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HOUSE . . . . . No.

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LIEUTENANT GOVERNOR

May 13, 2025

To the Honorable Senate and House of Representatives,

I am pleased to submit for your consideration an Act relative to energy affordability, independence, and innovation. The legislation takes a comprehensive approach to driving down rising energy costs, making our state more energy independent, sparking innovation in the energy sector, and improving accountability and consumer protection standards. Together, these provisions in the Act have the potential to reduce ratepayer costs by more than $10 billion over the next decade alone.

Affordability

Under the Act, Massachusetts would reform or phase out ratepayer programs that are no longer cost effective. This includes a proposed phaseout of the Alternative Portfolio Standard charge on the bill and a reduction to the net metering credit rates that new large standalone solar, wind, and other technologies can receive, saving customers hundreds of millions of dollars.

Utility bills have multiple usage-based "reconciling charges" on energy bills that can cause bills to spike during peak usage months and also discourages customer adoption of efficient heat pumps and electric vehicles. The Act would require the Department of Public Utilities (DPU) to review and reform these charges and would also direct the DPU to set caps on the amount that rates can increase month-to-month.

As part of the restructuring of the electric utility sector, many states used the securitization of utility assets to limit ratepayer impacts of the process. Massachusetts used this financing method then and we now face a similar situation as we seek to improve and expand our electrical grid and upgrade our building stock. This legislation updates the statutory authorization

to allow utilities to take advantage of this mechanism by issuing electric and gas rate reduction bonds to lower bill impacts associated with important utility investments and programs.

Mass Save is an extremely popular and successful program that has delivered over $34 billion in benefits and savings to ratepayers since 2010. That said, informed by the 2022 Clean Heat Commission and an analysis that engaged hundreds of stakeholders, the Act seeks to streamline program delivery and enhance the customer experience. This streamlines program administration to meet evolving customer preferences, technological advancements, and state priorities, leading to a projected 10% savings in administrative costs.

The Act will reform the residential competitive retail supply market by eliminating products that are most harmful to consumers today, expanding licensure requirements, increasing consumer protection standards, and improving the DPU's oversight capabilities, all while preserving the option for residential customers to choose their own supplier.

The current basic service procurement process is rigid and can result in significant seasonal price swings for ratepayers, particularly from one season to the next. The Act aims to reduce bill volatility by giving the DPU and electric utilities flexibility on the timing and duration of basic service electricity supply procurements.

Energy Independence

Currently, utilities serve as the contracting entity for clean energy procurements, while the Department of Energy Resources (DOER) negotiates the contracts. The utilities charge a fee for being the contracting agent, which is projected to burden ratepayers with billions in costs over the coming decades. The Act grants DOER with expanded authority to conduct solicitations and enter into contracts with clean new sources of energy generation, transmission, energy storage, and demand response. These resources could help reduce reliance on imported fuels, decrease volatility in seasonal energy prices, and lower future customer bills by removing the utilities' responsibility to sign contracts.

Gas companies are permitted to own and operate multi-customer geothermal networks but cannot currently own geothermal heat loops that serve individual customers. The Act will allow gas companies to own heat loops for individual customers, such as universities and hospitals, helping them overcome upfront cost challenges that are a barrier to deploying what is the most efficient heating and cooling technology available. These investments will come at no cost to other customers but will benefit all customers by avoiding the need for costly grid upgrades. They will also help reduce the state's reliance on imported fossil fuels and help contribute to the establishment of a new homegrown industry with good-paying, union jobs.

In Massachusetts, in addition to requiring rigorous federal, state, and local approvals through formal siting and licensing processes that require public input, any proposed new nuclear fission facility must also secure approval via a statewide ballot initiative with a majority vote. No

other generation source in the state requires this statewide ballot initiative approval. This Act would repeal a 1982 law that mandates that any new nuclear facility receive approval through a statewide ballot initiative, eliminating a major barrier to the consideration of new small modular reactors that could improve reliability, stabilize prices, and decarbonize the region's power grid. Since 2020, eight of the 14 states with a nuclear moratorium or similar provisions have either fully or partially lifted limitations on building new nuclear and three more states are exploring it.

Energy Innovation

Inadequate electric and other utility infrastructure, including housing and economic development, is a significant barrier to growth in Massachusetts. Developers and businesses cite the delay and cost of utility infrastructure build-out as factors influencing their investment decisions. The Act creates processes to proactively identify and build utility infrastructure to facilitate economic development and housing, integrating economic development needs into grid planning efforts but avoids passing costs onto customers other than those that directly benefit.

The growing cost of distribution and transmission investments needed to meet increasing electric demand driven by housing, economic development, and electrification is expected to drive rate increases. The Act introduces a tool that permits non-profit entities to collaborate with utilities and co-invest in various types of utility infrastructure projects. These entities would be required to return a significant portion of the revenues they earn from investing in these projects to benefit ratepayers by funding programs that provide direct financial benefits to ratepayers or to local communities hosting the infrastructure, at no cost to ratepayers.

Inclusive Utility Investment allows utilities to invest in customer-owned energy equipment with repayment occurring through future customer bills. This provides options beyond Mass Save for customers to finance efficiency and electrification measures, with only the participating customer paying for them. The Act directs the utilities to propose programs that have the potential to reduce the need for upfront incentives paid for by all ratepayers.

Creating Accountability

This proposal strengthens the DPU's oversight of investor-owned utilities to ensure that ratepayer dollars are not directed to wasteful projects or inappropriate activities. This legislation would codify prohibitions on the use of ratepayer funds for certain travel, advertising, and lobbying expenses. The DPU would also be authorized to issue management audits of the investor-owned utilities to ensure proper management.

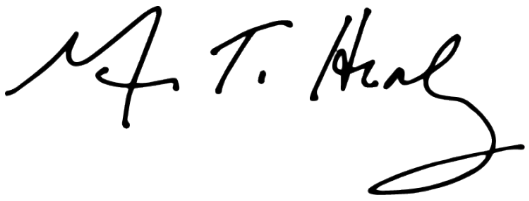
To ensure that the ratepayers can receive the maximum benefit of investments in the electrical grid, the proposal requires that electric utilities undertake comprehensive planning. This will require them to develop comprehensive load management and Virtual Power Plants plans as part of next Electric Sector Modernization Plans. These plans will allow for development to while ensuring that ratepayers can avoid costly unnecessary grid upgrades.

The bill also works to improve consumer protections and reduce costs by:

- Amending the SMART Program to ensure consumer protection standards are met;
- Allowing for a form of electric submetering in multi-family buildings that use centralized heat pumps, removing a key barrier to development of such facilities;
- Requiring a common application of solar projects to reduce administrative costs;
- Eliminating the remaining state subsidies for woody biomass generation;
- Expanding moderate low income rates to gas customers;
- Using flexible interconnection solutions to connect customers faster and cheaper;
- Enabling community microgrids at critical facilities;
- Ensuring that utility transmission investments are fully reviewed;
- Placing a moratorium on electric shutoffs during periods of unhealthy heat;
- Establishing labor standards for geothermal work performed by the utilities; and
- Clarifying the range of services that PowerOptions can provide to its clients.

This legislation is critical to ensure that Massachusetts is an affordable place for all our residents to live. I look forward to working with you to advance this critical investment in our shared future.

Respectfully submitted,



Maura T. Healey,
Governor

HOUSE . . . . . No.

Message from Her Excellency the Governor recommending legislation relative to energy affordability, independence and innovation.

The Commonwealth of Massachusetts

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

An Act relative to energy affordability, independence and innovation.

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

SECTION 1. Chapter 21N of the General Laws is hereby amended by striking out section 3B in its entirety and replacing it with the following section:

Section 3B. Not later than February 15 of every third year of each plan approved under section 21 of chapter 25, the secretary shall set a goal, expressed in tons of carbon dioxide equivalent, for the succeeding plan's necessary contribution to meeting each statewide greenhouse gas emissions limit and sublimit adopted pursuant to this chapter.

SECTION 2. Chapter 25 of the General Laws is hereby amended by striking out section 19 in its entirety and replacing it with the following section:-

Section 19. (a) Subject to the provisions of subsection (g) of section 21, the department shall require a mandatory charge of 2.5 mills per kilowatt-hour for all consumers, except those served by a municipal light plant, to fund programs supporting building decarbonization through the elimination of fossil fuel end uses or reducing energy use through energy efficiency and load management resources. The programs shall be administered by the electric distribution

companies and by municipal aggregators with energy plans certified by the department under subsection (b) of section 134 of chapter 164.

(b) In addition to the aforementioned mandatory charge, such programs administered by the electric distribution companies and by municipal aggregators with energy plans certified by the department under subsection (b) of section 134 of chapter 164, shall be funded, without further appropriation, by: (1) amounts generated by the distribution companies and municipal aggregators under the Forward Capacity Market program administered by ISO–NE, as defined in section 1 of chapter 164; (2) cap and trade pollution control programs, including, but not limited to, and subject to section 22 of chapter 21A, not less than 80 per cent of amounts generated by the carbon dioxide allowance trading mechanism established under the Regional Greenhouse Gas Initiative Memorandum of Understanding, as defined in subsection (a) of section 22 of chapter 21A, and the NOx Allowance Trading Program; (3) the building decarbonization and energy efficiency surcharge established pursuant to subsection (c) approved by the department; and (4) other funding as approved by the department after consideration of: (i) the effect of any rate increases on residential and commercial consumers; and (ii) the availability of other private or public funds, utility-administered or otherwise, that may be available for building decarbonization, electrification, energy efficiency, or load management.

(c) The gas distribution companies shall implement a mandatory charge for all consumers to support the approved statewide building decarbonization and energy efficiency investment plan and other funding directed in subsections (e), (f), and (g), to be directed to the electric distribution companies and municipal aggregators with certified energy plans according to a method approved by the Department.

(d) Building decarbonization and energy efficiency program funds shall be pooled as approved by the department such that all pooled funds can be used to fund and deliver aspects of the statewide building decarbonization and energy efficiency plan pursuant to section 21, regardless of which electric distribution company, municipal aggregator, gas distribution company, or municipal light plant serves the ratepayer, as long as the municipal light plant customer is served by an investor owned electric distribution company or gas distribution company. At least 20 percent of the statewide plan funds shall be allocated to the low-income residential sector to support comprehensive residential building decarbonization, energy efficiency and education programs, and the statewide plan shall further prioritize investment to support building decarbonization and energy efficiency for moderate income residential households, renters and commercial small business ratepayers.

(e) Notwithstanding any provision of this section to the contrary, the department shall annually direct the electric distribution companies and municipal aggregators with certified energy plans to jointly transfer, on or before December 31, not less than $12,000,000 in funds collected pursuant to this section to the Clean Energy Investment Fund, established in section 15 of chapter 23J of the General Laws; provided that funds shall be appropriated for the clean energy equity workforce and market development program pursuant to subsection (c) of section 13 of chapter 23J.

(f) Notwithstanding any provision of this section to the contrary, the department shall annually direct the electric distribution companies and municipal aggregators with certified energy plans to jointly transfer to the department of energy resources, on or before December 31, funds collected pursuant to this section to pay for the costs incurred to support the development and maintenance of a statewide building decarbonization and energy efficiency database. The

department of energy resources shall be required to file with the department on or before October 31 in the same year as the filing of the statewide plan, a workplan describing its plans for development of the statewide database, desired outcomes, and an associated budget for department approval.

(g) Notwithstanding any provision of this section to the contrary, the department shall direct the electric distribution companies and municipal aggregators with certified energy plans to jointly transfer, on or before December 31 of the second year of each term, an amount, not more than $2,000,000, approved by the department in funds collected pursuant to this section to the department of energy resources to support the preparation of a statewide study of remaining building decarbonization and energy efficiency potential.

SECTION 3. Chapter 25 of the General Laws is hereby amended by striking out sections 21 and 22 in their entirety and replacing it with the following two sections:-

Section 21. (a)(1) Every 3 years, on or before March 31, the electric distribution companies and municipal aggregators with certified energy plans shall jointly prepare a cost-effective statewide building decarbonization and energy efficiency investment plan. The statewide plan shall provide for programs designed to support building decarbonization through the elimination of fossil fuel end uses or the reduction of fossil fuel energy use through energy efficiency and load management resources and shall be prepared in coordination with the building decarbonization advisory council established by section 22, and must be designed to meet or exceed the secretary of the executive office of energy and environmental affairs greenhouse gas emission reductions, as set forth pursuant to section 3B of chapter 21N.

(2) The statewide plan shall include: (i) an assessment performed by the department of energy resources of the estimated lifetime cost, reliability, and magnitude of available building decarbonization, energy efficiency, and load management resources; (ii) the amount of demand resources, including building decarbonization, electrification, efficiency, conservation, demand response and load management, that are proposed to be acquired under the plan and the basis for this determination; (iii) the estimated energy cost savings that the acquisition of such resources will provide to electricity and natural gas consumers, including, but not limited to, reductions in capacity and energy costs and increases in rate stability and affordability for low-income customers; (iv) a proposed mechanism which provides performance incentives to the companies based on their success in meeting or exceeding the building decarbonization and energy efficiency goals in the plan; (v) the budget that is needed to support the programs; (vi) a fully reconciling funding mechanism which may include, but which shall not be limited to, the charge authorized by section 19; (vii) the estimated amount of reduction in peak load that will be realized from each option; (viii) an estimate of the social value of greenhouse gas emissions reductions that will result from the plan, including a numerical value of the plan's contribution to meeting each statewide greenhouse gas emissions limit and sublimit set by statute or regulation, together with provisions for giving each value prominent display in communications and plan documents; (ix) data showing the percentage of all monies collected that will be used for direct consumer benefit, such as incentives and technical assistance to carry out the plan; (x) consideration of historic and present program participation by small business ratepayers and low and moderate-income households, including households that rent; (xi) strategies and investments that the programs will undertake to achieve equitable access and reduce or eliminate any disparities in program uptake; and (xii) a method for capturing the following data to assess the

plan's services to low-income and underserved ratepayers such as moderate income, renters, and small business ratepayers: (A) the total number of ratepayers per municipality served; (B) the total statewide plan surcharge dollars paid by ratepayers as part of their utility bills per municipality served; and (C) the total incentives provided by the program administrators by municipality served, delineated by utility and sector, including residential, residential low-income, and commercial and industrial.

(3) The statewide plan shall include a description of programs, which may include, but that shall not be limited to: (i) programs to support building decarbonization through the elimination of fossil fuel end uses; (ii) energy efficiency and load management programs, including energy storage and other active demand management technologies; (iii) programs for research, development, and commercialization of products or processes, which support building decarbonization through the elimination of fossil fuel end uses; (iv) programs for development of markets for such products and processes, including recommendations for new appliance and product efficiency standards; (v) programs providing support for energy use assessment, real time monitoring systems, engineering studies and services related to new construction or major building renovation, including integration of such assessments, systems, studies and services with building energy codes programs and processes, or those regarding the development of high performance or sustainable buildings that exceed code; (vi) programs for planning and evaluation; (vii) programs providing commercial, industrial and institutional customers with greater flexibility and control over building decarbonization and energy efficiency investments funded by the programs at their facilities; (viii) programs for public education regarding building decarbonization, energy efficiency and load management programs; (ix) programs for the purchase of energy efficient appliances and heating, air conditioning and light devices; (x)

programs delivering home energy scorecards at the time of a home energy assessment; (xi) programs that result in customers switching to renewable energy sources or other clean energy technologies including, but not limited to, programs that combine efficiency and building decarbonization through the electrification of fossil fuel end uses with renewable generation and storage; (xii) programs to serve targeted geographic areas that may provide enhanced services that differ from the statewide program offerings, including programs offered as enhancements by municipal aggregators with energy plans certified by the department under subsection (b) of section 134 of chapter 164; (xiii) programs that may result in greenhouse gas emission reductions or energy savings realized after the statewide plan term; (xiv) programs to coordinate with gas utility non-pipe alternatives investment; and (xv) must include services to assist customers in decarbonization and energy efficiency planning and implementation, which shall include education about other programs or resources outside the statewide plan that support the adoption of clean energy technology, building decarbonization measures or energy efficiency measures.

(4) The statewide plan shall not include spending on incentives, programs or support for systems, equipment, workforce development or training as they relate to new fossil fuel equipment unless such spending is for low-income households, emergency facilities, hospitals, a backup thermal energy source for a heat pump where technically or economically necessary, or hard to electrify uses, such as industrial processes.

(b) (1) In authorizing such statewide plan, the department shall ensure that sector level plans are delivered in a cost-effective manner and the statewide plan minimizes administrative costs and utilizes competitive procurement to the fullest extent practicable. When determining cost-effectiveness, the calculation of program benefits shall include calculations of the social value of greenhouse gas emissions reductions, except in the cases of conversions from fossil fuel

utilizing measures to fossil fuel utilizing measures, and the calculation shall be subject to the conditions in paragraph (2) of this subsection.

(2) A program included in the statewide plan shall be screened through cost-effectiveness testing at the sector level, which compares the value of benefits to the costs to ensure that the sector is designed to obtain savings and other benefits with value greater than the costs of the sector. When determining cost-effectiveness, the calculation of benefits shall include non-energy impacts and calculations of the social value of greenhouse gas emissions reductions, except in the cases of conversions from fossil fuel utilizing measures to fossil fuel utilizing measures.

(3) Sector cost effectiveness shall be reviewed periodically by the department and by the building decarbonization advisory council. For the purposes of reviewing cost effectiveness, programs shall be aggregated by sector. Any sector with a benefit cost ratio greater than 1.0 indicating benefits are greater than costs shall be considered cost-effective. The department may adopt alternative screening criteria appropriate for the evaluation of cost effectiveness of market transformation programs. If a sector fails the cost-effectiveness test as part of the review process, its component programs shall either be modified so that the sector meets the test or shall be terminated.

(c) The low-income residential building decarbonization and energy efficiency and education programs shall be implemented through the low-income weatherization and fuel assistance program network and shall be coordinated with the statewide plan with the objective of standardizing implementation and ensuring that low income ratepayers remain eligible for the

low income weatherization assistance program approved by the United States Department of Energy pursuant to Title IV of the Energy Conservation and Production Act.

(d) (1) A gas distribution company shall not administer building decarbonization or energy efficiency programs pursuant to the statewide plan.

(2) A gas distribution company that is not owned by a corporate parent company that operates an electric distribution company in Massachusetts may provide support, marketing or customer outreach services to the electric distribution company or municipal aggregator with a certified energy plan in their administration of the statewide plan and may be eligible to earn performance incentives associated with its services provided pursuant to this section.

(e) The statewide plan prepared under subsection (a) shall be submitted for approval and comment by the building decarbonization advisory council every 3 years on or before March 31. The electric distribution companies and municipal aggregators shall provide any additional information requested by the council that is relevant to the consideration of the plan. The council shall review the plan and any additional information and shall submit its approval or comments to the electric distribution companies and municipal aggregators not later than 3 months after submission of the plan. The electric distribution companies and municipal aggregators may make any changes or revisions to reflect the input of the council.

(f)(1) The electric distribution companies and municipal aggregators shall submit the statewide plan, together with the council's approval or comments and a statement of any unresolved issues, to the department every 3 years on or before October 31. The department shall consider the statewide plan and shall provide an opportunity for interested parties to be heard in a public hearing.

(2) Not later than 120 days after submission of the statewide plan, the department shall issue a decision on the statewide plan which ensures that the electric distribution companies and municipal aggregators with certified energy plans have complied with the requirements of this section and considered climate, environmental, and equity benefits, and shall approve, modify and approve, or reject and require the resubmission of the plan accordingly. The department shall determine the effectiveness of the plan on an annual basis.

(3) The statewide plan shall be in effect for 3 years.

(4) Not later than 15 months after the conclusion of the final year of each plan, the department, drawing upon the most accurate and most complete data and measurements then available, shall issue a statement in writing to the clerks of the house of representatives and the senate, the house and senate committees on ways and means, the joint committee on telecommunications, utilities and energy and the joint committee on the environment, natural resources and agriculture, indicating the degree to which the activities undertaken pursuant to the performance of each plan met the goal for the plan set by the secretary pursuant to section 3B of chapter 21N.

(g) The department may authorize electric distribution companies and gas distribution companies to recover all or a portion the costs of approved statewide building decarbonization and energy efficiency investment plans, as established in subsection (c) of section 19, via electric rate reduction bonds and gas rate reduction bonds pursuant to section 1H of chapter 164. If the department authorizes an electric distribution company to use electric rate reduction bonds in an amount that meets or exceeds the department-approved budget for a three-year building decarbonization and energy efficiency plan, it may direct the suspension of the mandatory charge

of 2.5 mills per kilowatt-hour established pursuant to subsection (a) of section 19 from customer bills so long as the bonds remain outstanding, if determined to be in the interest of electric ratepayers.

(h) If the electric distribution companies and municipal aggregators with certified energy plans have not reasonably complied with the statewide plan, the department may open an investigation. In any such investigation, the electric distribution companies and aggregators shall have the burden of proof to show whether there is good cause for failing to reasonably comply with the statewide plan. If the electric distribution companies or municipal aggregators do not meet the burden, the department may levy a fine of not more than the $0.05 per kilowatt-hour times the shortfall of kilowatt-hours saved, as applicable, depending upon the facts and circumstances and degree of fault, which shall be paid to the department of energy resources within 60 days after the end of the year in which the department levies the fine. The fine shall not impact ratepayers and shall not be imposed on municipal aggregators with certified energy plans. The department of energy resources shall use the funds under this subsection to maximize programs supporting building decarbonization or energy efficiency.

(i) The need for a program administrator to prepare for meetings with the council during the department's 120–day review period after submission of a plan shall not constitute good cause in a motion for an extension of time to respond to discovery or in a motion for an extension of time to respond to a record request.

(j) All customer data collected by the electric and gas distribution companies and municipal aggregators, contractors, vendors, or other implementation partners as part of an energy audit report or provision of energy efficiency and decarbonization services pursuant to

implementation of approved statewide building decarbonization and energy efficiency investment plans shall be confidential. No person shall disclose the name of a customer, the contents of an energy audit report prepared for such customer, or other customer information associated with provision of energy efficiency and decarbonization services to any person other than the following, unless the customer or subsequent purchaser waives his right to confidentiality with respect to such information provided: (1) the customer; (2) a subsequent purchaser of the building serviced; (3) the electric and gas distribution companies; (4) municipal aggregators that administer statewide building decarbonization and energy efficiency investment plans; (5) the authorized vendors and other implementation partners of the electric and gas distribution companies, and municipal aggregators that administer statewide building decarbonization and energy efficiency investment plans; (6) the department of energy resources, its authorized vendors and other implementation partners; (7) the executive office of energy and environmental affairs. However, tenants in an audited building shall have the right to inspect the energy audit report for the building in which they live.

However, nothing in this section shall prohibit sharing of customer data between electric and gas distribution companies, municipal aggregators, and municipal light plants as approved by the department in furtherance of the Commonwealth's public policy goals, including but not limited to integrated energy planning.

All customer data collected pursuant to implementation of approved statewide building decarbonization and energy efficiency investment plans, including but not limited to the name of the customer, contents of an energy audit report, decarbonization or energy efficiency measures installed, and participation in demand response programs, shall not be deemed to be a public

record as defined in clause 26 of section 7 of chapter 4 of the General Laws and shall not be subject to demand for production under section 10 of chapter 66 of the General Laws.

Section 22. (a) The department shall appoint and convene a building decarbonization and energy efficiency advisory council which shall consist of 15 members, including 1 person representing each of the following: (1) residential consumers; (2) the low-income weatherization and fuel assistance program network; (3) the environmental community; (4) businesses, including large C&I end-users; (5) the low and moderate income interests; (6) building decarbonization experts; (7) organized labor, as recommended by the president of the Massachusetts AFL-CIO; (8) the department of environmental protection; (9) the attorney general; (10) the executive office of economic development; (11) the Massachusetts Non-profit Network; (12) a city or town in the commonwealth; (13) the Massachusetts association of realtors; (14) a business located in the commonwealth that performs decarbonization services; and (15) the department of energy resources. Interested parties shall apply to the department for designation as members. Members shall serve for terms of 5 years and may be reappointed. The commissioner of the department of energy resources shall serve as chair of the council. A member who is a representative of building decarbonization experts shall not have a contractual relationship with an electric or natural gas distribution company doing business in the commonwealth or any affiliate of such company, or any municipal aggregator. There shall be 1 non-voting, ex-officio member from each of the electric and natural gas distribution companies, 1 from each of the approved municipal aggregators, 1 from the heating oil industry, 1 from ISO New England and 1 from the Massachusetts clean energy center established pursuant to section 2 of chapter 23J.

(b) The council shall, as part of the approval process by the department, seek to maximize net economic benefits through building decarbonization or energy efficiency and load management resources and to achieve energy, capacity, climate and environmental goals through a sustained and integrated statewide building decarbonization and energy efficiency effort and to consider affordability and ratepayer bill impacts resulting from the proposed statewide plan investment. The council shall review and approve demand response program plans and budgets, work with program administrators in preparing energy resource assessments, determine the economic, system reliability, climate and air quality benefits of efficiency and load management resources, conduct and recommend relevant research, and recommend long term building decarbonization, efficiency and load management goals to maximize economic savings and achieve environmental goals. Approval of building decarbonization, energy efficiency and demand response plans and budgets shall require a two-thirds majority vote. The council shall, as part of its review of the statewide plan, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the efficiency programs.

(c) The council, together with the department of energy resources, as council chair, may retain expert consultants; provided, however, that such consultants shall not have any contractual relationship with an electric or natural gas distribution company doing business in the commonwealth or any affiliate of such company.

The council shall annually submit to the department a proposal regarding the level of funding required for the retention of expert consultants and reasonable administrative costs. The proposal shall be approved by the department either as submitted or as modified by the

department. The department shall allocate funds sufficient for these purposes from the natural gas and electric efficiency funding authorized under section 19; provided, however, that such allocation shall not exceed one per cent of such funding on an annual basis. The consultants used under this section shall be experts in building decarbonization and energy efficiency and shall be independent.

(d) The electric distribution companies and municipal aggregators shall provide quarterly reports to the council on the implementation of the statewide plan. The reports shall include: (i) a description of the progress in implementing the statewide plan; (ii) a summary of the savings secured to date; (iii) a quantification of the degree to which the activities undertaken pursuant to the statewide plan contribute to meeting the greenhouse gas emission reduction goal set forth by the secretary of the executive office of energy and environmental affairs pursuant to section 3B of chapter 21N; and (iv) such other information as the council shall reasonably determine. Annually, as part of a quarterly report, the electric distribution companies and municipal aggregators, in order to assess the statewide plan's services to low-income ratepayers and underserved ratepayers such as moderate income, renters and small business ratepayers, shall provide, consistent with the data aggregation method approved by the department: (i) the total number of ratepayers per municipality served; (ii) the total energy efficiency surcharge dollars paid by ratepayers as part of their utility bills per municipality served; and (iii) the total incentives provided by the program administrators by municipality served, delineated by utility and sector, including residential, residential low-income, and commercial and industrial. The electric distribution companies and municipal aggregators shall provide an annual report to the department and the joint committee on telecommunications, utilities and energy on the implementation of the plan. The annual report shall include descriptions of the programs,

expenditures, cost-effectiveness and savings and other benefits during the previous year and a quantification of the degree to which the activities undertaken pursuant to each plan contribute to meeting all greenhouse gas emission limits and sublimits imposed by law or regulation. The quarterly and annual reports shall be made available to the public.

(e) A business located in the commonwealth that performs decarbonization services may only be appointed to the building decarbonization advisory council, under subsection (a), if the business is elected by a majority of businesses performing decarbonization services in the Mass Save program.

SECTION 4. Paragraph (2) of subsection (d) of section 21 of chapter 25 of the General Laws is hereby repealed.

SECTION 5. Section 2 of chapter 25A of the General Laws, as so appearing, is hereby amended by striking out the second paragraph and inserting in place thereof the following paragraph:-

There shall be within the department: (i) a division of energy efficiency, which shall work with the department of public utilities regarding energy efficiency programs; (ii) a division of renewable and alternative energy development, which shall oversee and coordinate activities that seek to maximize the installation of renewable and alternative energy generating sources that will provide benefits to ratepayers, advance the production and use of biofuels and other alternative fuels as the division may define by regulation and administer the renewable portfolio standard and the alternative portfolio standard; (iii) a division of green communities, which shall serve as the principal point of contact for local governments and other governmental bodies concerning all matters under the jurisdiction of the department of energy resources, with the

exception of matters involving the siting and permitting of small clean energy infrastructure facilities; (iv) a division of clean energy procurement, which shall develop resource solicitation plans, administer procurements for clean energy generation and energy services, and negotiate and manage contracts with clean energy generation and energy service facilities; and (v) a division of clean energy siting and permitting, which shall establish standard conditions, criteria, and requirements for the siting and permitting of small clean energy infrastructure facilities by local governments and provide technical support and assistance to local governments, small clean energy infrastructure facility project proponents and other stakeholders impacted by the siting and permitting of small clean energy infrastructure facilities at the local government level. Each division shall be headed by a director appointed by the commissioner and who shall be a person of skill and experience in the field of energy efficiency, renewable energy or alternative energy, energy regulation or policy, and land use and planning, respectively. The directors shall be the executive and administrative heads of their respective divisions and shall be responsible for administering and enforcing the law relative to their division and to each administrative unit thereof under the supervision, direction and control of the commissioner. The directors shall serve at the pleasure of the commissioner, shall receive such salary as may be determined by law and shall devote full time during regular business hours to the duties of the office. In the case of an absence or vacancy in the office of a director, or in the case of disability as determined by the commissioner, the commissioner may designate an acting director to serve as director until the vacancy is filled or the absence or disability ceases. The acting director shall have all the powers and duties of the director and shall have similar qualifications as the director.

SECTION 6. Section 6 of said chapter 25A, as so appearing, is hereby amended, in line 41, by adding the word “and” and inserting the following subsections:-

"(15) develop and promulgate, regulations, criteria, guidelines and standard conditions, criteria and requirements that establish parameters for the siting, zoning, review, and permitting of small clean energy infrastructure facilities by local government pursuant to section 21; and

(16) develop resource solicitation plans, conduct procurements pursuant to such plans as approved by the department of public utilities and negotiate and execute contracts with clean energy generation and energy services providers pursuant to section 23."

SECTION 7. Section 7 of Chapter 25A, is hereby amended, in line 14, by striking out the words "with total storage capacity of fifty thousand gallons".

SECTION 8. Said Section 7 of chapter 25A as so appearing is hereby amended by striking the third paragraph and inserting in place there of the following two paragraphs:-

All electric and gas companies, transmission companies, distribution companies, suppliers, and aggregators, as defined in section 1 of chapter 164, and suppliers of natural gas, including aggregators, marketers, brokers, and marketing affiliates of gas companies, excluding gas companies as defined in said section 1 of said chapter 164, engaged in distributing or selling electricity or natural gas in the commonwealth shall make accurate reports to the department in such form and at such times, which shall be at least quarterly, as the department shall require pursuant to this section. Each such company, supplier, and aggregator shall report semi-annually to the department the average of all rates charged for default, low-income, and standard offer service to each customer class and for each sub-class within the residential class, respectively; provided, however, that all such rate information so reported pursuant to this paragraph shall be deemed public information, and no such rate information shall be protected as a trade secret, confidential, competitively sensitive, or other proprietary information pursuant to section 5D of

chapter 25. Each such company, supplier, and aggregator shall report to the department, in such form and at such times as the department shall require, detailed and accurate information including, but not limited to, the following: data regarding number of customers, load served, amounts billed to customers in dollars, renewable and clean energy attribute certificate purchases, and supply product offerings. The department may make such information, or aggregates of such information, available to the public on its website.

All resellers of petroleum products, including retail heating oil and propane suppliers, doing business in the commonwealth shall make accurate reports of price, inventory, and product delivery data to the department in such form and at such time as the department shall require. A retail heating oil or propane supplier who operates in the commonwealth shall make the daily delivery price of heating oil or propane for residential heating customers available in a clear and conspicuous manner. If the retail heating oil or propane supplier operates a website for commonwealth customers, the daily delivery price shall be clearly and conspicuously displayed on the dealer's website.

SECTION 9. Section 11F1/2 of chapter 25A is hereby repealed.

SECTION 10. Chapter 25A of the General Laws is hereby amended by adding the following three new sections:

Section 22. (a) As used in this section, the following words shall have the following meanings unless the context clearly requires otherwise:

"Clean energy generation", electrical energy output, or that portion of the electrical energy output, excluding any electrical energy utilized for parasitic load of a clean existing

generation unit, that qualifies under clean energy standard regulations established pursuant to subsection (c) of section 3 of chapter 21N.

"Clean energy solicitation", a competitive solicitation for clean energy associated environmental attributes or energy services completed by the department conducted pursuant to this section.

"Distribution company", a distribution company as defined in section 1 of chapter 164.

"Energy services", operation of infrastructure that increases the deliverability or reliability of clean energy generation or reduces the cost of clean energy generation, including, but not limited to, transmission, energy storage and demand response technologies.

"Environmental attributes", all present and future attributes under any and all international, federal, regional, state or other law or market, including, but not limited to, all credits or certificates that are associated, either now or by future action, with unit specific energy, including, but not limited to, those provided for in regulations promulgated pursuant to subsection (c) of section 3 of chapter 21N and sections 11F and 17.

"Long-term contract" a contract for a period of not more than 20 years.

(b) Notwithstanding any general or special law to the contrary, in order to maximize the commonwealth's ability to achieve compliance with limits and sublimits established pursuant to sections 3 and 3A of chapter 21N, the department shall investigate the necessity, benefits and risks of solicitations for environmental attributes or energy services, competitively solicit for environmental attributes or energy services established pursuant to said sections 3 and 3A of said

chapter 21N, and may negotiate and enter into long-term contracts for such environmental attributes or energy services.

(c) The department shall publish a resource solicitation plan, which shall include, but not be limited to: (i) a description of the clean energy generation and energy services needs sufficient to maximize the commonwealth's ability to achieve compliance with the limits and sublimits established pursuant to sections 3 and 3A of chapter 21N, including resource type, nameplate capacity amounts and commercial operation dates for new resources; (ii) a schedule recommendation for clean energy solicitations that the department will conduct within the subsequent 3 years following the department of public utilities approval of the resource solicitation plan, provided, however, that the resource solicitation plan shall include procurements for offshore wind energy generation that in total will equal at least ten gigawatts of aggregate nameplate capacity not later than December 31, 2040; (iii) economic development objectives and requirements for the clean energy solicitations; (iv) a mechanism for the distribution companies to recover the costs associated with long-term contracts for environmental attributes or energy services entered into by the department under this section, including any administrative costs to support the department's requirements under this section; and (v) a review of the previous clean energy solicitations, if applicable. The department shall consult with the department of public utilities and attorney general's office in the development of this resource solicitation plan prior to filing at the department of public utilities. Any ex parte rules established by the department of public utilities shall not apply to this consultation process. The department may revise and resubmit the resource solicitation plan to the department of public utilities if the department seeks a revised schedule of procurements or seeks additional procurements.

(d) As part of the resource solicitation plan, the department shall review the impact of any contracted environmental attributes on portfolio standards and existing clean energy generation resources and shall provide any legislative recommendations as appropriate.

(e) The department shall file the resource solicitation plan and its recommendations with the department of public utilities. The department of public utilities shall review the resource solicitation plan and recommendations to determine whether the resource solicitation plan is a reasonable, appropriate, and cost-effective mechanism to achieve the goals of this section. The department of public utilities shall approve, approve with modifications, or reject the plan within 7 months of submission. Upon approval of the resource solicitation plan, the department of public utilities shall require the distribution companies to jointly propose tariffs consistent with the approved resource solicitation plan to recover costs associated with all contracts pursuant to this section not later than 3 months following the approval; provided, however, that the distribution companies shall not receive any remuneration, benefit or fee to compensate for costs associated with such contracts. The tariffs shall apportion costs associated with the contracts to be recovered from ratepayers among the distribution companies.

(f) The method for the clean energy solicitations shall be proposed by the department and shall utilize a competitive bidding process. The department shall consult with the attorney general and may consult with other state agencies as applicable regarding the choice of solicitation methods. The department may coordinate any solicitation under this section with other states, municipal light plants, a municipality or group of municipalities with an approved municipal load aggregation plan pursuant to section 134 of chapter 164 of the General Laws, or other governmental and non-governmental organizations; provided, however, that the department shall describe any impacts coordination may have on the solicitation, including any impacts to

nameplate capacity amounts or quantities of clean energy generation attributes sought in its solicitation. After notice and the opportunity for public comment, the department shall proceed with the clean energy solicitation. The department may competitively solicit proposals for long-term contracts for environmental attributes or energy services. The department may consult with other states, federal agencies and regional organizations, including, but not limited to, ISO New England Inc. or its successor; provided, however, that reasonable proposals have been received, the department shall make or cause to be made filings as necessary through the appropriate jurisdictional mechanism and enter into long-term contracts that are consistent with the roadmap plans published pursuant to chapter 21N.

(g) Each solicitation shall require that bidders provide: (i) documentation reflecting the bidder's demonstrated commitment to workforce or economic development within the commonwealth; (ii) a statement of intent concerning efforts that the bidder and its contractors and subcontractors will make to promote workforce or economic development through the project; (iii) documentation reflecting the bidder's demonstrated commitment to expand workforce and supplier diversity, equity and inclusion; (iv) documentation as to whether the bidder and its contractors and subcontractors participate in a state or federally certified apprenticeship program and the number of apprentices the apprenticeship program has trained to completion for each of the last 5 years; (v) a statement of intent concerning how or if the bidder and its contractors and subcontractors intend to utilize apprentices on the project; (vi) documentation relative to the bidder and its contractors and subcontractors regarding their history of compliance with chapters 149, 151, 151A, 151B and 152, 29 U.S.C. § 201, et seq. and applicable federal antidiscrimination laws; (vii) documentation that the bidder and its contractors and subcontractors are currently, and will remain, in compliance with chapters 149, 151, 151A,

151B, and 152, 29 U.S.C. § 201, et seq. and applicable federal anti-discrimination laws for the duration of the project; (viii) documentation of the bidder's history with picketing, work stoppages, boycotts or other economic actions against the bidder and a description or plan on how the bidder intends to prevent or address such actions; (ix) a description or plan on how the bidder intends to prevent or address such actions during all phases of the construction, reconstruction, renovation, development, and operation of the project, including, but not limited to, the bidder's intended use of a project labor agreement; (x) documentation relative to whether the bidder and its contractors have been found in violation of state or federal safety regulations in the previous 10 years; (xi) documentation relative to the bidder's past use of project labor agreements and the bidder's compliance with sections 26 to 27F, inclusive, of chapter 149; (xii) plans for mitigation, minimization and avoidance of detrimental environmental and socioeconomic impacts, including through meaningful consultation with impacted environmental and socioeconomic stakeholders, including federally recognized and state acknowledged tribes and, in the case of offshore wind, commercial and recreational fishing; and (xiii) a plan for benefits from the project for low-income ratepayers and environmental justice populations in the commonwealth. The department may require a wage bond or other comparable form of insurance in an amount to be set by the department to ensure compliance with law, certifications or department obligations. The department shall give preference for proposals that demonstrate that their plans provide benefits to the Commonwealth. The department shall give preference for proposals that demonstrate commitment to secure those benefits through firm and binding agreements or contracts. The department may require a wage bond or other comparable form of insurance in an amount to be set by the department to ensure compliance with law, certifications

or department obligations. The electric distribution companies may provide the department technical advice on proposals' costs and benefits.

(h) Each solicitation shall notify bidders that bidders shall be disqualified from the solicitation if the bidder has been debarred by the federal government or commonwealth for the entire term of the debarment.

(i) Bidders shall, in a timely manner, provide documentation and certifications as required by law or otherwise directed by the department. Incomplete or inaccurate information may be grounds for disqualification, dismissal or other action deemed appropriate by the department. Proposals received pursuant to a solicitation under this section shall be subject to review by the department, in consultation with the executive office of economic development, the executive office of energy and environmental affairs, the supplier diversity office, and other state agencies as applicable. The department may request that other state agencies consulted pursuant to this subsection review and score proposals on specific criteria as established in the clean energy solicitation. Proposals received pursuant to a solicitation under this section may be subject to review by the electric distribution companies in order to develop and provide technical advice.

(j) The department shall issue a final, binding determination of the selected bid or bids, provided, however, that the final contract or contracts executed shall be subject to review by the department of public utilities. The department shall propose draft contracts and take all reasonable actions to structure the contracts, pricing or administration of the products purchased under this section to contribute towards achieving compliance with limits and sublimits established pursuant to sections 3 and 3A of chapter 21N in a cost-effective manner that

minimizes rate-payer impacts. The department shall consider the use of pricing mechanisms or pricing structures, including but not limited to, indexed pricing.

(k) Long-term contracts executed pursuant to this section shall be subject to the approval of the department of public utilities. The department of public utilities shall consider the potential costs and benefits of the proposed long-term contract and shall approve a long-term contract if the department finds that the contract is cost-effective and consistent with the roadmap plans published pursuant to chapter 21N, taking into account the factors outlined in this section, consistency with the approved resource solicitation plan and the department's recommendations. The department of public utilities shall complete its review of long-term contracts submitted for its approval not later than 90 days after the contracts are filed by the department of energy resources.

(l) The department may retire any environmental attributes purchased pursuant to approved long-term contracts under this section on behalf of the commonwealth to be used toward satisfying compliance with the limits and sublimits established pursuant to sections 3 and 3A of chapter 21N and any regulations or programs established pursuant to sections 3 and 6 of said chapter 21N or sections 11F and 17. If any retired environmental attributes are eligible under a clean, renewable, clean peak or other energy portfolio standard established by the department or the department of environmental protection, the portfolio standard minimum obligations of suppliers subject to such standards may be reduced in proportion to any eligible environmental attributes retired pursuant to this section, subject to the discretion of the department and the department of environmental protection.

(m) There shall be a separate, non-budgeted special revenue fund known as the central procurement fund, which shall be administered by the department, without further appropriation, for funding long-term contracts consistent with this section. The fund shall be credited with: (i) funds or revenue collected by distribution companies pursuant to a tariff approved by the department of public utilities in furtherance of the objectives and requirements of this section; (ii) revenue from appropriations or other money authorized by the general court and specifically designated to be credited to the fund; (iii) interest earned on such funds or revenues; (iv) bid fees collected by the department from participants in clean energy solicitations conducted pursuant to this section; (v) other revenue from public and private sources, including gifts, grants and donations; and (vi) any funds provided from other sources. All amounts credited to the fund shall be used solely for activities and expenditures consistent with the public purposes of this section, including the ordinary and necessary administrative and personnel expenses of the department related to the administration and operation of the fund and performance of the duties established by this section. Revenues deposited in the fund that are unexpended at the end of a fiscal year shall not revert to the General Fund and shall be available for expenditure in the following fiscal year. No expenditure made from the fund shall cause the fund to be in deficit at any point.

(n) A proposal or solicitation issued by the department shall notify bidders that bidders shall be disqualified from the project if the bidder has been debarred by the federal government or commonwealth for the entire term of the debarment.

(o) A bidder shall, in a timely manner, provide documentation and certifications as required by law or otherwise directed by the department. Incomplete or inaccurate information may be grounds for disqualification, dismissal or other action deemed appropriate by the department.

Section 23. (a) The commissioner of the department of energy resources is hereby authorized to work with the electric distribution companies, municipal aggregators with certified energy plans and municipal utilities in the development of building decarbonization and energy efficiency plans and directed to promulgate such regulations as may be necessary to carry out the purposes of this section.

(b) (1) Each municipal light plant shall file with the commissioner of the department of energy resources annually a municipal building decarbonization and energy efficiency plan that offers programs to all qualified customers that supports the installation of no-cost or low-cost: (i) building energy assessments to identify building decarbonization and energy efficiency opportunities; (ii) energy efficiency measures; (iii) building decarbonization measures; (iv) home energy scorecards at the time of a building energy assessment as approved by the department of energy resources; and (v) demand reduction measures.

(2) Each municipal plan shall be filed with the commissioner of the department of energy resources, or their designees, on or before October 31, prior to the end of the one-year term.

(3) Each municipal plan shall also include: (i) annual goals for delivery of energy efficiency measures, building decarbonization measures and demand reduction measures; (ii) an annual operating budget enumerating income and expenses necessary to carry out the municipal plan; (iii) a statement of how the plan will be publicized to qualified customers; and (iv) proposed coordination with the weatherization program approved by the United States Department of Energy to ensure that weatherization programs provided pursuant to this section do not make a customer ineligible to receive the energy audit benefits offered under the federal residential conservation service.

(4) Nothing in this section shall impose a duty upon any customer to implement any measures recommended in an energy audit report.

(c) (1) The commissioner of the department of energy resources, as chair of the building decarbonization advisory council, pursuant to subsection (a) of section 22 of chapter 164, is authorized to direct the electric distribution companies and municipal aggregators with certified energy plans to develop and implement the statewide building decarbonization and energy efficiency plan that offers programs to all qualified customers that supports the installation of no-cost or low cost: (i) building energy assessments to identify building decarbonization and energy efficiency opportunities; (ii) energy efficiency measures; (iii) building decarbonization measures; and (iv) load management measures.

(2) Each electric distribution company and municipal aggregators with certified energy plans shall file a decarbonization and energy efficiency plan with the commissioner of the department of energy resources, or their designees, on or before October 31, prior to the end of the three-year term.

(3) The electric distribution companies and municipal aggregators with certified energy plans filing every 3 years of a statewide decarbonization and energy efficiency plan with the department of public utilities satisfies the requirements under this section.

(d) (1) Electric distribution companies, municipal aggregators with certified energy plans and municipal utilities shall collect, and report electronically to the department of energy resources, its authorized vendors and implementation partners, building data that identifies all buildings and units therein that received an energy audit and the recommendations made, decarbonization or energy efficiency measures installed, and if participating in any demand

response programs, building energy use and cost by fuel type, and, where available, heating fuel(s), existing heating system type(s) and age of system, home energy score, or any other data the commissioner may request relating to the delivery of the plans. This data shall be reported quarterly to the commissioner of energy resources, or their designees. All data collected and reported pursuant to this subsection shall be considered confidential customer data and subject to the requirements of subsection (j) section 21 of chapter 25. In accordance with subsection (j) of section 21 of chapter 25, such data shall not be deemed to be a public record as defined in clause 26 of section 7 of chapter 4 of the General Laws and shall not be subject to demand for production under section 10 of chapter 66 of the General Laws. The department shall aggregate and report customer energy efficiency and decarbonization data provided by the electric distribution companies, municipal aggregators with certified energy plans, and municipal utilities according to the data aggregation methods approved by the department.

(2) Within 120 days after the last day of each year, an electric distribution company, municipal aggregators with certified energy plans, and municipal utilities shall submit to the commissioner of the department of energy resources, or their designee, a report of its activities during the preceding year relating to implementation of their decarbonization and energy efficiency plans. Included in such report shall be a statement with respect to the success or lack of success of meeting the goals established in their respective plans. Within thirty days after receipt thereof, the commissioner of energy resources shall forward said reports along with a statement of findings to the joint committee on energy and the house and senate committees on ways and means.

(e) The department of energy resources is authorized to annually assess against each utility and municipal utility, such amounts as may be necessary to permit said department to

carry out its responsibilities under section 21A, including, but not limited to, program development, administration and enforcement, certification, training, registration and inspection programs, and public education and promotion expenses, exclusive of paid advertising. Said assessments shall be based upon the intrastate operating revenues of a utility which are derived from electricity or gas sales within the commonwealth during the preceding calendar year. The department of energy resources shall apportion estimated costs for the pending fiscal year among all such utilities and shall assess them on a fair and reasonable basis. A utility shall pay such assessments to the commonwealth within thirty days of receipt of notice thereof. Said assessments shall be paid into the General Fund in accordance with section 2 of chapter 29 of the General Laws. The department of energy resources shall subsequently apportion actual costs among all such utilities and shall make assessment adjustments for the same for any variation between estimated and actual costs on a fair and reasonable basis. Such estimated and actual costs shall include indirect costs and an amount equal to the cost of fringe benefits as established by the commissioner of administration pursuant to section 6B of said chapter 29.

Section 24. (a) The department shall develop and implement a statewide solar incentive program to encourage the continued development of solar renewable energy generating sources by residential, commercial, governmental and industrial electricity customers throughout the commonwealth. The department shall, after notice and the opportunity for public comment, promulgate regulations implementing a solar incentive program which promotes a stable solar development market at a reasonable cost to ratepayers and supports the Commonwealth’s ability to achieve compliance with limits and sublimits established pursuant to sections 3 and 3A of chapter 21N of the General Laws.

(b) The solar incentive program established by the Department shall also: (i) consider underlying system development costs, including but not limited to module costs, balance of system costs, installation and interconnection costs and soft costs; (ii) take into account electricity revenues and any federal or state incentives; (iii) rely on market-based mechanisms or price signals as much as possible to set incentive levels; (iv) minimize direct and indirect program costs and barriers; (v) feature a known or easily estimated budget to achieve program goals through use of an adjustable block incentive, a competitive procurement model, tariff or other declining incentive framework; (vi) differentiate incentive levels to support diverse installation types and sizes that provide unique benefits, including, but not limited to, community-shared solar facilities, low-income solar facilities and municipal or other governmental entity-owned solar facilities, and which may include differentiation by utility service territory, location or size of the solar renewable energy generating source; (vii) ensure that the utility customer realizes the direct benefits of the solar incentive program; (viii) include land use restrictions that align with the Commonwealth's land use priorities; (ix) consider environmental benefits, energy demand reduction and other avoided costs provided by solar renewable energy generating facilities; (x) encourage solar generation where it can provide benefits to the distribution system; (xi) ensure that the costs of the program are shared collectively among all ratepayers of the distribution companies; (xii) promotes investor confidence through long-term incentive revenue certainty and market stability; and (xiii) include reasonable and appropriate protections for customers.

(c) Any facility qualified pursuant to subsection (g) of section 11F of chapter 25A of the General Laws before the effective date of the new program established pursuant to this section, shall remain qualified under existing programs.

(d) Attributes, as defined by the department, of the solar photovoltaic facilities receiving incentives pursuant to this section shall be eligible for use by retail electric suppliers pursuant to their obligations pursuant to said section 11F and section 17, as applicable.

(e) The department may establish a land use and mitigation plan, including establishing fees for mitigating impacts caused by solar development and projects participating in the program and receiving incentives pursuant to this section. The department may establish requirements for solar incentive program and eligibility requirements for pollinator-friendly solar installations participating in the program pursuant to this section.

(f) The department shall review solar incentive rates and overall cost impact to ratepayers to determine if any revisions to the program are necessary. Such review shall occur on a timetable to be established by the department, provided that such review shall occur not less frequently than every 3 years.

SECTION 11. Chapter 149 of the General Laws, as appearing in the 2020 Official Edition, is hereby amended by adding the following new section:-

Section 27I. All construction, as defined by Section 27D, on a thermal energy network, and on any utility infrastructure impacted by the construction or installation of a thermal energy network requiring the excavation, construction, reconstruction of public lands, rights of way, public works, or buildings that is not performed by workers directly employed by a gas company or electric company, as defined in section 1 of chapter 164, shall be performed and procured under this section of chapter 149.

No public authority, including, but not limited to, the commonwealth, its subdivisions, a county, district, or a municipality, shall permit or agree to construction, as defined by Section

27D, by a gas or electric distribution company requiring the excavation, alternation, reconstruction, or repair of public lands, works, or buildings unless said agreement contains a stipulation requiring prescribed rates of wages, as determined by the commissioner, to be paid to individuals performing thermal energy network or heat loop construction and associated pipeline work who are not gas company or electric company employees. Any such approval which does not contain said stipulation shall be invalid, and no construction may commence thereunder. Said rates of wages shall be requested of said commissioner by said public commissioner or public body together with the gas company or electric company on whose service territory the public infrastructure lies, and shall be furnished by the commissioner in a schedule containing the classifications of jobs, and the rate of wages to be paid for each job. Said rates of wages shall include payments to health and welfare plans, pension plans, and supplementary unemployment plans, or, if no such plan is in effect between employers and employees, the amount of such payments shall be paid directly to employees. Such requests for rates shall be made every six months.

Any entity paying less than said rates of wages, including payments to health and welfare funds, pension plans, and supplementary unemployment plans, or the equivalent in wages, on said works, and any entity accepting for his own use, or for the use of any other person, as a rebate, gratuity or in any other guise, any part or portion of said wages or health and welfare funds, pension plans, and supplementary unemployment plans shall have violated this section and shall be punished or shall be subject to a civil citation or order as provided in section 27C.

An employee claiming to be aggrieved by a violation of this section may, 90 days after the filing of a complaint with the attorney general, or sooner if the attorney general assents in writing, and within 3 years after the violation, institute and prosecute in his own name and on his

own behalf, or for himself and for others similarly situated, a civil action for injunctive relief, for any damages incurred, and for any lost wages and other benefits pursuant to section 150 of chapter 149. An employee so aggrieved who prevails in such an action shall be awarded treble damages, as liquidated damages, for any lost wages and other benefits and shall also be awarded the costs of the litigation and reasonable attorneys' fees.

SECTION 12. Section 1 of chapter 164 of the General Laws, as appearing in the 2020 Official Edition, is hereby amended by inserting the following definition:-

"Energy marketer", any person, firm, partnership, association, private corporation, or other third-party who contracts with or is otherwise directly engaged and compensated by a supplier to sell electric generation services, or contracts with and is directly compensated by a third-party marketer of the supplier to sell electric generation services on behalf of a supplier, that markets, advertises, or otherwise offers to sell generation service to retail customers that is acting as an agent for a supplier, including, but not limited to, individuals or entities engaged in door-to-door, telemarketing, or tabletop interactions with retail customers.

SECTION 13. Section 1 of said chapter 164, as so appearing, is hereby further amended by striking out the definition of "Gas company" and inserting in place thereof the following definition:-

"Gas company", a corporation originally organized for the purpose of making and selling or distributing and selling gas within the commonwealth, even though subsequently authorized to make or sell electricity. A gas company may make, sell, or distribute utility-scale non-emitting thermal energy, including networked geothermal and deep geothermal energy. A gas company

may also make, sell, or distribute geothermal energy to individual customers, if approved by the department.

SECTION 14. Chapter 164 of the General Laws, as so appearing, is hereby amended by striking section 1B in its entirety and inserting the following section:-

Section 1B. (a) The department shall define service territories for each distribution company by March 1, 1998, based on the service territories actually served on July 1, 1997, and following to the extent possible municipal boundaries. After March 1, 1998, until terminated by effect of law or otherwise, the distribution company shall have the exclusive obligation to provide distribution service to all retail customers within its service territory, and no other person, except a government and critical facility microgrid operating pursuant to section 160, shall provide distribution service within such service territory without the written consent of such distribution company which shall be filed with the department and the clerk of the municipality so affected. The department shall limit the distribution service provided by government and critical facility microgrids as necessary and appropriate, but at a minimum, shall establish rules, parameters, and as necessary, tariffs, related to eligible uses of the distribution equipment connected to a distribution company's electric distribution system by a government and critical facility microgrid.

(b) Each distribution company shall provide its customers with default service and shall offer a default service rate to its customers who have chosen retail electricity service from a non-utility affiliated generation company or supplier but who require electric service because of a failure of such company or the supplier to provide contracted service or who, for any reason, have never chosen or have stopped receiving such service. The distribution company shall

procure supply for such service through competitive bidding or through such other process approved by the department, including procurements of varying lengths and in combination with other distribution companies; provided, however, that standard default service rates, excluding time-varying rates and monthly variable service rates, for residential customers shall be changed no less than once every six months. Any department-approved provider of service, including an affiliate of a distribution company, shall be eligible to participate in the competitive bidding process. The department may require a separate mechanism for recovering certain charges, to be itemized separately on a customer bill, including, but not limited to, those in connection with the wholesale electric markets as administered by ISO New England, Inc. or federal tariffs on imports to such markets. In implementing the provisions of this section, the department shall ensure universal service for all ratepayers and sufficient funding to meet the need therefor.

(c) Notwithstanding the provisions of section 5D of chapter 25, the department and the department of energy resources shall have access to all information associated with the bids selected by the distribution company pursuant to the competitive bidding process in this section; provided, however that such information shall not be deemed to be a public record as defined in clause 26 of section 7 of chapter 4 and shall not be subject to demand for production under section 10 of chapter 66; provided, however, that aggregates of such information may be prepared and such aggregates shall be public records.

(d) The department is hereby authorized and directed to promulgate rules and regulations necessary to carry out the provisions of this section, including the procedure for default service procurement and governing a customer's ability to return to the default service after choosing retail access from a non-utility affiliated generation company.

SECTION 15. Section 1D of chapter 164 of the General Laws is hereby amended by striking the fourth paragraph and replacing it with the following paragraph:-

For electric suppliers who have chosen the complete billing method, the electric distribution company shall make timely payments to such suppliers in accordance with this paragraph. The distribution company shall: (a) bill all of the electric supplier's customers in a service class according to complete billing; (b) pay such suppliers the full amounts due from customers for generation services in a time period consistent with the average payment period of the participating class of customer, less a percentage of such amounts that reflects the average of the uncollectible bills for the participating customer classes of the electric distribution company and other reasonable development, operating or carrying costs incurred, as approved by the department; provided, however, that the department may establish different percentage discounts for suppliers based on the supplier’s amount of uncollectible bills or percentage of customers in arrears relative to the average of the uncollectible bills for the participating classes of the electric distribution company or the average number of customers in arrears.

SECTION 16. Section 1F of said chapter 164 of the General Laws, as so appearing, is hereby amended by striking out subparagraph (iii) of paragraph (1), and inserting in place thereof the following 3 subparagraphs:-

(iii) All energy brokers, energy marketers, and suppliers seeking to do business in the commonwealth shall submit a license application to the department, subject to rules and regulations promulgated by the department, and be subject to an annual fee, the amount to be determined by the department; provided, said amount shall not be more than $10,000 and may be differentiated between energy brokers, energy marketers, and suppliers.

(iv) Each energy marketer or other supplier that applies for a retail license shall execute and maintain a bond issued by a qualifying surety or insurance company authorized to transact business in the commonwealth of Massachusetts in favor of the commonwealth. The amount of the bond shall equal $5,000,000 per retail license as issued by the department. The bond shall be conditioned upon the full and faithful performance of all duties and obligations of the applicant as a retail supplier and shall be valid for a period of not less than 1 year. The cost of the bond shall be paid by the applicant. The applicant shall file a copy of this bond, with a notarized verification page from the issuer, as part of its application for certification.

(v) Any energy marketer shall be a legal agent of the supplier. No energy marketer may sell electric generation services on behalf of a supplier unless such energy marketer has received appropriate training directly from such supplier. This subparagraph shall not apply to third-party brokers or consultants or agents acting on behalf of customers that are compensated by the customer as part of the customer's electric contract price.

SECTION 17. Said section 1F of said chapter 164, as amended by section 48 of chapter 239 of the acts of 2024, is hereby further amended by striking out paragraph (4) in its entirety.

SECTION 18. Subsection (7) of section 1F of chapter 164 of the General Laws, as so appearing, is hereby amended by striking out the fifth through seventh sentences and replacing them with the following:-

If the department, after a hearing or other proceeding, determines that a distribution company, person, firm, supplier, or other corporation doing business in the commonwealth who has violated any provisions of said code or of any rule or regulation promulgated by the department pursuant to sections 1A to 1H, inclusive, section 1L, or any provision of chapter 93A

of the General Laws or corresponding regulations, pursuant to authority established by section 102C, the department may impose a civil penalty and impose any other terms or conditions that the department considers appropriate, including, but not limited to restitution to specific customers harmed by the violation in question and suspension or revocation of the business' retail license. Civil penalties imposed under this subsection shall not exceed $100,000 for each violation and for each day that the violation persists, shall be capped at a maximum of $10,000,000, and shall not be inclusive of any financial restitution the department requires to be provided to specific customers determined to be harmed by such violation.

SECTION 19. Subsection (8) of said section 1F of said chapter 164 of the General Laws, as so appearing, is hereby amended by striking in paragraph (b) the words "30 days" and inserting in place thereof the following:- two years.

SECTION 20. Chapter 164 of the General Laws, as so appearing, is hereby amended by striking out section 1H in its entirety and replacing it with the following section:-

Section 1H. (a) As used in this section the following words shall, unless the context otherwise requires, have the following meanings:—

"Electric rate reduction bonds", bonds, notes, certificates of participation or beneficial interest, or other evidences of indebtedness or ownership, issued pursuant to an executed indenture, financing document, or other agreement of the financing entity, secured by or payable from eligible property, the proceeds of which are used to provide, recover, finance, or refinance transition costs or to acquire eligible property by an electric company and that are secured by or payable from eligible property.

"Eligible property", the property right created pursuant to this section, including, without limitation, the right, title, and interest of an electric company, gas company, or a financing entity to all revenues, collections, claims, payments, money, or proceeds of or arising from or constituting reimbursable transition costs amounts which are the subject of a rate reduction bond order, including those non-bypassable rates and other charges that are authorized by the department in the rate reduction bond order to recover transition costs and the costs of providing, recovering, financing, or refinancing the transition costs, including the costs of issuing, servicing, and retiring electric or gas rate reduction bonds.

"Financing entity", (i) MassDevelopment, (ii) any special purpose trust, or (iii) any financing entity which is authorized by the department pursuant to a rate reduction bond order to issue electric or gas rate reduction bonds or acquire eligible property in accordance with the provisions of this section.

“Rate reduction bond order", an order of the department adopted in accordance with this section approving a plan, which shall include, without limitation, a procedure to review and approve periodic adjustments to transition charges to include recovery of principal and interest and the costs of issuing, servicing, and retiring electric or gas rate reduction bonds contemplated by the rate reduction bond order.

"Gas rate reduction bonds", bonds, notes, certificates of participation or beneficial interest, or other evidences of indebtedness or ownership, issued pursuant to an executed indenture, financing document, or other agreement of the financing entity, secured by or payable from eligible property, the proceeds of which are used to provide, recover, finance, or refinance

transition costs or to acquire eligible property by a gas company and that are secured by or payable from eligible property.

“MassDevelopment”, the Massachusetts Development Finance Agency, established pursuant to chapter 23G.

"Reimbursable transition costs amounts", the total amount authorized by the department in a rate reduction bond order to be collected through the transition charge, as defined pursuant to section 1, and allocated to an electric company or gas company in accordance with a rate reduction bond order.

"Special purpose trust", any trust, partnership, limited partnership, association, corporation, nonprofit corporation, limited liability company, or other entity established and authorized by MassDevelopment to acquire eligible property or to issue rate reduction bonds, or both, subject to approvals by MassDevelopment and the powers of MassDevelopment as provided by MassDevelopment in their resolutions authorizing the entities to issue rate reduction bonds.

"Transition costs", the costs determined pursuant to section 1G and subsection (b), which remain after accounting for maximum possible mitigation, subject to determination by the department.

"Transition charge", the charge to the customers which provides the mechanism for the recovery of the transition costs of an electric company or gas company.

(b) The department shall identify and determine those costs and categories of costs that may be classified as transition costs. Such categories of costs may include the costs of programs

related to meeting the commonwealth's emission reduction requirements established pursuant to chapter 21N, including, but not limited to: (i) building decarbonization and energy efficiency plans established pursuant to section 21 of chapter 25; (ii) electric sector modernization plans established pursuant to section 92B; (iii) the development of geothermal networks by gas companies; (iv) gas company transition costs related to requirements deriving from the commonwealth's emission reduction requirements established pursuant to chapter 21N; and (v) storm related restoration costs.

(c)(1) The department shall: (i) further define the categories of costs eligible to be classified as transition costs; (ii) determine the appropriate duration over which transition costs may be recovered for each eligible cost category, including, but not limited to, ensuring that the transition cost recovery period aligns with the period over which ratepayers can reasonably expect to derive benefits from the programs or assets in each eligible cost category, but in no case may the term of an electric rate reduction or gas rate reduction bond be issued for a term exceeding 30 years; (iii) determine if there is a date after which electric rate reduction bonds and gas rate reduction bonds may no longer be issued, but in no case may electric rate reduction bonds or gas rate reduction bonds be issued after 2036, without further legislative authorization; (iv) determine the limits that should be placed on the total dollar amount of electric rate reduction bonds and gas rate reduction bonds that can be issued in aggregate over a given period for particular categories of costs with a total dollar limit for electric rate reduction and gas rate reduction bonds for eligible costs as identified in (b)(i) for the ten year period for which electric rate reduction bonds and gas rate reduction bonds can be issued not to exceed three times the total amount approved by the department for the Mass Save budget for the 2025 to 2027 three-year program cycle; (v) determine if there are mechanisms and approaches for issuing electric

rate reduction bonds and gas rate reduction bonds, consistent with this section, that can further reduce costs for ratepayers, including reducing administrative and transaction costs; and (vi) take comment on and assess other relevant considerations as it determines. Any financial benefits resulting from mechanisms determined by the department to help reduce administrative, transaction or other costs, shall flow to ratepayers. The department shall take steps it deems necessary to ensure it has appropriate expert resources available that are independent of the special purpose trust, including those related to electric rate reduction bond and gas rate reduction bond structuring, marketing, and pricing, to protect and support ratepayer interests.

(2) The department may authorize issuance of rate reduction bond orders in accordance with this section to facilitate the provision, recovery, financing, or refinancing of transition costs. A rate reduction bond order shall specify that amounts collected from a customer shall be allocated first to current and past due transition charges and then other charges and that, upon the issuance of electric or gas rate reduction bonds, transition charges collected shall be allocated first to eligible property and second to transition charges, if any, that are not subject to a rate reduction bond order.

(3) An electric company or gas company, may, from time to time as established by the department, file with the department an application that provides that its transition costs may be recovered through reimbursable transition costs amounts, which would therefore constitute eligible property under this section. An electric company or gas company, may, upon the department's written determination of substantial and documentable relative rate reduction, utilize a financing entity other than the state-designated financing entity or special purpose trust. The department shall promulgate rules and regulations establishing the form and content of said applications and establishing the procedure to be utilized for the filing and approval of said

applications. The electric company or gas company shall in its application specify that its customers would benefit from reduced electricity or gas rates through the issuance of electric or gas rate reduction bonds. The department shall determine reimbursable transition costs amounts recoverable in one or more rate reduction bond orders if the department determines, as part of its findings in connection with the rate reduction bond order, that the designation of the reimbursable transition costs amounts and the issuance of electric or gas rate reduction bonds by the financing entity in connection with some or all of the reimbursable transition costs amounts would reduce rates that customers of an electric company or gas company would have paid over a given period if the rate reduction bond order were not adopted, or that such rates will be reduced in aggregate amounts equal to savings realized by the electric company or gas company with respect to the rate reduction bond order; provided, however, that said bonds may qualify for tax-exempt status to the full extent of state and federal law; provided further, that the department shall consult with the financing entity in making its determinations concerning electric or gas rate reduction bonds. The transition charge and its payment as provided in the rate reduction bond order shall be binding on all current and future distribution companies and gas companies and users of such distribution system and gas system until the bonds are paid in full by the financing entity. A rate reduction bond order shall expire after two years if no electric or gas rate reduction bonds have been issued pursuant thereto.

(4) (i)Notwithstanding any other general or special law, rule, or regulation to the contrary, except as otherwise provided in this section with respect to eligible property which has been made the basis for the issuance of electric or gas rate reduction bonds, the rate reduction bond orders and the reimbursable transition costs amounts shall be irrevocable, and the department shall not have authority, either by rescinding, altering, or amending the rate reduction

bond order or otherwise, to revalue or revise for ratemaking purposes the transition costs, determine that the reimbursable transition costs amounts or transition charges are unjust or unreasonable, or in any way reduce or impair the value of eligible property either directly or indirectly by taking reimbursable transition costs amounts into account when setting other rates for the electric or gas company, nor shall the amount of revenues arising with respect thereto be subject to reduction, impairment, postponement, or termination. Except as otherwise provided in this paragraph, the commonwealth does hereby pledge and agree with the owners of eligible property and holders of electric or gas rate reduction bonds that the commonwealth shall not (i) alter the provisions of this chapter which make the transition charges imposed by the rate reduction bond order irrevocable and binding or (ii) limit or alter the reimbursable transition costs amounts, eligible property, rate reduction bond orders, and all rights thereunder until the electric or gas rate reduction bonds, together with the interest thereon, are fully met and discharged. The financing entity as agent for the commonwealth is hereby authorized to include this pledge and undertaking for the commonwealth in these electric or gas rate reduction bonds.

(ii) Notwithstanding or affecting by any means the irrevocability of the collection of revenues and imposition of transition charges associated with gas and electric rate reduction bonds as written in section (4)(i), the department shall retain the authority to determine the prudence of the reimbursable transition costs and may use a distinct and complementary reconciling mechanism, if necessary, to effect any determination of imprudence with respect to any portion of reimbursable transition costs.

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

commonwealth or any of its political subdivisions, other than the financing entity, but shall be payable solely from the funds provided therefor pursuant to the provisions of this section. All the bonds shall contain on the face thereof the following statement: Neither the full faith and credit nor the taxing power of the commonwealth of Massachusetts is pledged to the payment of the principal of, or interest on, this bond.

(ii) The issuance of electric or gas rate reduction bonds pursuant to the provisions of this section shall not obligate the commonwealth, or any political subdivision thereof, to levy or to pledge any form of taxation therefor or to make any appropriation for their payment.

(iii) The exercise of the powers granted by this section shall be in all respects for the benefit of the people of the commonwealth, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions. As the exercise of such powers shall constitute the performance of essential governmental functions, the financing entity shall not be required to pay any taxes or assessments upon the property acquired or used by the financing entity pursuant to the provisions of this section or upon the income therefrom. The bonds or other instruments issued pursuant to the provisions of this section, their transfer and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation within the commonwealth.

(iv) Electric or gas rate reduction bonds and other instruments so approved and issued by a financing entity pursuant to the provisions of this section are hereby made securities in which all public officers and public bodies of the commonwealth and its political subdivisions, all insurance companies, and savings banks, cooperative banks and trust companies in their banking departments and within the limits set by section 14 of chapter 167E, banking associations,

investment companies, executors, trustees, and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of a similar nature, may properly and legally invest funds, including capital in their control or belonging to them, and such bonds are hereby made obligations which may properly and legally be made eligible for the investment of savings deposits and the income thereof in the manner provided by section 15B of chapter 167. Such bonds are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the commonwealth for any purpose for which the deposit of bonds or other obligations of the commonwealth is now or may hereafter be authorized by law.

(v) The repayment of terms of any electric rate reduction bonds issued for the purpose of paying for transition costs, subject to the department's approval, extend for not more than 15 years; provided, that in the event the department determines that a longer repayment period would inure to the benefit of residential ratepayers, the department shall approve any securitization plan that maximizes rate affordability to such ratepayers.

(7) The department shall establish procedures for the expeditious processing of applications for rate reduction bond orders, including the approval or disapproval thereof within 120 days of filing; provided, however, that an electric company or gas company shall file a new application with the department within 45 days of any such disapproval, if so ordered by the department. A rate reduction bond order shall also include a procedure whereby the department shall periodically review the rate of transition charges authorized therein at intervals as may be provided for in such order, and shall approve adjustments, if required, of each such additional interval date, to such rate of transition charges to the extent necessary to ensure the timely recovery of revenues sufficient to provide for the payment of all principal, interest, premium, if

any, and other charges in respect of the electric or gas rate reduction bonds approved by the department pursuant to such rate reduction bond order.

(8) Reimbursable transition costs amounts shall constitute eligible property when, and to the extent that, a rate reduction bond order authorizing the reimbursable transition costs amounts have become effective in accordance with the provisions of this section. The eligible property shall thereafter continuously exist as property for all purposes with all of the rights and privileges of this section for the period and to the extent provided in the rate reduction bond order, but in any event until the electric or gas rate reduction bonds are paid in full, including all principal, interest, premium, costs, and arrearages thereon. Prior to its sale or other transfer by the electric company or gas company pursuant to this section, eligible property shall be a vested contract right of the electric company, or gas company, notwithstanding any contrary treatment thereof for accounting, tax, or other purpose.

(9) Any unanticipated transition changes that are generated in excess of the amounts necessary to pay principal, premium, if any, interest, and expenses of the issuance of the electric or gas rate reduction bonds shall be remitted to the financing entity to be held or distributed in accordance with the rate reduction bond order and, provided that all reserve funds are fully funded, may be used to benefit customers if this would not result in a recharacterization of the tax, accounting, and other intended characteristics of the financing, including, but not limited to, the following intended characteristics: (i) avoiding the recognition of debt on the balance sheet of the electric company or gas company for financial accounting and regulatory purposes; (ii) treating the electric or gas rate reduction bonds as debt of the electric company or its affiliates or gas company or its affiliates for federal income tax purposes; (iii) treating the transfer of the eligible property by the electric company or gas company as a true sale for bankruptcy purposes;

and (iv) avoiding any adverse impact of the financing on the credit rating of the electric company or gas company.

(10) In no event shall any rate reduction bond order (i) authorize or require customers other than those of the electric company or gas company applying for such rate reduction bond order and its successors to pay any transition charges or other amounts with respect to the transactions authorized by such rate reduction bond order; or (ii) authorize, permit, or require that any amounts arising from the transactions authorized by such rate reduction bond order be used to subsidize or benefit an company or the customers thereof other than the electric company or gas company and the affiliates thereof applying for such rate reduction bond order and its affiliates' customers. A rate reduction bond order shall require that transition charges be paid over to the financing entity within one calendar month of collection.

(d)(1) The financing entity may issue electric or gas rate reduction bonds approved by the department in the pertinent rate reduction bond orders. Electric or gas rate reduction bonds shall be nonrecourse to the credit of it or any assets of the electric company or gas company, other than the eligible property as specified in the pertinent rate reduction bond order.

(2) An electric company or gas company may sell or assign all or portions of its interest in eligible property to an affiliate. An electric company or gas company. or its affiliates may sell or assign their interests to one or more financing entities that make that property the basis for issuance of electric or gas rate reduction bonds to the extent approved in the pertinent rate reduction bond orders. An electric company or gas company, its affiliates, or financing entities may pledge eligible property as collateral for electric or gas rate reduction bonds to the extent

approved in the pertinent rate reduction bond orders providing for a security interest in the eligible property, in the manner as set forth in subsection (e).

In addition, eligible property may be sold or assigned by either (i) the financing entity or a trustee for the holders of electric or gas rate reduction bonds in connection with the exercise of remedies upon a default, or (ii) any person acquiring the eligible property after a sale or assignment pursuant to this subsection.

(3) To the extent that any interest in eligible property is so sold or assigned, or is so pledged as collateral, the department shall require, pursuant to the policing and regulatory power of the commonwealth, the electric company or gas company and any successor or any other entity acting as an electric company or gas company within the service territory to contract with the financing entity that it will continue to operate its system to provide service to its customers, will collect amounts in respect of the reimbursable transition costs amounts for the benefit and account of the financing entity, and will account for and remit these amounts to or for the account of the financing entity. Contracting with the financing entity in accordance with such authorization shall not impair or negate the characterization of the sale, assignment, or pledge as an absolute transfer, a true sale, or security interest, as applicable.

(4) Notwithstanding any general or special law, rule, or regulation to the contrary, any provision under this section or a rate reduction bond order requiring the department take action with respect to the subject matter of a rate reduction bond order shall be binding upon the department, as it may be constituted from time to time, and any successor agency exercising functions similar to the department and the department shall have no authority to rescind, alter, or amend that requirement in a rate reduction bond order.

(e)(1) A security interest in eligible property is valid and enforceable against the pledgor and third parties, subject to the rights of any third parties holding security interests in the eligible property perfected in the manner described in this subsection, and attaches when all of the following have taken place: (i) the department has issued the rate reduction bond order authorizing the bondable reimbursable transition costs amounts included in the eligible property; (ii) value has been given by the pledgees of the eligible property; and (iii) the pledgor has signed a security agreement covering the eligible property.

(2) A valid and enforceable security interest in eligible property shall be perfected when it has attached and when a financing statement has been filed in accordance with article 9 of chapter 106 naming the pledgor of the eligible property as "debtor" and identifying the eligible property. Any description of the eligible property shall be sufficient if it refers to the rate reduction bond order creating the eligible property. A copy of the financing statement shall be filed with the department by the electric company or gas company, which is the pledgor or transferor of the eligible property, and the department may require the electric company or gas company to make other filings with respect to the security interest in accordance with procedures it may establish; provided, however, that the filings shall not affect the perfection of the security interest.

(3) A perfected security interest in eligible property shall be a continuously perfected security interest in all revenues and proceeds arising with respect thereto, whether or not the revenues or proceeds have accrued. Conflicting security interests shall rank according to priority in time of perfection. Eligible property shall constitute property for all purposes, including for contracts securing electric or gas rate reduction bonds, whether or not the revenues and proceeds arising with respect thereto have accrued.

(4) Subject to the terms of the security agreement covering the eligible property and the rights of any third parties holding security interests in the eligible property perfected in the manner described in this subsection, the validity and relative priority of a security interest created pursuant to this subsection shall not be defeated or adversely affected by the commingling of revenues arising with respect to the eligible property with other funds of the electric company or gas company that is the pledge or transferor of the eligible property. Subject to the terms of the security agreement, the pledgees of the eligible property shall have a perfected security interest in all cash and deposit accounts of the electric company or gas company in which revenues arising with respect to the eligible property have been commingled with other funds, but the perfected security interest shall be limited to an amount not greater than the amount of the revenues with respect to the eligible property received by the electric company or gas company within 12 months before either (i) any default under the security agreement, or (ii) the institution of insolvency proceedings by or against the electric company or gas company, less payments from the revenues to the pledgees during that 12–month period.

(5) If an event of default occurs under the security agreement covering the eligible property, the pledgees of the eligible property, subject to the terms of the security agreement, shall have all rights and remedies of a secured party upon default pursuant to article 9 of chapter 106 and such other rights and remedies as may be provided in the rate reduction bond order, and shall be entitled to foreclose or otherwise enforce their security interest in the eligible property, subject to the rights of any third parties holding prior security interests in the eligible property perfected in the manner provided in this section. In addition, the department may require, in the rate reduction bond order creating the eligible property, that, in the event of default by the electric company or gas company in payment of revenues arising with respect to the eligible

property, the commission and any successor thereto, upon the application by the pledgees or transferees, including transferees under subsection (g), of the eligible property, and without limiting any other remedies available to the pledgees or transferees by reason of the default, shall order the sequestration and payment to the pledgees or transferees of revenues arising with respect to the eligible property. Any order shall remain in full force and effect notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to the debtor, pledgor, or transferor of the eligible property. Any surplus in excess of amounts necessary to pay principal, premium, if any, interest, costs, and arrearages on the electric or gas rate reduction bonds, and other costs arising under the security agreement, shall be remitted to the debtor or to the pledgor or transferor.

(6) The state secretary shall establish and maintain a separate system of records to reflect the date and time of receipt of all filings made under this subsection (e) to perfect security interests in eligible property and to effect the transfer to an assignee of any interest in a rate reduction bond order.

(f) Unless otherwise ordered by the department with respect to any series of electric or gas rate reduction bonds on or prior to the issuance of the series, there shall exist a statutory lien as provided in this subsection. Upon the effective date of the rate reduction bond order, there shall exist a first priority lien on all eligible property then existing or thereafter arising pursuant to the terms of the rate reduction bond order. This lien shall arise by operation of this subsection automatically without any action on the part of the electric company, any affiliate thereof, the financing entity, or any other person. This lien shall secure all obligations, then existing or subsequently arising, to the holders of the electric or gas rate reduction bonds issued pursuant to the rate reduction bond order, the trustee or representative for the holders, and any other entity

specified in the rate reduction bond order. The persons for whose benefit this lien is established shall, upon the occurrence of any defaults specified in the rate reduction bond order, have all rights and remedies of a secured party upon default pursuant to article 9 of chapter 106, and shall be entitled to foreclose or otherwise enforce this statutory lien in the eligible property. This lien shall attach to the eligible property regardless of whom shall own, or shall subsequently be determined to own, the eligible property, including any electric company or gas company, any affiliate thereof, the financing entity, or any other person. This lien shall be valid, perfected, and enforceable against the owner of the eligible property and all third parties upon the effectiveness of the rate reduction bond order without any further public notice; provided, however, that any person may, but shall not be required to, file a financing statement in accordance with subsection (e). Financing statements so filed may be "protective filings" and shall not be evidence of the ownership of the eligible property.

A perfected statutory lien in eligible property shall be a continuously perfected lien in all revenues and proceeds arising with respect thereto, whether or not the revenues or proceeds have accrued. Conflicting liens shall rank according to priority in time of perfection. Eligible property shall constitute property for all purposes, including for contracts securing rate reduction bonds, whether or not the revenues and proceeds arising with respect thereto have accrued.

In addition, the department may require, in the rate reduction bond order creating the eligible property, that, in the event of default by the electric company or gas company in payment of revenues arising with respect to eligible property, the department and any successor thereto, upon the application by the beneficiaries of the statutory lien, and without limiting any other remedies available to the beneficiaries by reason of the default, shall order the sequestration and payment to the beneficiaries of revenues arising with respect to the eligible

property. Any order shall remain in full force and effect notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to the debtor, pledgor, or transferor of the eligible property. Any surplus in excess of amounts necessary to pay principal, premium, if any, interest, costs, and arrearages on the electric or gas rate reduction bonds, and other costs arising in connection with the documents governing the electric or gas rate reduction bonds, shall be remitted to the debtor or to the pledgor or transferor.

(g)(1) A transfer of eligible property by an electric company or gas company to an affiliate or to a financing entity, or by an affiliate of an electric company or gas company, or a financing entity to another financing entity, which the parties have in the governing documentation expressly stated to be a sale or other absolute transfer, in a transaction approved in a rate reduction bond order, shall be treated as an absolute transfer of all of the transferor's right, title, and interest, as in a true sale, and not as a pledge or other financing, of the eligible property, other than for federal and state income purposes. Granting to holders of electric or gas rate reduction bonds a preferred right to revenues of the electric company or gas company or the provision by the company of other credit enhancement with respect to electric or gas rate reduction bonds, shall not impair or negate the characterization of any transfer as a true sale, other than for federal and state income purposes.

(2) A transfer of eligible property shall be deemed perfected as against third persons when both of the following have taken place: (i) the department has issued the rate reduction bond order authorizing the fixed transition amounts included in the eligible property; and (ii) an assignment of the eligible property in writing has been executed and delivered to the eligible property in writing has been executed and delivered to the transferee.

(3) As between bona fide assignees of the same right for value without notice, the assignee first filing a financing statement in accordance with article 9 of chapter 106 naming the assignor of the eligible property as debtor and identifying the eligible property has priority. Any description of the eligible property shall be sufficient if it refers to the rate reduction bond order creating the eligible property. A copy of the financing statement shall be filed by the assignee with the department. The department may require the assignor or the assignee to make other filings with respect to the transfer in accordance with procedures it may establish, but these filings shall not affect the perfection of the transfer.

(h) Any successor to the electric company or gas company, whether pursuant to any bankruptcy, reorganization, or other insolvency proceeding, or pursuant to any merger, sale, or transfer, by operation of law, or otherwise, shall perform and satisfy all obligations of the electric company or gas company pursuant to this section in the same manner and to the same extent as the electric company or gas company, including, but not limited to, collecting and paying to the holders of electric or gas rate reduction bonds or their representatives or the financing entity, revenues arising with respect to the eligible property sold to the financing entity or pledged to secure electric or gas rate reduction bonds. This requirement that a successor electric company or gas company perform the obligations of its predecessor is made pursuant to the commonwealth's policing and regulatory authority.

SECTION 21. Chapter 164 of the General laws, as so appearing, is hereby amended by adding the following section after section 1K:-

Section 1L. (a) A generation company or supplier may offer electricity to a residential customer receiving a discount rate pursuant to section 153 only at a price that does not exceed

the trailing 12-month average of a distribution company's default service rate in the distribution company's service territory as of the date of agreement with the customer.

(b) A generation company or supplier may not: (i) automatically renew a residential customer's contract at the end of a contract term without the written consent of the residential customer; (ii) offer a variable rate other than a rate that adjusts for seasonal variation more than twice in a single year or a time-of-use rate that establishes different rates for periods within a single day; (iii) pay a commission or other incentive-based compensation for enrolling customers to any energy brokers, energy marketers, other third-party marketing agents, or any other employees or agents; (iv) impose on a customer a fee for cancellation or early termination of an electricity supply agreement; and (v) offer a voluntary renewable or green energy product that contains clean or renewable energy attributes other than those that qualify under any clean energy standard regulation established by the department of environmental protection pursuant to subsection 3(c) of chapter 21N of the General Laws.

(c) The department shall establish and maintain a public website for residential customers to compare available retail electricity supply products. Suppliers must list all products available to residential customers on said website and all customer enrollments must be processed via the website or through a related platform established by the department. The department shall ensure that the website includes, but is not limited to, all of the following information: (i) the current, and where possible, future default service rate available to a customer pursuant to section 1B; (ii) the default supply rate of any municipal aggregation offering available to a customer pursuant to section 134; (iii) the contract term for all products listed; (iv) the percentage of renewable or clean energy content included in the product, including information on the source or location of such content, as determined by the department; (v) all additional products and services included

as part of the product; and (vi) the estimated monthly cost to the customer. The website shall allow for products to be sorted and compared to each other.

(d) No less than quarterly, suppliers shall provide to the department: (i) a list detailing each rate the supplier charged to residential retail customers in the last quarter; and (ii) the number of low-income and non-low-income residential retail customers charged each rate included in such list by rate class. The department shall publish average rates charged to customer classes and the aggregate number of customers served on the department's website.

(e) No less than annually, suppliers shall provide data to the department concerning any clean or renewable energy attributes retired in connection with the generation service provided to individual residential retail customers. Such data shall include the geographic location and fuel type of each such attribute, and the percentage of the supply purchased in excess of the supplier's annual obligations under the clean and renewable energy portfolio standards established by the department of environmental protection and department of energy resources, respectively. The department shall publish this information from each supplier on its website.

(f) No customer may be assigned or transferred without prior approval by the department. Notice of such customer assignment or customer transfer shall be provided to the department at least thirty days prior to the effective date of the proposed assignment or transfer of a customer from one supplier to another supplier. The department may, upon its review of such notice, require certain conditions or deny assignment or transfer of such customer.

(g) No less than quarterly, the department shall publish each supplier's and electric and gas distribution companies' complaint data, sourced from complaints made to the department as

well as those made to the attorney general, as provided to the department annually, on the department's website.

SECTION 22. Chapter 164, as appearing in the 2024 Official Edition, is hereby amended by striking out section 15 and inserting in place thereof the following section:-

Section 15. A gas or electric company, under the supervision of the department, selling, offering for sale or issuing, bonds, debentures, notes or other evidences of indebtedness, exclusive of stock, payable at periods of more than five years after the date thereof, shall invite proposals for the purchase thereof. The department shall find that the manner of solicitation of such proposals demonstrates a measure of competition and is in the public interest. Said company may, however, reserve the right to reject any and all proposals.

SECTION 23. Section 15A of said chapter 164, as so appearing, is hereby amended by striking out, in line 3, the word, "than", and inserting in place thereof the word, "that".

SECTION 24. Chapter 164 of the general laws is hereby amended by striking out section 33A and inserting in place thereof the following section:-

Section 33A. (a) For the purposes of this section, the following words and phrases shall have the following meanings:-

"Advertising", the commercial use by a utility of any media, including newspaper, social media, printed matter, radio, and television, in order to transmit a message to a substantial number of members of the public or to such utility's consumers, including any costs associated with research, analysis, preparation, planning, or any other related costs identified by the department as related to public communication whose purpose is to promote the sale or

consumption of natural gas, electricity, or other thermal energy, unless such advertising is specifically approved or ordered by the department.

"Goodwill or institutional advertising", means any advertising designed primarily to bring the utility's name before the general public in such a way as to solely improve the image of the utility or to promote the utility or the industry.

"Political advertising", any advertising for the purpose of influencing public opinion with respect to legislative, administrative, or electoral matters.

"Promotional advertising", any advertising for the purpose of encouraging any person to select or use the service or additional service of a utility regulated by the department, or the selection or installation of any appliance or equipment designed to use such utility's service.

For the purposes of this section, the terms “goodwill or institutional advertising,” "political advertising," and "promotional advertising" shall not include advertising which informs consumers of any utility on how they can conserve energy, access money saving rates or programs, seek assistance or customer support, prepare for weather events, reduce peak demand for energy, or other services, such as building decarbonization or other electrification measures, or otherwise use the services of any utility in a cost-efficient manner; is required by federal or state laws or regulations; informs consumers regarding service interruptions, safety measures, or emergency conditions; concerns employment opportunities with a utility; or relates to any explanation or justification of existing or proposed rate schedules, or notification of hearings thereon which informs consumers of and stimulates the use of products or services which are subject to direct competition from products or services of entities not regulated by the department or any other government agency. A communication shall be considered advertising,

goodwill or institutional advertising, promotional advertising, or political advertising if any portion of the communication is advertising, goodwill or institutional advertising, promotional advertising, or political advertising as defined herein.

(b) No gas or electric company regulated by the department under this chapter may recover from any ratepayer of such company any direct or indirect expenditure by such company for goodwill or institutional, promotional, or political advertising as defined in this section.

(c) No gas or electric company regulated by the department shall recover through rates any direct or indirect cost associated with: (i) membership, dues, sponsorships, or contributions to any entity incorporated under Section 501 of the Internal Revenue Code of 1986, as amended, including business or trade associations; (ii) charitable giving expenses, including contributions in cash or other quantifiable value to organizations qualified under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended; (iii) executive or legislative lobbying, as those terms are defined in section 39 of chapter 3, or soliciting others to engage in executive or legislative lobbying, including any costs for activities associated with lobbying such as policy research, analysis, preparation, and planning undertaken in support of lobbying; (iv) contributions to political candidates, campaign committees, issue committees, or independent expenditure committees or other political expenses; (v) any costs, including marketing, administration, customer service, or other costs, for products or services not regulated by the department, unless determined by the department to be reasonable; (vi) tax penalties or fines issued against such company, unless determined by the department to be reasonable; (vii) travel, lodging, entertainment, gifts or food and beverage expenses for such company's board of directors, trustees, and external advisory councils not required by the department or legislature, or the board of directors and officers of the parent of such company; or (viii) any owned, leased

or chartered aircraft for such company's board of directors, trustees, external advisory councils, and officers or the board of directors and officers of the parent of such company.

(d) The department and the office of ratepayer advocacy established pursuant to section 11E of chapter 12 shall monitor and investigate compliance and noncompliance with this section. If the department determines that a gas or electric company regulated by the department improperly recorded an expense for which recovery is prohibited by this section, the department shall assess a non-recoverable penalty against such company in an amount that is not less than the total amount of costs improperly recorded. In addition to assessing a non-recoverable penalty against a company pursuant to this subsection, the department shall order such company to refund the amount improperly recovered, plus interest, to customers. For each penalty assessed and collected from any such company pursuant to this section, a portion of the penalty, as determined by the department, may be distributed to ratepayers through a rebate, or distributed to the department and the office of ratepayer advocacy for the purpose of increasing resources for enforcing this section.

SECTION 25. Section 69G of chapter 164 of the General Laws, as amended by chapter 239 of the Acts of 2024, is hereby amended by striking the definition for "Director" and replacing it with the following definition:-

"Director", the director of the energy facilities siting division appointed pursuant to section 12N of chapter 25, who shall serve as the director of the board provided, however, that the director may issue decisions on de novo adjudications of local permit applications pursuant to section 69W of chapter 164; and provided that the director may issue determinations to require a project applicant to submit an application for a consolidated permit as a large clean transmission

and distribution infrastructure facility under sections 69H and 69T, pursuant to section 69X of chapter 164.

SECTION 26. Said section 69G of chapter 164 of the General Laws, as amended by chapter 239 of the Acts of 2024, is hereby amended by striking the definition for "Large clean transmission and distribution infrastructure facility" and replacing it with the following definition:-

"Large clean transmission and distribution infrastructure facility", electric transmission and distribution infrastructure and related ancillary infrastructure that is: (i) a new electric transmission line having a design rating of not less than 69 kilovolts and that is not less than 1 mile in length on a new transmission corridor, including any ancillary structure that is an integral part of the operation of the transmission line; (ii) a new electric transmission line having a design rating of not less than 115 kilovolts that is not less than 10 miles in length on an existing transmission corridor except reconductored or rebuilt transmission lines at the same voltage, including any ancillary structure that is an integral part of the operation of the transmission line; (iii) any other new electric transmission infrastructure requiring zoning exemptions, including standalone transmission substations and upgrades and any ancillary structure that is an integral part of the operation of the transmission line; (iv) any proposed reconductoring, replacement, or rebuilding of a transmission facility or group of transmission facilities, including any ancillary structure that is an integral part of the operation of the transmission line, that is reviewed pursuant to section 69X; and (v) facilities needed to interconnect offshore wind to the grid; provided, however, that the large clean transmission and distribution facility is: (A) designed, fully or in part, to directly interconnect or otherwise facilitate the interconnection of clean energy infrastructure to the electric grid; (B) approved by the regional transmission operator in relation

to interconnecting clean energy infrastructure; (C) proposed to ensure electric grid reliability and stability; or (D) will help facilitate the electrification of the building and transportation sectors; provided further, that a "large clean transmission and distribution infrastructure facility" shall not include new transmission and distribution infrastructure that solely interconnects new and existing energy generation powered by fossil fuels on or after January 1, 2026.

SECTION 27. Chapter 164 of the General Laws is hereby amended by inserting the following section after Section 69W:-

Section 69X. (a) A transmission company shall file with the board any proposed reconductoring, replacement, or rebuilding of a transmission facility or group of transmission facilities on an existing transmission corridor that has an estimated cost of at least $25 million prior to commencing construction.

(b) No later than ninety days following a submission pursuant to subsection (a), the director, at their sole discretion, may require a project applicant to submit an application for a consolidated permit as a large clean transmission and distribution infrastructure facility under sections 69H and 69T. In such a case, the applicant shall be required to seek and obtain a consolidated permit from the board before it may proceed with construction. The director shall notify the project applicant within five days of determining that they will require submission of an application pursuant to sections 69H and 69T. The board may establish rules that permit an applicant for a project reviewed pursuant to this section to forego certain pre-filing requirements with which other projects under section 69T are required to comply.

(c) In determining whether to require submission of an application under subsection (b), the director shall consider (1) the identified need for the project, (2) the project scope, timing,

cost, and alternatives considered, including the deployment of advanced conductors, grid-enhancing technologies, and other advanced transmission technologies, (3) whether the proposed project would address a near-term reliability risk, and (4) whether there are sufficient mechanisms in the regional transmission planning process to evaluate projects that are subject to this section.

(d) Projects selected by ISO-NE for inclusion in its regional system plan are not subject to this section.

(e) The board may adopt such rules and regulations as may be necessary to implement this section.

SECTION 28. Chapter 164 of the General Laws, as appearing in the 2022 Official Edition, is hereby amended by inserting after section 83 the following section:-

Section 83A. (a) Notwithstanding any general or special law, rule, regulation or order to the contrary, the department may provide for management and operations audits of gas companies and distribution companies. Such audits shall be performed no more frequently than once every five years for said companies; provided, however, that the department may order supplemental, audits on specific aspects of gas company and distribution company operations and performance, as necessary. The department shall order such audits be performed by its staff or by an independent auditor.

If the department orders to have the audit provided for in this section performed by an independent auditor, the department may select the auditor, subject to the applicable procurement laws and regulations of the commonwealth, and shall require the company being audited to enter into a contract with the auditor providing for their payment by the company at no cost to the

ratepayers of said company. Such contract shall provide further that the independent auditor shall work for and be under the direction of the department according to such terms as the department may determine are necessary and reasonable.

(b) Each company subject to an audit under this section shall, within thirty days after issuance of such audit, make to the department, in a form prescribed by the department, a report detailing said company's plan to implement the recommendations made in the audit. After review of such plan, the department may require each company to amend its plan in a particular manner. Such plan shall thereafter become enforceable upon approval by the department. The department may commence a proceeding to examine any such company's compliance with the recommendations of such audit.

(c) Upon the petition of a gas or distribution company for approval of a general increase in base distribution rates pursuant to section 94, or other proceedings in which a gas or distribution company proposes capital improvements, the department shall review that company's compliance with the directions and recommendations made previously by the department, as a result of the most recently completed management and operations audit, if applicable, as provided in this section.

SECTION 29. Section 92B of chapter 164, as amended by section 78 of the chapter 239 of the acts of 2024, is hereby amended by striking out paragraphs (c) through (e) in its entirety and inserting in place thereof the following paragraphs:

(c) An electric-sector modernization plan developed pursuant to subsection (a) shall also include the following:

(i) a load management and virtual power plant plan that, based on the best available data, minimizes ratepayer costs and maximizes ratepayer benefits of distributed energy resources and distributed generation to the greatest extent possible, which shall include, but not be limited to:

(A) a detailed summary and timeline for all current, proposed, and under development programs and investments, including all investments and programs developed as part of the statewide decarbonization and energy efficiency plan authorized under section 21 of chapter 25 of the General Laws, all investments and programs authorized by the department related to electric grid modernization, building electrification, transportation electrification, and distributed energy resources, and all efforts to make use of advanced metering infrastructure, that (i) directly or indirectly manage energy demand to reduce its impact on and provide benefits to the electric power system or (ii) utilize or otherwise enable dispatchable distributed energy resources to provide benefits or services to the electric grid including, but not limited to, reducing, deferring, or eliminating transmission or distribution infrastructure investments, avoiding development of new fossil-based power generation, reducing wholesale energy market costs, or enabling wholesale energy market participation;

(B) quantitative five- and ten-year targets for peak load reduction, including targets for system-wide peak and separate targets for non-coincident sub-system peaks, and electric system benefits for both load management and virtual power plants that are inclusive of, but not limited to, targets set as part of the statewide decarbonization and energy efficiency plan and any other plans approved by the department;

(C) a qualitative and quantitative evaluation of the benefits of such programs to reduce, defer or eliminate the need for transmission or distribution infrastructure investments, including

but not limited to, all cases where such programs reduce, defer or eliminate specific, future infrastructure investment needs identified through the company's current or prior electric-sector modernization plans or through the company's core capital planning process, as applicable;

(D) a detailed methodology and approach for ensuring that such programs are optimized to reduce, defer or eliminate infrastructure investment needs identified through the company's current or prior electric-sector modernization plans or through the company's core capital planning process. Such methodology shall be as consistent as practicable with the comparable methodology employed by each other electric company.

(E) a description and summary of current, proposed, and under development plans and processes to enable third-party providers to provide load management and virtual power plant services, including but not limited to, how such services will be used to reduce, defer, or eliminate infrastructure investment needs, the status of any past, current, or planned procurements of grid services from third parties, and information on how third parties can participate in programs and access customer electric usage data to enable load management and virtual power plant services.

(ii) information on the flexible interconnection program required under section 159, including, but not limited to:

(A) a detailed summary of the flexible interconnection program and a timeline for all, additional proposed and under development alternative interconnection solutions, and associated investments, that meet the definition of flexible interconnection under subsection (a) of section 159, including, but not limited to, relevant efforts to make use of advanced metering infrastructure and smart inverters;

(B) a qualitative and quantitative evaluation of the benefits of the flexible interconnection program and proposed and under development alternative interconnection solutions to reduce, defer or eliminate the need for transmission or distribution infrastructure investments, including but not limited to all cases where the flexible interconnection program and proposed and under development alternative interconnection solutions reduce, defer or eliminate specific infrastructure investment needs identified through the company's current or prior electric-sector modernization plans or through the company's core capital planning process, as applicable.

(iii) a comprehensive description and summary of how the load management and virtual power plant plan provided pursuant to paragraph (i) and the flexible interconnection program required under section 159 are integrated with other distribution system planning efforts to most effectively reduce costs and maximize benefits to ratepayers, advance energy affordability, and help the commonwealth realize its statewide greenhouse gas emissions limits and sublimits under chapter 21N.

(d) In developing a plan pursuant to subsection (a), an electric company shall:

(i) prepare and use 3 planning horizons for electric demand, including a 5–year forecast, a 10–year forecast and a demand assessment through 2050 to account for future trends, including, but not limited to, future trends in the adoption of renewable energy, distributed energy resources and energy storage and electrification technologies necessary to achieve the statewide greenhouse gas emission limits and sublimits under chapter 21N;

(ii) consider and include a summary of all proposed and related investments, alternatives to these investments and alternative approaches to financing these investments that have been reviewed, are under consideration or have been approved by the department previously;

(iii) solicit input from the Grid Modernization Advisory Council established in section 92C on topics such as planning scenarios and modeling and the requirements of subsection (c) and respond to information and document requests from said council;

(iv) solicit input from the entities listed in subsection (b) of section 3 of chapter 43D of the General Laws, the chair of the interagency permitting board established by section 62 of chapter 23A of the General Laws and the Massachusetts office of business development established by section 1 of chapter 23A regarding the planning scenarios, modeling, and proposed investments related to economic development and new housing;

(v) solicit input from third-party providers of services that directly or indirectly manage energy demand to reduce its impact on and provide benefits to the electric power system or utilize or otherwise enable dispatchable distributed energy resources to provide benefits or services to the electric grid;

(vi) conduct technical conferences and not less than 2 stakeholder meetings to inform the public, appropriate state and federal agencies, companies engaged in the development and installation of distributed generation, energy storage, vehicle electrification systems and building electrification systems, third-party providers of load management and virtual power plant services and Massachusetts businesses and housing developers; and

(vii) prepare and file a climate vulnerability and resilience plan with the electric-sector modernization plan based on best available data, which shall include, but not be limited to, the following:

(A) an evaluation of the climate science and projected sea level rise, extreme temperature, precipitation, humidity and storms and other climate-related risks for the service territory;

(B) an evaluation and risk assessment of potential impacts of climate change on existing operation, planning and physical assets;

(C) identification, prioritization and cost-benefit analysis of adaptation options to increase asset and system-wide resilience over time;

(D) a community engagement plan with targeted engagement for environmental justice populations in the service territory; and

(E) an implementation timeline for making changes in line with the findings of the study such as modifying design and construction standards, modifying operations and planning processes and relocating or upgrading existing infrastructure to ensure reliability and resilience of the grid.

(e) An electric company shall submit its first plan for review, input and recommendations to the Grid Modernization Advisory Council established in section 92C by September 1, 2023, and thereafter once every 5 years in accordance with a schedule determined by the department; provided, however, that the plan shall be submitted to the Grid Modernization Advisory Council not later than 150 days before the electric company files the plan with the department; and provided further, that the Grid Modernization Advisory Council shall return the plan to the company with recommendations not later than 70 days before the company files the plan with the department.

An electric company shall submit its electric-sector modernization plan, together with a demonstration of the Grid Modernization Advisory Council's review, input and recommendations, including, but not limited to, a list of each individual recommendation, the status of each recommendation and an explanation of whether and why each recommendation was adopted, adopted as modified or rejected, along with a statement of any unresolved issues, to the department in accordance with a schedule determined by the department. An electric company shall also submit a list of the entities engaged as required in paragraphs (iv) and (v) of subsection (d) and a summary of the input provided by such entities.

The electric company shall be permitted to include in base electric distribution rates all prudently incurred plant additions that are used and are useful. The department shall promptly consider the plan and shall provide an opportunity for interested parties to be heard in a public hearing. The department shall approve, approve with modifications or reject the plan within 7 months of submittal. In order to be approved, a plan shall provide net benefits for customers and meet the criteria enumerated in clauses (i) to (vi), inclusive, of subsection (a).

(f) An electric-sector modernization plan developed by an electric company pursuant to subsection (a) shall propose discrete, specific, enumerated investments to the distribution and, where applicable, transmission systems, alternatives to such investments and alternative approaches to financing such investments, that facilitate grid modernization, greater reliability, communications and resiliency, increased enablement of distributed energy resources, increased transportation electrification, increased building electrification, accommodate increased economic development and new housing and the minimization or mitigation of ratepayer impacts, in order to meet the statewide greenhouse gas emissions limits and sublimits under chapter 21N. An electric company shall submit 2 reports per year to the department and the joint

committee on telecommunications, utilities and energy on the deployment of approved investments in accordance with any performance metrics included in the approved plans. An electric-sector modernization plan developed by an electric company pursuant to subsection (a) shall also propose distribution and, where applicable, transmission system planning, Grid Modernization Advisory Council and stakeholder engagement, and regulatory processes to ensure that the criteria enumerated in clauses (i) to (vi), inclusive, of subsection (a) are met throughout the five-year electric-sector modernization plan period.

SECTION 30. Chapter 164 of the General Laws is hereby amended by inserting the following section:

Section 92D. (a) By July 1, 2028, the department shall establish a comprehensive distribution system planning and cost recovery framework that encompasses the electric-sector modernization plans and the discrete investments identified therein, base distribution rates and associated applications, reconciliation charges and associated filings, and other department proceedings and electric company filings deemed relevant by the department. Such framework shall apply to any petition to amend electric rates filed with the department in accordance with section 94 on or after July 1, 2028.

(b) The framework required in subsection (a) shall seek to accomplish the following objectives: (i) minimizing costs to ratepayers, including through the use of non-wires alternatives and virtual power plants; (ii) consolidating the proceedings through which distribution system planning is conducted; (iii) consolidating the number of proceedings and charges through which the electric companies may seek cost recovery; (iv) aligning distribution system plans and investments included in rate applications filed in accordance with section 94 and the electric-

sector modernization plans filed in accordance with section 92B; (v) ensuring that rate applications filed in accordance with section 94 present a complete picture of current and future electric company capital and operating expenditures regardless of how such costs have historical been recovered; (vi) prioritizing cost recovery mechanisms that adjust base distribution rates over time instead of reconciliation charges; (vii) optimizing distribution system investments to meet distribution system needs, including those enumerated in subsection (a) of section 92B; (viii) considering incentive mechanisms to align the interests of the electric companies, ratepayers, and developers; (ix) maximizing transparency, accessibility, and meaningful participation for stakeholders in the development and regulatory review of distributions system plans and associated investments.

(c) The framework required in subsection (a) may also include a process by which each electric company may submit an application for preliminary review of discrete, specific, enumerated investments consistent with the electric-sector modernization plan most recently approved by the department to be recovered through base distribution rates, and criteria under which the electric company may make investments to serve incremental electricity demand or incremental distributed generation before such demand or generation materializes.

SECTION 31. Section 124F of chapter 164 of the General Laws is hereby amended by striking out the section in its entirety and inserting in place thereof the following section:-

(a) For purposes of this section, the following words shall have the following meanings, unless the context clearly requires otherwise:

“Unhealthy heat threshold”, a statewide population-weighted daily maximum temperature of 85 degrees fahrenheit or greater for 3 consecutive days, representing temperatures

in which most heat-related health impacts occur for the general public across the Commonwealth.

(b) No gas or electric company shall between November fifteenth and March fifteenth shut off gas or electric service to any residential customer who cannot pay an overdue charge because of financial hardship, when such gas or electric service is used to provide heat or to operate the heating system of the customer's unit or building.

(c) No electric company shall shut off electric service to any residential customer who cannot pay an overdue charge because of financial hardship during periods that meet or exceed the unhealthy heat threshold.

(d) The department, in consultation with the department of public health, may promulgate such rules and regulations as it deems reasonable and necessary to implement this section.

SECTION 32. Chapter 164 of the General Laws, as so appearing, is hereby amended by striking section 137 in its entirety and replacing it with the following section:-

Section 137. Notwithstanding any general or special law to the contrary, (i) any non-profit institution in the commonwealth or any agency, executive office, department, board, commission, bureau, division or authority of the commonwealth, including the executive, legislative and judicial branches of the commonwealth, or of any political subdivision thereof, or of any authority established by the general court to serve a public purpose, may, unless located within the boundaries of a community served by a municipal light department, participate in and become a member of any competitively procured program organized and administered, under this chapter, by or on behalf of any public instrumentality of the commonwealth or of any subsidiary organization thereof for the purpose of group purchasing of electricity, natural gas, or

telecommunications services, including supply, building or transportation electrification, energy management service, distributed energy resource or renewable energy project and related products, equipment or goods; (ii) the disposition of municipal or state real property by lease, easement or license for renewable energy shall not require competitive bidding when part of a power purchase agreement or a net metering agreement in a program organized and administered under this section; (iii) any agency, executive office, department, board, commission, bureau, division or authority of the commonwealth, including the executive, legislative and judicial branches of the commonwealth, may, on behalf of the commonwealth, dispose of real property, by lease, easement or license, which is part of a power purchase agreement or net metering agreement in a program organized and administered under this section, including, but not limited to, construction of renewable energy projects on state property; (iv) any building or transportation electrification, energy management service, distributed energy resource or renewable energy project which is part of a program organized and administered under this section and considered to be public construction shall be subject to sections 26 to 27D, inclusive, and section 29 of chapter 149 and subject to approval by the division of capital asset management and maintenance or other building owners as applicable to commonwealth owned property; and (v) any purchase of goods and services which is a part of a program organized and administered under this section by any executive office, department, agency, office, division, board, commission or institution within the executive branch shall be subject to section 22 of chapter 7 and sections 51 and 52 of chapter 30.

SECTION 33. Section 138 of chapter 164 of the General Laws is hereby amended by striking out the definition of “Class I net metering credit” and inserting in place thereof the following definition:-

"Class I net metering credit", a credit equal to the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the sum of the distribution company's: (i) default service kilowatt-hour charge in the ISO–NE load zone where the customer is located; (ii) distribution kilowatt-hour charge; and (iii) transmission kilowatt-hour charge; provided, however, that this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in sections 19 and 20 of chapter 25; and provided further, that credit for a Class I net metering facility that is not an agricultural net metering facility or that is not using solar, anaerobic digestion or wind as its energy source shall be the average monthly clearing price at the ISO–NE.

SECTION 34. Said section 138 of said chapter 164, as so appearing, is hereby further amended by striking out the definition of “Class II net metering credit” and inserting in place thereof the following definition:-

"Class II net metering credit", a credit equal to the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the sum of the distribution company's: (i) default service kilowatt-hour charge in the ISO–NE load zone where the customer is located; (ii) distribution kilowatt-hour charge; and (iii) transmission kilowatt-hour charge; provided, however, that this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in sections 19 and 20 of chapter 25.

SECTION 35. Said section 138 of said chapter 164, as so appearing, is hereby further amended by striking out the definition of “Class III net metering credit” and inserting in place thereof the following definition:-

"Class III net metering credit", a credit equal to the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the sum of the distribution company's: (i) default service kilowatt-hour charge in the ISO–NE load zone where the customer is located; and (ii) transmission kilowatt-hour charge; provided, however, that for a Class III net metering facility of a municipality or other governmental entity, the credit shall be equal to the excess kilowatt-hours multiplied by the sum of (i) and (ii) and the distribution kilowatt-hour charge; and provided further, that this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in sections 19 and 20 of chapter 25.

SECTION 36. Said section 138 of said chapter 164, as so appearing, is hereby further amended by striking out the definition of “Market net metering credit” and inserting in place thereof the following definition:-

"Market net metering credit", (i) a credit equal to 60 per cent of the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the sum of the distribution company's: (a) default service kilowatt-hour charge in the ISO–NE load zone where the customer is located; (b) distribution kilowatt-hour charge; and (c) transmission kilowatt-hour charge; provided, however, this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in sections 19 and 20 of chapter 25; or (ii) for net metering facilities of a municipality or other governmental entity, a credit equal to the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the sum of the distribution company's: (a) default service kilowatt-hour charge in the ISO-NE load zone where the customer is located; (b) distribution kilowatt-hour charge; and (c) transmission kilowatt-hour charge; provided, however, that this shall not include the demand side management and renewable energy kilowatt-hour

charges set forth in said sections 19 and 20 of said chapter 25; and, provided further, that credits shall only be allocated to an account of a municipality or government entity.

SECTION 37. Said section 138 of said chapter 164, as so appearing, is hereby further amended by striking out the definition of “Neighborhood net metering credit” and inserting in place thereof the following definition:-

"Neighborhood net metering credit", a credit equal to the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the sum of the distribution company's: (i) default service kilowatt-hour charge in the ISO–NE load zone where the customer is located; and (ii) transmission kilowatt-hour charge; provided, however, that this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in sections 19 and 20 of chapter 25.

SECTION 38. Said section 138 of said chapter 164, as so appearing, is hereby further amended by inserting after the definition of “Solar net metering facility” the following 2 definitions:-

“Supply rate net metering facility”, a Class I, Class II, or Class III net metering facility, or a neighborhood net metering facility, that is authorized to interconnect to the distribution system by a distribution company on or after January 1, 2026, and that is not a cap exempt facility pursuant to subsection (i) of section 139.

"Supply rate net metering credit”, a credit equal to the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the difference between the distribution company's default service kilowatt-hour charge in the ISO–NE load zone where the customer is located and the distribution company’s costs associated with: (i) the renewable energy portfolio standard

requirements established pursuant to section 11F of chapter 25A; (ii) the alternative energy portfolio standard requirements established pursuant to section 11F1/2 of chapter 25A; (iii) the clean peak portfolio standard requirements established pursuant to section 17 of chapter 25A; (iv) any portfolio standard requirements established by the Massachusetts department of environmental protection pursuant to sections 3 and 6 of chapter 21N; and (v) the distribution company's basic service administrative cost factor.

SECTION 39. Section 139 of Chapter 164 of the General Laws is hereby amended by adding the following two subsections:-

(m) A supply rate net metering facility shall generate supply rate net metering credits.

(n) All solar net metering facilities interconnected on or after January 1, 2026, shall be required to be qualified under the solar incentive program established by the department of energy resources pursuant to section 24 of chapter 25A.

SECTION 40. Section 141 of chapter 164 is hereby amended by striking out the last sentence.

SECTION 41. Chapter 164 is hereby amended by inserting the following section:-

Section 153. (a) The department shall require that distribution companies and gas companies provide discounted rates for low-income customers and eligible moderate-income customers. The cost of such discounts shall be included in the bills charged to all customers of a distribution company or gas company and the department shall establish a mandatory non-bypassable fixed monthly charge to fund such discounts; provided, however, that such charge shall be determined separately for each customer class. The department shall permit statewide

cost recovery of such discounts across distribution companies, and separately gas companies, as to promote rate equity across the state. Each distribution company and gas company shall guarantee payment to the generation supplier for all power sold to low-income and eligible moderate-income customers at the discounted rates.

(b) Eligibility for the low-income discount rates provided for in this section shall be established in a manner approved by the department, including, but not limited to verification of a low-income customer's receipt of any means-tested public benefit or verification of eligibility for the home energy assistance program, or its successor program, for which eligibility does not exceed 200 per cent of the federal poverty level based on a household's gross income. Such public benefits may include, but shall not be limited to including, assistance that provides cash, housing, food or medical care including, but not limited to, transitional assistance for needy families, supplemental security income, emergency assistance to elders, disabled and children, food stamps, public housing, federally-subsidized or state-subsidized housing, the home energy assistance program, veterans' benefits and similar benefits. In a program year in which maximum eligibility for the home energy assistance program, or its successor program, exceeds 200 per cent of the federal poverty level, a household that is income eligible for the home energy assistance program shall be eligible for the low-income discount rates required by this subparagraph. Eligibility for the moderate-income discount rate provided for in this section shall be established by criteria determined by the department for verification of an eligible moderate-income customer. Following initial verification of eligibility for the low-income or moderate-income discount rate, eligibility may be reevaluated no less than every two years thereafter.

(c) Each distribution company and gas company shall conduct substantial outreach efforts to make the low-income or moderate-income discount available to eligible customers. Outreach

may include establishing an automated program of matching customer accounts with: (A) lists of recipients of said means-tested public benefit programs and, based on the results of said matching program, to presumptively offer a low income discount rate to eligible customers so identified; and (B) criteria established by the department for verification of a moderate-income customer to presumptively offer a moderate-income discount rate to eligible customers so identified; provided, however, that the distribution company or gas company, within 60 days of said presumptive enrollment, informs any such low-income customer or eligible moderate-income customer of said presumptive enrollment and all rights and obligations of a customer under said program, including the right to withdraw from said program without penalty.

(d) A residential customer eligible for low-income or moderate-income discount rates shall receive the service on demand. Each distribution company and gas company shall periodically notify all customers of the availability and method of obtaining low-income or moderate-income discount rates.

(e) Each distribution company and gas company shall produce information, in the form of a mailing, webpage or other approved method of distribution, to their consumers, to inform them of available rebates, discounts, credits and other cost-saving mechanisms that can help them lower their monthly utility bills and send out such information semi-annually, unless otherwise provided by this chapter.

(f) There shall be no charge to any residential customer for initiating or terminating low-income or moderate-income discount rates when said initiation or termination request is made after a regular meter reading has occurred and the customer is in receipt of the results of said reading.

(g) The department may promulgate rules and regulations as necessary to implement this section.

Section 154. (a)(1) The department shall, in accordance with the provisions of this section, review an application by a distribution company to enter into a lease agreement for either distribution asset entitlements or transmission asset entitlements with non-utility third parties to provide (i) financing and other monies for investment in distribution projects or transmission projects and (ii) direct benefits to the distribution company's customers above and beyond the direct distribution-related or transmission-related services provided through the assets funded through the financing arrangement. The application filed under this section may include all such information identified in paragraph (3) of subsection (a), or it may be a framework application which sets forth the manner in which the distribution company and its non-utility counterparty will opt into specific leases under the framework in a future filing and with the department reviewing the terms of that framework filing. For purposes of this section a non-utility third party may not be an affiliate of a distribution company. The department shall, following adjudicatory hearing pursuant to chapter 30A, review the application to determine whether it provides net benefits to the customers of the distribution company, and based on that review, determine whether to approve, approve conditionally, reject without prejudice, or reject the application within nine months of its filing by a distribution company.

(2) The department shall promulgate regulations establishing the eligible uses of charitable financial contributions. Categories may include, but are not limited to: (a) support for low- and moderate-income energy assistance programs; (b) programs that support the deployment of energy efficiency, solar, storage, building electrification, or transportation electrification for environmental justice populations; (c) direct benefits for communities that are

hosting the infrastructure being financed through these funds; or (d) other eligible uses as identified by the department through a public process.

(3) For the purposes of this section, “distribution asset entitlements” shall have the meaning that a non-utility entity holds an entitlement to use a distribution company’s infrastructure to move electricity across the distribution grid, with approval of the distribution asset entitlement by the department; and “transmission asset entitlements” shall have the meaning that a non-utility entity holds an entitlement to use a distribution company’s infrastructure to move electricity across the transmission grid, with approval of the transmission asset entitlement by the department.

(4) For the purposes of this Section, the department’s determination of whether an application provides net benefits of the distribution company must consider the charitable contributions required under subparagraph (vi) of paragraph 5 below as customer benefits.

(5) Any agreements for leasing entitlements to distribution assets or transmission assets which are entered into through such negotiations and signed by the distribution company and a non-utility third-party counterparty may contain provisions allowing the non-utility counterparty to lease distribution asset entitlements to distribution projects or transmission asset entitlements to transmission projects of the distribution company, provided that the actual distribution-entitlement leases or the transmission-entitlement leases under the agreement must include at least the following elements:

(i) The distribution projects covered by the distribution-entitlement lease or the transmission projects covered by the transmission-entitlement lease will remain under the ownership, operational control, maintenance, and regulatory-compliance responsibility of the

distribution company. The maximum value of the non-utility counterparty's investment interest in distribution projects covered by the distribution-entitlement lease is 49.9% of the total value of the distribution projects; the maximum value of the non-utility counterparty's investment interest in transmission projects covered by the transmission-entitlement lease is 49.9% of the total value of the transmission projects.

(ii) The distribution company has all of the necessary permits and approvals for the projects covered by the distribution-entitlement lease or transmission-entitlement lease, including but not limited to any and all approvals needed by the department, that the projects have been constructed and have commenced commercial operation.

(iii) The specific terms of any distribution-entitlement lease or transmission-entitlement lease covered by the application, including the length of the lease, the rental payments for the lease, any prepayment terms, including the dollar amount, for the rental payments, the maximum percentage interest the non-utility counterparty will hold in the assets covered by the distribution-entitlement lease.

(iv) a requirement that the non-utility counterparty pay its pro-rata share of operating and maintenance expenses for the covered distribution assets or the covered transmission assets over the term of the lease.

(v) the ratemaking methodology that is proposed to be used to calculate the rate which the non-utility counterparty will charge to the distribution company's ratepayers to recover the non-utility counterparty's costs associated with its distribution entitlement or its transmission entitlement.

(vi) a binding commitment by the non-utility counterparty to make charitable financial contributions tied to a share of its annual after-tax profits that result from revenues it receives from the distribution company's ratepayers' use of the distribution asset entitlements or of the transmission asset entitlements.

(vii) ratepayer protections to ensure that: (a) the distribution-entitlement lease or the transmission-entitlement lease will not lead to double recovery of the costs associated with the covered assets; in other words, that the distribution company will not charge rates that recover any of the costs that are otherwise being recovered in the distribution rate charged by the non-utility counterparty that holds the distribution-entitlement lease; and (b) the rate that the non-utility counterparty is able to charge for recovering the costs associated of its distribution-entitlement lease or the transmission rate charged by the non-utility counterparty that holds the transmission-entitlement lease does not exceed the rate that would otherwise be charged by the distribution company for its cost to recover the investment in assets covered by the lease in the absence of the lease agreement.

(viii) the list of projects covered by the application where it includes one or more specific leases being proposed for departmental review and approval.

(ix) the process proposal for any department approvals of specific projects and specific future leases if the application includes a framework for the distribution-entitlement leases or for the transmission-entitlement leases but contemplates subsequent filings to the department to submit actual leases entered into subject to an approved framework.

(x) where a distribution-entitlement lease or the transmission-entitlement lease allows for prepayment of rent by the non-utility counterparty to the distribution company, the lease must

include a requirement that the non-utility counterparty be responsible for obtaining its own financing for the prepaid rent.

(b) In reviewing the methodology proposed under subparagraph (v) of paragraph (5) of subsection (a) for an application filed by a distribution company in which the non-utility counterparty to the lease agreement under paragraph (1) of subsection (a) is a non-profit entity or wholly owned subsidiary of a non-profit entity, the department shall allow the use of the following methodologies if requested in the application:

(1) A hypothetical capital structure. Requests for use of a hypothetical capital structure consisting of 50 per cent equity and 50 per cent debt will be considered presumptively reasonable if the non-utility counterparty is a non-profit entity or the wholly owned subsidiary of a non-profit entity, and if the non-utility counterparty will use 100 per cent debt to finance its investment and therefore lacks a meaningful actual capital structure for the purpose of this investment.

(2) A proxy return on equity. Requests for use of the distribution company's then-approved return on equity shall be considered presumptively just and reasonable.

(3) A levelized fixed rate to recover capital costs. Requests for using a cost-recovery structure based on a fixed and levelized rate over the term of the lease shall be considered presumptively just and reasonable as long as the non-utility counterparty can provide evidence that such recovery will not violate the requirement under subparagraph (vii) of paragraph (5) of subsection (a) that the non-utility counterparty's rate recovery is no higher than what the distribution company could recover in the absence of the lease.

(4) A formula rate to recover operations and maintenance costs. Requests for using a formula rate design that includes an adjustment factor to recover the non-utility counterparty's pro-rata share of the distribution company's actual annual operations and maintenance costs will be considered presumptively just and reasonable.

(c) After a distribution-entitlement lease agreement or transmission-entitlement lease agreement is entered into between a distribution company and a non-utility counterparty for a particular set of approved projects under subsections (a) and (b), the non-utility counterparty will file for departmental approval of rates using the methodology approved in subsections (a) and (b), using a compliance-filing submission to the department. The department will act within 60 days on the compliance filing submission.

(d) Within one-year of approval of an application and for every year thereafter, until the end of the lease-entitlement agreement, the non-utility counterparty shall submit to the department an annual report on the dollar amount of charitable financial contributions provided that includes, at a minimum, the uses of those financial charitable contributions, and a copy of its Internal Revenue Service Form 990. The non-utility counterparty is also obligated to notify the department within 24 hours of receiving any notices by state or federal governments to cease and desist or if its tax-exempt status has been revoked, including remedies to hold ratepayers harmless.

Section 155. (a)(1) The department shall, in accordance with the provisions of this section, review an application by a gas company to enter into a lease agreement for a thermal network asset entitlement or thermal heat loop asset entitlement with non-utility third parties to provide: (i) financing and other monies for investment in thermal projects and (ii) direct benefits

to the gas company's customers above and beyond the direct thermal-related services provided through the assets funded through the financing arrangement. The application filed under this section may include all such information identified in paragraph (3) of subsection (a), or it may be a framework application which sets forth the manner in which the gas company and its non-utility counterparty will opt into specific leases under the framework in a future filing and with the department reviewing the terms of that framework filing. For purposes of this section a non-utility third party may not be an affiliate of a gas company. The department shall adjudicate the application to determine whether it provides net benefits to the customers of the gas company and shall approve, approve conditionally, reject without prejudice, or reject the application within nine months of its filing.

(2) The department shall promulgate regulations establishing the eligible uses of charitable financial contributions. Categories may include, but are not limited to: (a) support for low- and moderate-income energy assistance programs; (b) programs that support the deployment of energy efficiency, solar, storage, or building electrification for environmental justice populations; (c) direct benefits for communities that are hosting or are adjacent to the infrastructure being financed through these funds; or (d) other eligible uses as identified by the department through a public process.

(3) For the purposes of this section, "thermal network asset entitlements" shall have the meaning that a non-utility entity holds an entitlement to use a gas company's thermal network infrastructure to move geothermal energy across the gas company's thermal network system, with approval of the thermal network entitlement by the department; and "thermal heat loop asset entitlements" shall have the meaning that a non-utility entity holds an entitlement to use a gas

company's infrastructure to move geothermal energy across a gas company's thermal heat loop, with approval of the thermal heat loop asset entitlement by the department.

(4) For the purposes of this Section, the department's determination of whether an application provides net benefits must consider the charitable contributions required under subparagraph (vi) of paragraph 5 below as customer benefits.

(5) Any agreements for leasing entitlements to thermal network assets or thermal loop assets which are entered into through such negotiations and signed by the gas company and a non-utility third-party counterparty may contain provisions allowing the non-utility counterparty to lease thermal network asset entitlements to thermal network projects or thermal heat loop asset entitlements to thermal heat loop projects of the gas company, provided that the actual thermal network-entitlement leases or the thermal heat loop-entitlement leases under the agreement must include at least the following elements:

(i) The thermal network projects covered by the thermal network-entitlement lease or the thermal heat loop projects covered by the thermal heat loop-entitlement lease will remain under the ownership, operational control, maintenance, and regulatory-compliance responsibility of the gas company. The maximum value of the non-utility counterparty's investment interest in thermal network projects covered by the thermal network-entitlement lease is 49.9% of the total value of the thermal network projects; the maximum value of the non-utility counterparty's investment interest in thermal heat loop projects covered by the thermal heat loop-entitlement lease is 49.9% of the total value of the thermal heat loop projects.

(ii) The gas company has all of the necessary permits and approvals for the projects covered by the thermal network-entitlement lease or thermal heat loop-entitlement lease,

including but not limited to any and all approvals needed by the department, that the projects have been constructed and have commenced commercial operation.

(iii) The specific terms of any thermal network-entitlement lease or thermal heat loop-entitlement lease covered by the application, including the length of the lease, the rental payments for the lease, any prepayment terms, including the dollar amount, for the rental payments, the maximum percentage interest the non-utility counterparty will hold in the assets covered by the thermal network-entitlement lease or thermal heat loop entitlement lease.

(iv) a requirement that the non-utility counterparty pay its pro-rata share of operating and maintenance expenses for the covered thermal network assets or the covered thermal heat loop assets over the term of the lease.

(v) the ratemaking methodology that is proposed to be used to calculate the rate which the non-utility counterparty will charge to the gas company's ratepayers to recover the non-utility counterparty's costs associated with its thermal network entitlement or, in the case of a thermal heat loop for a single customer, the ratemaking methodology that is proposed to be used to calculate the rate at which the non-utility counterparty will charge to the gas company's ratepayer that is using the thermal heat loop to recover the non-utility counterparty's cost associated with its thermal heat loop entitlement.

(vi) a binding commitment by the non-utility counterparty to make charitable financial contributions tied to a share of its annual after-tax profits that result from revenues it receives from the gas company's ratepayers' use of the thermal network asset entitlements or from the gas company's ratepayer's use the thermal heat loop asset entitlements.

(vii) ratepayer protections to ensure that: (a) the thermal network-entitlement lease or the thermal heat loop-entitlement lease will not lead to double recovery of the costs associated with the covered assets; in other words, that the gas company will not charge rates that recover any of the costs that are otherwise being recovered in the thermal rate charged by the non-utility counterparty that holds the thermal network-entitlement lease; and (b) the rate that the non-utility counterparty is able to charge for recovering the costs associated of its thermal network-entitlement lease or the thermal heat loop rate charged by the non-utility counterparty that holds the thermal heat loop-entitlement lease does not exceed the rate that would otherwise be charged by the gas company for its cost to recover the investment in assets covered by the lease in the absence of the lease agreement.

(viii) the list of projects covered by the application where it includes one or more specific leases being proposed for departmental review and approval.

(ix) the process proposal for any department approvals of specific projects and specific future leases if the application includes a framework for the thermal network-entitlement leases or for the thermal heat loop-entitlement leases but contemplates subsequent filings to the department to submit actual leases entered into subject to an approved framework.

(x) where a thermal network-entitlement lease or the thermal heat loop-entitlement lease allows for prepayment of rent by the non-utility counterparty to the gas company, the lease must include a requirement that the non-utility counterparty be responsible for obtaining its own financing for the prepaid rent.

(b) In reviewing the methodology proposed under subparagraph (v) of paragraph (5) of subsection (a) for an application filed by a gas company in which the non-utility counterparty to

the lease agreement under paragraph (1) of subsection (a) is a non-profit entity or wholly owned subsidiary of a non-profit entity, the department shall allow the use of the following methodologies if requested in the application:

(1) A hypothetical capital structure. Requests for use of a hypothetical capital structure consisting of 50 per cent equity and 50 per cent debt will be considered presumptively reasonable if the non-utility counterparty is a non-profit entity or the wholly owned subsidiary of a non-profit entity, and if the non-utility counterparty will use 100 per cent debt to finance its investment and therefore lacks a meaningful actual capital structure for the purpose of this investment.

(2) A proxy return on equity. Requests for use of the gas company's then-approved return on equity shall be considered presumptively just and reasonable.

(3) A levelized fixed rate to recover capital costs. Requests for using a cost-recovery structure based on a fixed and levelized rate over the term of the lease shall be considered presumptively just and reasonable as long as the non-utility counterparty can provide evidence that such recovery will not violate the requirement under subparagraph (vii) of paragraph (5) of subsection (a) that the non-utility counterparty's rate recovery is no higher than what the gas company could recover in the absence of the lease.

(4) A formula rate to recover operations and maintenance costs. Requests for using a formula rate design that includes an adjustment factor to recover the non-utility counterparty's pro-rata share of the gas company's actual annual operations and maintenance costs will be considered presumptively just and reasonable.

(c) After a thermal network-entitlement lease agreement or thermal heat loop-entitlement lease agreement is entered into between a gas company and a non-utility counterparty for a particular set of approved projects under subsections (a) and (b), the non-utility counterparty will file for departmental approval of rates using the methodology approved in subsections (a) and (b), using a compliance-filing submission to the department. The department will act within 60 days on the compliance filing submission.

(d) Within one-year of approval of an application and for every year thereafter, until the end of the lease-entitlement agreement, the non-utility counterparty shall submit to the department an annual report on the dollar amount of charitable financial contributions provided that includes, at a minimum, the uses of those financial charitable contributions, and a copy of its Internal Revenue Service Form 990. The non-utility counterparty is also obligated to notify the department within 24 hours of receiving any notices by state or federal governments to cease and desist or if its tax-exempt status has been revoked, including remedies to hold ratepayers harmless.

Section 156. (a) Gas companies may develop programs to build, own, and operate geothermal heat loops for individual customers in their existing service territories. Gas companies shall consider prioritizing commercial customers that currently receive all or a significant amount of their energy from natural gas-powered combined heat and power facilities.

(b) Gas companies shall file program proposals under this section with the department of public utilities no later than July 1, 2026, and the department shall complete its review of said proposals by January 31, 2027.

(c) A gas company shall recover all prudently incurred costs of offering a program approved by the department of public utilities pursuant to this section via tariffs designed to recover costs via rates charged to participating customers.

Section 157. The department shall have supervision of facilities operated by gas companies for the purpose of ensuring public safety pertaining to the construction and operation of utility-scale non-emitting thermal energy, including networked geothermal and deep geothermal energy and equipment used in manufacturing and transportation thereof. The department shall keep itself informed as to the methods, practices, and condition of all facilities and equipment associated with utility-scale non-emitting thermal energy, including networked geothermal and deep geothermal energy, and shall make such examinations and investigations as necessary, including the adequacy of operation, maintenance and capital improvements to ensure safe operation thereof. After holding technical conferences and receiving public input, the department may promulgate regulations to implement this section, upon determination that such regulations are necessary.

Section 158. Every gas company shall develop, and periodically amend, a comprehensive just transition plan, which must be included as part of any climate compliance plan submission directed by the department. In determining the reasonableness of a gas company's climate compliance plan, the department shall consider said company's just transition plan, as provided for in this section. Once initially filed, such just transition plan shall be amended every two years, beginning April 1, 2027, and provided as an update in subsequent climate compliance plan submissions.

Each company plan shall provide projections for any attrition among its in-house workforce and the utilization of outside contractors over both the two-year period and over the course of its transition to net zero emissions aligned with a company's climate compliance plan filings or its complete retirement of its gas pipeline, whichever is later.

All gas companies must additionally identify, as part of their plan, provisions, opportunities, and initiatives for training and employment opportunities to workers who may be displaced by the gas company's compliance with the commonwealth's net zero emissions goals on the other forms of energy it distributes. This includes, but is not limited to, any agreement reached with labor organizations representing employees at its gas or alternative fuel operations or labor organizations representing employees of its outside contractors.

Section 159. (a) For the purposes of this section, flexible interconnection is a process by which a distribution company allows new customer load to connect and distributed energy resources to interconnect to the electric distribution grid based on an agreed upon curtailment schedule or protocols and associated tariff, contract, or technical requirements, as applicable.

(b) Each electric company shall offer a comprehensive flexible interconnection program designed to enable the efficient connection of new customer loads and to maximize the deployment of distributed energy resources, while minimizing associated electric infrastructure costs. Such a program shall: (i) be as consistent as practicable across all distribution company service territories; (ii) utilize existing technologies and capabilities deployed by the electric company; and (iii) offer additional solutions over time as the distribution company deploys additional technologies.

(c) Each distribution company may request modifications to any approved flexible interconnection program from the department so long as such modifications are presented to stakeholders impacted by the planned modifications at least three months prior to filing requested modifications with the department. Upon presenting such modifications to stakeholders, the distribution company shall, at a minimum: (i) accept comments on the modifications; (ii) allow stakeholders to propose modifications; (iii) develop consensus language among that group, to the extent possible; and (iv) include in their filing a summary of all alternative proposals provided by stakeholders and an explanation of why the distribution company did not choose to adopt such proposals. Each distribution company shall include a list of the stakeholders that provided feedback in its filing.

Section 160. (a) For the purposes of this section, the following words shall, unless the context clearly requires otherwise, have the following meanings:-

"Critical facilities and infrastructure", a building, structure, facility, or other infrastructure located within the commonwealth, for which the loss of electrical service is likely to jeopardize public safety or cyber security, as determined by the municipality in which the building, structure, facility, or other infrastructure is located or the municipal, state, or federal government that owns or controls the real property, building, structure, facility, or other infrastructure. Examples may include, but are not limited to, hospitals, assisted care facilities, emergency shelters, emergency operations centers, restoration staging areas, 911 dispatch centers, fire and police stations, communications infrastructure, water pumping and sewer treatment stations, and correctional facilities.

"Electric microgrid", an interconnected set of electricity loads and supply sources that can operate either parallel to the electric grid or as an island, disconnected from the regional grid.

"Government and critical facility microgrid", an electric microgrid that is designed and constructed to serve (i) buildings, infrastructure and customers that are located on a government-owned or government-controlled real property; or (ii) critical facilities and infrastructure, or some combination thereof.

(b) Any municipal, state or federal government entity that owns, operates or leases a clean energy generation source or existing clean energy generation source that qualifies under any clean energy standard regulations established by the department of environmental protection pursuant to subsection (c) of section 3 of chapter 21N, or as a class I or class II renewable energy generation source pursuant to section 11F of chapter 25A, may independently distribute electricity generated from any such source across a public right-of-way; provided, that: (1) any such source is connected to a government and critical facility microgrid and (2) such municipality, state or federal governmental entity engages the distribution company to complete the interconnection of such microgrid to the electric distribution grid and does not shift costs to other ratepayers. For purposes of this section, any such government entity shall not be considered a distribution company or electric company, as defined in section 1 of chapter 164 of the General Laws.

SECTION 42. Section 2 of chapter 165 of the General Laws is hereby amended by striking out, in line 3, the words:-"eight-four" and inserting in place thereof the following word:-"eighty-four"

SECTION 43. Chapter 186 of the General Laws, as appearing in the 2022 official edition, is hereby amended by inserting after section 22 the following section:-

Section 22A: (a) For the purposes of this section the following words shall have the following meanings:

“Common area”, any portion of a building with more than 1 dwelling unit that is not incorporated within a dwelling unit.

"Dwelling unit", any house or building, or portion thereof, that is occupied, designed to be occupied, or is rented, leased or hired out to be occupied, as a home or residence of one or more persons.

“Electric heat pump”, an apparatus for heating or cooling of air or water by electricity that transfers heat by mechanical means from or to an external reservoir such as the ground, water, or outside air.

“Energy monitoring system”, a system of software tools or similar tools and mechanisms that monitor, analyze, measure and control building electricity use and system performance to allow a determination of the amount of electricity used to heat or cool air or water in a tenant’s leased premises.

“Landlord”, the owner, lessor or sublessor of a dwelling unit, the building of which it is a part, or the premises wherein the landlord, as a customer receives electric service through metered measurement.

(b) Notwithstanding any general or special law, rule, or regulation, to the contrary, the operation in rental housing of an energy monitoring system, whereby the cost of heat or air

conditioning or hot water is allocated or charged by the owner to the occupant based upon measurements made by a computerized energy monitoring system, is permitted, provided that: (i) such equipment shall be installed by a licensed electrician and shall meet the standards of accuracy and testing of the National Electrical Contractors Association or a similar accredited association; (ii) there is a written rental agreement between the landlord and occupant in accordance with subsection (f); and (3) space heating, air conditioning, or hot water is generated by an electric heat pump or electric hot water system.

(c) A landlord may charge an occupant of a dwelling unit for the cost of heat or air conditioning or hot water heating as measured through the use of an energy monitoring system only in accordance with this section and only upon the landlord certifying, prior to the commencement of charging occupants of a dwelling unit for such costs, that the dwelling unit is in compliance with this section to a board of health, health department or other municipal agency or department charged with enforcement of the state sanitary code. Certification by the landlord shall be provided under the penalties of perjury and shall include a statement that the dwelling unit is eligible for the imposition on the occupant of a charge for the cost of heat or air conditioning or hot water heating in accordance with subsection (d) and the energy monitoring system measuring the use of heat or air conditioning or hot water heating in the dwelling unit was installed by a licensed electrician and is in compliance with subsection (b).

(d) A dwelling unit shall become eligible for the imposition on the occupant of a charge for the cost of heat or air conditioning only upon the commencement of a new tenancy in such dwelling unit or the renewal of an existing tenancy in such dwelling unit.

(e) A landlord may not charge the occupant of a dwelling unit separately for heat or air conditioning or hot water usage measured by an energy monitoring system, nor allow such occupant to be so charged, unless the energy monitoring system measures only heat or air conditioning or hot water heating that is supplied for the exclusive use of the particular dwelling unit and only to an area within the exclusive possession and control of the occupant of such dwelling unit and does not measure any heat or air conditioning usage for any portion of the common areas or by any other party or dwelling unit.

(f) A landlord may not charge the occupant separately, nor allow an occupant to be charged separately, for heat or air conditioning or hot water usage measured by an energy monitoring system unless the occupant has signed a written rental agreement that clearly and conspicuously provides for such separate charge and that fully discloses in plain language the details of the heat or air conditioning or hot water usage measured by an energy monitoring system and billing arrangement between the landlord and the occupant. Each bill for heat or air conditioning or hot water usage measured by an energy monitoring system shall clearly set forth all charges and all other relevant information, including, but not limited to, the current and immediately preceding energy monitoring system readings and the date of each such reading, the heat or air conditioning or hot water usage since the last reading, the charge per unit of heat or air conditioning or hot water, the total charge and the payment due date. A bill shall not include any upcharges on the value of energy used for heat or air conditioning or hot water heating, late payments, penalty fees, or interest for late payments, for all electricity provided to the premises through the electric company meter, provided, however, that a bill may exclude offset to charges for usage such as for on-site renewable energy that is net metered. Such charges shall be billed to the occupant in at least as many periods as the landlord is billed by the electric company

providing electric service to the building or such payments may be made on a monthly payment schedule as agreed to in the written rental agreement; provided, however, that if the landlord bills the occupant on a monthly basis, payment of the bill by the occupant shall be due 15 days after the date the bill is mailed to the occupant, but if the landlord bills the occupant at intervals greater than 1 month, payment of the bill by the tenant shall be due 30 days after the date the bill is mailed to the occupant. If the occupant fails to make such payment, such nonpayment shall be a material breach of the written rental agreement.

(g) Whenever a tenancy in a dwelling unit commences after the beginning, but before the end, of a billing period for which the landlord has not been billed by the electric company, the landlord shall mail to the occupant on the first day of such tenancy the reading on the energy monitoring system for the dwelling unit as of that day. The landlord may thereafter bill the occupant only for the heat or air conditioning or hot water usage measured on the energy monitoring system subsequent to such reading.

(h) Whenever a tenancy in a dwelling unit terminates after the beginning, but before the end, of a billing period for which the landlord has not been billed by the electric company, the landlord shall give to the occupant on the last day of such tenancy the reading on the energy monitoring system for the dwelling unit as of that day together with a final bill for heat and air conditioning and hot water usage in the dwelling unit since the last prior reading of the energy monitoring system for such dwelling unit.

(i) A landlord shall not charge or recover, or allow to be charged or recovered, any additional servicing, administrative, establishment, energy monitoring-reading, energy

monitoring-testing, billing, or energy monitoring system fee or other fee whatsoever, however denominated.

(j) In the event of nonpayment of a bill to an electric company by the landlord, such electric company shall have all the remedies against the customer of the electric company available pursuant to any law, rule or regulation. A landlord may not shut off or refuse heating or air conditioning service to an occupant on the basis that the occupant has not paid a separately assessed energy monitoring usage charge.

(k) The landlord shall retain an affirmative obligation to maintain in good working order the electric heat pump system supplying heat or air conditioning and the electric hot water system to each dwelling unit and any component thereof and to respond in a timely manner to any request by the occupant for the repair of any defect or malfunctioning in such system. In the event of any overcharge by the landlord or any violation of the state sanitary code, the occupant shall have all rights and remedies provided under law for such overcharges or such violations including, but not limited to, the rights and remedies provided under chapters 111, 186 and 239.

(l) Upon receipt of a bill for heat or air conditioning or hot water usage from the landlord and within the time allowed for paying the bill, an occupant may request that a person or entity with expertise in the installation and operation of energy monitoring systems and with no financial or other relationship with the landlord, test the energy monitoring system for the dwelling unit leased by the occupant to determine whether it is accurately measuring the heat or air conditioning or hot water being used in the dwelling unit. The tenant shall be obligated to pay the amount on the bill within the time period required notwithstanding the testing. If the energy monitoring system is found to be measuring more heat or air conditioning or hot water than is

being used in the dwelling unit, the landlord shall install a new energy monitoring system, or repair the existing energy monitoring system, at their own expense and shall also pay for the cost of the test. In addition, the person or entity conducting the test shall determine as accurately as possible the amount of heat or air conditioning or hot water that was improperly measured by the energy monitoring system in both the prior and current billing periods. The landlord shall calculate the amount the occupant was overcharged for the prior billing period and reduce the bill by that amount, or, if the occupant has already paid the bill, give the occupant a rebate in that amount. Upon receipt from the electric company of the bill for the current billing period, the landlord shall calculate the amount of the bill attributable to the excessive measurement by the energy monitoring system and reduce the bill to the occupant by that amount prior to sending it to the occupant. If the energy monitoring system is found to be measuring no more heat or air conditioning or hot water than is being used in the dwelling unit, the occupant shall pay for the cost of the test; provided, however, that if the occupant does not pay for the cost of the test, the landlord may add such cost to the next bill sent to the occupant and such cost shall be considered a part of the bill for purposes of paragraph (f).

(m) Upon request of an affected occupant, the consumer division of the department of public utilities shall have jurisdiction to determine whether the allocation of costs for heating and air conditioning or hot water usage to such occupant was substantially correct.

(n) Nothing in this section shall be construed to increase or expand, change, eliminate, reduce or otherwise limit the liabilities or obligations of any electric company that are set forth in any law, rule, regulation or order to the occupant of a dwelling unit who is receiving electric service provided to the building by the electric company.

(o) Nothing in this section shall affect or impair the powers and duties of the department of public utilities with respect to electric services under chapter 164. Nothing in this section shall affect or impair the power and duties of the attorney general with respect to consumer protection.

(p) No agreement under this section may impose an additional annual cost burden, consisting of the net of rental cost adjustment and allocation of heating and cooling costs and hot water costs, on the occupant of any dwelling unit in a public housing development pursuant to chapter 200 of the acts of 1948, chapter 667 of the acts of 1954, chapter 705 of the acts of 1966, or chapter 689 of the acts of 1974.

(q) The department of public health shall promulgate regulations to the state sanitary code as it determines to be necessary to implement this section. The department of public utilities may promulgate regulations as it determines to be necessary to implement this section. The attorney general may promulgate regulations as it determines to be necessary to implement this section. Notwithstanding the foregoing, landlords may implement an energy monitoring system in compliance with this Section 22A prior to the promulgation of any such regulations.

SECTION 44. Chapter 465 of the Acts of 1980 is hereby repealed.

SECTION 45. Chapter 503 of the Acts of 1982 is hereby repealed.

SECTION 46. Section 51 of chapter 209 of the acts of 2012 is hereby repealed.

SECTION 47. Section 11 of Chapter 75 of the acts of 2016 is hereby repealed.

SECTION 48. Section 11A of said chapter 75 of the acts 2016, as inserted by section 63 of chapter 179 of the acts of 2022, is hereby repealed.

SECTION 49. Sections 34 and 112 of chapter 8 of the Acts of 2021 are hereby repealed.

SECTION 50. (a) Notwithstanding any general or special law to the contrary, on or before January 1, 2026, the department of public utilities shall commence a proceeding to identify and review each reconciliation charge that has been established for electric and gas distribution companies. The department shall evaluate whether charges can be eliminated or revised with the objectives of promoting customer adoption of electric vehicles and efficient electric heating to reduce statewide and sector-based greenhouse gases mandated by chapter 21N and reducing customer bills, particularly during peak usage months. The department's investigation shall include, but not be limited to, an examination of whether and how these objectives can be achieved by implementation of each of the following: (1) converting volumetric reconciling charges to non-bypassable fixed charges; (2) seasonally adjusting volumetric reconciling charges to reduce rates during peak usage months; or (3) shifting cost recovery for volumetric reconciling charges into base distribution rates. The department shall issue an order directing electric and gas distribution companies to make necessary changes to their rates to achieve these objectives by no later than July 1, 2026.

(b) Notwithstanding any general or special law to the contrary, on or before January 1, 2026, the department of public utilities shall commence a proceeding to investigate the establishment of maximum thresholds for the amount charges assessed to customers may change from one month to another for each electric and gas distribution company. The department may establish thresholds for changes over multiple months and different thresholds for different companies based on a company's size or ability to implement the mechanisms. The department shall issue an order establishing such thresholds by no later than July 1, 2026.

(1) In such order, the department shall require each gas and electric company to file a plan to avoid exceeding such thresholds. Such plans shall include proactive measures to avoid the occurrence of price volatility, for example through long-term contracting, and measures that must be proposed or considered by each gas and electric company if a change in reconciliation or supply charge filed with the department would exceed the established thresholds, for example the short-term deferral of a portion of a rate increase.

(2) The department shall approve, amend, or deny the plans submitted pursuant to paragraph (1) based on a determination that the plan is in the best interests of ratepayers and the public interest. The department shall approve, amend, or deny such plans by January 1, 2027, which shall take immediate effect.

SECTION 51. (a) Notwithstanding any general or special law to the contrary, the secretary of the executive office of environmental affairs, or their respective designee, and the secretary of the executive office of economic development, or their respective designees, shall convene stakeholders, including, but not limited to, the secretary of the executive office of housing and livable communities, or their designee, the chief executive officer of the Massachusetts Housing Finance Agency, or their designee, the chief executive officer of the Massachusetts Development Finance Agency, or their designee, the commissioner of the department of energy resources, or their designee, the chief executive officer of the Massachusetts Clean Energy Center, or their designee, the chair of the council established by section 81 of chapter 179 of the acts of 2022, or their designee, the Attorney General of the Commonwealth of Massachusetts, or their designee, and representatives of municipalities, business, utilities, environmental justice populations, affordable housing, home builders, commercial building owners and developers, environmental and land use organizations, labor,

consumers, data center developers and operators, equity organizations, and clean energy developers and providers, among others, to develop long-term solutions to address delays in connecting new electric customers to the electric grid for the purposes of economic development and housing, and develop recommendations for use by either the legislature or department of public utilities to accelerate these connections in identified areas to achieve the objectives and goals established by chapter 358 of the acts of 2020, and chapters 150 and 239 of the acts of 2024.

(b) The group convened under subsection (a) shall, at a minimum, address the following: (i) identifying electric and thermal infrastructure needs for various economic development segments and housing development types; (ii) identifying barriers to the rapid development of electric and thermal infrastructure needed to support the development of the identified economic development segments and housing development types in paragraph (i); (iii) identifying options to enable the anticipatory and accelerated build out of electric and thermal infrastructure, aligned with chapter 21N and the 2023 State Hazard Mitigation and Climate Adaptation Plan in identified areas; (iv) identifying options to enable and finance the construction of fossil-fuel free thermal networks and on-site clean energy, including solar and storage for resilience and to support the needs of the local electric grid; (v) identifying options for special tariffs or special contracts offered by electric or gas companies, as defined in section 1 of chapter 164, to encourage economic development, support electric and thermal infrastructure build-out and connection of on-site clean energy sources. Any options identified must demonstrate that the costs necessary to support anticipated electrical and thermal needs in an identified area for economic development segments and housing development types in paragraph (i) are not shifted to other customers; additionally any options identified may not be used to support or finance

natural gas or other fossil infrastructure; (vi) identify how the recommendations support and will inform existing economic development and site prioritization programs, including but not limited, to priority designated sites and ReadyMass 100 properties; and (vii) making recommendations to the legislature and department of public utilities, as appropriate, for changes to laws, regulations, department orders, or current practices of government agencies and the electric or gas companies to accelerate the build out of necessary electric and thermal infrastructure to support anticipated electrical and thermal needs of the identified economic development segments and housing development types in paragraph (i), including, among other identified concepts, financing and cost recovery mechanisms to minimize the costs or lower the rates charged.

(c) Per subsection (a), all recommendations shall be conveyed to the legislature and department of public utilities no later than six months after passage of this Act. The department of public utilities shall expeditiously act on said recommendation by no later than 180 days after receipt and provide an update to the legislature within 210 days of receipt of recommendations on its actions and findings.

SECTION 52. (a) Notwithstanding any general or special law to the contrary, electric distribution companies shall develop inclusive utility investment program proposals designed to permit customers to finance the construction of energy projects through an optional tariff payable directly through their electric bill.

(b) For the purpose of this section, energy project shall refer to non-fossil fuel related energy efficiency upgrades, high-efficiency electric heat pumps, energy storage systems, demand response equipment, on-site solar energy generation equipment, or any combination

thereof, inclusive of ancillary equipment or upgrades needed to complete the installation of said equipment or upgrades.

(c) Programs developed by the electric distribution companies under this section shall enable the distribution companies to offer to make investments in energy projects to customer properties with low-cost capital and use an opt-in tariff to recover the costs from customers that participate. Programs shall be designed to provide customers with immediate and ongoing electric bill savings relative to baseline electric bill costs if they choose to participate. Programs shall also allow residential electric customers that own the property, or renters that have permission of the property owner to agree to the installation of an energy project. Programs shall ensure: (1) eligible projects do not require upfront payments; however, customers may pay down the costs for projects with a payment to the installing contractor in order to qualify projects that cannot be justified through the available energy cost savings; (2) participants agree the distribution company can recover its costs for the projects at their location by paying for the project through an optional tariff directly through the participant's electricity bill, allowing participants to benefit from installation of energy projects without traditional loans; (3) accessibility by low-income residents and environmental justice populations; and (4) that all other available financial incentives are maximized by participants to the greatest extent possible.

(d) In developing inclusive utility investment program proposals, the distribution companies shall review existing models and programs in other jurisdictions, including, but not limited to, the Pay As You Save system, developed by the Energy Efficiency Institute. Distribution companies shall also actively coordinate with and integrate programs under this section with the three-year energy efficiency plans established pursuant to section 21 of chapter 25 of the General Laws.

(e) The distribution companies shall propose conditions under which they will secure capital to fund the energy projects. The department of public utilities may allow distribution companies to raise capital independently, work with third-party lenders to secure the capital for participants, or a combination thereof. Any process the department approves must use a market mechanism to identify the least costly sources of capital funds so as to pass on maximum savings to participants.

(f) The distribution companies shall also propose customer protection standards, which should be informed by and be designed consistent with best practices developed in other jurisdictions to date.

(g) In approving distribution company program proposals, the department of public utilities shall establish conditions by which distribution companies may connect program participants to energy project vendors. In setting conditions for connection, the department may prioritize vendors that have a history of good relations with the commonwealth, including vendors that have hired participants from commonwealth-created job training programs.

(h) Program designs shall guarantee that conservative estimates of financial savings will immediately and significantly exceed program costs for program participants. The department of public utilities may establish minimum financial savings to costs targets.

(i) Distribution companies shall consult with the department of energy resources, the Massachusetts clean energy technology center, and the attorney general in developing program proposals under this section and shall release draft program design proposals for public comment at least 60 days before filing with the department of public utilities.

(j) The department of public utilities may establish program design parameters or guidelines no later than June 1, 2026.

(k) Electric distribution companies shall submit inclusive utility investment program proposals to the department or public utilities for its review by no later than September 1, 2026, and the department shall complete its review of said proposals by no later than July 1, 2027.

(l) Any program proposal approved by the department of public utilities pursuant to this section must be made available to eligible customers of the distribution company by no later than January 1, 2028.

(m) A distribution company shall recover all prudently incurred costs of offering a program approved by the department of public utilities via base distribution rates. The department may approve the establishment of performance incentives designed to meet department approved thresholds for the number of and types of customers served or the number and types of energy projects deployed.

SECTION 53. The department of public utilities shall accept and review tariffs proposed by gas companies to enable renewable natural gas produced by anaerobic digesters or landfills to be delivered to individual commercial and industrial customers through a gas company's distribution system under bilateral agreements between commercial and industrial customers and such facilities. The department of public utilities shall approve such tariffs only upon a showing that all costs associated with the covered activities are recovered in tariffed rates and no costs are imposed on non-participating customers.

SECTION 54. The department of public utilities shall conduct an investigation into whether to allow gas companies to build, own, and operate geothermal heat loops for individual customers that reside in municipalities that are not currently served by a gas company, and to recover all prudently incurred costs associated with such activity via tariffs designed to recover costs via rates charged to customers that elect to participate. As part of this investigation, the department shall determine whether and how gas companies may compete with other gas companies to serve customers in such municipalities. The department shall commence this investigation by April 1, 2027. Nothing in this section shall impede development or implementation of gas company programs to build, own, operate geothermal heat loops in municipalities that are currently served by that gas company pursuant to section 156 of chapter 164 of the General Laws.

SECTION 55. (a) Within two months of the effective date of this act, the department of public utilities shall issue guidance to the distribution companies as needed regarding the development of the flexible interconnection program required by section 159 of General Laws, as inserted by section 41.

(b) Within six months of the effective date of this act, the distribution companies shall file proposed model tariff provisions or tariff revisions and any other documents necessary to implement the required flexible interconnection program with the department.

(c) Prior to making the filing under subsection (b), the distribution companies shall:

(1) Convene a distributed energy resource industry stakeholder working group facilitated by one individual from such industry and one individual from a distribution company. The working group must include, in total: (a) two representatives from each electric distribution

company; (b) one or more representatives from both the department of energy resources and the office of the attorney general; and (c) six representatives from the distributed energy resource industry. The working group shall meet at least twice per month starting one month after the effective date of this act.

(2) Present draft versions of the documents to be included in the filing required under subsection (b) to the working group within four months of the effective date of this act, accept written and oral comments, allow stakeholders to propose modifications, and develop consensus language, to the extent possible. The distribution companies shall include any alternative proposals supported by a majority of working group members as a supplement to the filing required under subsection (b) and an explanation of why the distribution company did not choose to adopt such proposals.

(3) Present draft versions of the documents to be included in the filing required under subsection (b) to the stakeholder group established in section 51, within four months of the effective date of this act, accept written and oral comments and allow stakeholders to propose modifications. The distribution companies shall include such comments and proposed modifications with the filing required under subsection (b).

(d) Upon receipt of the filing required under subsection (b), the department shall conduct a proceeding to investigate the flexible interconnection program proposal and approve, deny, or modify such proposal within one year of the effective date of this act. A flexible interconnection program proposal filed pursuant to subsection (b) shall be deemed approved if the department does not issue an order on or before such date.

SECTION 56. (a) Not later than January 1, 2026, the department of public utilities shall open an investigation relative to: (1) the necessary regulatory steps to implement section 155 of chapter 164 of the General Laws; (2) existing administrative or regulatory barriers to the deployment of government and critical facility microgrids, and potential solutions to such administrative and regulatory barriers; and (3) the protection of customers not connected to microgrids, including ensuring there is no shifting of costs for the development and connection of the microgrid to the electric distribution system, impacts to reliability of the electric distribution system once the microgrid is connected and operational, and that customers other than those eligible to be served by the microgrid are not being served by the microgrid.

(b) Not later than August 1, 2026, the department shall issue: (1) guidelines for standards, protocols, and technical requirements needed to enable the development and interconnection of government and critical facility microgrids, which address any identified administrative and regulatory barriers, including guidelines for impact studies required for government and critical facility microgrids to connect to the electric distribution system; (2) government and critical facility microgrid service standards that delineate obligation to provide electric service to customers on the microgrid; (3) require the distribution companies, as defined in section 1 of chapter 164 of the General Laws, to file a proposed model tariff provision, under which government and critical facility microgrids may take service, provided, however that such proposed model tariff provision: (i) shall protect customers not connected to such microgrids from cost shifting; (ii) may charge microgrid customers for services such as back up or standby service; (iii) may not compensate microgrid customers for the use of fossil fuel electricity generation; (iv) any additional direction for each distribution company to follow in filing the model government and critical facility microgrid tariffs; and (v) provide direction to each

distribution company regarding any additional filings or administrative changes necessary to promote the deployment of government and critical facility microgrids.

(c) Not later than January 1, 2027, the distribution companies shall file the model government and critical facility microgrid tariffs and any other filings directed by the department pursuant to subsection (b).

(d) Not later than July 1, 2027, the department shall approve, reject, or modify the government and critical facility microgrid tariffs and other filings made by the distribution companies at the direction of the department. The tariffs and other filings shall be deemed approved if the department does not issue an order by July 1, 2027.

(e) The approved government and critical facility microgrid tariffs and all administrative changes directed by the department pursuant to subsection (b) shall be effective not later than July 1, 2027.

SECTION 56. Each electric company shall submit a supplement to the electric-sector modernization plan approved by the department not later than one year after the effective date of this Act. The supplement shall include the changes to subsections (c) and (d) of section 92B of chapter 164 of the General Laws made pursuant to section 29. An electric company shall consult with the Grid Modernization Advisory Council established in section 92C of said chapter 164 of the General Laws no later than 120 days before the electric company files the supplement with the department; and provided further that the Grid Modernization Advisory Council shall return the supplement to the company with recommendations not later than 70 days before the company files the plan with the department.

SECTION 57. The electric distribution companies shall coordinate with the department of energy resources to develop a common application for distributed generation facilities and energy storage systems applying for interconnection, net metering, or any solar incentive program established by the department of energy resources pursuant to section 25 of chapter 25A. The common application shall be designed to minimize the administrative burden placed on applicants and reduce administrative costs. The electric distribution companies and department of energy resources shall jointly file a proposal for the design of common application with the department of public utilities within 9 months of the effective date of this section, and the department of public utilities shall complete its review of this joint proposal within 3 months of receipt. The application shall be made available to distributed generation facilities no later than 24 months of the effective date of this section.

SECTION 58. Notwithstanding any special law to the contrary, the department of energy resources shall update its regulations implementing the alternative energy portfolio standard as required by section 11F1/2 of chapter 25A to ensure that there is a smooth transition for qualified generation units prior to its repeal on January 1, 2028. As it develops transition guidance and regulations, the department of energy resources may take into consideration, among other issues, any contracts and associated obligations of existing qualified generating units and impacts on said existing qualified generating units. The department of energy resources is authorized to take actions to address issues identified as needing consideration during the transition to mitigate identified impacts on qualified generating units, including waiving requirements of section 11F1/2 of chapter 25A of the General Laws and adjusting program parameters for individual categories of qualified generating units, but in no circumstance shall it be authorized to extend compensation to existing qualified generating units for generation occurring in 2028 or later.

SECTION 59. Notwithstanding any special law to the contrary, where the Commonwealth or any political subdivision thereof proffers land within its control by lease or ownership and sub-leases or conveys such land to an end user, developer, or operator public lands for the construction, operation, or maintenance of a thermal energy network, heat loop and related renewable energy generation, distribution, and transmission infrastructure project work, those leases or conveyances shall be conditioned upon the lessee or awardee's agreement to enter into fully executed labor peace agreements with any bona fide labor organization that seeks to represent the lessee or awardee’s employees working on the project, as permitted by federal law.

Likewise, any funding, including grants and loans made by the Commonwealth, including but not limited to those made through the Massachusetts clean energy technology center under chapter 23J, to support the construction, operation, or maintenance of a thermal energy network or heat loop within the commonwealth shall be conditioned upon the recipient’s agreement to enter into a fully executed labor peace agreement with any bona fide labor organization that seeks to represent the recipient’s employees working on the project as their exclusive bargaining representative, as permitted by federal law.

SECTION 60. Sections 2 and 3 shall apply to the next plan submitted pursuant to section 21 of chapter 25 of the General Laws and shall take effect on January 1, 2028.

SECTION 61. Section 9 shall take effect on January 1, 2028.

SECTION 62. Section 4 shall take effect on January 1, 2040.