supplier's and EDC's complaint data on the website, sourced from complaints made to the DPU and the AGO.
- Reforming Reconciliation Charges (Sec. 46, 50)

- *Current Law:* Section 51 of Chapter 209 of the Acts of 2012 directed the DPU, by January 1, 2013, to redesign reconciliation factors through a cost-based rate design for costs that are recovered from distribution customers. DPU was directed to approve the reconciliation factors by January 1, 2014. If no clear cost causation was demonstrated, DPU must employ volumetric charges in a uniform manner.
- *Proposed Change:* § 46 repeals this requirement for DPU. § 50 requires DPU, by January 1, 2026, to review each established reconciling charge for gas and electric companies and evaluate whether the charges should be eliminated or revised to (a) promote electric vehicle and efficient electric heating adoption and (b) to reduce customer bills especially during peak usage months. The investigation shall consider whether the following approaches can effectuate these goals, including (1) converting volumetric reconciling charges to non-bypassable fixed charges; (2) seasonally adjusting volumetric reconciling charges to reduce rates during peak usage months; or (3) shifting cost recovery for volumetric reconciling charges into base distribution rates. DPU shall order gas and electric companies to make changes to their rates by July 1, 2026.

§ 50 also authorizes DPU to establish maximum thresholds for the extent to which bill charges can change month over month for each gas and electric company. Said companies shall file a plan with DPU demonstrating how they will avoid exceeding the maximum thresholds, including through pro-active measures such as long-term contracting to avoid price volatility. If a change in a reconciliation or supply charge filed with DPU would exceed such thresholds, the companies shall in their plans propose measures such as a short-term deferral of a portion of a rate increase. The DPU shall approve plans by January 1, 2027.

- Expanding Low and Moderate-Income Discount Rates (Sec. 17, 41)
 - *Current Law:* MGL Chapter 164 § 1F(4) allows residential customers eligible for HEAP or similar programs to be eligible for low-income discount rates on electric bills. The Department of Public Utilities mandates that utility companies inform customers about available rebates, discounts, and credits to help lower monthly utility bills. Section 48 of Chapter 239 of the Acts of 2024 amended Section 1F(4) to require electric distribution companies to provide a moderate-income discount rate.

The Heating Energy Assistant Program (HEAP) is a federally funded program administered by the Massachusetts Department of Housing and Community Development (DHCD). Eligibility is based on household income, which must not exceed 60% of the state median income. Eligible customers receive assistance paying their winter heating bills, regardless of the energy source.

M.G.L. c.164 § 141, as amended by Chapter 239 of the Acts of 2024 to include moderate-income, states that where the scale of on-site generation would impact low-income customers or moderate-income customers, a fully compensating adjustment shall be made to the low-income or moderate-income discount rate.

- *Proposed Changes:* §17 of this Act strikes MGL Chapter 164 § 1F(4) in its entirety, thereby removing the low-income and moderate-income discount rate for this section of law. New §153 of Chapter 164 requires that electric distribution companies *and* gas companies provide discounted rates for low-income customers and eligible moderate-income customers. The cost of the discounted rate will be a mandatory, fixed monthly charge included in the bills charged to all customers. This fixed charge will be determined separately for each “customer class.” DPU will permit statewide cost recovery of the discounts across distribution and gas companies to promote rate-equity throughout the state.

DPU will establish eligibility for the low-income discounted rates, including verification of a customer’s receipt of any means-tested public benefit or verification of eligibility for the Home Energy Assistance Program (HEAP), for which eligibility does not exceed 200% of the federal poverty level. Eligibility for the moderate-income discount rate provided for in this section shall be established by criteria determined by DPU and is not specified in the legislation.

§ 17 of this Act strikes the requirement for a fully compensating adjustment to be made to the low-income or moderate-income discount rate when on-site generation impacts affordability for low-income and moderate-income customers (per M.G.L c.164 § 141)

- Securitization of Utility Assets (Sec. 20)

- *Current Law:* M.G.L. c. 164 § 1H was enacted to facilitate the recovery of costs associated with the transition to a deregulated electric market. By allowing electric companies to securitize these costs, this section aimed to minimize the financial burden on consumers while ensuring that companies could recover legitimate expenses incurred during the restructuring process
- *Proposed Changes:* Section 20 of this legislation strikes and replaces M.G.L. c. 164 § 1H, updating the statutory authorization to allow utilities to use securitization (the issuance of electric and gas rate reduction bonds) to lessen the cost impacts on consumers associated with the Commonwealth’s emissions reduction targets and other energy infrastructure projects. This section allows DPU to authorize issuance of electric and gas rate reduction bond orders to facilitate the provision, recovery, financing, or refinancing of “transition costs,” as determined by DPU (i.e. the costs of programs to meet commonwealth’s emission reduction requirements), including, but not limited to:
 - building decarbonization and energy efficiency plans established pursuant to section 21 of chapter 25 (Mass Save);
 - electric sector modernization plans established pursuant to section 92B;
 - the development of geothermal networks by gas companies;
 - gas company transition costs related to requirements deriving from the commonwealth’s emission reduction requirements established pursuant to chapter 21N; and
 - storm related restoration costs. (1H(b))

DPU will determine the appropriate duration over which transition costs may be recovered for each eligible cost category; however, the term of an electric rate reduction bond or gas rate reduction bond may not be issued for a term exceeding 30 years and may

not be issued after 2036. Any financial benefits resulting from mechanisms determined by the department to help reduce administrative, transaction or other costs, shall flow to ratepayers. DPU will determine the total dollar amount of the electric and gas rate reduction bonds during this ten-year period, though this amount may not exceed three times the total amount of the mass save budget for the 2025-2027 cycle. (1H(c)(1))

DPU will determine reimbursable transition costs amounts recoverable in one or more rate reduction bond orders if the department determines the issuance of electric or gas rate reduction bonds by the financing entity would reduce rates that customers of an electric company or gas company would have paid over a given period if the rate reduction bond order were not adopted. (1H(c)(3))

Bonds will be issued by one of three “financing entities”: 1. Massachusetts Development Finance Agency; 2. Any special purpose trust; or 3. Any financing entity which is authorized by the DPU pursuant to a rate reduction bond order to issue electric or gas rate reduction bonds or acquire eligible property.

Rate reduction bond orders issued pursuant to the provisions of this section shall not constitute a debt or liability of the commonwealth or of any political subdivision thereof, other than the financing entity, and shall not constitute a pledge of the full faith and credit of the commonwealth or any of its political subdivisions, other than the financing entity.

- Extending Basic Service Beyond Six Months; Recovering Costs from Energy Import Tariffs (Sec. 14)
 - *Current Law*: M.G.L. c. 164 § 1B(b) requires electric distribution companies to provide a standard service transition rate to customers who choose not to purchase electricity from a non-affiliated generation company after March 1, 1998. If a customer has chosen retail access from a non-affiliated generation company but said company fails to provide its contracted service, the customer shall be eligible for the distribution company’s default service. § 1B(d) requires the distribution companies to procure default service through competitive bidding and to provide payment options with rates that remain uniform for up to six months.
 - *Proposed Changes*: Strikes § 1B(b) and § 1B(c) which required distribution companies to provide a transition rate to customers and for customers to revert to default service if a non-affiliated generation company fails to provide its contracted service, and prevented an electric company from selling electricity or using the distribution system in another electric company’s service territory. Amends § 1B(d) to clarify that the distribution company may procure supply for default service through DPU-approved processes including via procurements of varying lengths and in combination with other distribution companies. It further states that residential rates must be changed every six months at a minimum, excluding time-varying rates and variable service rates. DPU is authorized to require a separate mechanism to recover charges, including those connected to ISO-New England wholesale markets or federal tariffs on imports to said markets. This mechanism must be itemized separately on customer bills.
- Enabling Community Microgrids at Government or Critical Facilities (Sec. 14, 41)
 - *Current Law*: G.L. c. 164 § 1B(a) outlines a distribution company’s exclusive obligation to provide distribution service to all retail customers in its territory, with exceptions

occurring only upon the distribution company giving written consent. § 1B(c) states that, with limited exceptions, as of March 1, 1998, an electric company or its affiliate cannot sell electricity in or use the distribution system of another electric company's service territory.

- *Proposed Changes:* § 14 amends G.L. c. 164 § 1B(a) to allow government and critical facility microgrids to provide distribution service to a utility's retail customers, thereby creating an exception to a distribution company's exclusive obligation to provide service within its service territory. DPU shall limit government or critical facility microgrids and shall establish procedures regarding the eligible uses of distribution equipment connected by said entities to a company's electric distribution system. § 41 adds new § 160 of Chapter 164 would allow any municipal, state, or federal government entity that owns, operates or leases a clean energy generation source or existing clean energy generation source to independently distribute electricity generated from any such source across a public right-of-way; provided, that: (1) any such source is connected to a government and critical facility microgrid and (2) such municipality, state or federal governmental entity engages the distribution company to complete the interconnection of such microgrid to the electric distribution grid and does not shift costs to other ratepayers.
- Allowing Flexible Interconnection (Secs. 41 & 55)
 - *Current Law:* M.G.L. c. 164 § 92B requires the DPU to direct each electric company to develop an electric-sector modernization plan to proactively upgrade the distribution and transmission systems to: (i) improve grid reliability, communications and resiliency; (ii) enable increased, timely adoption of renewable energy and distributed energy resources; (iii) promote energy storage and electrification technologies necessary to decarbonize the environment and economy; (iv) prepare for future climate-driven impacts on the transmission and distribution systems; (v) accommodate increased transportation electrification, increased building electrification and other potential future demands on distribution and, where applicable, transmission systems; and (vi) minimize or mitigate impacts on the ratepayers of the commonwealth, thereby helping the commonwealth realize its statewide greenhouse gas emissions limits and sublimits under chapter 21N.
 - *Proposed Changes:* New § 159(a) of Chapter 164 creates "flexible interconnection," a process by which a distribution company allows new customer load to connect, and distributed energy resources to interconnect, to the electric distribution grid based on an agreed upon curtailment schedule or protocols and associated tariff, contract, or technical requirements, as applicable. It requires each electric company to offer a comprehensive flexible interconnection program designed to enable the efficient connection of new customer loads and to maximize the deployment of distributed energy resources, while minimizing associated electric infrastructure costs.

Within two months of the effective date of this act, the DPU will issue guidance to the distribution companies regarding the development of the flexible interconnection program. Within six months of the effective date of this act, the distribution companies will file proposed model tariff provisions or tariff revisions to implement the required flexible interconnection program.

Prior to making the filing, the distribution companies must convene a distributed energy resource industry stakeholder working group that will meet at least twice per month starting one month after the effective date of this act, to develop and present draft versions of the documents to be included in the above filing. The DPU will then conduct a proceeding to investigate the flexible interconnection program draft proposal and approve, deny, or modify such proposal within one year of the effective date of this act.

- Eliminating Newspaper Advertisement Requirement (Sec. 22 - 23)
 - *Current Law:* M.G.L. c. 164 § 15 required gas and electric companies issuing long-term bonds or debt (payable at periods greater than 5 years) to publicly invite proposals for purchase and advertise in at least two daily newspapers within their service territory and in Boston. DPU could grant exemptions from these requirements if it found the issuance to be in the public interest after a hearing. § 15A states that gas and electric companies shall not issue or sell bonds or debt payable at period greater “than” one year at value less than the par value or face value.
 - *Proposed Change:* Amended § 15 removes the requirement that gas and electric utilities regulated by the DPU advertise the sale of long-term bonds or debt in newspapers within their service territory and in Boston. DPU must find that the solicitation of such utility proposals demonstrates competition and is in the public interest. Amended § 15A changes the word “than” to “that”.

*This technical change in section 22 makes the plain meaning of the first sentence of M.G.L. § 15A unclear.

Energy Independence

- Expanding DOER's Authority to Procure Solicitations for Clean Energy (Sec 5-6, 10)
 - Establishing a Division of Clean Energy Procurement (Sec. 5)
 - *Current Law*: M.G.L. c. 25A § 2 pertains to the divisions established within the Department of Energy Resources.
 - *Proposed Changes*: Section 5 of this Act amends M.G.L. c. 25A § 2 by creating a new division of clean energy procurement within the Department of Energy Resources. This division is tasked with developing resource solicitation plans, administering procurements for clean energy generation and energy services, and negotiating/managing contracts with clean energy generation and energy service facilities
 - Clean Energy Procurement Statutory Authority (Sec. 6)
 - *Current Law*: M.G.L. c. 25A § 6 pertains to the powers and duties of the Department of Energy Resources.
 - *Proposed Changes*: Section 6 of this Act amends M.G.L. c. 25A § 6 by granting the Department the authority to develop resource solicitation plans, conduct procurements to such plans, as approved by the Department of Public Utilities, and negotiate and execute contracts with clean energy generation and energy services providers.
 - Resource Solicitations and Clean Energy Procurement (Sec. 10)
 - *Current Law*: M.G.L. c. 25A pertains to the Department of Energy Resources. Section 83 of Chapter 169 of the Acts of 2008 required the electric distribution companies (EDCs) to solicit proposals from renewable energy developers and enter into cost-effective contracts to facilitate the financing of renewable energy generation within the Commonwealth. The timetable and method for solicitation and execution of these contracts is to be proposed by the electric distribution companies in consultation with the Department of Energy Resources (DOER) and subject to review and approval by the Department of Public Utilities (DPU). DOER and DPU were both required to adopt regulations consistent with this section.

Under this framework for clean energy procurement, a request for proposal (RFP) which is drafted by DOER, the electric distribution companies, and an independent evaluator, in consultation with the Attorney's General Office (AGO), is submitted to the DPU for review. If the Department approves the RFP, eligible bidders can develop bids that meet the requirements of the RFP. Before the bid deadline, DOER and the EDCs, monitored by the independent evaluator, develop a detailed evaluation protocol. Following the bid submittal, these parties review the bid information and may select one or more projects as part of the procurement. The EDCs then enter into contract negotiations with the selected projects and then file executed contracts at the DPU for their review and approval. If these contracts are approved, the project developers can use these contracts for funding. Once selected projects are online, they can sell clean energy and/or associated environmental attributes to the EDCs through the executed contracts at pre-defined prices.

Various legislation has amended the solicitation requirements for clean energy procurements. Section 36 of Chapter 209 of the Acts of 2012 amended Section

83 of Chapter 169 of the Acts of 2008 by inserting Section 83A which expanded the requirements for long-term contracting by increasing the number of solicitations and required the electric distribution companies to solicit long-term contracts for new renewable energy generation sources in an amount not to exceed 4% of the total demand from all distribution customers. Section 12 of Chapter 188 of the Acts of 2016 further amended said Section 83 by adding a Section 83C which requires the electric distribution companies to solicit contracts for up to 1,600 MW of offshore wind by 2027 and by adding a Section 83D which requires the electric distribution companies to solicit contracts for approximately 9.45 million MWh of clean energy generation from either RPS Class I eligible or certain non-RPS eligible resources, such as large hydroelectric. Section 61 of Chapter 179 of the Acts of 2022 expanded the Section 83C requirements by requiring the electric distribution companies to solicit up to 5,600 MW of offshore wind projects by 2027. Most recently, Section 98 of Chapter 239 of the Acts of 2024, inserted a new clean energy procurement, 83E, for energy storage systems. This procurement will solicit 5,000 MW of energy storage by July 31, 2030.

- *Proposed Changes:* Section 10 of this Act amends Chapter 25A of the General Laws by inserting a new Section 22 which pertains to DOER's new procurement authority. This section requires DOER to investigate the necessity, benefits, and risks of solicitations for environmental attributes or energy services, competitively solicit for environmental attributes or energy services, and negotiate and enter into long-term contracts for such environmental attributes or services in order to maximize the commonwealth's ability to meet its greenhouse gas emissions limits and sublimits. This section also directs DOER to publish a resource solicitation plan that includes:
 - a description of the clean energy generation and energy services sufficient to maximize the commonwealth's ability to achieve its limits and sublimits
 - a schedule recommendation for clean energy solicitations that the department will conduct within the subsequent 3 years following the DPU's approval of the resource solicitation plan. Provided the plan includes procurements for OSW that will equal at least 10 GW by December 31, 2040
 - economic development objectives and requirements
 - a mechanism for the distribution companies to recover the costs associated with long-term contracts for environmental attributes or energy services; and
 - a review of the previous clean energy solicitations.

DOER is also directed to consult with the DPU and AGO in the development of this resource solicitation plan. Additionally, as part of the resource solicitation plan, DOER is required to review the impact of any contracted environmental attributes on portfolio standards and existing clean energy generation resources and provide legislative recommendations as appropriate. DOER is required to file the resource solicitation plan and its recommendations with the DPU who then shall review the plan and determine whether it is reasonable, appropriate, and cost-effective. The DPU will have 7 months to issue a decision on the plan and upon approval of the plan. The DPU shall require the EDCs to jointly propose tariffs consistent with the approved plan to recover costs associated with all contracts pursuant to this section. However, the EDCs are not to receive any

remuneration, benefit, or fee to compensate for costs associated with these contracts.

Per this section, the method for the clean energy solicitations shall be proposed by DOER and utilize a competitive bidding process. DOER is directed to consult with the AGO and may consult with other state agencies regarding the choice of solicitation methods. DOER may also coordinate with other states, municipal light plants, a municipality or group of municipalities with an approved municipal load aggregation plan, and other governmental and non-governmental bodies, provided DOER describes any impacts coordination may have on the solicitation.

After notice and the opportunity for public comment, DOER can proceed with the clean energy solicitation and may competitively solicit proposals for long-term contracts for environmental attributes or energy services. Each solicitation is directed to require bidders to include workforce, economic development, and labor standards. Each solicitation is also required to notify bidders that bidders will be disqualified from the solicitation if the bidder has been debarred by the federal government or commonwealth and this section also sets information accuracy requirements for bidders. Proposals received pursuant to a solicitation are subject to review by DOER, in consultation with the executive office of economic development, the executive office of energy and environmental affairs, the supplier diversity office, and other agencies as applicable. These proposals may also be subject to review by the EDCs to develop and provide technical advice.

DOER issues the final, binding determination of the selected bid(s) provided the final contract(s) are subject to review by the DPU. DOER is required to propose draft contracts and take all reasonable actions to structure the contracts, pricing or administration of the products purchases to contribute towards achieving our greenhouse gas emissions limits and sublimits in a cost-effective manner that minimizes ratepayer impacts. When reviewing these long-term contracts, the DPU shall consider the costs and benefits of these contracts and shall approve a long-term contract if they find the contract is cost-effective with the roadmap plans. DPU shall complete its review of the long-term contracts no later than 90 days after they are filed. This section also allows DOER to retire any environmental attributes purchased pursuant to long-term contracts and if these attributes are eligible for relevant state programs, the portfolio standard minimum may also be reduced in proportion to any retired attributes.

This section also establishes a central procurement fund for the funding of long-term contracts. The fund is to be credited with:

- funds or revenue collected by distribution companies pursuant to a tariff approved by the DPU
- revenue from appropriations or other money authorized by the general court
- interest earned on such funds or revenues
- bid fees collected by the department from participants in clean energy solicitations
- other revenue from public or private sources
- any funds provided from other sources.

- Siting and Permitting Reform (Sec. 6, 25, 26, 27)

- EFSB “Director” Definition Clarification (Sec. 25)
 - *Current Law*: M.G.L. c. 164 § 69G, as amended by Chapter 239 of the Acts of 2024, includes a definition of the director of the energy facilities siting board (EFSB) as follows: “*“Director”, the director of the facilities siting division appointed pursuant to section 12N of chapter 25, who shall serve as the director of the board; provided, however, that the director may issue decisions on de novo adjudications of local permit applications pursuant to section 69W of chapter 164*”.
 - *Proposed Changes*: § 25 of this Act amends the definition of “Director” by adding language that clarifies the EFSB Director may issue determinations to require a project applicant to submit an application for a consolidated permit as a “large clean transmission and distribution infrastructure facility” (term amended by § 26 of this Act) under sections 69H and 69T pursuant to the newly created section 69X of chapter 164 (see § 27 of this Act).
- “Large Clean Transmission and Distribution Infrastructure Facility” Definition Clarification (Sec. 26)
 - *Current Law*: M.G.L. c. 164 § 69G, as amended by Chapter 239 of the Acts of 2024 includes a definition of “large clean transmission and distribution infrastructure facility” as follows: “*Large clean transmission and distribution infrastructure facility”, electric transmission and distribution infrastructure and related ancillary infrastructure that is: (i) a new electric transmission line having a design rating of not less than 69 kilovolts and that is not less than 1 mile in length on a new transmission corridor, including any ancillary structure that is an integral part of the operation of the transmission line; (ii) a new electric transmission line having a design rating of not less than 115 kilovolts that is not less than 10 miles in length on an existing transmission corridor except reconducted or rebuilt transmission lines at the same voltage, including any ancillary structure that is an integral part of the operation of the transmission line; (iii) any other new electric transmission infrastructure requiring zoning exemptions, including standalone transmission substations and upgrades and any ancillary structure that is an integral part of the operation of the transmission line; and (iv) facilities needed to interconnect offshore wind to the grid; provided, however, that the large clean transmission and distribution facility is: (A) designed, fully or in part, to directly interconnect or otherwise facilitate the interconnection of clean energy infrastructure to the electric grid; (B) approved by the regional transmission operator in relation to interconnecting clean energy infrastructure; (C) proposed to ensure electric grid reliability and stability; or (D) will help facilitate the electrification of the building and transportation sectors; provided further, that a “large clean transmission and distribution infrastructure facility” shall not include new transmission and distribution infrastructure that solely interconnects new and existing energy generation powered by fossil fuels on or after January 1, 2026.*
 - *Proposed changes*: § 26 of this Act amends the definition of “Large Clean Transmission and Distribution Infrastructure Facility” by adding a clause that the term includes any proposed reconductoring, replacement, or rebuilding of a transmission facility or group of transmission facilities and ancillary structures deemed integral to the line’s operation, provided that this action shall be reviewed by new M.G.L. c. 164 § 69X
- New Transmission Requirements (Sec. 27)
 - *Current Law*: M.G.L. c. 164 pertains to the manufacture and sale of gas and electricity in the Commonwealth, and §69G to § 69W pertain to the administration of the EFSB and to DPU.

- *Proposed Changes*: New § 69X states that a transmission company shall file with EFSB for any proposed reconductoring, replacement, or rebuilding of a transmission facility or group of transmission facilities on an existing transmission corridor with an estimated cost of at least \$25,000,000 (not including projects selected by ISO-NE for inclusion in regional system plan).

Within 90 days of this filing, the EFSB Director may require project applicants to submit an application for a consolidated permit as a "large clean transmission and distribution infrastructure facility" under M.G.L C. 164 § 69H and 69T. In this case, such a consolidated permit must be obtained from the EFSB before construction can proceed.

The EFSB director must notify applicants that that they will need to submit an application within 5 days of making such a determination. The EFSB may establish rules allowing such project applicants to forego certain Sec 69T pre-filing requirements.

- Geothermal & Thermal Networks (Sec. 13, 41, 54, 56)
 - Gas Company Definition (Sec. 13)
 - *Current Law*: M.G.L. c. 164 § 1, as amended by Section 47 of Chapter 239 of the Acts of 2024, defines a “gas company” as a corporation originally organized for the purpose of making and selling or distributing and selling, gas within the commonwealth, even though subsequently authorized to make or sell electricity. A gas company may make, sell or distribute utility-scale non-emitting thermal energy, including networked geothermal and deep geothermal energy.
 - *Proposed Changes*: Section 13 of this Act further amends the definition of “gas company” to allow a gas company to make, sell, or distribute geothermal energy to individual customers.
 - Gas Company Lease Agreements for Thermal Networks with Non-Utility Third Parties (Sec. 41 & 56)
 - *Current Law*: M.G.L. c. 164 pertains to the manufacture and sale of gas and electricity
 - *Proposed Changes*: Section 41 of this Act amends Chapter 164 of the General Laws by inserting a new Section 155 which requires the Department of Public Utilities to review an application by a gas company to enter into a lease agreement for a thermal network asset entitlement or thermal heat loop asset entitlement with non-utility third parties to provide financing and other monies for investment in thermal projects and direct benefits to the gas company’s customers above and beyond the direct thermal-related services provided through the assets funded through the financing arrangement. Any leases for the thermal network-entitlement leases of the thermal heat loop-entitlement leases must include the following elements:
 - projects covered by the thermal network-entitlement lease or the thermal heat loop-entitlement lease remain under the ownership, operational control, maintenance, and regulatory-compliance of the gas company.
 - the gas company has all of the necessary permits and approvals for projects covered by said leases
 - the specific terms of said leases will hold in the assets covered by said leases.

- a requirement that the non-utility counterparty pay its pro-rata share of operating and maintenance expenses for thermal network or thermal heat loop assets over the term of the lease
- the ratemaking methodology that is proposed to be used to calculate the rate which the non-utility counterparty will charge to the gas company's ratepayers to recover the costs associated with the thermal network entitlement, or in the case of a thermal heat loop for a single customer, the ratemaking methodology that is proposed to be used to calculate the rate at which the non-utility counterparty will charge the gas company's ratepayer.
 - a. In reviewing the methodology proposed by this section, the department shall allow the use of the following methods, if requested:
 - i. A hypothetical capital structure
 - ii. A proxy return on equity
 - iii. A levelized fixed rate to recover capital costs
 - iv. A formula rate to recover operations and maintenance costs
 - b. After a thermal network-entitlement lease of thermal heat loop-entitlement lease agreement is entered into between a gas company and a non-utility counterparty, said counterparty will file for departmental approval of rates using said methodology.
- a binding commitment by the non-utility counterparty to make charitable financial contributions tied to a share of its annual after-tax profits that result from revenues it receives from the gas company's ratepayers' use of the thermal network asset entitlements or the ratepayer's use of the thermal heat loop entitlements
 - a. Within one year of approval of an application, and for every year thereafter, the non-utility counterparty is required to submit to the DPU an annual report on the dollar amount of charitable financial contributions provided
- certain ratepayer protections
- the list of projects covered by the applications
- the process proposal for any department approvals of specific projects and specific future leases if the application includes a framework for said leases but contemplates subsequent filings to the department to submit actual leases entered into subject to an approved framework; and
- where said leases allows for prepayment of rent by the non-utility counterparty to the gas company, the lease must include a requirement that the counterparty be responsible for obtaining its own financing for the prepaid rent.

As required by Section 56 of this Act, the Department of Public Utilities is directed to open an investigation relative to the necessary regulatory steps to implement this Section not later than January 1, 2026.

- Gas Company Ownership of Geothermal Loops for Individual Customers (Sec. 41)
 - *Current Law*: M.G.L. c. 164 pertains to the manufacture and sale of gas and electricity
 - *Proposed Changes*: Section 41 of this Act amends Chapter 164 of the General Laws by inserting a new Section 156 that allows gas companies to develop programs to build, own, and operate geothermal heat loops for individual customers in their existing service territories. Gas companies are required to

consider prioritizing commercial customers that currently receive all or a significant amount of their energy from natural gas-powered combined heat and power facilities. Gas companies are required to file program proposals with the Department of Utilities no later than July 1, 2026, who shall complete their review of said proposals by January 31, 2027.

- DPU Supervision of Gas Companies' Thermal Energy Facilities (Sec. 41)
 - *Current Law*: M.G.L. c. 164 pertains to the manufacture and sale of gas and electricity
 - *Proposed Changes*: Section 41 of this Act amends Chapter 164 of the General Laws by inserting a new Section 157 which grants the Department of Public Utilities the authority to supervise facilities operated by gas companies for the purpose of public safety, pertaining to the construction and operation of utility-scale non-emitting thermal energy (including networked and deep geothermal energy) and the equipment used in manufacturing and transportation thereof. The Department may promulgate regulations to implement this section after holding technical conferences and receiving public input.

- Geothermal Expansion Study (Sec. 54)
 - *Current Law*: N/A
 - *Proposed Changes*: Section 54 of this Act directs the Department of Public Utilities to conduct an investigation into whether to allow gas companies to build, own, and operate geothermal heat loops for individual customers that reside in municipalities not currently served by gas companies. The Department is required to convene this investigation by April 1, 2027.

- Repealing the Statewide Ballot Requirement to Approve New Small Modular Nuclear Reactors (Sec. 45)
 - *Current Law*: Chapter 503 of the Acts of 1982, *An Act pertaining to nuclear power*, also known as the "Nuclear Power and Waste Disposal Approval and Legislative Certification Act", requires approval by the voters of the Commonwealth, and certification of certain findings by the General Court, as preconditions for the construction and operation within the Commonwealth of any new nuclear power plant or low-level radioactive disposal or storage facility, and for participation of the Commonwealth in any compact or agreement with any other state or states concerning low-level radioactive waste disposal or storage within the Commonwealth.
 - *Proposed Changes*: This act would repeal Chapter 503 of the Acts of 1982, therefore eliminating the statewide ballot requirement to approve new nuclear power plants in Massachusetts.

- **Energy Innovation**

- Utility Infrastructure to Advance Economic Development/Energy Ready Zones (Sec. 51)

- *Current Law:* Chapter 358 of the Acts of 2020 is entitled “An Act Enabling Partnerships for Growth”, also known as the Affordable Homes law. Chapter 150 of the Acts of 2024 is entitled “An Act Relative to the Affordable Homes Act” and is also known as the Affordable Homes law. Chapter 239 of the Acts of 2024 is entitled “An Act Promoting a Clean Energy Grid, Advancing Equity and Protecting Ratepayers”
- *Proposed Law:* The EOEEA secretary (or designee) and the EOED secretary (or designee) shall convene a stakeholder group to develop long-term solutions to address delays in connecting new electric customers to the electric grid for the purposes of economic development and housing. The group shall make recommendations for use by the Legislature or DPU to accelerate connections in identified areas to achieve the goals of the Chapter 358 of the Acts of 2020, Chapter 150 of the Acts of 2024, and Chapter 239 of the Acts of 2024. The group’s recommendations shall be provided to the Legislature and DPU within six months of the Act’s effective date, and DPU shall act on the recommendations within 180 days of receipt.

The stakeholder group shall include officials from state (e.g. EOHLC secretary; MassCEC CEO; MHFA CEO; MassDevelopment CEO; DOER Commissioner; the EVICC Chair; and the AGO) and local government, industry & developers, advocacy and community groups, and clean energy companies.

The group’s recommendations shall at a minimum address:

- Determining electric and thermal infrastructure requirements for diverse economic development sectors and housing types.
- Addressing Barriers: identify barriers hindering the swift development of necessary electric and thermal infrastructure.
- Enabling Accelerated Build-Out: Exploring options for anticipatory and accelerated buildout of electric and thermal infrastructure, aligned with Chapter 21N and the 2023 State Hazard Mitigation and Climate Adaptation Plan
- Identifying options to enable and finance the construction of fossil-fuel-free thermal networks and on-site clean energy solutions (solar, storage) for resilience and local grid support.
- Identifying options for special tariffs or contracts from utility companies to incentivize economic development and electric and thermal infrastructure expansion; provided, that options must avoid cost shifts to other customers and do not support or finance fossil fuel infrastructure.
- Identifying how recommendations will support and inform current economic development and site prioritization initiatives, including ReadyMass 100 properties.
- Providing recommendations to DPU and Legislature regarding changes to laws, regulations, and practices for government agencies and utility companies to

expedite electric and thermal development, including financing and cost recovery mechanisms to minimize costs and rates.

- Inclusive Utility Investment (Sec. 52)

- *Current Law:* No current law, however, Commercial PACE (C-PACE) is a financing mechanism established in Massachusetts through Chapter 188 of the Acts of 2016. C-PACE authorized the establishment of a commercial energy improvement program in the Commonwealth to be administered by the Massachusetts Development Finance Agency (the “Agency”) and the Department of Energy Resources (the “Department”). Municipalities and municipal entities may participate in these programs.

The agency is authorized to issue bonds and required to oversee the logistics of the loan such as obtaining approval from the department and reviewing contracts for the energy improvement work. Subsequent to a financing and assessment agreement, a municipality shall record all betterment assessments and liens on the benefited property. All costs to the property owner must be fully disclosed by the public agency (the administrator). The term of the financing shall be 20 years or the useful life of the improvements. A lien on a benefited property made through the Commercial PACE program shall take precedence over almost any other lien, money mortgage, or deed of trust.

Powers exercised under this section constitute essential government functions. The agency shall establish the commercial sustainable energy program’s rules and guidelines.

- *Proposed Change:* § 52 of this Act direct electric distribution companies to develop inclusive utility investments to enable customers to finance the construction of energy projects through an optional tariff payable directly through their electric bill. The companies must consult with DOER, MassCEC, and the AGO in developing program proposals and release a draft for public comment before filing with DPU. Energy projects shall be non-fossil fuel energy efficiency upgrades, heat pumps, energy storage, demand response equipment, or on-site solar, and encompasses ancillary equipment or upgrades necessary to install the project. Utility programs must be designed to be accessible to low-income and environmental justice populations, maximize the use of all available financial incentives, and provide immediate and ongoing bill savings compared to baseline electric bill costs. There shall be no upfront costs, however, customers can make a down payment in order to qualify projects that can’t be justified through available energy savings. The distribution companies must coordinate and integrate inclusive utility programs with the Mass Save program and must review other programs in other jurisdictions in developing the program and must also propose customer protection standards. The DPU shall only approve a process for a distribution company to secure capital for the program if it uses a market mechanism to identify the least costly sources of capital funds. Further, DPU may set conditions that govern how the distribution companies connect customers to vendors. DPU is authorized to establish minimum financial savings to costs targets and programs must guarantee conservative estimates of financial savings that immediately and significantly exceed program costs for participants. The section requires several pre-approval filings and establishes a deadline

of January 1, 2028 for approved proposals to be made available to customers. DPU shall allow recovery of all prudently incurred costs through base distribution rates.

- Allowing Non-Utility Third Party Entities to Collaborate with Utilities and to Co-Invest in Utility Infrastructure Projects (Sec. 41)

- *Current Law:* M.G.L. c. 164 pertains to the manufacture and sale of gas and electricity.
- *Proposed Changes:* New § 154 of Chapter 164 would require the DPU to allow distribution companies to enter into lease agreements for either distribution asset entitlements or transmission asset entitlements with non-utility third parties to provide financing and other monies for investment in distribution projects or transmission projects. These projects must direct benefits to the distribution company's customers above and beyond the direct distribution-related or transmission-related services.

“Distribution asset entitlements” refer to a non-utility entity holding an entitlement to use a distribution company's infrastructure to move electricity across the distribution grid, with approval of the DPU. “Transmission asset entitlements” refer to a non-utility entity holds an entitlement to use a distribution company's infrastructure to move electricity across the transmission grid, with approval of the DPU. (§154(a)(3))

DPU will require a binding commitment by the non-utility counterparty to make charitable financial contributions tied to a share of its annual after-tax profits that result from revenues it receives from the distribution company's ratepayers' use of the distribution asset entitlements or of the transmission asset entitlements. DPU will promulgate regulations establishing the eligible uses of charitable financial contributions. Categories may include, but are not limited to: (a) support for low- and moderate-income energy assistance programs; (b) programs that support the deployment of energy efficiency, solar, storage, building electrification, or transportation electrification for environmental justice populations; (c) direct benefits for communities that are hosting the infrastructure being financed through these funds; or (d) other eligible uses as identified by the department through a public process. (§154(a)(2)).

The distribution projects covered by the distribution-entitlement lease or the transmission projects covered by the transmission-entitlement lease will remain under the ownership and operational control of the distribution company. The maximum value of the non-utility counterparty's investment interest in distribution/transmission projects covered by the entitlement lease is 49.9%. (§154(a)(5)).

This section also requires ratepayer protections to ensure that the distribution and transmission-entitlement leases will not lead to double recovery of the costs associated with the covered assets. In other words, that the distribution company will not charge rates that recover any of the costs that are otherwise being recovered in the distribution rate charged by the non-utility counterparty that holds the distribution-entitlement lease. The rate that the non-utility counterparty is able to charge for recovering the costs of its distribution lease/transmission rate cannot exceed the rate that would otherwise be

charged by the distribution company for its cost to recover the investment in assets covered by the lease in the absence of the lease agreement.

Note: This section would also apply to geothermal systems. *See* Geothermal & Thermal Networks section, above.

4. Accountability

- Fuel reporting (Sec. 7 & 8)

- *Current Law:* M.G.L. c.25A § 7 pertains to the Department of Energy Resources (DOER)'s collection of energy information, reports, and penalties for violations of reporting requirements.
- *Proposed Changes:* Removes the requirement for reporting on all wholesalers, resellers, and end-users of petroleum products doing business in the commonwealth with a storage capacity over 50,000 gallons (Sec 7).

Updates reporting requirements of all electric and gas companies, transmission companies, distribution companies, suppliers, and aggregators to at least quarterly report data on customers, loads served, billing amounts, certificate purchases and supply product offerings. Oil and Propane suppliers are required to make similar reports on price, inventory, and product delivery data (Sec 8).

- Moving SMART Solar Program into M.G.L. (Sec. 10)

- *Current Law:* Section 11 of Chapter 75 of the Acts of 2016 directed DOER to establish a program to incentivize solar. DOER was authorized to choose any declining incentive model and required to give extra consideration for community shared, low income, or government facilities. The program also allows electric distribution companies to use the solar attributes for their renewable portfolio requirements. Section 11A of said session law directs DOER to promulgate requirements for pollinator-friendly ground mounted solar in SMART and successor solar programs.
- *Proposed Changes:* §10 of this Act moves the SMART program from session law to new § 24 in M.G.L. c. 25A. It also removes language from this session law for the program to promote “an orderly transition to a stable and self-sustaining market at a reasonable cost to ratepayers”; requires the program to include land restrictions that align with the state’s land use priorities, and requires the program provides reasonable and appropriate protections for customers. This section further:
 - Allows any qualified facility pursuant to the RPS before the effective date of this new program to remain qualified under existing program.
 - Directs DOER to establish a land use mitigation plan, including fees for mitigating impacts caused by solar development. DOER may also establish requirements for pollinator-friendly solar installations
 - Requires DOER to review solar incentive rates and overall cost impact to ratepayers and determine if any program revisions are necessary. Such review shall occur on a timetable established by DOER, provided it occurs not less frequently than every 3 years

As part of this change, Section 47 repeals Section 11 and Section 11A of Chapter 75 of the Acts of 2016

- Labor standards for geothermal work (Sec. 11 & Sec. 59)
 - *Current Law:* M.G.L. c.149 pertains to labor and industries. No labor standards currently exist for geothermal work performed by utilities.
 - *Proposed Changes:* Section 11 of this legislation inserts a new §27I into said c.149 of the M.G.L., which establishes labor standards for geothermal work performed by utilities. All construction on a thermal energy network and on any utility infrastructure impacted by the construction or installation of a thermal energy network that is not performed by workers directly employed by a gas or electric utility company is to be performed and procured under the new §27I created by Section 11.

Public authorities can only permit or agree to construction if the agreement with the gas or electric distribution company contains a stipulation requiring prescribed rates of wages for non-company workers, as determined by the Commissioner of the Department of Labor Standards. Every 6 months the commissioner will provide the distribution companies, together with the DPU, in a schedule containing the classification of jobs and the rate of wages to be paid for each job, which includes payments to health and welfare plans, pension plans, and supplementary unemployment plans. No entities may pay less than the rate of wages established by the commissioner, and no entity (employer, contractor, or subcontractor) may accept for their own use or for the use of another person any part of portion of such wages. Violators will be punished or will be subject to a civil citation or order.

Employees claiming to be aggrieved by violations of this statute may prosecute a civil action against alleged violators for injunctive relief within 3 years of the violation. Such employees may only pursue such prosecution 90 days after filing a complaint with the attorney general, or sooner if the attorney general assents to such prosecution in writing. An aggrieved party who prevails in such civil action will be awarded treble damages for any lost wages or other benefits, along with the costs of litigation and attorneys' fees.

Section 59 of this Act also requires labor peace agreements for certain thermal energy networks. Labor peace agreements are required for land subleases or conveyed by the state or a political subdivision for a thermal energy network, heat loop, and associated renewable generation. This section also conditions any funding made by the state for a thermal energy network or heat loop on a recipient's agreement to enter a fully executed labor peace agreement.

- Codify prohibitions on the use of ratepayer funds for utility travel, advertising, and lobbying expenses (Sec. 24)
 - *Current Law:* M.G.L. c.164 §33A pertains to promotional or political advertising expenditures by gas or electric companies regulated by the DPU. It prohibits such utilities from seeking ratepayer recovery for costs associated with direct or indirect expenditures for promotional or political advertising.
 - *Proposed Changes:* Section 24 of this legislation prohibits gas and electric utilities that are regulated by the DPU from seeking rate recovery for direct or indirect costs associated with:

- Membership, dues, sponsorships, or contributions to business or trade associations
- Charitable giving expenses
- Executive or legislative lobbying, or soliciting others to engage in such lobbying or policy analysis
- Contributions to political candidates, campaigns, issue committees, or PACs
- Marketing, administration, customer service, or other costs for products and services not regulated by the DPU, unless found to be reasonable by the DPU
- Travel (included owned, leased, or chartered aircraft), lodging, entertainment, gifts, or food and beverage expenses for the company's board of directors, trustees, and external advisory councils

This section also directs the DPU and the AGO's Office of Ratepayer Advocacy to monitor and investigate compliance and noncompliance.

- Management audits of utilities (Sec. 28)
 - *Current Law:* M.G.L. c.164 pertains to the manufacture and sale of gas and electricity. The DPU is already authorized to conduct management audits of the investor-owned utilities under its regulatory purview and recently did so with National Grid (see D.P.U 18-150 & D.P.U. 19-117):
 - See §76 of c.164, which grants the DPU general supervisory authority of all gas and electric companies and allows it to make all necessary examination and inquiries as to the condition of the companies' properties and their compliance with laws, regulations, and DPU orders.
 - See §80 of said c.164, which allows the DPU to examine all books, records, contracts, documents, papers, and memoranda of gas and electric companies' corporate offices.
 - See §83 of c.164, which requires the gas and electric companies to at all times upon DPU request furnish any information required by the DPU relative to the companies' financial condition, management, and operation.
 - *Proposed Changes:* Section 28 of this legislation inserts a new §83A to M.G.L. c164 allowing the DPU to provide for management and operations audits of gas and electric utilities (no more than every 5 years). Within 30 days of the issuance of a utility company's audit, the company must complete a report for the DPU detailing its plan to implement recommendations made by the audit. This implementation plan will become enforceable by the DPU. If a utility petitions for DPU approval of a general increase in base distribution rates or proposal for capital improvements, the DPU is to review the utility company's compliance with the directions and recommendations made by the DPU in the company's most recent audit.
- Utility load management and virtual power plant planning (Sec. 29 & 56)
 - *Current Law:* The 2022 climate law (see §53 of c.179 of the Acts of 2022) inserted a new §92B into c.164 of the M.G.L. directing the DPU to require each electric distribution company (EDC) to develop an electric-sector modernization plan (ESMP) to proactively upgrade the distribution and, where applicable, transmission systems in order to boost grid reliability and enable timely adoption of renewable energy generation. The ESMPs

are first submitted for review and recommendations by the Grid Modernization Advisory Council (GMAC), and then for final approval by the DPU every 5 years. The 2024 climate law (see §78 of c.239 of the Acts of 2024) added a further requirement to the ESMP process, directing the EDCs to prepare and file climate vulnerability and resilience plans at least once every 5 years.

- *Proposed Changes:* Section 29 of this legislation adds an additional requirement that the EDCs' ESMPs also include comprehensive load management and virtual power plant (VPP) plans, with the goal of minimizing ratepayer costs and maximizing ratepayer benefits of distributed energy resources to the greatest extent possible. Such plans will provide a detailed summary and timeline of all of the EDC's current, proposed, and under development programs and investments related to grid modernization, the electrification of the building and transportation sectors, distributed energy resources, and efforts to make use of advanced metering infrastructure. The EDCs must also share quantitative 5- and 10-year targets for peak load reduction across their systems, as well as information regarding how flexible interconnection processes (also required to be developed by Section 29 of this legislation) will be integrated with their load management and virtual power plant plans.

Section 56 of this legislation requires a one-time supplement to an Electric Sector Modernization Plan to be submitted to DPU by the EDCs and creates an effective date for the submission of this supplement (one year after the effective date of the legislation). This supplement must include changes to G.L. c. 164 sec. 92B(c) & (d), as changed by Section 29 in this Act, which incorporate virtual power plant and load management requirement into the ESMPs. The EDCs must consult with the Grid Modernization Advisory Council (the GMAC) at least 120 days before filing the supplement with the DPU.

- Distribution system cost recovery framework (Sec. 30)
 - *Current Law:* Chapter 164 of the General Laws pertains to the Department of Public Utilities (DPU).
 - *Proposed Changes:* Section 30 of this legislation directs the DPU to establish a comprehensive distribution system planning and cost-recovery framework by July 1, 2028. This framework will encompass the electric utilities' ESMPs and the discrete investments identified within the ESMPs, base distribution rates, reconciliation charges, and other DPU proceedings and relevant company filings deemed relevant by the DPU. The framework will apply to any petition to amend electric rates that is filed with the DPU on or after July 1, 2028.

This framework will seek to accomplish the following objectives:

- Minimize costs to ratepayers, including through the use of virtual power plants and non-wires alternatives
- Consolidate the proceedings through which distribution system planning is conducted
- Consolidate the number of proceedings and charges through which the electric utilities may seek cost recovery

- Align distribution system plans and investments included in rate applications with the ESMPs
 - Ensure that rate applications present a complete picture of current and future electric utility capital and operating expenditures, regardless of how such costs have historically been recovered
 - Prioritize cost recovery mechanisms that adjust base distribution rates over time instead of reconciliation charges
 - Optimize distribution system investments to meet distribution system needs
 - Consider incentive mechanisms to align the interests of the electric utilities, ratepayers, and developers
 - Maximize transparency, accessibility, and meaningful stakeholder participation in the development and regulatory review of distribution system plans and associated investments
- Moratorium on electric utility shutoffs during periods of unhealthy heat (Sec. 31)
 - *Current Law:* M.G.L. c.164 §124F pertains to the shut off of gas and electricity service during financial hardship. Between November 15th and March 15th, it prohibits gas and electric companies from shutting off service to any residential customer who cannot pay an overdue charge due to financial hardship, when such service is used to provide heat or to operate the heating system of the customer’s unit or building.
 - *Proposed Changes:* Section 31 of this legislation prohibits electric companies from shutting off electric service to residential customers who cannot pay an overdue charge because of financial hardship during periods that meet or exceed the unhealthy heat threshold. Such threshold is defined as a daily maximum statewide temperature of 85 degrees or greater for 3 consecutive days.
- Clarifying the range of services that PowerOptions can provide to its clients via group purchasing (Sec. 32)
 - *Current Law:* M.G.L. c.164 §137 pertains to participation in group purchasing of electricity, natural gas, telecommunications services, or similar products. It authorizes non-profit, state government, and state agency participation in public group purchasing of electricity, natural gas, or telecommunications services. Such entities that are located within the boundaries of a community served by a municipal light department (MLP) cannot participate in or become a member of any competitively procured program organized and administered under this chapter.
 - *Proposed Changes:* Section 31 of this legislation allows non-profit, state government and state agency participation in public group purchasing programs for supply and equipment related to the following expanded list of project types (in addition to electricity, natural gas, or telecommunications services already allowed under the current statute):
 - Renewable energy
 - Energy efficiency
 - Conservation

- Building or transportation decarbonization

It further clarifies that any renewable energy, energy efficiency, decarbonization, or climatetech project which is part of a program organized and administered under M.G.L. c.164 § 137 and is considered to be public construction will be subject to the public works employment, wage classification, and employee records requirements outlined in §'s 26 to 27D, inclusive, of M.G.L. c.149.

Such entities that are located within the boundaries of a community served by a municipal light department (MLP) cannot participate in or become a member of any competitively procured program organized and administered under this chapter.

- Just transition plan (Sec. 41)

- *Current Law:* The requirement for submitting a Climate Compliance Plan (CCP) in Massachusetts is established through regulatory proceedings by the DPU, specifically D.P.U. 20-80-B. This directive mandates that Local Distribution Companies (LDCs) submit CCPs by April 1, 2025. The purpose of these plans is to outline strategies for aligning the operations of gas utilities with the Commonwealth's legally binding goal of achieving net zero greenhouse gas emissions by 2050. While the CCP submission requirement is not codified in a specific section of the Massachusetts General Laws, it is rooted in the broader statutory framework established by Chapter 21N, the Climate Protection and Green Economy Act.
- *Proposed Changes:* This legislation inserts a new section §158 into Chapter 164 that requires gas companies to develop and every 2 years amend a "just transition plan" as part of any climate compliance plan submission, with the first just transition plan filing due April 1, 2027. Each plan will provide projections for any attrition among its in-house workforce and the utilization of outside contractors over both the two-year period and over the course of its transition to net zero emissions aligned with a company's climate compliance plan filings or its complete retirement of its gas pipeline, whichever is later.

The plans must identify provisions, opportunities, and initiatives for training and employment opportunities for workers who may be displaced by the gas company's compliance with the commonwealth's net zero emissions goals on the other forms of energy it distributes. This includes any agreement reached with labor organizations representing employees at its gas or alternative fuel operations or labor organizations representing employees of its outside contractors.

- Technical fix (Sec. 42)

- *Current Law:* M.G.L. c.165 §2 pertains to the application of other statutes (aside from c.165) to water and aqueduct companies.
- *Proposed Changes:* Section 42 of this legislation makes a technical fix to M.G.L. c.165 §2 by changing the words "eight-four" to instead read "eighty-four" in reference to the applicability of §'s 78-84 of c.164 to all corporations and companies.

- Electric sub-metering in multi-family buildings (Sec. 43)

- *Current Law:* M.G.L. c.186 pertains to estates for years and at will. Current statute in this chapter of the General Laws governs submetering for water service in multi-family buildings, but no such language presently exists for electric submetering in multi-family residential buildings.

- *Proposed Changes:* This legislation inserts a new Section 22A into c.186 of the M.G.L. that would permit the cost of heat, air conditioning, or hot water to be charged by the owner of rental housing to their tenants based upon measurements made by a computerized energy monitoring system, provided that space heating, air conditioning, or hot water is generated by an electric heat pump or electric hot water system. The energy monitoring system must measure only heat, air conditioning, or hot water heating that is supplied for the exclusive use of a particular dwelling unit and cannot include common areas. Bills charged to tenants under this electric submetering agreement may exclude offset to charges for usage, such as for on-site renewable energy that is net metered.

Directs the Department of Public Health to promulgate regulations to the state sanitary code as it determines to be necessary to implement the requirements of this new Section 22A. Also allows the DPU and the Attorney General to promulgate regulations as it determines to be necessary to implement this new section.

- Biomass repeal in municipal light plant (MLP) Greenhouse Gas Emission Standard Program (GGES) (Sec. 49)
 - *Current Law:* §11F3/4 of c.25A of M.G.L., as inserted by §’s 33 – 34, 102, and 112 of Chapter 8 of the Acts of 2021 (the 2021 Roadmap Bill), establishes the Municipal Light Plant Greenhouse Gas Emissions Standard (GGES). The GGES requires all municipal light plants (MLPs) to achieve 50% non-emitting electricity by 2030, 75% by 2040, and net zero by 2050. EEA must conduct a comprehensive study within two years of the act’s effective date regarding the greenhouse gas and public health impacts of the combustion of biomass fuels. Effective January 1, 2026, biomass fuel will be added as an eligible resource in the GGES program.
 - *Proposed Changes:* Section 49 of this legislation repeals provisions of the 2021 Roadmap Bill (see §’s 34 and 112 of chapter 8 of the Acts of 2021) that would add biomass in to the MLP Greenhouse Gas Emission Standard, effective 2026 (this inclusion would have occurred an EEA study in Section 102 of the Act due June 25, 2023).
- Anaerobic digestion and landfill biogas (Sec. 53)
 - *Current Law:* While no statute currently exists directing the review and approval of such renewable natural gas delivery tariffs as is proposed below, similar language exists in M.G.L. c.164 §139 directing the EDCs to impose tariffs related to net metering facilities.
 - *Proposed Changes:* Section 53 of this legislation directs the DPU to accept and review tariffs proposed by gas companies enabling the delivery of renewable natural gas produced by anaerobic digesters or landfills to individual commercial and industrial customers through the company’s distribution system. The DPU is to approve tariffs that don’t impose costs on non-participating customers.
- Common application for energy storage and solar facilities (Sec. 57)
 - *Current Law:* M.G.L. c.25A pertains to the Department of Energy Resources. In 2016, the Solar Massachusetts Renewable Target (SMART) program was created to replace the SREC II solar incentive program, as part of *An Act relative to Solar Energy* (see §11(b) of c.75 of the Acts of 2016). However, there is currently no statutory directive governing the application process for distributed generation facilities applying for incentives through the SMART program, the specifics of which are determined by DOER. This 2016 Act also extended net metering caps (see §’s 138-139 of c.164 of the M.G.L.).

M.G.L. c. 164 § 92B requires the DPU to direct each electric company to develop an electric-sector modernization plan to proactively upgrade the distribution and transmission systems to – among other goals – improve grid reliability, communications and resiliency; enable increased, timely adoption of renewable energy and distributed energy resources; and promote energy storage and electrification technologies necessary to decarbonize the environment and economy.

- *Proposed Changes:* Section 57 of this legislation requires the EDCs and DOER to develop a common application that reduces administrative burden and costs for any energy storage or solar facility applying for interconnection, net metering, or any DOER solar incentive program, including the new statewide solar incentive program created by Section 10 of this legislation. An application is required to be made available within 24 months of the Act's effective date.

The EDCs and DOER must jointly file a proposal for the design of the common application with the DPU within 9 months of this legislation's effective date. The DPU must complete its review of the proposal within 3 months of receipt. The common application will be made available to solar and storage facilities no later than 2 years (24 months) of the effective date of this legislation.