



July 23, 2024

The Honorable Jeffrey Roy
State House
Boston, MA 02133

The Honorable Michael Barrett
State House
Boston, MA 02133

The Honorable Richard Haggerty
State House
Boston, MA 02133

The Honorable Cynthia Creem
State House
Boston, MA 02133

The Honorable Brad Jones
State House
Boston, MA 02133

The Honorable Bruce Tarr
State House
Boston, MA 02133

RE: Climate Legislation Reconciliation Comments

Dear Conferees,

As you work to reconcile legislation passed by the House H4856 and Senate S2838 that would advance Massachusetts' climate leadership, the Massachusetts Coalition for Sustainable Energy (MCSE)—representing 19 of the Commonwealth's largest business, employer, housing, labor, Chamber, and trade associations—is again writing to urge you to craft a Conference Bill that helps the Commonwealth meet our 2050 carbon emission goals in a manner that ensures the needs of our diverse citizens, sectors and employers that contribute to Massachusetts' success.

To that end, we are particularly pleased that both versions of this legislation address a longtime obstacle to building electrical infrastructure in a timely and cost-effective manner. It should not be understated how critical these sections of the bill are. Put simply, they are essential to addressing both future cost concerns as well as the attainment of long-term and interim benchmark emissions reduction targets. Absent this kind of reform, given indications that power demand will greatly exceed supply and the cost and reliability implications that follow, our coalition does not see any possibility of achieving our 2030 emissions targets. As such, given the length of time that even modest energy facility siting projects today take in Massachusetts, the permitting and siting reform language in this legislation is critical to help jumpstart clean energy projects across the Commonwealth and achieve our ambitious clean energy and climate goals.

General Concerns

However, the good the House and Senate have done in advancing permitting and siting reform is endangered by other provisions of S2838. These provisions, outlined below, represent a dramatic shift in state policy and seek to charge Massachusetts' utility regulator with vast new power to limit consumer choices and the Commonwealth's ability to decarbonize in a timely and cost-effective manner. We hope conferees recognize that paradigm shifting legislation as already been enacted by the Great and General Court in the last two sessions and our view is that work could well be compromised by other sections of the Senate bill being considered in conference.

Specifically, S2838:

- **Has Enormous Cost, Homebuilding and Jobs Implications.** Which is why these sections were opposed by the state’s retailers, homebuilders, and commercial property and land developers, as well as many of the state’s labor unions. Indeed, the unanimity of the opposition should tell us something and inform our decision today.
- **Creates a Dangerous Reliance and Dependence on a Single Energy Source.** At the expense of other forms of decarbonized fuels, which other sections of the bill recognize and encourage (i.e., biogas).
- **Eliminates Consumer Rights.** By allowing the Department of Public Utilities to terminate natural gas service to ANY existing and potentially new customer in the Commonwealth, regardless of that consumer’s ability to afford new service.
- **Unrealistically Imagines Heat Pumps Will Be Heating 100% of Massachusetts Homes and Businesses Within 5 Years.** By ending the maintenance of our multi-billion-dollar pipe infrastructure network that heats millions of homes and businesses today by 2030.
- **Eliminates Thousands of Good-Paying Union Jobs.** Including those who maintain our pipe infrastructure system today.
- **Requires Costly New Infrastructure.** Which means more pressure on permits, new rights of way takings – at the expense of a network in which ratepayers have already invested billions of dollars.

Section 69 and 97 of S2838 propose to empower the Department of Public Utilities (DPU) to effectively end natural gas service to existing consumers and businesses that rely on it to heat, cool and power their facilities and prepare their meals in restaurants and home kitchens alike. The coalition does not support the proposed language allowing unelected government officials to limit consumer choice, as the right to serve ensures equal access to utility resources for all consumers in the Commonwealth.

Just as importantly, the coalition is deeply concerned that if DPU were to move forward with these new powers, the determination—developed without customer input—would result in extremely high costs, while also forcing residents and businesses to rely on high GHG-emitting fuel sources like diesel oil to generate power until we have enough renewable resources. This change in law could result in Massachusetts’ consumers paying even higher electric bills – despite already paying what are already the nation’s highest electric bills during heat waves and cold snaps. For these reasons, the coalition strongly urges conferees not to include these sections.

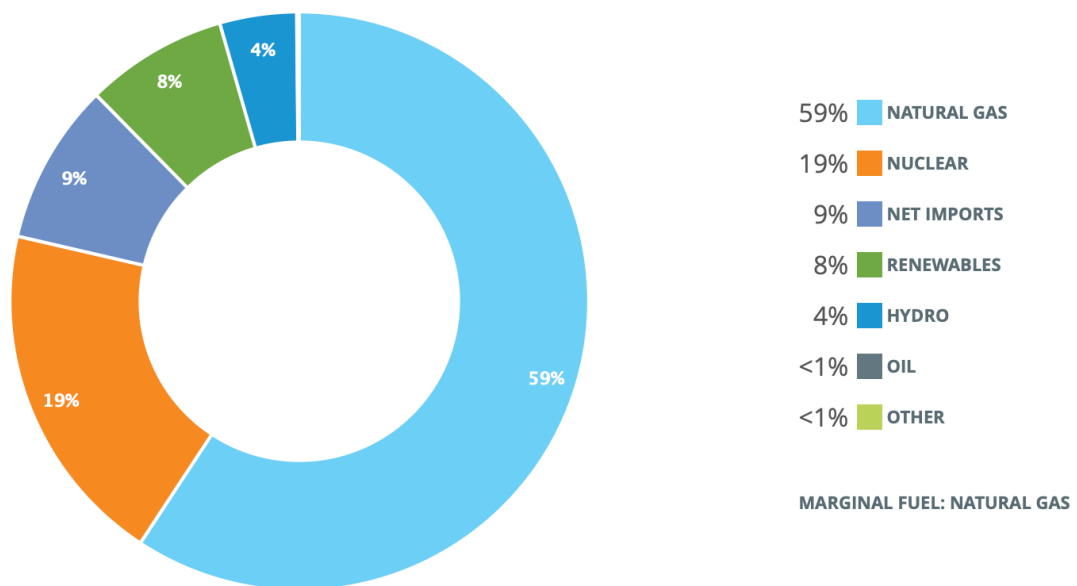
Safety & Reliability Concerns

In addition to costs, the coalition is also concerned that the zeal to decommission the state’s pipe infrastructure in S2838, and the thousands of union jobs that operate and maintain it, is misguided. It also ignores that ratepayers have already paid billions to build this system that is critical to homes and businesses across the Commonwealth.

Today, the Gas System Enhancement Program (GSEP) keeps our system safe, reliable and operational. What it doesn't do is expand our pipe infrastructure system or add new capacity. Section 101 of S2838 reworks, defunds and sunsets in 4 years GSEP by ending the incentive for utility companies to repair pipes across the Commonwealth creating safety and reliability consequences.

Further, the section transitions a program with the important goal of ensuring the safety and reliability of the crucial infrastructure into a decommissioning effort. It also ignores the ongoing, stakeholder-centric approach that the DPU is undertaking through their 20-80 docket to develop a plan to thoughtfully address the future of the gas network in light of the Commonwealth's climate goals. The duplication of these efforts will only lead to a less coordinated effort to plan our systems for the future and jeopardize the safety and reliability of our networks. Given that under this bill and the state's own Clean Energy and Climate Plan the natural gas system will still need to be utilized by many existing ratepayers well beyond 2030, we believe terminating utility investment to maintain a safe and reliable pipe infrastructure by the end of the decade is dangerous.

Replacing the current systematic approach to pipe infrastructure repair with one that is uncertain also threatens the ongoing reliability of the network. While the Commonwealth and New England have made progress on renewables, as of July (07/18/2024), we are still only relying on clean and reliable sources of energy for roughly 12% of our energy mix on summer weather days.



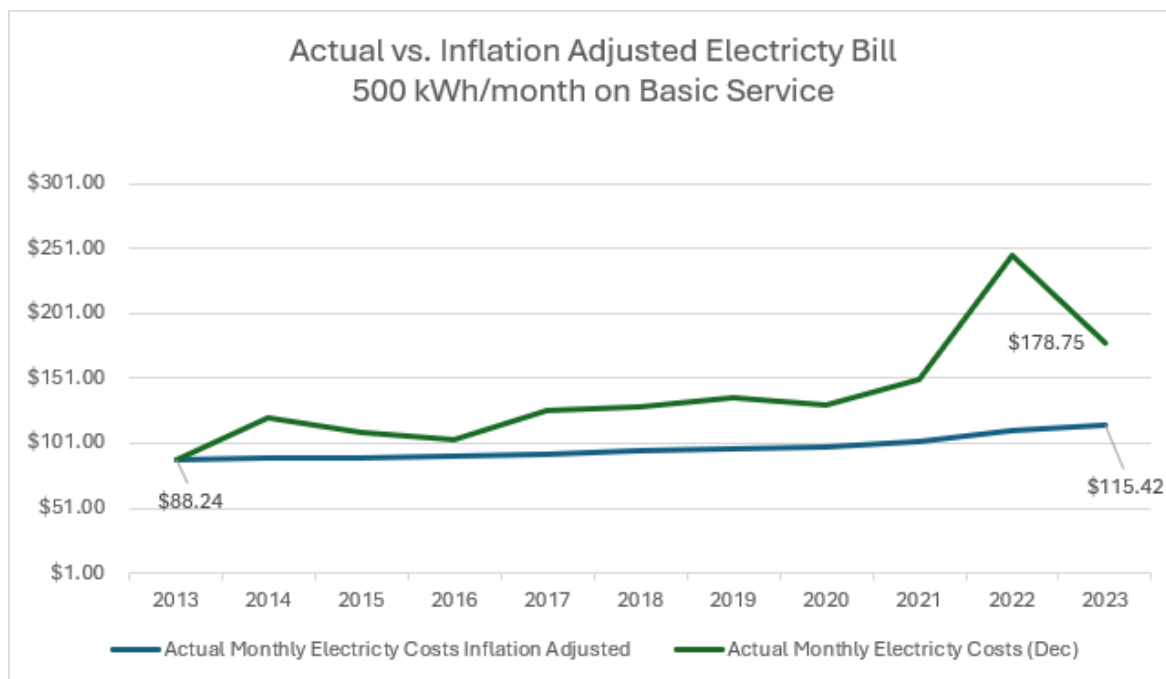
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As such, effectively decommissioning the system that provides 59% of the energy that we need to power our homes and businesses is premature. Section 101 should also not be included in the conference bill.

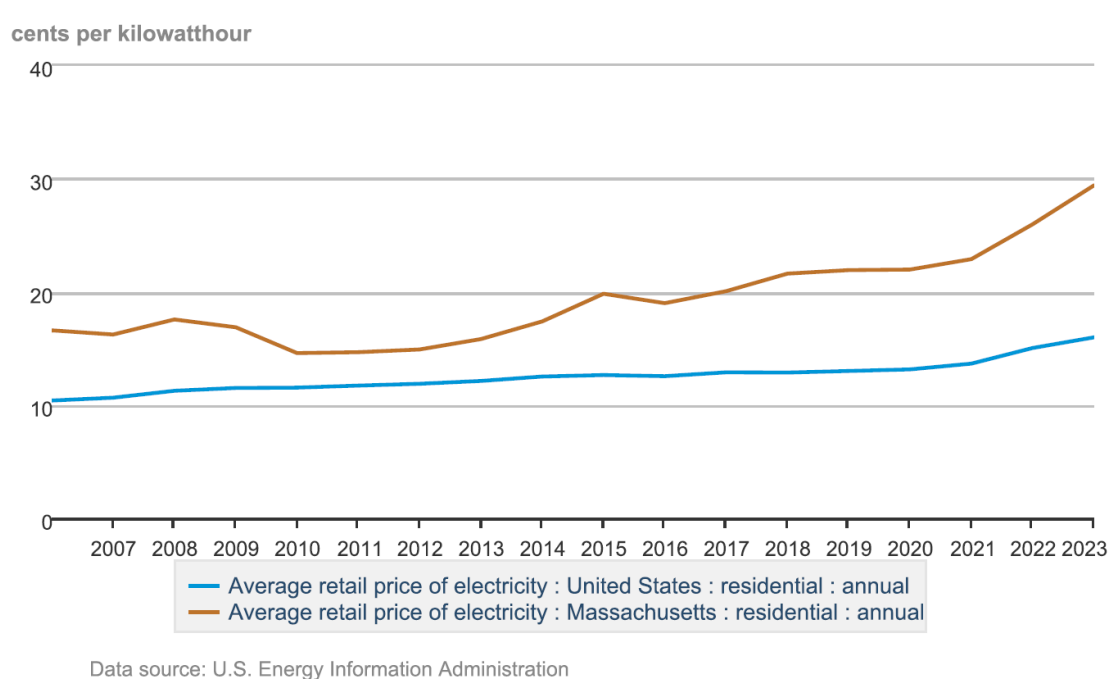
Cost Concerns

We urge conferees to consider the cost implications of abandoning an all-of-the-above approach advocated for by the Biden-Harris Administration and Governor Healey and instead relying exclusively on electricity at this moment.

- A resident using 500kWh of electricity per month has seen their bill increase 100% over the last decade.
- Electricity costs in Massachusetts have increased 40% over the last 5 years.
- The cost of electricity in Massachusetts has far outpaced the rate of inflation in the last 5 and 10 years. Even in the face of historic inflation, electricity costs have gone up more than three times as fast over the last decade (32% compared to 100%). *(Source: Energy Tariffs Inc./Bureau of Labor Statistics)*



As a result, affordability is front of mind not only for our most vulnerable populations, but for our middle-class residents and businesses who choose to call Massachusetts home. DPU, in fact, recently opened a docket to address this very issue (DPU 24-15). In opening the docket, DPU stated that the average home energy burden (home energy costs divided by household income) for low-income population ranges from 10 percent to 31 percent, a rate that exceeds what would be considered concerning – even with current discounts. Businesses are likewise straining under the costs of energy and new energy code restrictions, along with lower vacancy rates and high interest rates.



As customers begin to electrify their households and businesses by transitioning to electric heat pumps, electric costs become a major impediment to a successful transition. This rate shock is having a detrimental impact on customers’ willingness to fully abandon their fossil fuel system. And higher costs are likely to continue due to a lack of investments in transmission and distribution infrastructure, and the need for clean energy procurements that are expected to be much higher than previous contracts. An uncoordinated, rapid transition to electric-only heating has the potential to backfire and drive customers towards higher emitting fuels as a bridge to a cost-effective electrified energy future.

Put simply, the most important action policymakers can take to encourage electrification is bring down the cost of power. But over the last decade, the average ratepayer’s overall electric bill has not gone down or slowed – rather, it has doubled. As a result, Massachusetts’ energy burden for consumers is one of the highest in the nation – more than twice what ratepayers in North Carolina pay according to the Energy Information Administration.

Instead, S2838 seeks to advance policies that overburden our electrical system without properly considering the lack of supply of clean and affordable sources of energy. If included in the conference bill, these provisions will exacerbate climate concerns by forcing Massachusetts residents and businesses to rely on dirty fuels like oil during peak periods purchased at spot market prices – while also increasing skyrocketing costs.

Extending Low-Income Discount Rate to Moderate-Income Households

In addition, both the House and Senate legislation extend a discounted electric rate to moderate income households. The cost of the discount is paid by all customers, and yet, no one knows how many customers would be considered “moderate income” and hence what the cost burden would be.

Already, with Massachusetts’ energy burden for consumers one of the highest in the nation, ratepayer-funded subsidies to help households pay their electric bills have skyrocketed. Low-

income subsidies have increased over 12% per year from March 2014 to March 2024 – and recent filings with the DPU indicate that the low-income population may be significantly undercounted.

At minimum, the public should have transparency in to what this discount will cost all customers before implementation. Our coalition requests that a study of the costs and the impact to other customers be completed before this becomes law.

Municipal Fossil Fuel Free Building Demonstration Program

The *Driving Clean Energy and Offshore Wind Act of 2023* required the Department of Energy Resources (DOER) to establish a “demonstration project” in which 10 cities and towns may adopt and amend general or zoning ordinances or bylaws to require new building construction or major renovation projects to be fossil fuel-free. Importantly, the act instructs the department to collect data from cities and towns participating in the project to monitor the impact of such ordinances and by-laws on emissions, building costs, operating costs, the number of building permits issued and other criteria.

Further, the department must file a report by no later than September 30, 2025 with the Senate and House Committees on Ways and Means, the Joint Committee on Housing and the Joint Committee on Telecommunications, Utilities and Energy analyzing the projects impacts on: housing production, if any; housing affordability, if any, including electric bills, heating bills and other operating costs; housing affordability for persons of low and moderate income, if any, including electric bills, heating bills and other operating costs; and any other matters set forth by the department after consultation with municipalities and with individuals, organizations and institutions knowledgeable about issues of housing and emissions reductions.

Finally, this report must also include any recommendations for the continuation or termination of the demonstration project. Given that this data has yet to be collected, analyzed, or reported, it would be premature and contrary to the express provisions of the act to expand the project at this time. Our members strongly urge conferees not to adopt Section 121 of S2838.

Board of Building Regulations and Standards

Sections 62 and 63 of S2838 may inadvertently result in design control of new buildings and structures by allowing the Building Board of Regulations and Standards (BBRS) to favor certain types and classes of materials in the adoption of building codes. Unlike model building codes, which are neutral and permit the use of various materials that ensure the life safety, fire safety, and structural integrity of a building, these sections could lead to preferential treatment of certain materials. This neutrality is essential as it allows designers, builders, and building owners to select the materials that best suit their project needs. The language in section 63 could potentially lead to an implicit ban on certain materials, thereby increasing the cost of new construction and making housing even more expensive.

The section permits the BBRS to “vary...standards, regulations, and requirements and prefer the treatment of certain types or classes of materials, products, and methods of construction to advance reductions in greenhouse gas emissions.” This not only bypasses the consensus-based codes development process but could well increase project costs by imposing design controls on project teams. Additionally, it conflicts with the established duties of the BBRS as outlined in G.L. c. 143, § 95.

Our Recommendation: Ensure Multiple Pathways to Decarbonization

Rather than forcing ratepayers to use electric heat sources in the face of the country's highest electric rates, we should be persuading the Commonwealth's seven million residents and businesses to join the effort to address climate change by ensuring multiple pathways to decarbonization.

Instead of viewing the existing pipeline distribution systems as ratepayer assets that should be abandoned—eliminating choices, depriving consumers of reliable backups, and destroying tens of thousands of good paying union jobs—this coalition urges conferees to harness an already paid for, permitted and reliable system in our decarbonization efforts.

Indeed, utility scale deployment of biogas and hydrogen is inhibited by S2838 – in sharp contrast with how the Biden-Harris Administration, other states, Canada, and Europe are encouraging utilization. By contrast, H4856 offers the opportunity for the Commonwealth to create a market for food-waste that today decomposes into the atmosphere. By separating their waste streams, we can provide more choices and sources of energy and preserve tens of thousands of union jobs.

At a time when we need to reduce our emissions by roughly half by the end of the decade, the only chance we have to reach that goal reliably and affordably is through multiple pathways. By utilizing energy sources like renewable natural gas and renewable hydrogen, distributed by existing infrastructure, we can speed emissions reduction progress while also providing energy options that are scalable, reliable and affordable.

This coalition understands the enormous economic, environmental, and social impacts of the climate crisis, and believes that the Commonwealth must lead on this issue. However, we also believe in a Massachusetts energy future that puts us on a responsible path to net zero – and that we must address climate change with a data-driven, science-based approach that balances the demand for clean energy with the challenge of supporting every community.

Thank you for this opportunity to share our views.

Sincerely,



MASS COALITION for sustainable energy

LiUNA!
NEW ENGLAND REGION *Feel the Power*

