**G.L. c. 25 § 1A**

*[Text of section added by 2021, 8, Sec. 15 effective June 24, 2021.]*

Section 1A. In discharging its responsibilities under this chapter and chapter 164, the department shall, with respect to itself and the entities it regulates, prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions to meet statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N.

**G.L. c. 164 § 145: Plan for replacement or improvement of aging or leaking natural gas infrastructure**

Section 145. (a) For the purposes of this section, the following words shall, unless the context clearly requires otherwise, have the following meanings:--

"Customer'', a retail natural gas customer.

"Eligible infrastructure replacement'', a repair, replacement, retirement, or improvement of existing infrastructure of a gas company in a way that avoids or minimizes stranded assets that: (i) is made on or after January 1, 2015; (ii) is designed to improve public safety, system security, infrastructure reliability, consumer protection, and income equity, and to reduce greenhouse gas emissions in compliance with the limits and sublimits established in chapter 21N of the general laws; (iii)does not increase the revenue of a gas company by connecting an improvement for a principal purpose of serving new customers or increasing gas pipeline capacity; (iv) reduces natural gas emissions through a reduction in natural gas system leaks; (v) is not included in the current rate base of the gas company as determined in the gas company's most recent rate proceeding; (vi) may include use of advanced leak repair technology approved by the department to repair an existing leak-prone gas pipe to extend the useful life of such gas pipe by no less than 10 years; (vii) may include replacing gas infrastructure with non-gas pipe alternatives, with preference for locations in environmental justice communities and in consultation with members of impacted communities; and (viii) for which a non-gas pipe alternative has been shown to be infeasible or not cost-effective.

“Non-gas pipe alternative” means activities or investments that delay, reduce, or avoid the need to build or upgrade traditional natural gas infrastructure, including, but not limited to, non-emitting renewable thermal infrastructure project defined in section 147A of chapter 164.

"Plan'', a targeted infrastructure repair and replacement program construction plan that a gas company files pursuant to subsection (b)., either alone or in conjunction with an electric company or other party.

1. Such a plan must include consideration of all reasonable alternatives to natural gas and its equivalents that are not carbon-based and that are consistent with the climate goals of the Commonwealth, including electrification , storage, and utility-scale non-emitting renewable thermal energy infrastructure, including the timing thereof, as well as the following costs and benefits of each: emission reductions, reliability, safety, resilience, customer costs, public health and other benefits, and risks.
2. Such a plan must also include consideration and incorporation of targeted decommissioning or decommissioning of the gas system based on an independent assessment of the costs and benefits of decommissioning.
3. Such a plan must also include identification, description, and prioritization of gas leaks and leak-prone pipes (1) with immediate and significant health and safety concerns, (2) with moderate health and safety concerns, and (3) on the grounds of or inside public buildings that house or serve vulnerable populations, including but not limited to children and elders, including but not limited to schools and public housing.

"Project'', an eligible infrastructure repair and replacement project proposed by a gas company in a plan filed pursuant to subsection (b).

(b) Until December 31, 2029, a gas company shall file with the department a plan to address aging, leaking, or unneeded natural gas infrastructure within the commonwealth for the purposes of promoting public safety, system reliability, system security, consumer protection, and income equity; reducing greenhouse gas emissions in compliance with limits and sublimits established in chapter 21N of the general laws; and reducing natural gas emissions. Each company's gas infrastructure plan shall include annual targets for the next 10 years for the department's review, which targets shall include separate subtargets for replacements, repairs, and retirements. The department shall review these annual targets to ensure each gas company is meeting the appropriate pace to advance the purposes of this section, reduce the leak rate on, and to repair, replace, or retire the gas company's natural gas infrastructure in a manner that improves public safety, ensures system security, promotes infrastructure reliability, protects consumer interests, advances equity, and on a schedule not inconsistent with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N and the commonwealth’s emissions strategies. The gas companies must update the targets each year based on overall progress. The department may levy a penalty against any gas company that fails to meet its most recently updated annual target in an amount up to and including the equivalent of 2.5 per cent of such gas company's transmission and distribution service revenues for the previous calendar year.

(c) Any plan filed with the department shall include, but not be limited to: (i) eligible infrastructure repair and replacement of mains, services, leak-prone meter sets and other ancillary facilities composed of non-cathodically protected steel, cast iron and wrought iron, prioritized to implement the federal gas distribution pipeline integrity management plan annually submitted to the department and consistent with subpart P of 49 C.F.R. part 192 and to align with applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N; (ii) an anticipated timeline for the completion of each project; (iii) the estimated cost of each project; (iv) rate change requests; (v) a description of customer costs and benefits under the plan; (vi) the relocations, where practical, of a meter located inside of a structure to the outside of said structure for the purpose of improving public safety; (vii) a comparison of eligible infrastructure repair and replacement in environmental justice populations as defined in section 62 of chapter 30 with non-environmental justice populations; (viii) a comparison of greenhouse gas emissions reductions from eligible infrastructure repair and replacement with other investment alternatives, such as electrification; (ix) an evaluation to support the selection by the gas company of a non‑gas pipe alternative; and (x) any other information the department considers necessary to evaluate the plan.

As part of each plan filed under this section, a gas company shall include a timeline for repairing, retiring, or removing leak-prone infrastructure on an accelerated basis specifying an annual replacement pace. The department shall not approve a timeline as part of a plan unless the allowable recovery cap established pursuant to subsection (f) provides the gas company with a reasonable opportunity to recover the costs associated with removing leak-prone infrastructure on the accelerated basis set forth under the timeline utilizing the cost recovery mechanism established pursuant to this section. Beginning October 31, 2023, a gas company shall annually provide the department with a summary of its repair, replacement, or retirement progress to date, a summary of work to be completed during the next 10 years, a summary of greenhouse gas emission reductions attributable to the plan, and any similar information the department may require. The department shall require a gas company to file an updated long-term timeline as part of a plan if it alters the cap established pursuant to subsection (f).

(d) If a gas company files a plan on or before October 31 for the subsequent construction year, the department shall review the plan within 6 months. The plan shall be effective as of the date of filing, pending department review. The department may modify a plan prior to approval at the request of a gas company or make other modifications to a plan as a condition of approval. The department shall consider the costs and benefits of the plan including, but not limited to, impacts on ratepayers, reductions of natural gas emissions through a reduction in natural gas system leaks and improvements to public safety, and the extent to which the use of low-carbon gas resources offset or reduce emissions, advance the objectives of the energy policy of the state under chapter 21N or other state policy, and improve gas system resiliency through diversification of supply options..

(e) If a plan is in compliance with this section and the department determines the plan reasonably accelerates emission reductions from eligible infrastructure repair, replacement, or retirement, enable the safe and reliable interconnection, distribution, and metering of low-carbon fuel resources, and provide benefits as enumerated in subsection (d), the department shall issue preliminary acceptance of the plan in whole or in part. A gas company shall then be permitted to begin recovery of the estimated costs of projects included in the plan beginning on May 1 of the year following the initial filing and collect any revenue requirement, including depreciation, property taxes and return associated with the plan.

(f) On or before May 1 of each year, a gas company shall file final project documentation for projects completed in the prior year to demonstrate substantial compliance with the plan approved pursuant to subsection (e) and that project costs were reasonably and prudently incurred. The department shall investigate project costs within 6 months of submission and shall approve and reconcile the authorized rate factor, if necessary, upon a determination that the costs were reasonable and prudent. Annual changes in the revenue requirement eligible for recovery shall not exceed (i) 3.0 per cent of the gas company's most recent calendar year total firm revenues, including gas revenues attributable to sales and transportation customers, or (ii),an amount determined by the department that is greater than 3.0 per cent of the gas company's most recent calendar year total firm revenues, including gas revenues attributable to sales and transportation customers. Any revenue requirement approved by the department in excess of such cap may be deferred for recovery in the following year.

(g) All rate change requests made to the department pursuant to an approved plan, shall be filed annually on a fully reconciling basis, subject to final determination by the department pursuant to subsection (f). The rate change included in a plan pursuant to section (c), reviewed pursuant to subsection (d) and taking effect each May 1 pursuant to subsection (e) shall be subject to investigation by the department pursuant to subsection (f) to determine whether the gas company has over collected or under collected its requested rate adjustment with such over collection or under collection reconciled annually. If the department determines that any of the costs were not reasonably or prudently incurred, the department shall disallow the costs and direct the gas company to refund the full value of the costs charged to customers with the appropriate carrying charges on the over-collected amounts. If the department determines that any of the costs were not in compliance with the approved plan, the department shall disallow the costs from the cost recovery mechanism established under this section and shall direct the gas company to refund the full value of the costs charged to customers with the appropriate carrying charges on the over collected amounts.

(h) The department may promulgate rules and regulations under this section. Such regulations shall include a performance-based financial incentive to a gas company to reduce and retire miles of gas infrastructure and to build utility-scale non-emitting renewable thermal energy infrastructure eligible under subsection (c)(2), provided, however, that such infrastructure complies with the mandates of chapter 21N to reduce greenhouse gas emissions. Such regulations shall be promulgated within 12 months of the effective date of this provision. The department may discontinue the repair and replacement program and require a gas company to refund any costs charged to customers due to failure to substantially comply with a plan or failure to reasonably and prudently manage project costs.

(i) The department shall develop standards to inform a decision by a gas company whether to retire gas infrastructure and replace it with non-emitting renewable thermal energy infrastructure, repair the gas infrastructure, or replace the gas infrastructure with new gas infrastructure. Given the developing industry, these standards shall be annually adjusted for the first 10 years. The department shall require a gas company to adhere to such standards and shall conduct audits to ensure compliance with such requirement. If a gas company’s eligible infrastructure replacement does not comply with the standards developed pursuant to this subsection, the gas company shall not be permitted to recover the cost of the eligible infrastructure replacement.