

GSEP Working Group

Outline for Final Report and Recommendations

Section 68 of *An Act Driving Clean Energy and Offshore Wind*, St. 2022, chapter 179, requires the Department of Public Utilities to convene a stakeholder working group to “develop recommendations for legislative and regulatory changes that may be necessary to align gas system enhancement plans [GSEPs] developed pursuant to section 145 of chapter 164 of the General Laws with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N and the commonwealth’s emissions strategies.” This report represents a compilation of the recommendations of the working group to the Legislature.

This report is divided into two sections. The first section compiles the proposed revisions to the existing GSEP statute, section 145 of chapter 164. For each proposed revision, the proponent of such revision is identified, followed by a brief statement explaining the basis for the proposed change. Then other members of the working group supporting the revision are identified. If there is opposition to such revision, such opponents are identified, along with an explanation of the basis for such opposition.

The second section of the report examines broader concepts that are not captured by proposed legislative revisions, such as termination of the GSEP itself in favor of base rate recovery of the costs associated with measures to address leak-prone pipes.

[For report - need to list working group members and memorialize their organizations; need to memorialize terms used throughout]

PART ONE

Proposed Statutory Revisions

Section (a): Definitions

“Eligible Infrastructure Replacement”

- Change “Replacement” in title of section to a more inclusive term, such as “measure,” “act,” or “action.”

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: LEAN/NCLC; Conservation Law Foundation; HEET/PowerOptions

Supporting Statements:

LEAN/NCLC – Appropriately broadens potential alternative actions.

HEET - Suggests “measure” as the more inclusive term since measure can mean “a plan or course of action toward a particular purpose.” The GSEP needs to create its course of action to meet the critical purpose of lowering emissions.

Opposed by: NEGWA/USW¹; Eversource; Liberty; National Grid; Unitil
Statements in Opposition:

NEGWA/USW - Opposes this change because it is vague and because the working group has not, in any meaningful way, studied how the GSEP has improved system safety and reliability on the Commonwealth's LDC pipelines nor how abandoning or substantially departing from the GSEP's original purpose of accelerating replacement and repair of compromised pipeline would impact gas system safety and reliability.

Eversource - The proposed change makes terms vague and unclear for application. Other places change "replace" with "replace, retire, or repair." Eversource objects to repair because it does not allow the LDCs to meet the risk reduction requirements. Repairing a leak doesn't eliminate risk associated with future pipe failure. Both cast iron and cathodically unprotected steel will continue to pose concerns as they age. As leak prone pipe gets older, the failure rate continues to increase (i.e., asset performance is not static and degrades over time).

Liberty - Opposes this proposed revision. Substituting three unduly vague terms, like "measure," "act," or "action" for "replacement," a plain English concept central to the Department's interpretation of the GSEP, serves only to muddy the intent of the statute and frustrate its application. What is more, such a revision is unnecessary, as the term "Replacement" does not prescribe the like-for-like replacement of natural gas infrastructure but is broad enough to include the replacement of natural gas infrastructure with other non-gas pipe alternatives.

National Grid - Makes definition of eligible infrastructure vague and unclear for application. Would support changing definition to Eligible Infrastructure Replacement or Retirement.

Unitil - The proposed revisions to shift the focus of GSEP from pipeline replacement to repair are not consistent with the fundamental purpose of the statute and the public policy that underpins it. Namely, the elimination of all leak-prone infrastructure to maintain a safe and reliable gas distribution system and reduce greenhouse gas emissions. A shift in policy that prioritizes the repair of leak-prone pipe over replacement does not reduce the risk that leak-prone pipe poses to people, property, and the environment. As required by 49 C.F.R. § 192 Subpart P, the Company must implement a Distribution Integrity Management Program ("DIMP") that requires operators to identify threats and implement measures designed to reduce risk from failure of its gas distribution pipeline. The Legislature included a specific requirement in Section 145 that any GSEP plan must be structured so that infrastructure scheduled for replacement is prioritized to implement a company's DIMP. G.L. c. 164, § 145(c). In Unitil's Massachusetts gas distribution system, leak-prone pipe represents a small percentage of the system, but accounts for a high percentage of the hazardous leaks. The gas leaks on leak-prone pipe are a result of material failure (e.g., corrosion, graphitization, cast-iron breaks) and the only way to reduce the risk from material failure is replacement. To emphasize repair over replacement is inconsistent with the requirements of Unitil's DIMP program and will not reduce risk. This also is inconsistent with

¹ John Buonopane was appointed to this group as the Representative of NEGWA and has been referred to interchangeably as the Steelworkers, Local 12012 (USW) representative and the NEGWA representative. Please consider these comments as the comments of both NEGWA, a non-profit representing USW locals who work for natural gas LDC's to advance the safety of the natural gas system in the Commonwealth, and USW, Local 12012, one of NEGWA's union affiliates. Please note that NEGWA and USW are used interchangeably herein. Please also note that USW is one of several unions—including UWUA, IBEW, and others-- that represent LDC workers in the Commonwealth and notes its continuing concern that only one union was selected to represent the interests of unionized workers at the LDCs.

the statutory mandate for the GSEP Working Group, which makes clear that any change to G.L. c. 164, § 145 must enable natural gas local distribution companies to maintain a safe and reliable gas distribution system. In addition, a shift to a repair over replacement strategy is contrary to the recommendations of the Statewide Assessment of Gas Pipeline Safety for the Commonwealth of Massachusetts that advocated for gas companies, state agencies, and interested parties to accelerate the pace of replacing leak-prone pipe. Moreover, it is more cost-effective and in the best interest of customers to replace pipe segments rather than undertaking extensive repairs, which only serve to defer inevitable replacements.

Note of Abstention: Attorney General’s Office - supports a phased end to accelerated cost recovery due to the outsized financial burden on ratepayers, as discussed in Part Two, below. The AGO therefore declines to comment on the revised definition of “eligible infrastructure replacement.” Instead, the costs of addressing leak-prone infrastructure should be recovered in base rate cases.

- Addition of “repair” and “retirement”
Proposed by: Senator Barrett; EEA Agencies (repair only); Eversource Energy (retirement only); Liberty (retirement only); National Grid (retirement only); Unitil (retirement only)

Proposal Statements:

EEA Agencies - As a component for achieving net zero, the Commonwealth must reduce gross greenhouse gas emissions to at least 85% below the 1990 baseline level in 2050. Therefore, rather than solely investing in and installing new pipe infrastructure through the GSEPs, the GSEPs should determine where repairing leak-prone pipe is the better long-term financial and environmental choice.

Supported by: LEAN/NCLC; Conservation Law Foundation; HEET/PowerOptions; Liberty (retirement only); National Grid (retirement only)

Supporting Statements:

LEAN/NCLC - appropriately broadens potential alternative actions.

HEET - Since the intent of the GSEP is not to allow accelerated cost recovery for normal gas leak repairs, “repair” should have the word “advanced leak” in front of it. If this edit is considered worthwhile, it should be added throughout the GSEP legislative language wherever repair is mentioned.

Opposed by: NEGWA/USW; Eversource (repair); National Grid (repair); Unitil (repair)

Statements in Opposition:

NEGWA/USW - Does not oppose the addition of repair to the extent this revision is concerned with maintaining the integrity of pipeline. Believes that while replacement is and should remain the preferred method of remediating compromised pipeline consistent with existing law that short- and or mid-term repairs in certain cases may also consistent with the original mission of the GSEP. Opposes the inclusion of “retirement” because (1) no study was presented in the working group addressing how retirements could be performed (a) to preserve the safety and reliability of pipeline for remaining users, (b) ensure occupational safety working on remaining pipeline, (c) ensure that natural gas remains cost effective for users in communities where gas is retired. Additionally, is opposed because (2) the working group did not study how the retirement of pipeline would impact communities in which natural gas was no longer or only sporadically available, and (3) the working group did not consider how retirements would impact LDC workforces (and indirectly their communities) and how sufficient staffing would be preserved to address LDC pipeline through the completion of transition.

Eversource - Objects to repair because it does not allow the LDCs to meet the risk reduction requirements. Repairing a leak doesn't eliminate risk associated with future pipe failure. Both cast iron and cathodically unprotected steel will continue to pose concerns as they age. As leak prone pipe gets older, the failure rate continues to increase (i.e., asset performance is not static and degrades over time).

Liberty - Opposes this proposed revision. The term "repair" does not eliminate risk associated with pipe failure consistent with the Company's Distribution Integrity Management Plan ("DIMP"); instead, a repair simply eliminates the active leak(s). The Company's DIMP is designed to reduce risk, improve safety, and eliminate emissions on the gas distribution system. The plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states "that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth's transition to net zero emissions." The ill-conceived addition of "repair" is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid - Supports inclusion of the word "retirement," but did not suggest and does not endorse inclusion of the word "repair." National Grid objects to inclusion of "repair" because repair of a gas main or service does not eliminate risk associated with pipe failure consistent with DIMP. Furthermore, adding only the word "retirement" aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system.

Unitil - As explained above, a shift in focus from replacement to repair would compromise the ability of the local gas distribution companies to maintain a safe and reliable natural gas distribution system. This proposed shift in focus is inconsistent with the statutory mandate for the GSEP Working Group, which makes clear that any change to G.L. c. 164, § 145 must enable natural gas local distribution companies to maintain a safe and reliable gas distribution system. This proposed shift also is inconsistent with the Company's federally mandated Distribution Integrity Management Program, which requires that the Company evaluate and prioritize risk and implement measures to address the highest risks with an emphasis on leak management, enhanced damage prevention, operator qualification to reduce human error, and system replacement.

- Additional considerations in determining eligible infrastructure replacements
 - Minimization of stranded assets

Proposed by: EEA Agencies

Proposal Statement: The Massachusetts LDCs' GSEPs include significant anticipated infrastructure investments that are designated for their current operating systems. Policies included in the 2025/2030 and 2050 Clean Energy and Climate Plans aim to reduce GHG emissions from the buildings sector, which will substantially reduce natural gas usage for heating. As a result, new investments in the gas distribution system will need to be recovered over an economic life of 10 to 30 years or less, rather than the 40- to 60-year recovery period that is currently in place. Including new options in the GSEPs (such as repair, retirement or electrification, and analysis of options), instead of solely focusing on replacement of pipelines and services, will help minimize stranded assets.

Supported by: Conservation Law Foundation; HEET/PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose this so much as note that there are other key considerations—e.g., improvements in safety and reliability for the duration of the pipeline’s use—missing from the amendments.

Eversource - There is uncertainty associated with recovery for and planning associated with recategorization of risk through DIMP and risk scores. This is outside the scope of the statutory mandate. It presumes installation of new gas pipes will result in stranded assets.

Liberty - Opposes this proposed revision. The addition of “minimization of stranded assets” is outside the scope of the stakeholder working group’s statutory mandate as set forth in the Drive Act. Furthermore, by presuming that the installation of new natural gas infrastructure will result in stranded assets, this proposed language pre-empts the Department’s consideration of similar issues in D.P.U. 20-80; therefore, language invoking the concept of “stranded assets” is not ripe for inclusion in the next iteration of the GSEP at this time. Additionally, the replacement of leak-prone pipe should be and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (“PHMSA”) and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within each company’s distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. Lastly, the plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” Therefore, the addition of “minimization of stranded assets” is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid - Language creates uncertainty associated with recovery for and planning associated with recategorization of risk through DIMP and risk scores. Outside the scope of the statutory mandate. Presumes installation of new gas pipes will result in stranded assets.

Unitil - The proposed revision presumes that utility investments in the natural gas distribution system will be stranded, which is logically inconsistent with the principal purpose of the GSEP statute, i.e., recognizing that ongoing investment in the system is necessary to provide customers with **safe and reliable** service. See Fitchburg Gas and Electric Light Company, D.P.U. 21-GSEP-01, at 9 n.18 (noting that despite the Attorney General’s contention that new mains and services installed could be obsolete in under 30 years, the Company has an obligation to provide service to customers in a safe and reliable manner while also reducing the effects of aging or leaking natural gas infrastructure). Indeed, St. 2022, c. 179 s. 68, (the statute creating the GSEP Working Group) clearly states that “any change [to the GSEP statute] recommended shall enable natural gas local distribution companies **to maintain a safe and reliable gas distribution system** during the commonwealth’s transition to net zero emissions.” Thus, safety and reliability remain paramount considerations and the proposed revision is incompatible with those considerations and counter to the statutory mandate of the GSEP Working Group. The

proposed revision also does not account for the fact that local gas distribution companies (“LDCs”) must balance both the near-term and long-term affordability of the gas network. There is a substantial public interest in continuing to provide customers with access to affordable heat. In its 2022-2024 Plans Order, the Department explained that it is crucial that:

[T]he subset of customers facing significant technical and financial hurdles to electrification [should be] encouraged to adopt the most efficient, affordable heating system. This subset of customers should not be faced with costly home modifications and potentially higher energy costs if they prefer to install a more familiar heating measure and it is still cost effective to encourage the customer to adopt a higher efficiency, lower GHG-emitting heating system[.]

2022-2024 Three-Year Energy Efficiency Plans, D.P.U. 21-120 through D.P.U. 21-129, at 129 (January 31, 2022); see also id. at 17 (“As electrification efforts expand, ensuring affordability is of particular importance to ensure the cost of electricity remains affordable for customers in order to continue the progress towards decarbonization without overburdening customers.”). The issue of affordability is particularly acute in Unital’s service territory because the housing stock has relatively high proportions of older, multi-family units and it includes a high proportion of low- and moderate-income customers and populations in EJ communities. Accordingly, affordability of service is a key consideration in Unital’s service territory. The proposed revision also does not account for the reliability of the natural gas distribution system. The reliability of the system depends on an integrated network of pipes and decommissioning a section of the system will not only require all customers on that section of pipe to replace natural gas as their fuel source, but the pipe also cannot be a source of supply for other customers on the system. In addition, the proposed revision creates an unworkable standard because it is vague and susceptible to arbitrary enforcement. For example, how would an LDC or the Department determine which assets will or will not be stranded at some uncertain point in the future? Over what time frame would that analysis be applied? How would the LDCs justify replacement decisions relative to this standard when there is no fixed timeline for electrification and the other necessary infrastructure and market changes necessary to enable it (e.g., nearly half of the region’s electric generating capacity uses natural gas as its primary fuel; natural-gas-fired power plants produce about half of the grid electricity consumed in a year in the region; transmission and distribution upgrades are necessary to accommodate increased electric loads, etc.).

- System security

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: HEET/PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unital

Statements in Opposition:

NEGWA/USW – Does not oppose this so much as note that there are other key considerations—e.g., improvements in safety and reliability for the duration of the pipeline’s use—missing from the amendments.

Eversource - It is unclear how this recommendation relates to GSEP or how it will be defined within the context of the program for LDC planning purposes.

Liberty - Opposes this proposed revision. It is unclear how the inclusion of “system security” relates to GSEP or how it would be defined within the context of the program for local distribution companies planning purposes.

National Grid - Unclear on how these recommendations relate to GSEP or how they will be defined within the context of the program for LDC planning purposes. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - Although flexibility in a statute is helpful to respond to individual factual situations, laws should be drafted to provide clear standards for those who apply them (the Department) and those who must comply with them (the LDCs). The addition of vague considerations would erode the precision and clarity of statute and ultimately result in an unworkable standard. As a general matter, Unitil supports the principle of system security. However, the proposed revision is not defined and overly broad. As such, the proposed standard lends itself to application on an *ad hoc* and subjective basis and could present due process issues. Moreover, the concept of system security is subsumed within the existing, objective standards of safety and reliability. For these reasons, Unitil opposes the addition of this new, stand-alone consideration.

- Consumer protection

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: LEAN/NCLC; Conservation Law Foundation; HEET/PowerOptions

Supporting Statements:

HEET/PowerOptions - The mandates for the Department use the term “affordability.” Affordability is a much more specific term that will be easier to apply in regulations, than “consumer protection.” Additionally, in general, HEET recommends using the exact terms the Department mandates use to ensure clarity and consistency. Please see similar edits throughout.

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose this so much as note that there are other key considerations—e.g., improvements in safety and reliability for the duration of the pipeline’s use—missing from the amendments.

Eversource - The focus of GSEP is on replacing leak prone pipe, which is a consumer protection. This would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department’s ability to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, maintain system reliability and reduce emissions. Beyond those four goals, inputs should be informative, but not prescriptive.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interest of public safety, which is of itself a consumer protection. The inclusion of “consumer protection” would add a level of complexity that would defeat the objective of the program and would straitjacket of the Department’s ability to evaluate the plans within the context of their oversight. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by PHMSA and the Department’s

Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. While consumer protection is fundamental to the GSEP, its inclusion here is superfluous, as the intent of the GSEP is to enhance public safety through maintaining a safe and reliable natural gas distribution system.

National Grid - Focus is on replacing leak prone pipe which is a consumer protection. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - As a general matter, Unitil supports the principle of consumer protection. However, the proposed revision is not defined, overly broad, and vague. As such, the proposed standard lends itself to application on an *ad hoc* and subjective basis and therefore should not be used as a determinative factor in evaluating compliance with GSEP. Indeed, there is no objectively reasonable way for the LDCs to factor consumer protection into the specific calculus of whether and when a pipe should be repaired or replaced. The timing of replacement is (and should continue to be) driven by objective factors: maintaining the safety and reliability of the natural gas distribution system and addressing greenhouse gas emissions. Moreover, the concept of consumer protection is subsumed within the existing, objective standards of safety and reliability. For these reasons, Unitil opposes the addition of this new consideration.

- Income equity

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: LEAN/NCLC; Conservation Law Foundation

Supporting Statement:

LEAN/NCLC - We support prioritizing affordability concerns for low-income and moderate-income consumers.

Opposed by: NEGWA/USW; HEET/PowerOptions; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose this so much as note that there are other key considerations—e.g., improvements in safety and reliability for the duration of the pipeline’s use—missing from the amendments.

HEET/PowerOptions - The mandates for the Department use the term “equity.” Thus HEET suggests using the term “equity.” Income equity is much more narrow. If we used this definition in the GSEP statute, it could not address equity in terms of safety, access, health, etc. Please see similar edits throughout.

Eversource - This would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department’s ability to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, maintain system reliability and reduce eliminate emissions. Beyond those four goals, inputs should be informative, but not prescriptive.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone

natural gas pipeline infrastructure in the interest of public safety. The inclusion of “income equity” would add a level of complexity that would defeat the objective of the program and would straitjacket of the Department’s ability to evaluate the plans within the context of their oversight. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. While income equity is important, it should be informative, not prescriptive, within the GSEP.

National Grid - Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department ability to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - As a general matter, Unitil supports the principle of income equity. However, the proposed revision is not defined, overly broad, and vague. As such, the proposed standard lends itself to application on an *ad hoc* and subjective basis and therefore should not be used as a determinative factor in evaluating compliance with GSEP. Indeed, there is no objectively reasonable way for the LDCs to factor income equity into the specific calculus of whether and when a pipe should be repaired or replaced. The timing of replacement is (and should continue to be) driven by objective factors: maintaining safety and reliability and addressing GHG emission.

- Reduction in GHG emissions to comply with Chapter 21N

Proposed by: Senator Barrett; EEA Agencies

Proposal Statements: EEA Agencies - The GSEP statute should be amended to acknowledge that the GSEPs should not be inconsistent with the applicable statewide GHG limits and sublimits established pursuant to chapter 21N and the commonwealth’s emissions strategies. The Commonwealth needs all its programs to work in concert to aid in the reduction of GHG emissions.

Supported by: LEAN/NCLC; Conservation Law Foundation; HEET/PowerOptions; National Grid (with clarification)

Supporting Statements:

National Grid - National Grid supports inclusion of language for compliance with emissions reductions targets specified in Chapter 21N for gas distribution and services but does not support compliance with the Chapter 21N targets related to buildings, which are beyond the scope of the LDCs purview.

Opposed by: NEGWA/USW; Eversource; Liberty (with clarification); Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose this so much as note that there are other key considerations—e.g., improvements in safety and reliability for the duration of the pipeline’s use—missing from the amendments.

Eversource – with clarification - the purpose here is to ensure compliance with Chapter 21N for gas distribution mains and services, and does not apply to building code considerations, which are beyond the scope of the LDCs purview.

Liberty (with clarification) – Proposes the inclusion of “or to align with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N.” This inclusion ensures compliance with Chapter 21N for gas distribution and services. The Company conditions its support of the inclusion of this language on its application to associated methane emissions and not to building code considerations, which are beyond the scope of the stakeholder working group’s statutory mandate as set forth in the Drive Act.

Unitil - Unitil does not object to including the reference to Chapter 21N in the GSEP statute. However, the Department has already incorporated Chapter 21N into its standard of review for GSEP. Fitchburg Gas and Electric Light Company, D.P.U. 22-GSEP-01, at 8-9 (April 28, 2023) (stating that in reviewing GSEPS, the Department must “prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits **and sublimits established pursuant to chapter 21N.**”) (emphasis added). Therefore, as a practical matter, the proposed revision may be unnecessary.

- Replacing “lost and unaccounted for” with “emissions”

Proposed by: EEA Agencies; Eversource Energy; Liberty; National Grid; Unitil

Proposal Statements:

EEA Agencies - Lost and unaccounted for (“LAUF”) gas includes emissions, which should be a focus of GSEPs, but also includes other elements that are addressed in other ways, such that LAUF should not be referenced in the GSEP statute. For example, LAUF includes theft, meter error, billing cycle adjustments, and damage to pipelines. Each of these elements is important and already addressed through reporting to DPU and other requirements but is outside the scope of infrastructure planning that is the purview of GSEPs.

Eversource - Lost and unaccounted for is a broad definition beyond the direct scope of GSEP. The Company is supportive of efforts to minimize associated methane emissions within the context of the plan.

Liberty - “Lost and unaccounted for” gas (“LAUF”) is a broad definition for a concept that is beyond the direct scope of GSEP. While the GSEP can reduce the Company’s lost and unaccounted for, the term “associated methane emissions” would better represent the focus of GSEP. Additionally, Liberty recommends “associated methane emissions” instead of “emissions” because, as the local distribution companies have highlighted in numerous dockets over the years, some emissions are outside the control of a local distribution company.

National Grid - LAUF is a broad definition beyond the direct scope of GSEP. But generally supportive of efforts to minimize associated methane emissions within the context of the plan. Lost and Unaccounted gas is not equivalent to "emissions". There are many components to LAUF, most of which do not contribute to emissions such as meter bias and errors, billing cycle adjustments, and verified thefts.

Unitil - Lost and Unaccounted for Gas (“LAUF”) is caused by a variety of factors, including meter accuracy, timing differences between billing measurements and the city gate and individual customer meters, measurement accuracy of liquid inventory (e.g., LNG, propane) and pipe leaks (i.e., fugitive emissions). Because gas leaks are only one component of LAUF, it is not a reliable proxy for measuring fugitive emissions on the distribution system. The work performed by the local gas distribution companies under GSEP has reduced methane emissions in the Commonwealth. Unitil is supportive of efforts to continue leveraging GSEP to minimize these emissions.

Supported by: HEET/PowerOptions

Opposed by: NEGWA/USW

Statement in Opposition:

NEGWA/USW - GSEP's original purpose was to reduce methane emissions, which it has proven effective in doing. Methane emissions and carbon emissions are not the same. By changing the purpose of the GSEP, these amendments could unwittingly frustrate the GSEP's legislation's original purpose—i.e., leave leaky pipe emitting methane in the ground and impacting the communities in which it sits.

- No increase in pipeline capacity

Proposed by: HEET

Proposal Statement: The purpose of GSEP, as well as the accelerated cost recovery that is part of the program, is to improve the safety of local customers and to reduce emissions, not to increase the amount of gas that can be sold. Investing in increasing the capacity of the gas system will only increase the potential for stranded assets.

Supported by: NCLC; Conservation Law Foundation

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Until

Statements in Opposition:

NEGWA/USW - To the extent this is meant to curb the expansion of natural gas use, this is not related to the GSEP's purpose, which is to remediate existing infrastructure. Additional amendment to other sections of the law would be needed to address this. To the extent this is about limiting the discretion of LDCs to increase pipeline diameter, opposes this because it would limit LDC's discretion to select pipeline maximizing system safety/reliability and the working group did not consider, based on data, how the inclusion of such a provision would affect safety, reliability, and cost on existing users. This change fails to provide any labor standards consistent with the economic development purposes of the Commonwealth; labor standards were not considered by the working group consistent with this proposed amendment.

Eversource - Growth is already restricted through the GSEP. An improvement for the principal purpose of serving new customers is already not allowed in the statute. There are circumstances where from an engineering perspective a pipe size or pressure increase is warranted. Such circumstances include an increase in pipe size where a size for size replacement would result in a decrease in capacity due to the increase in wall thickness of plastic pipe compared to steel and cast iron and where an increase in pressure from low pressure to a higher pressure is necessary to reduce risk associated with low pressure systems and improve system reliability. It would be operationally infeasible to categorically exclude increase in system capacity.

Liberty - Conceptually, the local distribution companies are already prohibited from using the GSEP to spur the growth of the distribution system. Thus, "No increase in pipeline capacity" is already prohibited under the plain language of the GSEP since an increase in pipeline capacity "to increase the revenue of a gas company by connecting an improvement for a principal purpose of serving new customers" is not eligible for GSEP recovery. While Liberty maintains that this proposed language is duplicative, if inclusion was deemed necessary, the Company recommends that "no increase in pipeline capacity" be amended to read "for the primary purpose of increasing capacity." The alternative language allows for circumstances where a pipeline capacity increase is warranted and required for system reliability and safety based on engineering standards.

National Grid - Growth is already restricted through the GSEP statute and per DPU precedent. If language were to be included, it should state that replacement is not allowed for the primary purpose of increasing capacity on the system for growth. Furthermore, there are circumstance

where from an engineering perspective a GSEP project may require a small increase in pipe diameter, which is currently allowed per DPU precedent. In other instances, gas companies may choose to replace low pressure leak prone pipe with pipe that operates at a higher pressure for the purpose of improving the ability to protect pipe against over pressurization. In both examples, capacity would be increased, but is not the primary driver for the project.

Unitil - The GSEP statute (as currently drafted) prohibits local gas distribution companies (“LDCs”) from including improvements for the principal purpose of serving new customers in GSEP. Therefore, as a practical matter, the proposed revision is unnecessary. Moreover, the proposed revision may have the unintended consequence of prohibiting the LDCs from engaging in pressure conversion work (i.e., converting low pressure segments to high pressure), which is an integral part of GSEP and necessary for a fully integrated natural gas distribution system.

- May include “non-pipe alternatives”

Proposed by: Eversource Energy; Liberty; National Grid; Unitil

Proposal Statements:

Eversource - This endorses the full suite of options available in lieu of traditional pipeline replacement. It allows for cost recovery of such alternatives assuming it is determined to be affordable and feasible by the LDC for review and approval by the Department in the context of the GSEP.

Liberty - Supports the inclusion of “non-pipe alternatives,” assuming the non-pipe alternative is determined to be affordable and feasible by the local distribution company and has been reviewed and approved by the Department in the context of the GSEP. The same Department standard of review of the GSEP would need to also apply to non-pipe alternatives. Ultimately, the Department, in reviewing the GSEPs, must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. Liberty recommends defining “non-gas pipe alternative” as facilities other than new gas system pipe installed to replace or retire existing gas infrastructure.

National Grid - National Grid supports inclusion of the full range of non-pipe alternatives available in lieu of traditional pipeline replacement. Support inclusion in GSEP for cost recovery of such alternatives assuming determined to be affordable and feasible by the LDC, and for review and approval by the Department GSEP proceedings.

Unitil - Unitil is generally supportive of including the consideration of non-pipe alternatives in the context of the GSEP.

Supported by: LEAN/NCLC

Opposed by: NEGWA/USW

Statement in Opposition:

NEGWA/USW - The introduction of non-pipe alternatives represents a significant departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how moving away from GSEP’s original purpose would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. This change fails to provide any labor standards consistent with the economic development purposes of the Commonwealth; labor standards were not considered by the working group consistent with this proposed amendment.

Comment: *HEET* - The term should be “non-gas pipe alternatives,” not “non-pipe alternatives,” since there are after all pipes that could supply heating and cooling to customers with water, not gas. These non-gas-pipe alternatives could meet the state’s emissions mandates and improve safety.

- May include “non-pipe alternatives,” with preference for locations in EJ communities

Proposed by: LEAN/NCLC

Proposal Statement: Communities with environmental justice concerns are explicitly included here to be consistent with equity goals in state energy and climate statutes. To the extent feasible, these communities could be prioritized for electrification and/or networked thermal heat, and targeted decommissioning.

Supported by: Eversource (with clarification); Liberty (with clarification); National Grid (with clarification); Until (with clarification)

Supporting Statements:

Eversource (with clarification) - The Company is supportive of concept but should be with a consideration for locations in EJ communities rather than for a preference. Primary focus of pipe replacement prioritization must continue to be to reduce risk, improve safety, maintain system reliability and reduce emissions.

Liberty (with clarification) - Supportive of concept; however, the location of the non-pipe alternatives in EJ communities should be a consideration rather than a preference. The location of a non-pipe alternatives would be based on affordability and feasibility. However, the primary focus of the GSEP must remain on pipe replacement based on risk score prioritization through identification in the local distribution company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. Lastly, the plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” Therefore, requiring a preference for locations in EJ communities, though well-intentioned, is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid (with clarification) - Supportive of the concept language should be written to allow for a consideration for locations in EJ communities rather than for a preference. Primary focus of GSEP work must remain on pipe replacement based on risk prioritization as specified in the LDC’s DIMP and on emissions reduction per statute and regulation.

Until (with clarification) - As noted above, Until is generally supportive of including the consideration of non-pipe alternatives in the context of the GSEP. Until also supports the inclusion of location (i.e., within EJ communities) as a consideration when evaluating the feasibility and affordability of non-pipe alternatives. However, the primary focus of GSEP should

continue to be on the objective considerations of safety and reliability and planning should be based on a risk prioritization framework.

Opposed by: NEGWA/USW

Statement in Opposition:

NEGWA/USW - The introduction of non-pipe alternatives represents a significant departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how moving away from GSEP’s original purpose would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. This change fails to provide any labor standards consistent with the economic development purposes of the Commonwealth; labor standards were not considered by the working group consistent with this proposed amendment.

Comment – *HEET* –The intent of this edit is to ensure equitable access to non-gas pipe alternatives for all customers. However, the designation of “EJ community” is only a rough statistical proxy for a disadvantaged community (for instance, a large portion of Lexington is designated as an “EJ community”). An alternative to the suggested language might be to institute performance-based ratemaking that takes into account the percentage of low-to-moderate income customers connected to that year’s non-gas pipe alternatives. This could meet the intent of the edit better.

- Requires consideration of “non-gas pipe alternative,” and a finding that such alternative is infeasible or not cost-effective

Proposed by: HEET/PowerOptions

Proposal Statement: In order to reduce stranded gas assets in the future as the Commonwealth transitions to clean electricity for all but the hard-to-decarbonize sector, non-gas pipe alternatives should be the prevailing assumptions and should be installed wherever feasible and financially viable. Also, in the compiled redlines of the edits, it appears that the intent of this text was lost. Text should be “(viii) shall be a non-gas pipe alternative unless demonstrated by a gas company to be not feasible or not cost effective.”

Supported by: NCLC; Conservation Law Foundation

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - The introduction of non-pipe alternatives represents a significant departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how moving away from GSEP’s original purpose would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. This change fails to provide any labor standards consistent with the economic development purposes of the Commonwealth; labor standards were not considered by the working group consistent with this proposed amendment.

Eversource - The Company would be open to providing data to show that such a project IS feasible and/or cost-effective rather than needing to run the analysis for every segment of pipe to provide the negative. This presumes a bias towards NPAs. The Company supports use of NPAs where there is no negative impacts to other parts of the system. This should be reviewed and determined by the Department’s broad discretion.

Liberty - Opposes this proposed revision. Liberty supports the inclusion of “non-pipe alternatives” assuming the non-pipe alternative is determined to be affordable and feasible by the

local distribution company and has been reviewed and approved by the Department in the context of the GSEP. As a result, Liberty recommends revising the proposed language, “feasible or not cost-effective,” which would place the burden of proof on the company to show that each non-pipe alternative is, to read “feasible and cost-effective” in order to collect the revenue requirement associated with that project through the GSEP. The same Department standard of review of the GSEP would need to also apply to non-pipe alternatives. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. The inclusion of “a finding that such alternative is infeasible or not cost-effective” presumes that the installation of a non-pipe alternative is the preference for GSEP planning. Given that this issue is currently before the Department in D.P.U. 20-80, this presumption is not ripe for consideration in the context of the stakeholder working group.

National Grid - Would be open to providing data to show that such a project is feasible and/or cost-effective (rather than infeasible or not cost effective) rather than requiring analysis for every segment of pipe to provide the negative. Presumes a bias towards NPAs. Support use of NPAs where there are no negative impacts to other parts of the gas system associated with decommissioning gas pipe, where it is shown to cost effective, and as reviewed and determined by the Department per their broad discretion to do so.

Unitil - As noted above, Unitil is generally supportive of including the consideration of non-pipe alternatives in the context of the GSEP. However, Unitil does not support a framework under which the local gas distribution companies (“LDCs”) must show a non-pipe alternative is infeasible or not cost effective before they can replace or retire pipe. The LDCs should be required to present analyses only in support of proposed non-pipeline investments. Moreover, the proposal for LDCs to show that non-pipeline alternatives are or are not “cost effective” would be challenging. As a practical matter, the LDCs cannot be expected to undertake such an analysis every time they replace a service or a small segment of pipe. This would introduce counter-productive delays into the management and operation of the utility system, which in turn would increase operational risk. In addition, a cost-effectiveness test for non-pipe alternatives presents several analytical difficulties. For example, would the standard be more cost-effective relative to a pipeline replacement or some other measure? What factors would be considered in this cost-effectiveness analysis (e.g., affordability, bill impacts, cost-shifting, just and reasonable rates, pace of electrification, the make-up of the ISO-NE generating fleet, workforce transition costs, retrofit costs, transmission and distribution upgrade costs, etc.)? Over what period would this test be applied?

Addition of definition of “non-pipe alternative”

Proposed by: EEA Agencies; HEET; Eversource Energy; Liberty; National Grid; Unitil
Proposal Statements:

EEA Agencies - NPAs are an emerging cost and mitigation tool that can provide an opportunity to reduce emissions, gas system costs, and customer risk by avoiding unnecessary infrastructure spending. Inclusion of the reference to M.G.L. c. 164, § 147A (“Non-pipe alternative” means activities or investments that delay, reduce, or avoid the need to build or upgrade traditional natural gas infrastructure, including, but not limited to, non-emitting renewable thermal infrastructure project defined in section 147A of chapter 164.”) was to ensure that geothermal projects (which do utilize pipes) could be considered NPAs.

HEET - This definition in the compiled redlines is not what HEET suggested. The suggested definition uses the term “build or upgrade” and is not specific to aging or leak prone infrastructure. The way this definition is written, GSEP’s accelerated cost recovery funds could pay for energy efficiency measures or conservation methods throughout the state. Such measures would not result in leak prone pipes being replaced, and thus would not ensure safety in any way for the residents near those pipes, nor would it reduce emissions from the leak prone pipes. The edits below clarify the definition.

Alternative definition (note: this definition is based on the current definition of “Non-emitting renewable thermal infrastructure project”):

“Non-gas pipe alternative,” a utility-scale project that replaces natural gas distribution infrastructure with distribution infrastructure that supplies non-emitting renewable thermal energy. A non-emitting renewable thermal infrastructure project provides heating or cooling without combustion and that does not release greenhouse gas emissions as defined in section 1 of chapter 21N and may include, but is not limited to, a networked geothermal system.

Eversource - Support the original definition of NPAs as more prescriptive for definition.

“Non-gas pipe alternative,” facilities other than new gas system pipe installed to replace or retire existing gas infrastructure.

Liberty - Supports the inclusion of “non-pipe alternatives” assuming the non-pipe alternative is determined to be affordable and feasible by the local distribution company and has been reviewed and approved by the Department in the context of the GSEP. Liberty recommends defining “non-gas pipe alternative” as facilities other than new gas system pipe installed to replace or retire existing gas infrastructure.

National Grid - Support the original definition of NPAs as proposed by National Grid and the other LDCs which defines an NPAs as “facilities other than new gas system pipe installed to replace or retire existing gas infrastructure.”

Unitil - Support the original definition of NPAs as more prescriptive for definition.

Supported by: PowerOptions

Opposed by: NEGWA/USW; Unitil

Statements in Opposition:

NEGWA/USW - The introduction of non-pipe alternatives represents a significant departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how moving away from GSEP’s original purpose would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. This change fails to provide any labor standards consistent with the economic development purposes of the Commonwealth; labor standards were not considered by the working group consistent with this proposed amendment.

- Including non-emitting renewable thermal infrastructure projects

Proposed by: EEA Agencies; HEET

Proposal Statements:

EEA Agencies - Non-emitting renewable thermal infrastructure projects² are an emerging cost and mitigation tool that can provide an opportunity to reduce emissions, gas system costs, and customer risk by avoiding unnecessary infrastructure spending, and should be one of the options eligible to be implemented through GSEPs.

² <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter164/Section147a>

HEET – This text adds clarity about the permissible options for the non-gas pipe alternative.

Supported by: NCLC; Conservation Law Foundation; PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Until

Statements in Opposition:

NEGWA/USW - The introduction of non-emitting thermal infrastructure represents a significant departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how moving away from GSEP’s original purpose would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Additional legislation would be necessary to address planning for non-emitting thermal infrastructure that is not contemplated by these amendments. This change fails to provide any labor standards consistent with the economic development purposes of the Commonwealth; labor standards were not considered by the working group consistent with this proposed amendment.

Eversource - Oppose defining particular NPAs and giving any perceived preference of one type over another.

Liberty - Supports the inclusion of “non-pipe alternatives” assuming the non-pipe alternative is determined to be affordable and feasible by the local distribution company and has been reviewed and approved by the Department in the context of the GSEP. Liberty recommends defining “non-gas pipe alternative” as facilities other than new gas system pipe installed to replace or retire existing gas infrastructure. Including “non-emitting renewable thermal infrastructure projects” in the definition of non-pipe alternatives creates an unnecessary presumed preference of non-pipe alternatives and potentially narrows the possibility of potential projects that ultimately could be included.

National Grid - Oppose defining particular NPAs for inclusion and giving any perceived preference of one specific type of NPA over another or limiting NPAs to only non-emitting renewable thermal infrastructure projects.

Until - Does not support a narrow definition of “non-pipe alternatives” that favors specific technologies because the universe of options is likely to evolve over time.

“Plan”

- Can be in conjunction with an electric distribution company

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: LEAN/NCLC; Conservation Law Foundation; HEET/PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Until

Statements in Opposition:

NEGWA/USW - The introduction of planning with electrical utilities represents a significant departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how moving away from GSEP’s original purpose would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on system safety and reliability.

Eversource - Better left in the context of D.P.U. 20-80, or the GMAC process. This goes beyond the scope of the GSEP as intended. Does not focus on safety, reliability, etc. for pipeline replacement.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interest of public safety. The inclusion of “can be in conjunction with an electric distribution company” clearly exceeds the scope of GSEP and would add a level of complexity that would defeat the objective of the program and would straitjacket the Department’s ability to evaluate the plans within the context of their oversight. Coordinated gas and electric planning is better addressed in D.P.U. 20-80 or the Grid Modernization Advisory Council process.

National Grid - Process for integrated energy planning should be addressed in the context of D.P.U. 20-80, or the GMAC process. This proposal goes beyond the scope of the GSEP as intended and the statutory purpose of the GSEP Working Group.

Unitil - The concept of integrated energy planning between electric and gas distribution companies is beyond the statutory mandate of the GSEP Working Group. The breadth and import of the legal, regulatory, operational, and financial issues implicated by an integrated planning framework require a more comprehensive and deliberate examination of those matters. Unitil also opposes the proposal for GSEP planning to be done in conjunction with “other parties.” Including third parties in capital planning could introduce counter-productive interference by parties advocating for special interests and delay into the management and operation of the Commonwealth’s utility systems. This, in turn, would increase operational risk and increase costs to customers. This proposal also is inconsistent with long-standing Department precedent deferring to the judgment and expertise of regulated utility companies when it comes to operating and maintaining their systems safely and reliably. In addition, it would not be appropriate to allow system planning to be done by entities that bear none of the safety, reliability, financial, customer service, or regulatory risk associated with owning and operating a gas system.

Note of Abstention: The Attorney General’s Office withholds support until there is clarification of the practicalities of LDCs filing plans in conjunction with an electric distribution company.

Comment: Heet - It would be better if the text used the term “entity” rather than “party.” “Party” is not as specific as “entity.” Further, if we require this to be REQUIRED to be in conjunction, we will come closer to an integrated plan.

- Requires consideration of “all reasonable alternatives to natural gas”

Proposed by: LEAN/NCLC – with amendment

Proposal Statement: We recommended this as consistent with meeting the emissions goals of Chapter 21N, but must offer one amendment to our original suggestion – requiring consideration of “all reasonable **non-combusting** alternatives to natural gas.” This is intended to support development of networked thermal heat as well as non-pipe alternatives. However, the addition of “non-combusting” is needed to clarify the alternatives that are being specified, and that these alternatives do not include potentially expensive and dangerous alternatives such as hydrogen. It is possible that this entire revision would not be needed, in light of the addition of “non-pipe alternatives” to the definition section.

Supported by: Massachusetts Attorney General’s Office

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - The introduction of planning with a focus on “all reasonable alternatives to natural gas” represents a significant departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the

Commonwealth; the working group did not study how moving away from GSEP’s original purpose would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Eversource - Definitional challenge, should be left to the broad oversight of the Department for interpretation.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interest of public safety. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department, in reviewing the GSEPs, must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. Any additions to the Department’s standard of review should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - The proposed language is overly broad and does not define what is meant by “all reasonable alternatives.” This type of language is better left to the broad oversight of the Department for interpretation in the context of GSEP filings.

Unitil - The proposed revision is not defined, overly broad, and vague. As such, the proposed standard lends itself to application on an *ad hoc* and subjective basis. Therefore, it should not be adopted.

Comment: – *HEET* - If this section is added to the statute, then use a different term than “carbon based.” The phrase, “carbon based” is not clear, nor is it defined in the statute. Secondly, ideally a legal definition should not include actions. Thus, these sections of (i), (ii) and (iii) should instead be merged into section (c). Additionally, the term “Consideration” in section (i) is not the strongest term. A gas company can consider something and then say no, without stating why. This requirement for consideration should be strengthened by requiring the gas company to produce written findings about that consideration based on the Department mandates. Finally some of the other text in this section could be improved in clarity and concision.

- Analysis must include consideration of emissions reductions, reliability, safety, resilience, customers costs, public health and other benefits, and risks

Proposed by: LEAN/NCLC

Proposal Statement: Proposed for consistency with the statutory objectives of this Working Group, as well as of Chapter 21N.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Opposed insofar as it is inextricably linked to requiring that the plan include “all reasonable alternatives to natural gas”; is supportive of including these measures in considering GSEP pipeline replacement and repairs [as described above].

Eversource - Please see above for prescriptive focus on risk reduction.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that encompass these initiatives. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department, in reviewing, the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. Any additions to the Department’s standard of review should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. The introduction of additional, undefined considerations is susceptible to arbitrary application and will create compliance challenges. For example, assuming these additional factors are meant to inform a determination of what is a “reasonable alternative” would the Department have to weigh these factors equally? Would the Department be required to explain how each factor was weighed in its decisions? Would the pace of renewable/energy storage development, the costs of large-scale intermittent renewable generating sources, and electric system upgrades be part of this calculus? Would the determination need to account for how long gas generation will be on the margin, or at least a near baseload resource?

Comment: *HEET* - It would be a difficult task to figure out the costs and benefits of emission reductions, reliability, safety, resilience, customer costs, public health and other benefits, and risks. *HEET* instead suggests requiring that the plan include an explanation of how the plan meets the Department’s mandates.

- Requires consideration of targeted decommissioning of a gas system, based on independent assessment of costs and benefits of decommissioning

Proposed by: LEAN/NCLC

Proposal Statement: Consistent with energy efficiency objectives, such as adoption of Air Source Heat Pumps, as well as principles of least-cost to achieve stated goal. Intended to accelerate targeted decommissioning.

Supported by: Conservation Law Foundation

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - This proposal is completely beyond the scope of the working group’s statutory mandate. Moreover, the introduction of planning requiring “consideration and incorporation of targeted decommissioning or decommissioning of a gas system” represents a complete departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how partial, targeted, or complete decommissioning would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Eversource - Decommissioning is beyond the scope of the GSEP, and the asset owners are in the best position to make the determinations for asset replacement or retirements and are obligated to run a safe and reliable system.

Liberty - Opposes this proposed revision. The addition of “consideration of targeted decommissioning of a gas system, based on independent assessment of costs and benefits of decommissioning” is outside the scope of the statutory mandate. The inclusion of any decommission presumes that the installation of non-pipe alternatives will be affordable and feasible. Given these issues are currently before the Department in D.P.U. 20-80, this presumption is not ripe for consideration within the context of the stakeholder working group. Additionally, the replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. Lastly, the plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” Therefore, the addition of “consideration of targeted decommissioning of a gas system, based on independent assessment of costs and benefits of decommissioning” is not only inconsistent with the Company’s DIMP, but it also impinges on the Company’s business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid - Decommissioning is beyond the scope of the GSEP and the statutory requirement of the GSEP Working Group. Furthermore, the owners of the gas distribution system assets are in the best position to make the determinations for asset replacement or retirements and are responsible and accountable to maintain a safe and reliable system, and thus, these decisions should not be dictated by third parties who are not responsible for the safe and reliable operation and maintenance of the system.

Unitil - Unitil opposes this proposed revision for several reasons. First, the Department has long deferred to the judgment and expertise of regulated utility companies when it comes to operating

and maintaining their systems safely and reliably. Boston Gas Company and Colonial Gas Company, D.P.U. 13-78, at 13 (2014) (“The Department reiterates that it. . .will not substitute its judgment for that of a utility manager as to how best to fulfill service obligations to operate its system safely and reliably.”); Boston Gas Company, Essex Gas Company, and Colonial Gas Company, D.P.U. 10-55, at 128-129 (2010) (“The Department will not substitute its judgment for utility management’s job as to how best to meet and fulfill its service obligations to maintain and operate its system consistent with safety, reliability and other considerations.”). The Department defers to the judgment of regulated utility companies because they have the most knowledge about their customers and their infrastructure. See Investigation by the Department of Public Utilities on its own Motion into Distributed Generation Interconnection, D.P.U. 11-11-E at 15 (March 13, 2013). The model proposed by LEAN/NCLC would empower a third-party to substitute its judgment for the seasoned expertise and informed judgment of the utility companies. Planning should not be done by an external third-party that bears no safety, reliability, financial, customer service, legal, or regulatory risk associated with owning and operating a utility system. Second, if utility investment decisions are guided by a third-party entity the Department’s prudence reviews of capital investments would be encumbered and the regulatory compact would be undermined. See Bay State Gas Company, D.T.E. 05-27, at 39 (2005) (“Endorsing a specific method of replacing a utility’s unprotected steel infrastructure would not only limit the utility management’s operational flexibility, but also could encumber the Department’s future prudence reviews. Accordingly, the Department will not direct a specific approach and will defer to the Company’s management judgment to choose the appropriate approach for the replacement of its unprotected steel infrastructure, taking into account the paramountcy of public safety and the goals of efficiency and reasonable cost.”); NSTAR Electric Company and Western Massachusetts Electric Company, D.P.U. 17-05, at 88-89 (Nov. 30, 2017) (“The Department has found that decisions regarding the level and types of capital investment to be made by a company rest, in large part, with company management. The Department also has recognized that distribution companies have full discretion to exercise judgement in maintaining the safety and reliability of their distribution system.”).

Note of Abstention: The Attorney General’s Office withholds support until there is clarification of what an “independent assessment” entails.

Comment: *HEET* - Allowing decommissioning is a great addition. However, what is the difference between targeted decommission and decommissioning? It seems the pipe should not be decommissioned without being targeted. In terms of the independent assessment, there are not many experts outside of the gas industry that can handle this kind of analysis. Additionally this decommissioning will greatly impact the local electric grid since those buildings will then have to meet all their heating needs with electricity. Thus, *HEET* suggests requiring the creation of an integrated electric and gas utility plan that is street-segment based and phased. With this sort of detailed plan, we can move from a lofty goal to an enactable set of actions that minimize disruption and cost.

- Requires identification of leak-prone pipes and prioritization as follows:
 - Immediate and significant health and safety concerns

Proposed by: LEAN/NCLC

Proposal Statement: Consistent with statutory health and safety objectives of this Working Group.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation

Opposed by: NEGWA/USW; HEET; Eversource; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Opposed to this insofar as it is inextricably linked to requiring that the plan include “all reasonable alternatives to natural gas” and targeted/partial complete decommissioning for the reasons provided above; is supportive of including these measures in considering GSEP pipeline replacement and repairs.

HEET – Although this is a critical point, it is already part of federal and state law and thus might be duplicative and could create inconsistencies between state and federal law.

Eversource - It is unclear on overall intent, but risk analysis and prioritization of pipe segments for replacement is focused on reducing risk and improving safety. Not something that can or should factor indoor gas analysis.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that encompasses these initiatives; therefore, adding duplicative terms will only needlessly complicate the interpretation of the statutory language. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. The inclusion would be duplicative since the prioritization and review of GSEP already includes the review of aging or leak-prone natural gas pipeline infrastructure that pose viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system.

National Grid - Unclear on overall intent, but risk analysis is focused on safe and reliable service through DIMP plan assessment for maintenance and operation of the distribution system. Not something that can or should factor indoor gas analysis. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. The introduction of additional overly broad and vague considerations that are susceptible to subjective and arbitrary application should not be used as determinative factors in evaluating compliance with GSEP. In addition, the implementation of the GSEP should be consistent with the Company’s Distribution Integrity Management Program to reduce risk, improve safety, and ensure the reliability of the gas distribution system.

- Moderate health and safety concerns

Proposed by: LEAN/NCLC

Proposal Statement: In support of prioritizing most dangerous health and safety concerns (see immediately preceding item).

Supported by: Conservation Law Foundation

Opposed by: Massachusetts Attorney General's Office; NEGWA/USW; HEET; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

Attorney General's Office - Withholds support until there is clarification of what "moderate health and safety concerns" means.

NEGWA/USW - Opposed to this insofar as it is inextricably linked to requiring that the plan include "all reasonable alternatives to natural gas" and targeted/partial complete decommissioning for the reasons provided above; is supportive of including these measures in considering GSEP pipeline replacement and repairs.

HEET - Although this is a critical point, it is already part of federal and state law and thus might be duplicative. Referring to the Department's mandates might be more clear and less likely to cause confusion or conflicts.

Eversource - It is unclear on overall intent, but risk analysis and prioritization of pipe segments for replacement is focused on reducing risk and improving safety. Not something that can or should factor indoor gas analysis.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that encompass these initiatives. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company's DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department's Pipeline Safety Division. Pursuant to the Company's DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. The inclusion of the proposed language would be duplicative because the prioritization and review of GSEP already includes the review of aging or leaking natural gas pipeline infrastructure that pose viable health and safety risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system.

National Grid - Unclear on overall intent, but risk analysis is focused on safe and reliable service through DIMP plan assessment for maintenance and operation of the distribution system. Not something that can or should factor indoor gas analysis. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. The introduction of additional overly broad and

vague considerations that are susceptible to subjective and arbitrary application should not be used as determinative factors in evaluating compliance with GSEP. In addition, the implementation of the GSEP should be consistent with the Company's Distribution Integrity Management Program to reduce risk, improve safety, and ensure the reliability of the gas distribution system.

- Impact on vulnerable populations, including children and elders

Proposed by: LEAN/NCLC

Proposal Statement: In support of prioritizing most dangerous health and safety concerns (see immediately preceding two items), as well objective of affordability.

Supported by: Massachusetts Attorney General's Office; Conservation Law Foundation

Opposed by: NEGWA/USW; HEET; Eversource; Liberty; National Grid; Unital

Statements in Opposition:

NEGWA/USW - Opposed to this insofar as it is inextricably linked to requiring that the plan include "all reasonable alternatives to natural gas" and targeted/partial complete decommissioning for the reasons provided above; is supportive of including these measures in considering GSEP pipeline replacement and repairs.

HEET - Although this is a critical point, it is already part of federal and state law and thus might be duplicative. Referring to the Department's mandates might be more clear and less likely to cause confusion or conflicts.

Eversource - It is unclear on overall intent, but risk analysis and prioritization of pipe segments for replacement is focused on reducing risk and improving safety. Not something that can or should factor indoor gas analysis.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leaking natural gas pipeline infrastructure in the interest of public safety which is of itself a consumer protection for all residents of the Commonwealth, which is a class that obviously includes the aforementioned vulnerable populations. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company's DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department's Pipeline Safety Division. Pursuant to the Company's DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. The inclusion of the term "impact on vulnerable populations, including children and elders" is not only exceedingly vague so as to frustrate its practical application and legal interpretation, but it also presumes that vulnerable populations are static and do not travel for work, school, etc. Lastly, the inclusion is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid - Unclear on overall intent, but risk analysis is focused on safe and reliable service through DIMP plan assessment for maintenance and operation of the distribution system. Not something that can or should factor indoor gas analysis. Would add a level of complexity that

would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. The introduction of additional overly broad and vague considerations that are susceptible to subjective and arbitrary application should not be used as determinative factors in evaluating compliance with GSEP. In addition, the implementation of the GSEP should be consistent with the Company's Distribution Integrity Management Program to reduce risk, improve safety, and ensure the reliability of the gas distribution system.

Section (b): Requirement to submit GSEP plans

- Phases out GSEP filings after December 31, 2024

Proposed by: LEAN/NCLC

Proposal Statement: We proposed an end to special cost recovery under GSEP. **This date is a proposal in the alternative**, so that if special cost recovery is not ended immediately, it would at least be ended by no later than Dec. 31, 2024. This was intended to apply to the cost recovery filings only. If special cost recovery is removed entirely from the GSEP statute, this provision will not be needed. Please see Part Two of this document for additional comments.

Supported by: Conservation Law Foundation

Opposed by: NEGWA/USW; HEET/PowerOptions; Eversource; Liberty; National Grid; Unitil
Statements in Opposition:

NEGWA/USW – Opposes this because it would abruptly end a program dedicated to improving system safety and reliability without evidence that this measure, or any of the others proposed, would maintain safety and reliability for the duration of time LDC pipeline remains in use within the Commonwealth. It also represents a complete departure from GSEP's original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how partial, targeted, or complete decommissioning would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP's original purpose would impact LDC system safety and reliability.

HEET/PowerOptions – The GSEP with its accelerated cost recovery is the perfect vehicle to motivate the gas utilities to replace the leak-prone gas infrastructure with non-combusting thermal infrastructure that helps the Commonwealth more quickly meet its net zero emissions mandate. GSEP and filings should NOT be phased out, but instead rewritten appropriately to help transition the gas system. If GSEP were phased out, the gas companies would still have to replace the leak-prone infrastructure because of federal law. If the GSEP statute is not rewritten to achieve the desired outcomes, the gas companies would have to replace this aging infrastructure with new gas infrastructure.

Eversource – Phasing out GSEP plan removes the accelerated replacement of leak prone pipe and defeats the intent of reducing risk and improving safety. Gas systems will continue to deteriorate over time, increasing leak rates and adversely impacting risk, safety and system reliability and increasing emissions. Massachusetts has a high percentage of leak-prone pipe remaining. Only

NJ and NY have more cast-iron mains than Massachusetts. It would not be prudent for Massachusetts to stop GSEP with so much leak prone pipe remaining.

Liberty - Opposes this proposed revision. Assuming that sponsor of this revision does not intend to have the local distribution gas companies continue GSEP work for at least the next decade without filing annual GSEP plans, it is unclear how phasing out the GSEP filing after December 31, 2024 is anything other than a stealth sunset provision designed to terminate the GSEP after calendar year 2024. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interest of public safety, and the plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” Phasing out of GSEP filing after December 31, 2024, is inconsistent not only with the safety and reliability of the natural gas distribution system but also with the unambiguous language of the Drive Act.

National Grid - Phasing out accelerated funding for replacement of leak prone pipe would negatively impact public and pipeline safety and the LDCs ability to reduce risk on their system by removing an effective funding mechanism for replacement of leak prone pipe. Furthermore, elimination of the GSEP annual funding mechanism may lead to more frequent rate case filings, have a negative impact on credit ratings, and potentially lead to higher overall cost for replacing leak prone pipe.

Unitil - The December 31, 2024 date appears to be arbitrary and, as far as the Company is aware, not supported by any data, analysis, or policy considerations. Accordingly, the proposal should not be adopted.

Note of Abstention: As discussed in Part Two, below, the AGO views a phased end to GSEP and accelerated cost recovery as the most feasible path forward. However, should the legislature choose to end GSEP sooner, the AGO would support such a decision.

- Includes reference to “unneded” natural gas infrastructure

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: HEET/PowerOptions

Supporting Statement:

HEET – Adding the concept that some gas infrastructure is unneded and thus be decommissioned is important. However, some details need to be added about how do regulators or gas utilities know if the street segment is “unneded.”

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - This term is ambiguous and subjective. To the extent its inclusion is to provide for the identification of infrastructure that may be decommissioned, opposes its inclusion because it represents a complete departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how partial, targeted, or complete decommissioning would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Eversource - This is impossible to define. It should be determined best by the Department who has broad authority to review and approve GSEP plans in alignment with the statute. It need not attempt to be overly prescriptive beyond that charge.

Liberty - Opposes this proposed revision. The addition of “unneeded” is not only impossible to define but is outside the scope of the statutory mandate. The inclusion of this language seems based on the unfounded presumption that there are sections within the Company’s distribution system that are unnecessary and no longer used and useful”. Given that the future of natural gas in the Commonwealth is before the Department in D.P.U. 20-80, this presumption is not ripe for consideration within the context of the stakeholder working group. Additionally, the replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. Lastly, the plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” Therefore, addition of “unneeded” natural gas infrastructure is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid – The determination of whether or not gas assets are no longer needed should be left to the discretion of the Department. The Department has broad authority to review and approve GSEP plans in alignment with the statute. Furthermore, the purpose of the GSEP statute is to accelerate the removal of leak prone pipe and should not be expanded to include the vague category of “unneeded” pipe.

Unitil - The concept of “unneeded” natural gas infrastructure runs contrary to the statutory mandate of the GSEP Working Group. Ongoing investment in the natural gas distribution system is necessary to continue to provide customers with safe and reliable service. Moreover, the proposed revision creates an unworkable standard because it is vague and susceptible to subjective and arbitrary enforcement.

Note of Abstention: The Attorney General’s Office withholds support until there is clarification of what constitutes “unneeded natural gas infrastructure.”

- Adds purposes of promoting public safety, system reliability, system security, consumer protection, and income equity

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose this language but believes that “enhances economic and community development and ensures a just transition for LDC workforces impacted by reductions in emissions resulting from LDC’s GSEP participation” should be added.

Eversource - See above. Safe and reliable operation of the system in a manner that creates emissions reductions is primary focus. All others are secondary to those goals.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that encompasses these initiatives; therefore, adding duplicative terms will only needlessly complicate the interpretation of the statutory language. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. The inclusion of this language would be duplicative of the current review process and is better left in the broad authority of the Department.

National Grid - Safe and reliable operation of the system in a manner that creates emissions reductions is primary focus. All others are secondary to those goals. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. The introduction of additional overly broad and vague considerations that are susceptible to subjective and arbitrary application should not be used as determinative factors in evaluating compliance with GSEP.

Comment: *HEET* – For purposes of clarity and to avoid contradictions, it would be best to use the exact Department mandates.

- Eliminates reference to “lost and unaccounted for natural gas”

Proposed by: EEA Agencies

Proposal Statement: LAUF gas includes emissions, which should be a focus of GSEPs, but also includes other elements that are addressed in other ways and should not be referenced in the GSEP statute. For example, LAUF includes theft, meter error, billing cycle adjustments, and damage to pipelines. Each of these elements is important and already addressed through reporting to DPU and other requirements but is outside the scope of infrastructure planning that is the purview of GSEPs.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation; HEET/PowerOptions; Liberty (with clarification); National Grid; Unitil

Statements in Support:

Liberty (with clarification) - Lost and unaccounted for” gas (“LAUF”) is a broad definition for a concept that is beyond the direct scope of GSEP. While the GSEP can reduce the Company’s lost and unaccounted for, the term “associated methane emissions” would better represent the focus of GSEP. Additionally, Liberty recommends “associated methane emissions” instead of “emissions” because, as the local distribution companies have highlighted in numerous dockets over the years, some emissions are outside the control of a local distribution company.

National Grid - LAUF is a broad definition beyond the direct scope of GSEP. But generally supportive of efforts to minimize associated methane emissions within the context of the plan. Lost and Unaccounted gas is not equivalent to "emissions". There are many components to LAUF, most of which do not contribute to emissions such as meter bias and errors, billing cycle adjustments, and verified thefts.

Unitil - As discussed above, LAUF is not a reliable proxy for measuring fugitive emissions on the natural gas distribution system. Accordingly, the methane emissions reported by the local gas distribution companies to the Massachusetts Department of Environmental Protection pursuant to 310 CMR 7.73 is a more appropriate measure.

Opposed by: NEGWA/USW

Statement in Opposition:

NEGWA/USW - Opposes this exclusion because it represents a complete departure from GSEP’s original purpose to reduce chronically leaky/compromised pipeline, resulting in methane emissions, already present in communities around the Commonwealth; the working group did not study how such a deletion would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

- Adds reference to reducing GHG emissions to achieve limits and sublimits established in Chapter 21N

Proposed by: Senator Barrett; EEA Agencies; HEET/PowerOptions; Eversource Energy; Liberty; National Grid; Unitil

Proposal Statements:

EEA Agencies - The GSEP statute should be amended to acknowledge that the GSEPs should not be inconsistent with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N and the Commonwealth’s emissions strategies. The Commonwealth needs all its programs to work in concert to aid in the reduction of GHG emissions.

Eversource – See above.

Liberty - Proposes the inclusion of “and to align with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N.” The inclusion of this language ensures compliance with Chapter 21N for gas distribution and services. The Company conditions its support of the inclusion of this language on its application to associated methane emissions and not to building code considerations, which are beyond the scope of the LDCs purview.

National Grid - National Grid supports inclusion of language for compliance with emissions reductions targets specified in Chapter 21N for gas distribution and services but does not support compliance with the Chapter 21N targets related to buildings which are beyond the scope of the LDCs purview.

Unitil - Unitil does not object to including the reference to Chapter 21N in the statute. However, the Department has already incorporated Chapter 21N into its standard of review for GSEP. Fitchburg Gas and Electric Light Company, D.P.U. 22-GSEP-01, at 8-9 (April 28, 2023) (stating that in reviewing GSEPS, the Department must “prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits **and sublimits established pursuant to chapter 21N.**”) (emphasis added).

Therefore, as a practical matter, the proposed revision may be unnecessary.

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation

Opposed by: NEGWA/USW

Statement in Opposition:

NEGWA/USW - opposes this inclusion to the extent it departs from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth—resulting in methane emissions. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

- Annual targets for subsequent 10 years required

Proposed by: EEA Agencies

Proposal Statement: EEA Agencies - Establishing annual targets for the next 10 years will require the LDCs to plan over a longer time horizon (10 years instead of five) and allow the Department and other parties to track GSEP progress with “annual targets” rather than the current GSEP “interim targets” that does not specify target frequency.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation; HEET/PowerOptions

Supporting Statements:

HEET - This language would be improved if the information reported every year included a list of ALL the leak-prone gas infrastructure remaining in the ground in each gas company territory. This information would help municipalities, state agencies, and residents plan better for the upcoming street disruption. This information should include all the information normally filed as part of the GSEP filings about each leak-prone street segment, such as the likely year of its replacement or decommissioning, estimated cost of the work, the risk of the infrastructure, as well as the diameter and material of the pipe. This information would allow all to begin to understand better where there are large opportunities for non-gas pipe alternatives.

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid (with clarification); Unitil

Statements in Opposition:

NEGWA/USW - Opposes this only to the extent it would only require a plan with targets on a one-time basis for a single 10-year period. Believes that it is crucial that planning for GSEP (and any other emissions reduction activities) include reporting for the duration of transition to zero emissions. Moreover, opposes to the extent this represents a departure from the GSEP’s original purposes and goals.

Eversource - This furthers out the planning horizon to ten years and therefore it is less likely annual targets will be reliable. Risk and prioritization of pipe segments for replacement is evaluated on an annual basis. Cannot anticipate the accuracy of a ten-year forecast.

Liberty - Opposes this proposed revision. Each gas company’s GSEP plan includes interim targets, which the Department must review to ensure that each gas company is meeting the appropriate pace to reduce the leak rate on and replace the natural gas infrastructure in a safe and timely manner. These interim targets shall be for periods of not more than six years and shall be incorporated into timelines for removing all leak-prone infrastructure. Liberty cautions that extending the interim targets beyond the six-year period would be ineffective since it cannot be anticipated that a ten-year forecast would be accurately captured.

National Grid (with clarification) - Current interim targets for leak rate reduction are appropriately established and assessed based on the required three-year leak survey cycle and thus, provide the best measure of impact of leak prone pipe replacement on leak rates. More frequent target timelines may result in an accurate comparison and may not take account of factors impacting results such as which sections of the system are included in annual survey and weather. In addition, the current five-year plan for main replacement miles is appropriate, noting that the further out the planning horizon you set targets, the less likely those targets will be reliable. Furthermore, risk on pipes needs to be evaluated on an annual basis and as a result the targets and needs for replacement will shift to address the findings of those annual evaluations.

Unitil - Unitil currently implements its GSEP through a series of five-year rolling plans, which is the appropriate timeframe to establish a scope of work that the Company can reasonably expect to complete. The plan must have the “rolling” component to afford the flexibility necessary to accommodate changes in pipe replacement prioritization based on information discovered during implementation as well as to coordinate with state and municipal construction and paving projects. Fitchburg Gas and Electric Light Company, D.P.U. 14-130, at 37 (April 30, 2015) (concluding that a “five-year rolling plan allows for maximum flexibility while still allowing the Company to provide the Department with an estimated scope of work that the Company can reasonably expect to complete during each construction season.”). Unitil has successfully used this five-year rolling plan process since the inception of GSEP and believes it is the appropriate timeframe. Unitil does not support a ten-year planning horizon because that length of time is not reliable, flexible, or consistent with risk management practices.

- Must include subtargets for replacements, repairs, and retirements

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose the addition of repair to the extent this revision is concerned with maintaining the integrity of pipeline. N EGWA believes that while replacement is and should remain the preferred method of remediating compromised pipeline consistent with existing law that short- and or mid-term repairs in certain cases may also consistent with the original mission of the GSEP. Opposes this only to the extent it includes “retirements.” The working group did not study how retirements would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to

consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Eversource – See above.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction. The inclusion of subtargets for replacement, repair, and retirements would be arbitrary since the Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. Additionally, the Company opposes the inclusion of “repair.” The term “repair” does not eliminate risk associated with pipe failure consistent with the Company’s DIMP; instead, a repair simply eliminates the active leak(s). The Company’s DIMP is designed to reduce risk, improve safety, and eliminate emissions on the gas distribution system. The plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” The ill-conceived addition of "repair" is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid - National Grid supports inclusion of the word “retirement,” but does not endorse inclusion of the word “repair.” National Grid objects to inclusion of “repair” because repair of a gas main or service does not eliminate risk associated with pipe failure consistent with DIMP. Furthermore, this aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system.

Unitil - As discussed above, Unitil does not support a ten-year planning horizon because that length of time is not reliable or consistent with Unitil’s successful implementation of the GSEP, which utilizes a five-year rolling planning process. Furthermore, it is impractical to establish a “subtarget” for the number of future repairs on the system because it is not possible to determine when or where failures will occur. The Company’s current five-year planning process projects the replacement and retirement of leak-prone pipe.

Comment: *HEET* - The term “target” sounds like emission reductions are being discussed. I think a better term would be “plans” (already defined within the legislative language). The gas companies are not rethinking their emission targets. They are rethinking their plans to reach those targets.

- Eliminates reference to interim targets of not more than 6 years, of 2 complete 3-year walking survey cycles

Proposed by: NCLC

Proposal Statement: NCLC retracts this recommendation

Supported by: Conservation Law Foundation; Liberty; Unitil

Statements in Support:

Liberty - Need to clarify the intent of this language. Would make sense to have interim targets, especially the further out the planning horizon is directed to be.

Unitil - Generally supports the proposed revision. A three-year walking survey typically references the leak survey cycle of gas service lines, which is just one component of multiple data

points that are required to analyze and develop the GSEP plans. Interim targets should be determined by the Operator and in conjunction with the Operator's GSEP plans.

Opposed by: NEGWA/USW; National Grid

Statements in Opposition:

NEGWA/USW - Opposes this because it removes key accountability measures aimed at ensuring the effectiveness of the GSEP.

National Grid - It is not clear on the intent of this language. However, it is important to note that the current interim targets for leak rate reduction are appropriately established and assessed based on the required three-year leak survey cycle and thus, provide the best measure of impact of leak prone pipe replacement on leak rates. More frequent target timelines may result in an accurate comparison and may not take account of factors impacting results such as which sections of the system are included in annual survey and weather.

- Includes “repair” and “retire” in addition to “replace”

Proposed by: Senator Barrett; HEET (include “retire”); Liberty (include “retire”)

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation (for “retire”); PowerOptions

Opposed by: NEGWA/USW; Eversource (with clarification); Liberty (with clarification); National Grid (with clarification); Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose the addition of repair to the extent this revision is concerned with maintaining the integrity of pipeline. Believes that while replacement is and should remain the preferred method of remediating compromised pipeline consistent with existing law that short- and or mid-term repairs in certain cases may also consistent with the original mission of the GSEP. Opposes the inclusion of “retire” because (1) no study was presented in the working group addressing how retirements could be performed (a) to preserve the safety and reliability of pipeline for remaining users, (b) ensure occupational safety working on remaining pipeline, (c) ensure that natural gas remains cost effective for users in communities where gas is retired. Additionally, is opposed because (2) the working group did not study how the retirement of pipeline would impact communities in which natural gas was no longer or only sporadically available, and (3) the working group did not consider how retirements would impact LDC workforces (and indirectly their communities) and how sufficient staffing would be preserved to address LDC pipeline through the completion of transition.

Eversource (with clarification) - Eversource objects to targets for repair. Repairs cannot be accurately forecasted and are significantly impacted by forces beyond the control of the Company such as temperature, extreme weather events, third party damages, etc.

Liberty (with clarification) - Supportive of inclusion of “retire,” but did not suggest and does not endorse “repair”. The term “repair” does not eliminate risk associated with pipe failure consistent with each Company’s DIMP, as a repair simply eliminates the active leak(s). The Company’s DIMP is written in a manor to reduce risk, improve safety, eliminate emissions on the gas distribution system. The plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” The addition of "repair" is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business

judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid (with clarification) - National Grid supports inclusion of the word “retirement,” but does not endorse inclusion of the word “repair.” National Grid objects to inclusion of “repair” because repair of a gas main or service does not eliminate risk associated with pipe failure consistent with DIMP. Furthermore, this aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system.

Unitil - The proposed revisions to shift the focus of GSEP from pipeline replacement to repair are not consistent with the fundamental purpose of the statute and the public policy which underpins it. Namely, the elimination of all leak-prone infrastructure to maintain a safe and reliable gas distribution system and reduce GHG emissions. A shift in policy that prioritizes repair over replacement does not reduce the risk that leak-prone pipe poses to people, property and the environment. As required by 49 CFR §192 Subpart P, the Company must implement a Distribution Integrity Management Program (“DIMP”) that requires operators to identify threats and implement measures designed to reduce risk from failure of its gas distribution pipeline. In Unitil’s Massachusetts gas distribution system leak prone pipe represents a small percentage of the system, but accounts for a high percentage of the hazardous leaks. The gas leaks on leak-prone pipe are a result of material failure (e.g., corrosion, graphitization, cast iron breaks) and the only way to reduce the risk from material failure is replacement. To emphasize repair over replacement is inconsistent with the requirements of the DIMP program and will not reduce risk. This also is inconsistent with the statutory mandate for the GSEP Working Group, which makes clear that any change to G.L. c. 164, § 145 must enable natural gas local distribution companies to maintain a safe and reliable gas distribution system. Moreover, it is more cost-effective and in the best interest of customers to replace pipe segments rather than undertaking extensive repairs which only serve to defer inevitable replacements.

- Adds required considerations of:
 - Improves public safety

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; HEET/PowerOptions

Supporting Statements:

HEET – For purposes of clarity and to avoid potential conflicts, it would be best to use the exact Department mandates.

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Not opposed to the extent used in context consistent with the original purposes of GSEP.

Eversource - See above. Also, by reducing risk and implementing the plan consistent with the DIMP, are improving public safety.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that encompass this proposed revision; therefore, adding duplicative terms will only needlessly complicate the interpretation of the statutory language. The inclusion of “improves public safety” is already achieved by replacing aging or leaking natural gas pipeline infrastructure. The replacement of leak-prone pipe should

and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The inclusion of “improves public safety” is therefore duplicative and unnecessary.

National Grid - By reducing risk and implementing the plan consistent with the DIMP, GSEP improves public safety. Additional items to consider would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. Also, for the reasons explained above, Unitil opposes the imposition of ten-year targets.

- Ensures system security

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General’s Office; HEET/PowerOptions

Supporting Statements:

HEET – For purposes of clarity and to avoid potential conflicts, it would be best to use the exact Department mandates.

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW – ambiguous term; requires additional information.

Eversource - See above. Also, by reducing risk and implementing the plan consistent with the DIMP, are improving public safety.

Liberty - Opposes this proposed revision. It is unclear how the inclusion of “system security” relates to GSEP or how it would be defined within the context of the program for local distribution companies planning purposes.

National Grid - By reducing risk and implementing the plan consistent with the DIMP, are improving system security. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. Also, for the reasons explained above, Unitil opposes the imposition of ten-year targets.

- Promotes infrastructure reliability

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General’s Office; HEET/PowerOptions

Supporting Statements:

HEET - For purposes of clarity and to avoid potential conflicts, it would be best to use the exact Department mandates.

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Not opposed to the extent used in context consistent with the original purposes of GSEP.

Eversource - See above. Also, by reducing risk and implementing the plan consistent with the DIMP, are improving public safety.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that encompass this proposed revision. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. Any additions to the Department’s standard of review should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - By reducing risk and implementing the plan consistent with the DIMP, are improving infrastructure reliability. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. Also, for the reasons stated above, Unitil opposes the imposition of ten-year targets.

- Protects consumer interests

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation

Opposed by: NEGWA/USW; HEET/PowerOptions; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Not opposed to the extent used in context consistent with the original purposes of GSEP.

Eversource - See above. Also, by reducing risk and implementing the plan consistent with the DIMP, are improving consumer interests for the safe and reliable operation of the natural gas distribution system.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leaking natural gas pipeline infrastructure in the interest of public safety which is of itself a consumer protection. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company's DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department's Pipeline Safety Division. Pursuant to the Company's DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. Any additions to the Department's standard of review should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - By reducing risk and implementing the plan consistent with the DIMP, are improving consumer interests for the safe and reliable operation of the natural gas distribution system. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - For the reasons stated above, Unitil opposes the imposition of ten-year targets. Also, the proposed consideration of "consumer interest" is not defined, overly broad, and vague. As such, this consideration lends itself to arbitrary application.

Comment: *HEET* – For the purposes of clarity, it would be best to use the exact Department mandates.

- Advances equity

Proposed by: Senator Barrett

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General's Office; LEAN/NCLC; Conservation Law Foundation; HEET/PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Not opposed to the extent used in context consistent with the original purposes of GSEP.

Eversource - See above. Also, by reducing risk and implementing the plan consistent with the DIMP, are advancing equity through the safe and reliable operation of the natural gas distribution system.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that, presumably, encompass this exceedingly vague, proposed revision. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company's DIMP. The DIMP was created by federal

regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. Generally, any additions to the Department’s standard of review should be left to the broad oversight of the Department and not prescribed by legislation. And given the particularly opaque nature of this proposed revision, that principle seems particularly apposite here.

National Grid - By reducing risk and implementing the plan consistent with the DIMP, are advancing equity through the safe and reliable operation of the natural gas distribution system. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - For the reasons stated above, Unitil opposes the imposition of ten-year targets. Also, the proposed consideration of “equity” is not defined, overly broad, and vague. As such, this consideration lends itself to arbitrary application and should not be adopted.

- o Schedule not inconsistent with GHG emissions limits and sublimits in Chapter 21N and commonwealth’s emissions strategies

Proposed by: Senator Barrett; HEET

Proposal Statement: [explanation of why they proposed it]

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - opposes this inclusion to the extent it departs from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth—resulting in methane emissions. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Eversource - See above. Also, by reducing risk and implementing the plan consistent with the DIMP, are advancing emissions reductions goals through the safe and reliable operation of the natural gas distribution system.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that encompass this proposed revision. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution

pipng using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. The Department in reviewing the GSEPs must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N. Any additions to the Department’s standard of review should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - By reducing risk and implementing the plan consistent with the DIMP, are advancing emissions reductions goals through the safe and reliable operation of the natural gas distribution system. Would add a level of complexity that would defeat the objective of the program and would take away the flexibility of the Department to evaluate the plans within the context of their oversight. Pipe should be replaced to reduce risk, improve safety, eliminate emissions. After those three goals, inputs should be informative, but not prescriptive.

Unitil - The objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP. Also, as explained above, Unitil opposes the imposition of ten-year targets.

- Gas companies must update targets annually

Proposed by: EEA Agencies

Proposal Statement: The current GSEP states gas companies *may* update timelines in their GSEPs based on overall progress. LDCs should be *required* to update GSEPs every year based on overall progress, to ensure that making up any shortfall in progress is part of the next GSEP.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation; NEGWA/USW

Opposed by: Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

Eversource - See comments above. Providing annual targets for ten years is not appropriate based on future uncertainty. Annual targets are provided for each GSEP year as it forecasts the work to be done.

Liberty - Opposes this proposed revision. Each gas company’s GSEP plan includes interim targets, which the Department must review to ensure that each gas company is meeting the appropriate pace to reduce the leak rate on and replace the natural gas infrastructure in a safe and timely manner. These interim targets shall be for periods of not more than six years and shall be incorporated into timelines for removing all leak-prone infrastructure. These interim targets are updated annually in the gas company’s next GSEP plan. The inclusion would be duplicative and unnecessary.

National Grid - Annual targets are provided for a five-year period in each GSEP filing. Oppose without clarification because unclear on intent.

Unitil - The proposed revision is unnecessary because the local gas distribution companies are already required to provide annual targets under the existing GSEP statute.

Comment: HEET - It would be better to have the gas companies update their “plans” (already defined within the legislative language) rather than the targets themselves. The targets (i.e. the emission reductions) should be unchanging.

Section (c): Contents of plans filed with the Department

- Includes “repair” in addition to “replacement”

Proposed by: EEA Agencies

Proposal Statement: Rather than solely investing in and installing new pipe infrastructure through the GSEPs, the GSEPs should determine where repairing leak-prone pipe is the better long-term financial and environmental choice.

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation; NEGWA/USW; HEET/PowerOptions

Statements in Support:

NEGWA/USW - Does not oppose the addition of repair to the extent this revision is concerned with maintaining the integrity of pipeline. Believes that while replacement is and should remain the preferred method of remediating compromised pipeline consistent with existing law that short- and or mid-term repairs in certain cases may also consistent with the original mission of the GSEP.

Opposed by: Eversource; Liberty (with clarification); National Grid (with clarification); Unitol

Statements in Opposition:

Eversource - For reasons stated above, oppose inclusion of “repair.”

Liberty (with clarification) - Supportive of inclusion of “retirement,” but did not suggest and does not endorse “repair.” The term “repair” does not eliminate risk associated with pipe failure consistent with the Company’s DIMP, as a repair simply eliminates the active leak(s). The Company’s DIMP is written in a manor to reduce risk, improve safety, eliminate emissions on the gas distribution system. The plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” The addition of “repair” is not only inconsistent with the Company’s DIMP, but it also impinges on the Company’s business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid (with clarification) - National Grid supports inclusion of the word “retirement,” but does not endorse inclusion of the word “repair.” National Grid objects to inclusion of “repair” because repair of a gas main or service does not eliminate risk associated with pipe failure consistent with DIMP. Furthermore, it aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system.

Unitil - The proposed revisions to shift the focus of GSEP from pipeline replacement to repair are not consistent with the fundamental purpose of the statute and the public policy which underpins it. Namely, the elimination of all leak-prone infrastructure to maintain a safe and reliable gas distribution system and reduce greenhouse gas emissions. A shift in policy that prioritizes repair over replacement does not reduce the risk that leak-prone pipe poses to people, property, and the environment. As required by 49 CFR §192 Subpart P, the Company must implement a Distribution Integrity Management Program (“DIMP) that requires operators to identify threats and implement measures designed to reduce risk from failure of its gas distribution system. In Unitol’s Massachusetts gas distribution system, leak prone pipe represents a small percentage of the system, but accounts for a high percentage of the hazardous leaks. The gas leaks on leak-prone pipe are a result of material failure (e.g., corrosion, graphitization, cast iron breaks) and the only way to reduce the risk from material failure is replacement. To emphasize repair over

replacement is inconsistent with the requirements of the DIMP program and will not reduce risk. This also is inconsistent with the statutory mandate for the GSEP Working Group, which makes clear that any change to G.L. c. 164, § 145 must enable natural gas local distribution companies to maintain a safe and reliable gas distribution system. Moreover, it is more cost-effective and in the best interest of customers to replace pipe segments rather than undertaking extensive repairs which only serve to defer inevitable replacements.

- Includes reference to “leak-prone” meter sets and other ancillary facilities

Proposed by: EEA Agencies

Proposal Statement: Withdrawn - Based on the LDCs’ indication that meter sets do not refer to customer meters (which are already required under other state law to be replaced every seven years), the EEA Agencies withdraw this proposal.

Supported by: LEAN/NCLC; Conservation Law Foundation

Opposed by: NEGWA/USW; HEET; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW – need clarification as to why this was added.

HEET - Meter sets are replaced every seven years by statute and therefore do not get old enough to be considered leak prone.

Eversource - Meter sets are not considered leak prone. Meter sets are replaced with leak prone services when replacing the GSEP-eligible leak-prone infrastructure.

Liberty - Opposes this proposed revision. Simply, there is no such thing as a “leak-prone” meter set, though it may be appropriate to replace meter sets associated with leak-prone services when replacing the GSEP-eligible leak-prone infrastructure.

National Grid - Meter sets are not categorized as leak prone or not leak prone and may need to be replaced as part of a service replacement or transfer required to complete a GSEP project and the cost associated with the replacement should be included in GSEP.

Unitil - The proposed language should be rejected because there is no such thing as a “leak-prone” meter set. The existing statutory language should not be changed because it properly accounts for the replacement of meter sets that are associated with leak-prone, GSEP-eligible services.

- Requires alignment with GHG emissions limits in Chapter 21N

Proposed by: National Grid

Proposal Statement:

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation; HEET/PowerOptions; Liberty; National Grid (with clarification); Unitil

Statements in Support:

LEAN/NCLC – Supportive to the extent that this recommendation would bring utility activities in line with Chapter 21N.

Liberty - Supportive of this concept; however, it conditions its support for the inclusion of this language on its application to associated methane emissions and not to building code considerations, which are beyond the scope of the stakeholder working group’s statutory mandate as set forth in the Drive Act.

National Grid (with clarification) - National Grid supports inclusion of language for compliance with emissions reductions targets specified in Chapter 21N for gas distribution and services but

does not support compliance with the Chapter 21N targets related to buildings, which are beyond the scope of the LDCs purview.

Unitil - Unitil does not object to including the reference to Chapter 21N in the statute. However, the Department has already incorporated Chapter 21N into its standard of review for GSEP. Fitchburg Gas and Electric Light Company, D.P.U. 22-GSEP-01, at 8-9 (April 28, 2023) (stating that in reviewing GSEPS, the Department must “prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits **and sublimits established pursuant to chapter 21N.**”) (emphasis added). Therefore, as a practical matter, the proposed revision may be unnecessary.

Opposed by: NEGWA/USW

Statement in Opposition:

NEGWA/USW - Cannot agree, based upon the other edits made to the legislation, because it is inconsistent with the original purposes of the GSEP. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

- Requires comparison of eligible infrastructure repair and replacement between EJ populations and non-EJ populations

Proposed by: EEA Agencies

Proposal Statement: In the Clean Energy and Climate Plan for 2050, EEA said that communities of color and low-income neighborhoods face disproportionately higher exposure than other areas to health and climate risks because of decades of decisions about siting highways, power plants, and other sources of pollution. The proposed language would provide a layer of data collection that could shed light on the environmental disparities between EJ Communities and non-EJ Communities and assist the Commonwealth in addressing those disparities.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation; National Grid (with clarification)

Statements in Support:

National Grid (with clarification) - National Grid already includes this information in its annual GSEP filings and supports including informational reporting on replacement or retirement of leak prone pipe in EJ communities. National Grid objects to inclusion of “repair” because repair of a gas main or service does not eliminate risk associated with pipe failure consistent with DIMP. Furthermore, it aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system.

Opposed by: NEGWA/USW; Eversource; Liberty; Unitil

Statements in Opposition:

NEGWA/USW - Does not necessarily oppose this change but needs clarification concerning what the practical implications of the proposed language.

Eversource - See above. The focus GSEP is on safety and reliability. To report this for informational purposes is not an issue, but for determination of pipe to be replaced would not be consistent with DIMP analysis. This is not relevant for inclusion in the statute.

Liberty - Supportive of concept; however, the Company is unclear of the benefit this comparison would bring to the GSEP. Even if this language were to be adopted, the sequencing of GSEP’s pipe replacement activity must continue to be based on risk score prioritization through

identification in the local distribution company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by the PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. Therefore, requiring a comparison of eligible infrastructure repair and replacement between EJ populations and non-EJ populations, though well-intentioned, would not, and should not, influence the annual GSEP replacement. To do so would not only be inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system. Additionally, Liberty opposes the inclusion of repair. The term “repair” does not eliminate risk associated with pipe failure consistent with the Company’s DIMP; instead, a repair simply eliminates the active leak(s).

Unitil - Supports reporting on replacements by location (EJ versus non-EJ) for informational purposes. However, the objective considerations of safety, reliability, and emissions reductions should continue to be the primary focus under GSEP and the analysis for GSEP project selection should not include environmental justice as part of the risk ranking process.

Note of Abstention: *LEAN/NCLC* – Need additional information before choosing a position.

Comment: *HEET* - Gas companies are not research organizations. It would be much better if ALL leak-prone infrastructure information (street-segment, age, risk, likely cost to replace, size and material) was public information, as was already suggested above. With this information of the entire dataset of leak-prone infrastructure by street segments and its costs and other specifics, professional researchers could do the above analysis, as well as a lot of other analysis. Additionally, this analysis, if performed by researchers, would also be likely to be trusted by many advocates than if performed by a gas company.

- Requires comparison of GHG emissions reductions from eligible infrastructure repair and replacement with other investment alternatives, including electrification

Proposed by: EEA Agencies

Proposal Statement: Rather than solely investing in and installing new pipe infrastructure through the GSEPs, the GSEPs should determine where other investment alternatives, such as repairing leak-prone pipe or electrification, are the better long-term financial and environmental choice.

Supported by: Massachusetts Attorney General’s Office; *LEAN/NCLC*; Conservation Law Foundation; PowerOptions

Opposed by: *NEGWA/USW*; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Opposes this inclusion to the extent it departs from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth—resulting in methane emissions. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Eversource - This is beyond the scope of the GSEP and better left to DPU 20-80. It is within the existing authority of the DPU to ask for if they are so inclined.

Liberty - Opposes this proposed revision. The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interests of public safety, system reliability and methane emission reduction, which are overarching priorities that encompass this proposed revision. The requirement of “comparison of GHG emissions reductions from eligible infrastructure repair and replacement with other investment alternatives, including electrification” goes above the scope of GSEP and would add a level of complexity that would defeat the objective of the program and would straitjacket of the Department’s ability to evaluate the plans within the context of their oversight. Coordinated gas and electric planning would be better address in D.P.U. 20-80 or the Grid Modernization Advisory Council process.

National Grid - Beyond the scope of the GSEP. Better left to DPU 20-80 or GMAC process.

Unitil - Unitil opposes the proposed revision because electrification and other decarbonization alternatives require a much longer time frame to implement than the remainder of Unitil’s GSEP. In addition, the proposed comparison is unworkable a practical matter. For example, the local gas distribution companies would have to speculate about how long natural gas generation will be on the margin, or at least a near baseload resource. If natural gas remains the principal electricity generation resource, electrifying an area in the near term rather than replacing natural gas distribution pipe would be counterproductive under the proposed analytical framework.

Comment: *HEET* - Gas companies are not research organizations, nor experts in electrification. It would be better if they published average costs of gas infrastructure replacement per heating ton. This information would allow researchers to analyze the comparative costs of continued gas use versus electrification.

- Requires evaluation to support the selection by the gas company of a non-pipe alternative

Proposed by: National Grid

Proposal Statement: National Grid proposes to include language that establishes the need to evaluate NPAs for those segments of leak prone pipe which can be retired without negatively impacting other segments of the gas system, where it is cost effective, and where customers agree to the disconnection of their gas service.

Supported by: HEET/PowerOptions; Liberty; Unitil

Statements in Support:

Liberty - Supports the inclusion of “non-pipe alternatives,” assuming the non-pipe alternative is determined to be affordable and feasible by the local distribution company and has been reviewed and approved by the Department in the context of the GSEP. The same Department standard of review of the GSEP would need to also apply to non-pipe alternatives. Ultimately, the Department, in reviewing the GSEPs, must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N.”

Unitil - As noted above, Unitil is generally supportive of including the consideration of non-pipe alternatives in the context of the GSEP. However, Unitil does not support a framework under which the local gas distribution companies (“LDCs”) must show a non-pipe alternative is infeasible or not cost effective before they can replace or retire pipe. The LDCs should be required to present analyses only in support of proposed non-pipeline investments.

Opposed by: NEGWA/USW

Statement in Opposition:

NEGWA/USW - Opposes this inclusion because it represents a departure from GSEP’s original purpose to replace/repair chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how such a inclusion would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Comment: *HEET* - Prefers this requirement to be the reverse, i.e. that the assumption is that a non-gas pipe alternative will be installed. A new gas pipe replacement can only be considered if the non-gas pipe alternative is considered not feasible or not cost effective. The infrastructure installed today will last more than 50 years. It will be paid for over decades by customers. To ensure our children and grandchildren don’t end up paying for infrastructure that is no longer used or useful, we must move decisively toward non-gas pipe alternatives that can meet the Commonwealth’s net zero emissions mandate. The text for this requirement was suggested above in the definition for Eligible Infrastructure: (viii) shall be a non-gas pipe alternative unless demonstrated by a gas company to be not feasible or not cost effective.

- Includes “repairing” and “retiring” in addition to “removing” leak-prone infrastructure
Proposed by: EEA Agencies (repair only); HEET

Proposal Statements:

EEA Agencies - Rather than solely investing in and installing new pipe infrastructure through the GSEPs, the GSEPs should determine where repairing leak-prone pipe is the better long-term financial and environmental choice.

HEET – GSP funds can already be spent on advanced leak repair. Thus “repair” should be added. Additionally since some gas pipes should be taken out of service rather than replaced, “retirement” should also be added. The pipes installed should have a reasonable change of being used and useful throughout their lives.

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation; PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid (with clarification); Unitil
Statements in Opposition:

NEGWA/USW - Does not oppose the addition of repair to the extent this revision is concerned with maintaining the integrity of pipeline. Believes that while replacement is and should remain the preferred method of remediating compromised pipeline consistent with existing law that short- and or mid-term repairs in certain cases may also consistent with the original mission of the GSEP. Opposes the inclusion of “retire” because (1) the working group did not consider/receive data on how retirements could be performed (a) to preserve the safety and reliability of pipeline for remaining users, (b) ensure occupational safety working on remaining pipeline, (c) ensure that natural gas remains cost effective for users in communities where gas is retired. Additionally, is opposed because (2) the working group did not study how the retirement of pipeline would impact communities in which natural gas was no longer or only sporadically available, and (3) the working group did not consider how retirements would impact LDC workforces (and indirectly their communities) and how sufficient staffing would be preserved to address LDC pipeline through the completion of transition.

Eversource - Eversource supports the inclusion of retirement but does not endorse repair.

Liberty - Opposes this proposed revision. The term “repair” does not eliminate risk associated with pipe failure consistent with the Company’s DIMP, as a repair simply eliminates the active leak(s). The Company’s DIMP is written in a manor to reduce risk, improve safety, eliminate emissions on the gas distribution system. The plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” The addition of "repair" is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system. Additionally, the term “retiring” is unnecessary because it is already encompassed by the plain language of the current statute, i.e., “removing all leak-prone infrastructure.” Specifically, that broad language does not specify how the leak-prone infrastructure is removed; thus, it already provides for the retirement alternative contemplated by this proposed revision.

National Grid (with clarification) - National Grid supports inclusion of the word “retirement,” but does not endorse inclusion of the word “repairing” or “removing.” National Grid objects to inclusion of “repairing” because repair of a gas main or service does not eliminate risk associated with pipe failure consistent with DIMP. Furthermore, this aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system. It is also unclear what is meant by the work “removing” and thus National Grid objects to adding the word.

Unitil - The proposed revisions to shift the focus of GSEP from pipeline replacement to repair are not consistent with the fundamental purpose of the statute and the public policy which underpins it. Namely, the elimination of all leak-prone infrastructure to maintain a safe and reliable gas distribution system and reduce GHG emissions. A shift in policy that prioritizes repair over replacement does not reduce the risk that leak-prone pipe poses to people, property and the environment. As required by 49 CFR §192 Subpart P the Company must implement a Distribution Integrity Management Program that requires operators to identify threats and implement measures designed to reduce risk from failure of its gas distribution pipeline. In our Massachusetts gas distribution system leak prone pipe represents a small percentage of the system, but accounts for a high percentage of the hazardous leaks. The gas leaks on leak-prone pipe are a result of material failure (e.g., corrosion, graphitization, cast iron breaks) and the only way to reduce the risk from material failure is replacement. To emphasize repair over replacement is inconsistent with the requirements of our DIMP program and will not reduce risk. This also is inconsistent with the statutory mandate for the GSEP Working Group, which makes clear that any change to G.L. c. 164, § 145 must enable natural gas local distribution companies to maintain a safe and reliable gas distribution system. Moreover, it is more cost-effective and in the best interest of customers to replace pipe segments rather than undertaking extensive repairs which only serve to defer inevitable replacements.

- Eliminates target end date of 20 years from filing of initial plan and “reasonable target end date”
Proposed by: EEA Agencies
Proposal Statement: Where investment alternatives, such as repairing leak-prone pipe or electrification, are the better long-term financial and environmental choice, a target end date for pipeline replacement is not appropriate.
Supported by: [names/organizations]

Opposed by: Massachusetts Attorney General’s Office; NEGWA/USW; HEET/PowerOptions; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

Attorney General’s Office - The revised statute should include a specific end date to the GSEP. As discussed below, the Massachusetts AGO proposes phasing out GSEP over the next six years, with an end date of October 1, 2030.

NEGWA/USW - Requires clarification of the rationale for eliminating these terms as they seem both relevant and necessary to ensure transparency and accountability—no matter what infrastructure changes are deemed reimbursable under the GSEP.

HEET/PowerOptions - GSEP, with its carrot of the accelerated cost recovery and the federal mandate to replace leak-prone infrastructure, can be re-configured to become the perfect vehicle for transitioning the gas system over time to non-combusting clean energy. Stopping the program does not relieve the gas companies of their obligation to replace aging infrastructure. What is needed is the ability to replace those aging gas pipes with non-emitting thermal infrastructure that can meet our Commonwealth’s net zero emissions mandate. Instead of ending the GSEP, HEET suggests:

- Creating an integrated gas and electric utility street-segment phased plan to allow for a smooth and speedy transition, while reducing costs and disruption.
- Starting a gradual required ramp-up in miles of non-combusting thermal infrastructure installed each year. This ramp up gives gas companies time to source the needed skills, workforce, etc. A gas company can meet the required thermal infrastructure mileage through decommissioning streets also. If a gas company cannot meet the required speed, it loses its accelerated cost recovery for three years.
- Lengthening the GSEP period and reducing the miles of pipe replaced each year to allow for gas companies to have time to learn and adjust to thermal infrastructure installation and operations.

Eversource - Some form of horizon for the accelerated replacement of the plan needs to exist for planning purposes. The Department has already approved the Eversource timeline.

Liberty - Opposes the elimination of target end date of 20 years from filing on initial plan and reasonable target end date. A defined target end date is required to ensure the Company’s interim targets, which the Department must review, are set at an appropriate pace to reduce the leak rate on and replace the natural gas infrastructure in a safe and timely manner.

National Grid - Unclear on the intent of the specific language but oppose language that establishes and end date for accelerated cost recovery through GSEP. This would impact the ability to reduce risk on the system and may negatively impact use of NPAs through GSEP by restricting the programs timeline. Furthermore, this aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system.

Unitil - A date certain by which GSEP work will be completed is useful for planning purposes and measuring progress. Accordingly, each local gas distribution company (“LDC”) should have a date certain by which their GSEP will end, and that date should be informed by the specific facts and circumstances of each LDC.

Note of Abstention: LEAN/NCLC – Need additional information before choosing a position.

- Changes requirement to file summary from every five years to annually, beginning October 31, 2023

Proposed by: EEA Agencies

Proposal Statement: Annual submissions of the natural gas companies’ repair/replacement summary of leak-prone pipe should provide the Department and stakeholders with a more precise picture of any progress being made to address leak-prone pipe, and hold the LDCs accountable.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation; NEGWA/USW; HEET/Power Options

Supporting Statements:

HEET - This summary should also include information on all leak-prone infrastructure (whether or not it is about to be replaced) by street-segment, including costs, risk, material, and diameter.

Opposed by: Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

Eversource - Annual GREC filings already incorporate this information. An additional annual report would be duplicative and unnecessary. Currently there is a requirement to file a separate report that provides a five-year lookback. On an annual basis this would be a redundant report to what is already provided.

Liberty - Opposes the proposed change to the requirement to file a summary from every five years to annually, beginning October 31, 2023. The natural gas local distribution companies file annually an annual GSEP plan to be reviewed and approved by the Department on October 31st. This GSEP plan is updated annually and includes many, if not all, of the elements presented in the five-year summary. To adopt the proposed changes would create redundant and duplicative reporting. If additional information is required for the Department’s review, that determination should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - Annual filings already incorporate this information. Would be duplicative and unnecessary. Currently is a separate report that provides a five-year lookback. On an annual basis this would be a redundant report to what is already provided.

Unitil - The proposed revision is redundant and unnecessary because the existing GSEP framework already includes annual filings with this information.

- Summary includes “repair” and “retirement” in addition to “replace”

Proposed by: EEA Agencies (repair only); HEET; National Grid (repair only)

Proposal Statements:

EEA Agencies - Rather than solely investing in and installing new pipe infrastructure through the GSEPs, the GSEPs should determine where repairing leak-prone pipe is the better long-term financial and environmental choice.

HEET - GSEP funds can already be spent on advanced leak repair. Thus “repair” should be added. Additionally, since some gas pipes should be taken out of service rather than replaced, “retirement” should also be added. The pipes installed should have a reasonable chance of being used and useful throughout their lives.

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation

Opposed by: NEGWA/USW; Eversource; Liberty (with clarification); National Grid (with clarification); Unitil

Statements in Opposition:

NEGWA/USW - does not oppose the addition of repair to the extent this revision is concerned with maintaining the integrity of pipeline. Believes that while replacement is and should remain the preferred method of remediating compromised pipeline consistent with existing law that short- and or mid-term repairs in certain cases may also consistent with the original mission of the GSEP. Opposes the inclusion of “retire” because (1) the working group did not consider/receive data on how retirements could be performed (a) to preserve the safety and reliability of pipeline for remaining users, (b) ensure occupational safety working on remaining pipeline, (c) ensure that natural gas remains cost effective for users in communities where gas is retired. Additionally, is opposed because (2) the working group did not study how the retirement of pipeline would impact communities in which natural gas was no longer or only sporadically available, and (3) the working group did not consider how retirements would impact LDC workforces (and indirectly their communities) and how sufficient staffing would be preserved to address LDC pipeline through the completion of transition.

Eversource - Eversource supports the inclusion of retirement but does not endorse repair.

Liberty (with clarification) - Liberty is supportive of inclusion of “retirement,” but did not suggest and does not endorse “repair.” The term “repair” does not eliminate risk associated with pipe failure consistent with each Company’s DIMP, as a repair simply eliminates the active leak(s). The Company’s DIMP is written in a manor to reduce risk, improve safety, eliminate emissions on the gas distribution system. The plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” The addition of "repair" is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with of the plain language in the Drive Act.

National Grid (with clarification) - National Grid supports inclusion of the word “retirement,” but does not endorse inclusion of the word “repair.” National Grid objects to inclusion of “repair” because repair of a gas main or service does not eliminate risk associated with pipe failure consistent with DIMP. Furthermore, this aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system.

Unitil - The proposed revisions to shift the focus of GSEP from pipeline replacement to repair are not consistent with the fundamental purpose of the statute and the public policy which underpins it. Namely, the elimination of all leak-prone infrastructure to maintain a safe and reliable gas distribution system and reduce greenhouse gas emissions. A shift in policy that prioritizes repair over replacement does not reduce the risk that leak-prone pipe poses to people, property, and the environment. As required by 49 CFR §192 Subpart P, the Company must implement a Distribution Integrity Management Program (“DIMP”) that requires operators to identify threats and implement measures designed to reduce risk from failure of its gas distribution system. In the Company’s Massachusetts gas distribution system, leak prone pipe represents a small percentage of the system, but accounts for a high percentage of the hazardous leaks. The gas leaks on leak-prone pipe are a result of material failure (e.g., corrosion, graphitization, cast iron breaks) and the only way to reduce the risk from material failure is replacement. To emphasize repair over replacement is inconsistent with the requirements of the DIMP program and will not reduce risk. This also is inconsistent with the statutory mandate for the GSEP Working Group, which makes clear that any change to G.L. c. 164, § 145 must enable natural gas local distribution

companies to maintain a safe and reliable gas distribution system. Moreover, it is more cost-effective and in the best interest of customers to replace pipe segments rather than undertaking extensive repairs which only serve to defer inevitable replacements.

- Summary includes GHG emissions reductions attributable to plan

Proposed by: HEET

Proposal Statement: The purpose of the GSEP Working Group, as well as any potential legislative changes that result from it, is to ensure GSEP is aligned with the Commonwealth’s net zero emissions mandate. Given this, it is reasonable to have gas companies include estimated progress toward this goal in their reports.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation; Eversource (with clarification); Liberty (with clarification); National Grid (with clarification); Until (with clarification)

Statements in Support:

Eversource (with clarification) - GHG emissions reductions are already provided in the annual GREC filings.

Liberty (with clarification) - A summary of emission reductions attributable to the GSEP plan is already included in the annual filing. The GSEP plan includes the annual updated estimated distribution system-wide leak rate (“Aggregate Leak Rate”) based on the United States Environmental Protection Agency’s assigned leak factors for the various types of piping materials. The Company has structured its GSEP to reduce the Aggregate Leak Rate. The Company’s annual GSEP plan also includes a five-year forecast of CO2e reductions. Therefore, to adopt the proposed changes would create redundant and duplicative reporting. If additional information is required for the Department’s review, that determination should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid (with clarification) - Already required for inclusion by the Department.

Until (with clarification) - The proposed revision is redundant and unnecessary because the existing GSEP framework already includes filings with this information.

Opposed by: *NEGWA/USW*

Statement in Opposition:

NEGWA/USW - Opposes this inclusion to the extent it departs from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth—resulting in methane emissions. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Note of Abstention: LEAN/NCLC – Need additional information before choosing a position.

- Department must require gas company to file an updated long-term timeline

Proposed by: HEET

Proposal Statement: Currently the Department can alter the revenue cap for GSEP. If a gas company cannot spend as much money per year, it will not be able to replace as much infrastructure that year. If the Department does decide to alter the cap, having the gas companies report on the long-term results of that change will help the Department and the public to understand the implications of that change.

Supported by: Massachusetts Attorney General’s Office; NCLC; Conservation Law Foundation; PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - In general, supports LDC transparency relative to the pipeline repair and replacement planning, so long as they are consistent with the GSEP. Would like clarification before commenting further or being identified as supporting this change.

Eversource - A long term timeline is already provided in the annual GSEP filing.

Liberty - opposes this proposed revision. First, each gas company’s GSEP plan includes interim targets, which the Department must review to ensure that each gas company is achieving the appropriate pace to reduce the leak rate on its distribution system and replace its leak-prone natural gas infrastructure in a safe and timely manner by the GSEP’s targeted end date. These interim targets shall be for periods of not more than six years and shall be incorporated into timelines for removing all leak-prone infrastructure. Second, the inclusion of the term “long-term timeline” is exceedingly vague so as to frustrate its practical application and legal interpretation. Liberty cautions that extending the interim targets beyond the six-year period would be ineffective since it cannot be anticipated that a longer-term forecast would be accurately captured.

National Grid - The Department requires this information in annual GSEP filings. In addition, National Grid believes the current five-year timeline requirement is sufficient for the reasons detailed above regarding requiring a ten-year timeline.

Unitil - As explained above, Unitil does not support a longer-term GSEP planning horizon because that length of time is not reliable or consistent with the dynamic risk modeling necessary to operate and maintain a natural gas distribution system. The Company must evaluate risk on an annual basis and system planning is necessarily performed over a shorter time horizon than ten years.

Section (d): Department review of plan

- Replaces “lost and unaccounted for natural gas” with “emissions”

Proposed by: EEA Agencies

Proposal Statement: LAUF gas includes emissions, which should be a focus of GSEPs, but also includes other elements that are addressed in other ways, such that LAUF should not be referenced in the GSEP statute. For example, LAUF includes theft, meter error, billing cycle adjustments, and damage to pipelines. Each of these elements is important and already addressed through reporting to DPU and other requirements but is outside the scope of infrastructure planning that is the purview of GSEPs.

Supported by: Massachusetts Attorney General’s Office; Conservation Law Foundation; HEET/PowerOptions; Eversource; Liberty (with clarification); National Grid; Unitil

Statements in Support:

Eversource - Lost and unaccounted for is a broad definition beyond the direct scope of GSEP. The Company is generally supportive of efforts to minimize associated methane emissions within the context of the plan.

Liberty (with clarification) - LAUF is a broad definition beyond the direct scope of GSEP. While GSEP can reduce the Company’s LAUF, the term “associated methane emissions” would better represent the focus of the GSEP. Additionally, Liberty recommends “associated methane emissions” instead of “emissions” because, as the local distribution companies have highlighted

in numerous dockets over the years, some emissions that contribute to LAUF are outside the control of a local distribution company.

National Grid - Lost and Unaccounted gas is not equivalent to "emissions". There are many components to LAUF, most of which do not contribute to emissions such as meter bias and errors, billing cycle adjustments, and verified thefts.

Unitil - The work performed by the local gas distribution companies under GSEP has reduced methane emissions in the Commonwealth. Unitil is supportive of efforts to continue leveraging GSEP to minimize emissions.

Opposed by: NEGWA/USW

Statement in Opposition:

NEGWA/USW - Opposes this inclusion to the extent it departs from GSEP’s original purpose to reduce chronically leaky/compromised pipeline already present in communities around the Commonwealth—resulting in methane emissions (not carbon dioxide emissions generally). Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

- Required considerations include extent to which the use of low-carbon gas resources offsets or reduces emissions, advances objective of energy policy of the state (including Chapter 21N)

Proposed by: Eversource Energy; Liberty; National Grid; Unitil

Proposal Statements:

Eversource – Generally supportive.

Liberty - As previously stated, Liberty supports the inclusion of “non-pipe alternatives,” assuming the non-pipe alternative is determined to be affordable and feasible by the local distribution company and has been reviewed and approved by the Department in the context of the GSEP, which would include the use of low-carbon gas resources offsets or reduces emissions, advances objective of energy policy of the state (including Chapter 21N). The same Department standard of review of the GSEP would need to also apply to non-pipe alternatives. Ultimately, the Department, in reviewing the GSEPs, must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N.

National Grid - Generally supportive. National Grid supports inclusion of language for compliance with emissions reductions targets specified in Chapter 21N for gas distribution and services but does not support compliance with the Chapter 21N targets related to buildings, which are beyond the scope of the LDCs purview.

Unitil - The work performed by the local gas distribution companies under GSEP has reduced methane emissions in the Commonwealth. Unitil is supportive of efforts to continue leveraging GSEP to minimize emissions. Unitil also notes that the Department has already incorporated Chapter 21N into its standard of review for GSEP. Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 22-GSEP-01, at 8-9 (Oct. 31, 2022) (April 8, 2022) (stating that in reviewing GSEPS, the Department must “prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N.”)(emphasis added).

Supported by: [names/organizations]

Opposed by: Massachusetts Attorney General’s Office; NEGWA/USW; HEET/PowerOptions

Statements in Opposition:

Attorney General's Office - The supply, cost, and feasibility of “low-carbon gas resources” are unknown and highly uncertain at this time. Hydrogen, in particular, presents technical limitations of scaling production and can be less safe and more expensive than natural gas. Development of “low-carbon gas resources” should not be eligible for accelerated cost recovery, which the AGO believes should be phased out (as discussed in Part Two, below).

NEGWA/USW – Opposes this inclusion because it represents a departure from GSEP’s original purpose to replace/repair chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how such a inclusion would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

HEET/PowerOptions - HEET/PowerOptions did not suggest this edit. Renewable natural gas or hydrogen will only increase customer energy bills considerably, while not reducing at all the need for leak-prone gas pipe replacement, or the looming problem of stranded assets. Additionally, if the “low carbon” gas is hydrogen, it can significantly reduce safety. And even if these fuels are considered fossil-fuel free, they are not emissions free. HEET suggests instead (text in bold is the changed text): “The department shall consider the costs and benefits of the plan including, but not limited to, impacts on ratepayers, including overall energy bills, reductions of natural gas emissions through a reduction in natural gas system leaks and improvements to public health and safety, and the extent to which the use of non-gas **pipe** alternatives advance the objectives of the energy policy of the state...”

- Improves gas system resiliency through diversification of supply options

Proposed by: Eversource Energy

Proposal Statement: The importance of reliability and resiliency needs to be considered in any legislative changes to GSEP.

Supported by: NEGWA/USW; HEET; National Grid; Until

Statements in Support:

NEGWA/USW – Supports so long as consistent with original intent of GSEP.

HEET – Suggests changing the phrase to “Improve gas system reliency through non-combusting sources of thermal energy.” The diversification of supply options sounds like what is meant is renewable natural gas or hydrogen. These would only raise costs, not reduce the need for replacing leak-prone infrastructure and, in the case of hydrogen, reduce safety. And even if these fuels are considered fossil-fuel free, they are not emissions free.

National Grid - Generally supportive.

Until - Reducing the carbon content of the natural gas delivered to customers leverages the existing gas system and minimizes disruptions to energy consumers. This proposal also promotes customer affordability and equity by limiting the need for customers to change their existing energy equipment in the near term. Leveraging the existing natural gas system is critical because it will take time to develop a comprehensive and coordinated electric and natural gas system planning framework to ensure, among other things, adequate capacity (generation, transmission, and distribution) to accommodate increased loads driven by electrification. More immediately, adding renewable natural gas (“RNG”) and Certified Gas to the supply portfolio will produce

environmental benefits, contributing to the Commonwealth’s environmental goals. Adding physical RNG to the supply portfolio also would improve supply availability and diversity, both important gas supply planning considerations.

Opposed by: Massachusetts Attorney General’s Office

Statement in Opposition:

Attorney General’s Office - Diversification of supply options does not fit within the GSEP statute and the goal to address leak-prone infrastructure on an accelerated basis. While it is reasonable to revise the statute to include consideration of greenhouse gas emissions and other factors impacting the public, diversification of supply options is outside the bounds of GSEP.

Section (e): Department acceptance of plan

- Adds reference to “emissions reductions”

Proposed by: EEA Agencies

Proposal Statement: EEA Agencies - Where investment alternatives, such as repairing leak-prone pipe or electrification, are the better long-term financial and environmental choice, eligible infrastructure replacement should not be the sole factor the Department considers in accepting a GSEP. Emission reductions should be added as a consideration in the Department’s acceptance of GSEPs.

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation; HEET/PowerOptions; Eversource (with clarification); National Grid (with clarification); Unitil (with clarification)

Statements in Support:

Eversource (with clarification) – Generally supportive as it is already reported.

National Grid (with clarification) - Generally supportive, already reported, so requirement would be duplicative.

Unitil - The work performed by the local gas distribution companies under GSEP has reduced methane emissions in the Commonwealth. Unitil is supportive of efforts to continue leveraging GSEP to minimize emissions. Because emission reductions are already part of the existing GSEP statutory framework and the Department’s review, revisions to the law are not necessary to effectuate this purpose.

Opposed by: NEGWA/USW; Liberty (with clarification)

Statements in Opposition:

NEGWA/USW - Before approval can be considered, need clarification as to how emissions reductions will be measured and calculated, what the baseline will be, what would constitute a sufficient reduction, and what low-carbon gas resources are acceptable to the agencies.

Liberty (with clarification) -Opposes the additional reference to “emission reductions.” A summary of emission reductions attributable to the GSEP plan is already included in the annual filing. The GSEP plan includes the Aggregate Leak Rate based on the United States Environmental Protection Agency assigned leak factors for the various types of piping materials. The Company has structured its GSEP to reduce the Aggregate Leak Rate. The Company’s annual GSEP plan also includes a five-year forecasted of CO₂e reductions. Therefore, adopting the proposed changes would create redundant and duplicative reporting. If additional information is required for the Department’s review should be left to the broad oversight of the Department and not prescribed by legislation.

- Includes “repair” and “retirement” in addition to “replacement”

Proposed by: HEET

Proposal Statement: GSEP funds can already be spent on advanced leak repair. Thus “repair” should be added. Additionally, since some gas pipes potentially should be taken out of service rather than replaced, “retirement” should also be added. The pipes installed should have a reasonable chance of being used and useful throughout their lives.

Supported by: Massachusetts Attorney General’s Office; LEAN/NCLC; Conservation Law Foundation; PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose the addition of repair to the extent this revision is concerned with maintaining the integrity of pipeline. Believes that while replacement is and should remain the preferred method of remediating compromised pipeline consistent with existing law that short- and or mid-term repairs in certain cases may also consistent with the original mission of the GSEP. Opposes the inclusion of “retire” because (1) the working group did not consider/receive data on how retirements could be performed (a) to preserve the safety and reliability of pipeline for remaining users, (b) ensure occupational safety working on remaining pipeline, (c) ensure that natural gas remains cost effective for users in communities where gas is retired. Additionally, is opposed because (2) the working group did not study how the retirement of pipeline would impact communities in which natural gas was no longer or only sporadically available, and (3) the working group did not consider how retirements would impact LDC workforces (and indirectly their communities) and how sufficient staffing would be preserved to address LDC pipeline through the completion of transition.

Eversource - Eversource supports the inclusion of retirement but does not endorse repair.

Liberty - Opposes this proposed revision. The term “repair” does not eliminate risk associated with pipe failure consistent with the Company’s DIMP; instead, a repair simply eliminates the active leak(s). The Company’s DIMP is designed to reduce risk, improve safety, and eliminate emissions on the gas distribution system. The plain language of An Act Driving Clean Energy and Offshore Wind, St. 2022, c. 179, Section 68 states “that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth’s transition to net zero emissions.” The ill-conceived addition of "repair" is not only inconsistent with the Company's DIMP, but it also impinges on the Company's business judgement concerning the management of a safe and reliable natural gas distribution system and is inconsistent with the plain language in the Drive Act.

National Grid - Supports inclusion of the word “retirement,” but does not endorse inclusion of the word “repair.” National Grid objects to inclusion of “repair” because repair of a gas main or service does not eliminate risk associated with pipe failure consistent with DIMP. Furthermore, this aligns with Language from the Act that changes to the GSEP statute should allow for operation of a safe and reliable gas distribution system.

Unitil - The proposed revisions to shift the focus of GSEP from pipeline replacement to repair are not consistent with the fundamental purpose of the statute and the public policy which underpins it. Namely, the elimination of all leak-prone infrastructure to maintain a safe and reliable gas distribution system and reduce GHG emissions. A shift in policy that prioritizes repair over replacement does not reduce the risk that leak-prone pipe poses to people, property, and the environment. As required by 49 CFR §192 Subpart P, the Company must implement a

Distribution Integrity Management Program (“DIMP”) that requires operators to identify threats and implement measures designed to reduce risk from failure of its gas distribution pipeline. In Unitil’s Massachusetts gas distribution system, leak prone pipe represents a small percentage of the system, but accounts for a high percentage of the hazardous leaks. The gas leaks on leak-prone pipe are a result of material failure (e.g., corrosion, graphitization, cast iron breaks) and the only way to reduce the risk from material failure is replacement. To emphasize repair over replacement is inconsistent with the requirements of the DIMP program and will not reduce risk. This also is inconsistent with the statutory mandate for the GSEP Working Group, which makes clear that any change to G.L. c. 164, § 145 must enable natural gas local distribution companies to maintain a safe and reliable gas distribution system. Moreover, it is more cost-effective and in the best interest of customers to replace pipe segments rather than undertaking extensive repairs which only serve to defer inevitable replacements.

- Includes consideration of enabling “the safe and reliable interconnection, distribution, and metering of low-carbon fuel resources”

Proposed by: Eversource Energy; Unitil

Proposal Statements:

Eversource - Any new legislation needs flexibility to consider future low carbon solution and technologies in the plan.

Unitil - Reducing the carbon content of the natural gas delivered to customers leverages the existing gas system and minimizes disruptions to energy consumers. This proposal also promotes customer affordability and equity by limiting the need for customers to change their existing energy equipment in the near term. Leveraging the existing natural gas system is critical because it will take time to develop a comprehensive and coordinated electric and natural gas system planning framework to ensure, among other things, adequate capacity (generation, transmission, and distribution) to accommodate increased loads driven by electrification. More immediately, adding renewable natural gas (“RNG”) and Certified Gas to the supply portfolio will produce environmental benefits, contributing to the Commonwealth’s environmental goals. Adding physical RNG to the supply portfolio also would improve supply availability and diversity, both important gas supply planning considerations.

Supported by: NEGWA/USW; Liberty; National Grid

Statements in Support:

NEGWA/USW - Supports insofar as this language is consistent with the original purposes of the GSEP.

Liberty - As previously stated, Liberty supports the inclusion of “non-pipe alternatives,” assuming the non-pipe alternative is determined to be affordable and feasible by the local distribution company and has been reviewed and approved by the Department in the context of the GSEP, which would the safe and reliable interconnection, distribution, and metering of low-carbon fuel resources. The same Departmental standard of review used for traditional GSEP projects would also apply to non-pipe alternatives. Ultimately, the Department, in reviewing the GSEPs, must prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N.

National Grid – Generally supportive.

Opposed by: Massachusetts Attorney General’s Office; HEET

Statements in Opposition:

Attorney General's Office - Accelerated cost recovery under GSEP has resulted in significant cost burdens on ratepayers. The Attorney General's Office supports a phased end to GSEP, not expanding the "activity" that is eligible for accelerated cost recovery.

HEET - Renewable natural gas or hydrogen will increase customer energy bills considerably, while not reducing the need for leak-prone gas pipe replacement, or the looming problem of stranded assets. Additionally, in the case of hydrogen, it can significantly reduce safety. Fossil free is not emissions free.

Section (f): Project documentation for prior year

- Changes 1.5% to 3.0% as cap on annual change in revenue requirement

Proposed by: Eversource Energy; Liberty; National Grid; Until

Proposal Statements:

Eversource - Housekeeping to reflect actual practice of Department.

Liberty - In 2019, the Department revised the cap calculation and raised the cap to three percent, stating that this cap would remain in effect until further ordered. See, e.g., Fitchburg Gas and Electric Light Company, D.P.U. 18-GSEP-01, at 30 (2019). The proposed change to the cap captured in the legislation is purely housekeeping to reflect current Department precedent.

National Grid - Housekeeping to reflect actual practice of Department.

Until - Unutil supports this change as it is necessary to accurately reflect Department precedent.

Supported by: NEGWA/USW

Opposed by: Massachusetts Attorney General's Office; LEAN/NCLC

Statements in Opposition:

Attorney General's Office - Strongly opposes codifying the Department's increase in the cap on annual change in revenue requirement. As discussed in Part Two, below, the cap should be lowered annually so that the GSEP ends in October 2030.

LEAN/NCLC - Affordability is a key concern, to which a 3 percent annual increase would be an obstacle.

Comment: *HEET* - The intent of the revenue requirement is to make sure that the cost of GSEP does not significantly increase customer's bills. Thus, the revenue requirement is an attempt to ensure that customer bill's remain relatively affordable. Non-combusting thermal infrastructure such as networked geothermal will have a higher infrastructure cost. However, because of its efficiency (six times that of a gas boiler),

- it is predicted to result in lower heating and cooling bills for customers, and thus maintain affordability.
- The efficiency of this infrastructure will also lower the future electric grid peaks and need to upgrade the local electric grid, thus reducing customers electric bills as well in comparison to what they would be with less efficient methods of electrification.
- Finally, such non-combusting thermal infrastructure would also help the Commonwealth meet its emissions mandates.

Thus, HEET suggests instead changing the 1.5% revenue cap to the requirement for an energy bill affordability test for each type of customer (commercial, market rate, low income, etc.). This energy bill affordability test should cover both gas and electric bills for the customers.

Section (g): Rate changes

Addition of affordability protections for low-income consumers into the GSEP statute

Proposed by: LEAN/NCLC

Proposal Statement: We strongly support the addition of affordability protections for low-income consumers into the GSEP statute. Although gas and electricity rates have been volatile, the latest LEAN analysis of bill impacts of fully converting from residential gas to electric ASHP heat showed bill increases of about 40% (down from about 60%) -- difficult for most households, an impossible choice for low-income households without significant support.

We recommend the following:

- (a) The incremental low-income customer heating cost impacts of each Plan should be quantified, including fuel, equipment, and the growth of per-customer fixed costs for those who remain on the gas system. LEAN estimates that the costs of electrification for low-income households in Massachusetts at about \$6B in total.
- (b) Additional sources of funding, other than a predominant reliance on ratepayer funding, must be identified, quantified, and ultimately allocated to fill the affordability gap for low-income households. Otherwise, these families will face increasingly unaffordable energy burdens with dire consequences for health and safety. Sources of support might include unallocated federal funding in hand, available increased federal funding, reallocation of RGGI (or other existing revenue streams), and the state budget. We recognize, of course, that there are many demands on these sources, but submit that our Commonwealth has undertaken a fundamental obligation, along with emissions reduction, to assure adequate resources for basic needs such as affordable heat.

Supported by:

Supporting Statements:

Opposed by:

Statements in Opposition:

Section (h): Department regulations

- Within 12 months, Department is required to promulgate rules and regulations that “include a performance-based financial incentive to a gas company to reduce and retire miles of gas infrastructure and to build utility-scale non-emitting renewable thermal energy infrastructure”

Proposed by: HEET

Proposal Statement: Performance-based ratemaking is an effective method of incentivizing (and disincentivizing) desired actions with utilities. Since regulations such as performance-based ratemaking can be updated more easily than legislation, it can be adjusted over time as needed to achieve the desired effect for the least cost to the customer. Note: if non-gas pipe alternative is the language preferred and it is defined to be non-emitting renewable thermal infrastructure, then the suggested language should use non-gas pipe alternative rather than non-emitting renewable thermal energy infrastructure.

Supported by: Conservation Law Foundation; PowerOptions; Eversource (with clarification); Liberty (with clarification); National Grid (with clarification)

Statements in Support:

Eversource (with clarification) - Support if including all NPA options. As proposed should not be limited to network geothermal.

Liberty (with clarification) - As previously stated, Liberty supports the inclusion of “non-pipe alternatives,” assuming the non-pipe alternative is determined to be affordable and feasible by the local distribution company and has been reviewed and approved by the Department in the context of the GSEP. However, the proposed language should not be limited to building utility-scale non-emitting renewable thermal energy infrastructure but should encompass a broader range of potential non-pipe alternative projects/solutions.

National Grid (with clarification) - National Grid supports if language is expanded to include all types of NPAs. As proposed the language is biased towards network geothermal.

Opposed by: Massachusetts Attorney General’s Office; LEAN/NCLC; NEGWA/USW
Statements in Opposition:

Attorney General’s Office - The Department should not provide the utility companies with additional financial incentives that will increase costs for ratepayers. Ratepayers should not bear the cost burden of the energy transition, especially because there is too much uncertainty around the specifics of the transition at this time. The costs associated with building thermal energy infrastructure should be recovered in base rate cases.

LEAN/NCLC - Creation of any PBR would be best handled outside of the GSEP process.

NEGWA/USW - Opposes a requirement to promulgate such a regulation because it is not support demonstrating how such a regulation would advance system safety and reliability similar to better than the GSEP. For example, (1) the working group’s deliberations did not do comparisons of the results of GSEP’s original replacement/repair strategies to this regulatory proposal with regard to (a) their respective abilities to preserve the safety and reliability of pipeline for remaining users, (b) ensure occupational safety working on remaining pipeline, (c) ensure that natural gas remains cost effective for users in communities where gas is retired. Additionally, is opposed because (2) the working group did not consider how the retirement of pipeline would impact communities in which natural gas was no longer or only sporadically available, and (3) the working group did not consider how retirements would impact LDC workforces (and indirectly their communities) and how sufficient staffing would be preserved to address LDC pipeline through the completion of transition in its deliberations.

Statement in Clarification:

Unitil - As noted above, Unitil is generally supportive of including the consideration of non-pipe alternatives in the context of the GSEP. However, Unitil does not support a narrow definition of “non-pipe alternatives” which favors specific technologies because the universe of options is likely to evolve over time.

- Infrastructure must comply with Chapter 21N mandated GHG emissions reductions

Proposed by: HEET

Proposal Statement: It is good to be consistent with referring back to Chapter 21N.

Supported by: LEAN/NCLC; Conservation Law Foundation; PowerOptions; Eversource (with clarification); National Grid (with clarification)

Statements in Support:

Eversource (with clarification) - Already incorporated in the GSEP and required by law. No need to add further requirements but no objection to complying with Chapter 21N.

National Grid (with clarification) - Already incorporated in the GSEP and required by law. No need to add further requirements but no objection to complying with Chapter 21N.

Opposed by: NEGWA/USW; Liberty (with clarification); Unitil (with clarification)

Statements in Opposition:

NEGWA/USW - Opposes this inclusion because it represents a departure from GSEP’s original purpose to replace/repair chronically leaky/compromised pipeline already present in communities around the Commonwealth; the working group did not study how such a inclusion would affect system safety, reliability, and cost for those remaining on the system and the Commonwealth more broadly. Believes that the primary focus of GSEP should remain on natural gas system safety and reliability. The working group also failed to consider how departing from GSEP’s original purpose would impact LDC system safety and reliability.

Liberty (with clarification) - Liberty opposes the addition of "infrastructure must comply with Chapter 21N mandated GHG emissions reductions." The Company already has the obligation to comply with Chapter 21N mandated GHG emissions reductions, so the inclusion of this proposed language is duplicative and unnecessary.

Unitil (with clarification) - The proposed revision is unnecessary because the Department has already incorporated Chapter 21N into its standard of review for GSEP. Fitchburg Gas and Electric Light Company, D.P.U. 22-GSEP-01, at 8-9 (April 28, 2023) (stating that in reviewing GSEPS, the Department must “prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits **and sublimits established pursuant to chapter 21N.**”) (emphasis added).

Section (i) (NEW): Development of standards

- Department required to develop standards “to inform a decision by a gas company whether to retire gas infrastructure and replace it with non-emitting renewable thermal energy infrastructure, repair the gas infrastructure, or replace the gas infrastructure with new gas infrastructure”

Proposed by: HEET

Proposal Statement: There need to be standards to make the decisions of when to use what technique, which should probably be renamed a “non-gas pipe alternative” if the definition of the two are the same. These standards might change over time as technology improves. Regulation is a more flexible way than legislation to create and update standards and thus might be more applicable as the technology improves.

Supported by: Conservation Law Foundation; PowerOptions

Opposed by: Massachusetts Attorney General’s Office; NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

Attorney General’s Office - Supports the requirement that utility companies must “consider all reasonable alternatives to natural gas” before repairing or replacing a pipeline, as suggested above, as a means of helping the Commonwealth achieve the GHG emissions limits and submits set forth in Chapter 21N. The Attorney General’s Office does not support developing new standards that would facilitate accelerated cost recovery for more activity for an extended period. Section (i) is inconsistent with the proposal to phase out GSEP over a period of 6 years.

NEGWA/USW - Opposed to this because it is premised on DPU having authority to direct an LDC to diversify into another mode of energy generation and distribution; is unaware of any Massachusetts law providing such authority. Even assuming DPU held this authority, is concerned that the enforcement of such regulations could incentivize gas LDCs to leave the Commonwealth without a suitable replacement to steward their gas infrastructure through

transition to net zero. Additionally, needs clarification with regard to the DPU's staff capacity/expertise vis a vis renewable thermal energy generation and distribution.

Eversource - Department already has authority to do this. Language need not be added to the statute to do this. Beyond the scope of the working group itself.

Liberty - Opposes this proposed revision. The proposed development of standards is beyond the scope of the GSEP Working Group "to develop recommendations for regulatory and legislative changes that may be necessary to align gas system enhancement plans developed pursuant to section 145 of chapter 164 of the General Laws with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N and the commonwealth's emissions strategies." The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interest of public safety. The inclusion of language mandating the development of standards would add a level of complexity that would defeat the objective of the program, would straitjacket Department's ability to evaluate the plans within the context of their oversight, and substitute theoretical regulatory prescriptions for the business judgement of the companies that have an intimate working knowledge of their own unique distribution systems. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company's DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by PHMSA and the Department's Pipeline Safety Division. Pursuant to the Company's DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. Any additions to the Department's standards should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - Department already has authority to develop standards and regulations. It is unnecessary to add language to the statute to do this. In addition, the proposal is beyond the scope of the working group itself.

Unitil - Unitil objects to the proposal for several reasons. First, this conflicts with long-standing Department precedent. The Department has long deferred to the judgment and expertise of regulated utility companies when it comes to operating and maintaining their systems safely and reliably. Boston Gas Company and Colonial Gas Company, D.P.U. 13-78, at 13 (2014) ("The Department reiterates that it. . .will not substitute its judgment for that of a utility manager as to how best to fulfill service obligations to operate its system safely and reliably."); Investigation by the Department of Public Utilities on its own Motion into Distributed Generation Interconnection, D.P.U. 11-11-E at 15 (March 13, 2013) ("Because they have the most knowledge about their customers and their electric distribution infrastructure, the Distribution Companies are best situated to determine what constitutes optimal interconnection [to the electric distribution system.]"); Boston Gas Company, Essex Gas Company, and Colonial Gas Company, D.P.U. 10-55, at 128-129 (2010) ("The Department will not substitute its judgment for utility management's job as to how best to meet and fulfill its service obligations to maintain and operate its system consistent with safety, reliability and other considerations.").

Second, if utility investment decisions are guided by the Department or a third-party entity the Department's prudence reviews of capital investments would be encumbered and the regulatory compact would be undermined. See Bay State Gas Company, D.T.E. 05-27, at 39 (2005)

(“Endorsing a specific method of replacing a utility’s unprotected steel infrastructure would not only limit the utility management’s operational flexibility, but also could encumber the Department’s future prudence reviews. Accordingly, the Department will not direct a specific approach and will defer to the Company’s management judgment to choose the appropriate approach for the replacement of its unprotected steel infrastructure, taking into account the paramountcy of public safety and the goals of efficiency and reasonable cost.”); NSTAR Electric Company and Western Massachusetts Electric Company, D.P.U. 17-05, at 88-89 (Nov. 30, 2017) (“The Department has found that decisions regarding the level and types of capital investment to be made by a company rest, in large part, with company management. The Department also has recognized that distribution companies have full discretion to exercise judgement in maintaining the safety and reliability of their distribution system.”).

Comment: *LEAN/NCLC*- With an amendment to include electrification, LEAN and NCLC would probably support (e.g., “to inform a decision by a gas company whether to retire gas infrastructure and replace it with non-emitting renewable thermal energy infrastructure, replace it with building electrification and/or non-pipes alternatives, repair the gas infrastructure, or replace the gas infrastructure with new gas infrastructure”).

- Standards required to be adjusted annually for first 10 years

Proposed by: HEET

Proposal Statement: The non-gas pipe alternative thermal technology is new to gas companies, customers, regulators and installers. There will be learnings along the way that need to be incorporated. Allowing for those learnings in a smooth way through an ability to adjust standards will be critical to the success of the implementation this new technology.

Supported by: Conservation Law Foundation; PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unital

Statements in Opposition:

NEGWA/USW - Concerned that DPU lacks the capacity to revise regulations of standards on annual basis, in addition to substantive concerns addressed above concerning subject matter of regulations. Needs clarification concerning how DPU would reasonably meet this requirement.

Eversource - Department already has authority to do this. Language need not be added to the statute to do this. Beyond the scope of the working group itself.

Liberty - Opposes this proposed revision. The proposed development of standards is beyond the scope of the GSEP Working Group “to develop recommendations for regulatory and legislative changes that may be necessary to align gas system enhancement plans developed pursuant to section 145 of chapter 164 of the General Laws with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N and the commonwealth’s emissions strategies.” The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interest of public safety. The inclusion of these proposed development of standards would add a level of complexity that would defeat the objective of the program and would straitjacket of the Department’s ability to evaluate the plans within the context of their oversight and substitute theoretical regulatory prescriptions for the business judgement of the companies that have an intimate working knowledge of their own unique distribution systems. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company’s DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by PHMSA and the Department’s Pipeline Safety Division. Pursuant to the Company’s DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement

of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. Any additions to the Department's standards should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - Department already has authority to do this. It is unnecessary to add language to the statute to do this. In addition, the proposal is beyond the scope of the working group itself.

Unitil - For the reasons discussed above, Unitil opposes the development of standards "to inform a decision by a gas company whether to retire gas infrastructure and replace it with non-emitting renewable thermal energy infrastructure, repair the gas infrastructure, or replace the gas infrastructure with new gas infrastructure." In addition, as a practical matter, a standard that changes every year is a constantly moving target that creates challenges for application and compliance.

Note of Abstention: *LEAN/NCLC* – need additional information.

- Requires annual audits to ensure compliance

Proposed by: HEET

Proposal Statement: An audit is a method of ensuring compliance and creating stakeholder trust. Ensuring trust in the beginning of gas companies transitioning to thermal companies will be critical for the success of the endeavor.

Supported by: Conservation Law Foundation; PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose additional transparency/accountability measures relative to the GSEP but does oppose substantive changes that depart from GSEP's scope, as discussed above.

Eversource - Department already has authority to do this. Language need not be added to the statute to do this. Beyond the scope of the working group itself.

Liberty - Opposes this proposed revision. The proposed development of standards is beyond the scope of the GSEP Working Group "to develop recommendations for regulatory and legislative changes that may be necessary to align gas system enhancement plans developed pursuant to section 145 of chapter 164 of the General Laws with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N and the commonwealth's emissions strategies." The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interest of public safety. The inclusion of these proposed development of standards would add a level of complexity that would defeat the objective of the program and would straitjacket of the Department's ability to evaluate the plans within the context of their oversight and substitute theoretical regulatory prescriptions for the business judgement of the companies that have an intimate working knowledge of their own unique distribution systems. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company's DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by PHMSA and the Department's Pipeline Safety Division. Pursuant to the Company's DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity

to structures, public buildings or business districts, and soil conditions. Any additions to the Department's standards should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - Department already has authority to do this. It is unnecessary to add language to the statute to do this. In addition, the proposal is beyond the scope of the working group itself.

Unitil - For the reasons discussed above, Unitil opposes the development of standards "to inform a decision by a gas company whether to retire gas infrastructure and replace it with non-emitting renewable thermal energy infrastructure, repair the gas infrastructure, or replace the gas infrastructure with new gas infrastructure." Furthermore, the additional layers of process and bureaucracy envisioned by HEET are not efficient and would only serve to increase costs to customers.

- Failure to comply precludes recovery of the cost of eligible infrastructure investment

Proposed by: HEET

Proposal Statement: The ability of the Department to deny cost recovery for the infrastructure investment will help ensure the gas companies deliver the attention to detail necessary to meet the Department's standards.

Supported by: NCLC (with amendment); Conservation Law Foundation

Supporting Statement:

NCLC - suggest the following amendment: "Failure to comply with adopted standards shall be a factor in the Department's evaluation of the prudence of the utility's investment and ability to recover costs associated with said investment."

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - Does not oppose additional transparency/accountability measures. GSEP already requires accountability to obtain cost recovery, and any infrastructure built by the LDCs is reimbursable through rate cases, if not through GSEP. Needs to understand how this proposal would affect the status quo so that it can better evaluate the position.

Eversource - Department already has authority to do this. Language need not be added to the statute to do this. Beyond the scope of the working group itself.

Liberty - Opposes this proposed revision. The proposed development of standards is beyond the scope of the GSEP Working Group "to develop recommendations for regulatory and legislative changes that may be necessary to align gas system enhancement plans developed pursuant to section 145 of chapter 164 of the General Laws with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N and the commonwealth's emissions strategies." The focus of GSEP is to replace aging or leak-prone natural gas pipeline infrastructure in the interest of public safety. The inclusion of these proposed development of standards would add a level of complexity that would defeat the objective of the program and would straitjacket of the Department's ability to evaluate the plans within the context of their oversight and substitute theoretical regulatory prescriptions for the business judgement of the companies that have an intimate working knowledge of their own unique distribution systems. The replacement of leak-prone pipe should and is based on the risk scores pursuant to the Company's DIMP. The DIMP was created by federal regulations and compliance with the DIMP is governed by PHMSA and the Department's Pipeline Safety Division. Pursuant to the Company's DIMP, Liberty relies on a leak-based assessment analysis to prioritize the replacement of distribution piping using a balanced approach of incorporating viable risks with high

consequences indicated by the plan and other known attributes of facilities within the distribution system, including key factors such as age, size, material, leak history, pressure, density, proximity to structures, public buildings or business districts, and soil conditions. Any additions to the Department's standards should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - Department already has authority to do this. It is unnecessary to add language to the statute to do this. In addition, the proposal is beyond the scope of the working group itself.

Unitil - For the reasons discussed above, Unitil opposes the development of standards "to inform a decision by a gas company whether to retire gas infrastructure and replace it with non-emitting renewable thermal energy infrastructure, repair the gas infrastructure, or replace the gas infrastructure with new gas infrastructure." The punitive framework envisioned by HEET is counterproductive and will stifle innovation. HEET's vision for utility regulation in the Commonwealth is anathema to the Department's longstanding prudent investment and used and useful standards and would undermine the "regulatory compact." The "regulatory compact" is premised upon the idea that utilities are provided an opportunity to recover prudently incurred capital investments—as determined through an examination by the Department—plus an opportunity to earn a reasonable return on those investments.³ The prudence test determines whether cost recovery is allowed at all, and is typically applied when the utility first proposes to include the plant in rate base. NSTAR Electric Company and Western Massachusetts Electric Company, D.P.U. 17-05, at 85 (Nov. 30, 2017); Western Massachusetts Electric Company, D.P.U. 85-270, at 25-27 (1986). If specific utility investments were directed by the Department as HEET suggests, the Department's prudence reviews of capital investments could be encumbered and the regulatory compact may be undermined. See Bay State Gas Company, D.T.E. 05-27, at 39 (2005) ("Endorsing a specific method of replacing a utility's unprotected steel infrastructure would not only limit the utility management's operational flexibility, but also could encumber the Department's future prudence reviews Accordingly, the Department will not direct a specific approach and will defer to the Company's management judgment to choose the appropriate approach for the replacement of its unprotected steel infrastructure, taking into account the paramountcy of public safety and the goals of efficiency and reasonable cost."); NSTAR Electric Company and Western Massachusetts Electric Company, D.P.U.17-05, at 88-89 (Nov. 30, 2017) ("The Department has found that decisions regarding the level and types of capital investment to be made by a company rest, in large part, with company management. The Department also has recognized that distribution companies have full discretion to exercise judgement in maintaining the safety and reliability of their distribution system.") (citations omitted).

³ Town of Hingham v. Dep't of Telecomm. & Energy, 433 Mass. 198, 203 (2001); New England Telephone and Telegraph Co. v. Dep't of Pub. Utils., 371 Mass. 67, 73 (1976); Bonbright, James C., Albert L. Danielsen, and David R. Kamerschen, Principles of Public Utility Rates 198-209 (1988) (2nd Ed.); Phillips, Charles F. Jr., The Regulation of Public Utilities 21 (1993) (3rd Ed.); Boston Edison Company, D.P.U. 906 (1982), 1982 MASS. PUC LEXIS 7, *58 (Mass. D.P.U. April 30, 1982) ("[T]he service obligation, regulatory price control, and the support obligation are the essential components that underlie the regulatory compact which public law and policy have created between consumers and utility investors.").

PART TWO
Broader Conceptual Issues

Proposal: Terminate existing expedited rate treatment for GSEP-related costs in favor of recovery of such costs by LDCs in base rates

Proposed by: Attorney General’s Office, NCLC

Proposal Statements:

Attorney General’s Office: The AGO supports a phased end to accelerated cost recovery under the Gas System Enhancement Program (GSEP). GSEP is, at its core, a funding mechanism that allows utility companies to recover the costs of natural gas infrastructure replacement on an accelerated timeline. Accelerated cost recovery has resulted in unchecked overspending that is not proportional to purported safety benefits. If GSEP continues at its current pace, the total cost of this initiative will be approximately \$40 billion over the next decade, an expense borne by ratepayers. GSEP costs are not only exorbitant, but the program also is inconsistent with statewide GHG emissions limits and sublimits established pursuant to Chapter 21N. In fact, accelerated cost recovery makes it *more* difficult for the Commonwealth to meet these GHG limits and sublimits by encouraging further institutionalization of natural gas infrastructure that should be largely phased out by 2050. Moreover, LDCs have a legal obligation to address leaks to ensure that their systems are safe and reliable, regardless of their funding mechanisms.⁴ As they did before GSEP was instituted in 2014, the LDCs should seek cost recovery through base rate cases, which provide greater transparency and accountability. The AGO supports a phased end to GSEP’s accelerated cost recovery mechanism as a means to ease the transition away from this expensive program. The statute currently caps the amount of GSEP recoverable by LDCs at “1.5 percent of the gas company’s most recent calendar year total firm revenues...or (ii) an amount determined by the department that is greater than 1.5 percent.” Since 2019, the Department has allowed LDCs to recover 3 percent of the most recent calendar year’s total firm revenues. Part One, above, proposes codifying this increase in the amount recoverable.

⁴ M.G.L. c. 164 § 144 (“Grade 1 leaks require repair as immediately as possible and continuous action until the conditions are no longer hazardous.”); 49 CFR 192.703 (“(b) Each segment of pipeline that becomes unsafe must be replaced, repaired or removed from service; (c) Hazardous leaks must be repaired promptly.”); 22 CMR 101.00 (stating every piping system in Massachusetts shall be constructed, operated, and maintained in compliance with Minimum Federal Safety Standards under 49 CFR 192).

Rather than adopting this proposed increase in perpetuity, the AGO recommends scaling back accelerated cost recovery over the next six years before terminating GSEP entirely on October 1, 2030, as shown below.

Year	Percent of the gas company's most recent calendar year total firm revenues
October 1, 2024	2.8%
October 1, 2025	2.5%
October 1, 2026	2.0%
October 1, 2027	1.5%
October 1, 2028	1.0%
October 1, 2029	0.5%
October 1, 2030	0.0%

Furthermore, the AGO opposes expanding the statute’s definition of “eligible infrastructure.” Some working group members have suggested broadening the definition of “eligible infrastructure” so LDCs may recover the costs of developing renewable energy infrastructure – such as networked geothermal systems – on an accelerated basis. GSEP already imposes significant ratepayer burdens; expanding accelerated cost recovery to include other kinds of construction would continue to raise costs and likely far exceed GSEP’s current \$40 billion price tag over the next decade. Additionally, the costs, feasibility, and efficacy of renewable energy systems are too uncertain at this time to justify accelerated cost recovery. As should be the case with gas pipeline infrastructure, LDCs should be required to recover the costs of geothermal and other renewable energy construction in base rate cases.

Finally, the AGO supports adjusting GSEP requirements, as proposed in Part One, above, so that its goals are consistent with the Commonwealth’s climate priorities while adequately protecting ratepayers. Accordingly, in the plans submitted to the Department, the LDCs should be required to consider all alternatives to natural gas infrastructure, targeted gas system decommissioning, and whether construction will result in stranded assets whose ongoing maintenance and operation costs will be borne by a shrinking customer base. The LDCs should also be required to report on GHG emissions reductions and demonstrate compliance with emissions limits and sublimits established pursuant to Chapter 21N.

In conclusion, accelerated cost recovery is a financial incentive for LDCs to excessively spend on natural gas infrastructure at the expense of ratepayers, all while institutionalizing a gas system that should be largely retired by 2050. By recovering the costs of addressing leak-prone infrastructure through base rate cases, LDCs will need to exercise more discretion on spending, and, by extension, the costs for ratepayers will go down. Phasing out GSEP over the next six years will significantly reduce costs, prevent stranded assets, and better align with the Commonwealth’s climate goals.

NCLC - NCLC supports an end to the special cost recovery treatment of GSEP, and the transition of the GSEP docket to a planning docket. Accelerated recovery of infrastructure through a monthly surcharge is an expensive way to incorporate delivery service investments into customer rates, and incentivizes spending up to any set cost cap. Removing special cost recovery, and revising the GSEP statute to accommodate informed gas system planning, will allow the Department to make careful informed decisions specifically focused on gas system planning. Part of that process should include a mapping of gas leak activity among other informational data points (which may require revisions of G.L. c. 164, § 147). Other mapping to inform the process, such as where electric load is not currently constrained, highlighting areas served by the same utility company for both gas and electric service, would be informative as the Department considers where electrification efforts could begin promptly. Cost recovery of any planned investments, however, can and should come in rate cases, where it existed for decades before enactment of the GSEP statute and the overall rate impact of a utility's proposal can be fully assessed. In the alternative, if the updated statute does not immediately end GSEP's cost recovery component, then we would support a firm date for ending the special cost recovery treatment of GSEP. If a date must be chosen, we strongly recommend that the date added at G.L. c. 164 § 145(b) should be moved up to a date no later than December 31, 2024 (rather than the 2029 date originally suggested).

Supported by: LEAN; Conservation Law Foundation

Opposed by: NEGWA/USW; HEET/PowerOptions; Eversource; Liberty; National Grid; Unutil

Statements in Opposition:

NEGWA/USW - Opposes this approach. GSEP has produced a remarkable reduction in leaky pipe in the Commonwealth, but Massachusetts LDCs still have a significant inventory, largely in congested urban areas where their replacement is more expensive and also has the potential to seriously impact public safety and health. New pipeline is safer and more durable—reducing leaks and promoting public/occupational safety. Prior to the introduction of the GSEP, some LDCs routinely deferred pipe replacement, putting their workers and the public at risk. Abruptly ending accelerated cost recovery would be likely to reverse the record that the LDC's have built in proactively replacing pipeline.

HEET/PowerOptions - The GSEP, with its carrot of the accelerated cost recovery, is the perfect vehicle for transitioning the gas system to non-combusting clean energy. The gas companies are federally mandated to replace the infrastructure anyway and thus will do so. Retaining the accelerated cost recovery is a powerful lever to motivate the gas companies to install infrastructure that can meet its emissions mandate instead of new gas infrastructure. Whether or not accelerated cost recovery exists, all costs for such replacement will still come from the customer, however the company will not get the funds for several years, potentially increasing their financial strain and moving them a little closer to stranded assets. Stranded assets would in the end probably be paid by the state and remaining gas customers.

Eversource - Without accelerated cost recovery, there is no ability to do the GSEP beyond the normal capital investment process. Would revert to normal rate case treatment for capital additions.

Liberty - Given that accelerated recovery is the linchpin of the GSEP, terminating it while continuing to mandate initiatives, like accelerated infrastructure replacement or the methane emission regulations in 310 C.M.R. 7, that grew out of the current iteration of the GSEP, would not only be fundamentally unfair, but also virtually guarantee annual distribution rate case filings

by each local distribution company. To mitigate such an administratively inefficient outcome, the Department would need to consider the implementation of a rate adjustment mechanism that adjusts rates annually based on forward test-year projections.

National Grid - The intent of the GSEP statute is to establish an alternative mechanism outside of rate cases to ensure sufficient funding to reduce risk and improve gas system safety by replacing leak prone pipe and repairing Grade 3 leaks with significant environmental impact. Without accelerated cost recovery, will reduce the ability to accelerate replacement or retirement of leak prone pipe beyond the normal capital investment process. Removing language that establishes accelerated cost recovery to reduce risk and emissions would eliminate the primary purpose of the GSEP statute. Thus, cost recovery for this spending, and all associated information necessary to approve spending for replacement of leak prone pipe reverts to normal rate case treatment for capital additions.

Unitil - This proposal either overlooks or deliberately ignores the fundamental purpose of GSEP and the public interest which underlies it: accelerating the replacement of leak-prone pipe to ensure the safe, efficient, and reliable delivery of natural gas to customers. This proposal is beyond the scope of the GSEP Working Group because it is tantamount to the repeal of the GSEP statute. The GSEP Working Group’s mandate is limited to “develop[ing] recommendations for legislative and regulatory changes that may be necessary to align gas system enhancement plans [GSEPs] developed pursuant to section 145 of chapter 164 of the General Laws with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N and the commonwealth’s emissions strategies.” The GSEP framework has been a success—appropriately balancing the safety and integrity of the distribution system with the cost to customers. The local gas distribution companies have already replaced approximately 4,109 miles of main and 199,850 services. Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 23-GSEP-01, Second Five-Year Review 2018-2023, at 1 (filed November 3, 2023). GSEP has provided economic benefits to the Commonwealth in the form of additional jobs. Id. at 12, 15, 18, 22, 25, 28. Additionally, since GSEP began in 2015, this work has eliminated an estimated 7,890 gas leaks and reduced methane emissions by approximately 58,571 metric tonnes. Id. at 2. There is no reasonable basis to depart from the GSEP framework, nearly a decade into its operation, in favor of recovering replacement costs in base rates.

Proposal: Redefine an LDC’s obligation to continue to serve an existing customer in a manner that would enable natural gas service to be replaced with substitute heat or energy service (e.g., networked geothermal or electrification)

Proposed by: HEET

Proposal Statement: Gas utilities currently can only sell gas and install gas infrastructure. They also currently can only meet their obligation to serve customers using gas. This means they cannot meet the commonwealth’s net zero emissions mandate. The edits below are intended to allow them to serve their customers and conduct their business while moving toward non-combusting clean energy. Since these definitions were not within the compiled redlines, the text of the definitions are below (the text in bold is text that is added to the existing state law).

- “Gas company”, a corporation organized for the purpose of making and selling or distributing and selling, gas or utility-scale non-emitting renewable thermal energy within the commonwealth, even though subsequently authorized to make or sell electricity provided however, that gas company shall not mean an alternative energy provider.

- “Non-emitting renewable thermal energy”, thermal energy that provides heating or cooling without combustion and that does not release greenhouse gas emissions as defined in section 1 of chapter 21N.
- Section 92 of 164: Section 92. On written petition of any person, having a residence or place of business in a town where a corporation is engaged in the manufacture, transmission or sale of gas or the distribution of electricity, aggrieved by its refusal or neglect to supply him with gas or electricity, the department may, after notice to the corporation to appear at a time and place therein named to show cause why the prayer of such petition should not be granted, issue an order directing and requiring it to supply the petitioner with gas or other thermal energy, as determined by the department pursuant to the priorities of section 1A of chapter 25, or electricity, upon such terms and conditions as are legal and reasonable; provided, however, that if such corporation is engaged in such town solely in the transmission of gas such order shall not be made where it appears that compliance therewith would result in permanent financial loss to the corporation. A gas company may meet any obligation to serve by providing a customer with non-emitting renewable thermal energy, including but not limited to networked geothermal infrastructure or an electric heat pump.

Supported by: LEAN/NCLC; Conservation Law Foundation; PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Until

Statements in Opposition:

NEGWA/USW - This is well beyond the scope of this working group and has implications extending well beyond Chapter 164.

Eversource - Out of scope and beyond the purpose of the GSEP.

Liberty - Opposes this proposed revision. Redefining a local distribution company’s obligation to continue to serve an existing customer is outside the scope of the stakeholder working group’s statutory mandate as set forth in the Drive Act. Furthermore, by presuming that natural gas service can/will be replaced with substitute heat or energy service assumes that the non-pipe alternative is affordable and feasible. This presumption pre-empts the Department’s consideration of similar issues in D.P.U. 20-80; therefore, is not ripe for inclusion in the next iteration of the GSEP at this time. Additionally, the replacement of leak-prone pipe should be and is based on the risk scores pursuant to the Company’s DIMP. While the Company is supportive of consideration of non-pipe alternatives as a means of GSEP, substitute heat or energy service (e.g. networked geothermal or electrification) requires not only customer adoption, but a location of GSEP eligible pipe that would allow for a section of the Company’s natural gas distribution system to be retired without duplicative pipe being required to continue the operation of the Company’s remaining system. Liberty recommends the inclusion of “non-pipe alternatives” assuming the non-pipe alternative is determined to be affordable and feasible by the local distribution company and has been reviewed and approved by the Department in the context of the GSEP, which encompasses substitute heat or energy services. Generally, any additions to the Department’s standard of review should be left to the broad oversight of the Department and not prescribed by legislation.

National Grid - Out of scope and beyond the purpose of the GSEP to redefine LDC obligation to serve.

Unitil - As noted above, Unitil is generally supportive of including the consideration of non-pipe alternatives in the context of the GSEP. However, Unitil does not support a framework under which the local gas distribution companies (“LDCs”) must show a non-pipe alternative

is infeasible or not cost effective before they can replace or retire pipe. The LDCs should be required to present analyses only in support of proposed non-pipeline investments. In addition, the LDCs must balance both near-term and long-term affordability of the gas network, recognizing that ongoing investment in the system will be necessary to continue to provide safe and reliable service to customers. See [Vote and Order Opening Investigation](#), D.P.U. 20-80, at 4 (October 29, 2020) (“For all identified pathways, the Department will endeavor to determine whether and how the LDCs can implement each pathway **in a cost-effective way with a continued focus on safe and reliable service to their ratepayers.**”)(emphasis added). Because they provide essential services, the LDCs do not have the option to defer critical investments as alternative technologies continue to evolve.

Proposal: If section 145 is amended to require (1) consideration of a non-gas pipe alternative, and (2) a determination by the LDC that such alternative is “infeasible or not cost-effective,” what costs are included in such cost-effectiveness analysis?

Proposed by:

Proposal Statement: [explanation of why they proposed it]

Supported by: HEET/PowerOptions

Opposed by: NEGWA/USW; Eversource; Liberty; National Grid; Unitil

Statements in Opposition:

NEGWA/USW - This would require a holistic analysis, including not just consumer replacement and maintenance costs and costs to the LDCs in acquiring, training, constructing, operating, and maintain alternative infrastructure but also just transition costs. It should also include costs associated with the failure of a non-pipe alternative—e.g., heat pumps failing to work during periods of extreme cold. And it would need to consider the cost of just transition of the LDC’s workforce and economic impacts on both the communities whether pipeline was housed and communities where gas workers live.

Eversource - Would agree if the alternative analysis is based on feasible and cost-effective programs. No other analysis required or warranted.

Liberty - Opposes the amendment of section 145 to require “(1) consideration of a non-gas pipe alternative, and (2) a determination by the LDC that such alternative is “infeasible or not cost-effective,” what costs are included in such cost-effectiveness analysis.” The inclusion of “a finding that such alternative is infeasible or not cost-effective” presumes that the installation of a non-pipe alternative is the preference for GSEP planning. Given that this issue is currently before the Department in D.P.U. 20-80, this presumption is not ripe for consideration in the context of the stakeholder working group.

National Grid - Would agree if the alternative analysis is based on feasible and cost-effective programs. No other analysis is required or warranted.

Unitil - As discussed above, Unitil does not support a framework under which the LDCs must show a non-pipe alternative is infeasible or not “cost effective” before they can replace or retire pipe. The question posed by this proposal is telling because it highlights the fact that it is unclear what costs should be included in such an analysis and suggests that this may not be a practical framework at this time. For example, networked geothermal is still in the pilot stage in the Commonwealth, and the true costs and useful life of the technology may not be fully understood. In addition, the cost-effectiveness of new and evolving non-pipe alternatives would be subject to multiple assumptions concerning uncertain factors such as the pace of renewable/energy storage development, the total cost of large-scale intermittent

renewable generating sources, the cost of electric system upgrades necessary to enable electrification, how long gas generation will be on the margin, workforce transition costs, etc.) As the number of assumptions increase, the conclusions that may be drawn from the analysis are less reliable.

Comment: *HEET* - A non-gas pipe alternative is considered not feasible or not cost-effective if the costs of the installation plus operations and maintenance is not likely to be paid back over the measure's lifetime, while factoring in any likely growth of local energy use along that street segment over that time period. During the first decade of the non-gas pipe alternatives, there should also be that costs will reduce over time. In other words a cost-curve reduction should be applied⁵ over the first few years while the gas companies learn to install non-gas pipe alternatives at scale.

Additional Proposal:

- Depreciation of gas utility infrastructure

Proposed by: LEAN/NCLC

Proposal Statement: The DPU should be directed to establish a planning docket to address depreciation of gas utility infrastructure. In addition to the cost recovery available through GSEP, gas utilities have also sought approval from the DPU to further accelerate this recovery via accelerated depreciation. Addressing all cost recovery questions related to gas infrastructure through a planning docket would provide an opportunity to examine all costs and impacts on rates, and to take steps to keep residential rates affordable.

Supported by:

Supporting Statements:

Opposed by:

Statements in Opposition:

⁵ Wright's Cumulative Average Model (<https://maaw.info/LearningCurveSummary.htm>) is a simple method of calculating the cost curve. $Y = aX^b$ where:

- Y = the cumulative average time (or cost) per unit.
- X = the cumulative number of units produced.
- a = time (or cost) required to produce the first unit.
- b = slope of the function when plotted on log-log paper.