Drivers for New FAWG

In December 2023, the Healey-Driscoll Administration unveiled its economic development plan, "Team Massachusetts: Leading Future Generations" (the Plan). The Plan aligns the administration's economic development priorities around:

- Fundamentals: Investing in the fundamentals to enable economic growth.
- Talent: Retaining and attracting the world's best talent.
- Sectors: Supporting businesses that power the state's economy.

The administration followed this Plan with a comprehensive piece of legislation – the Mass Leads Act – to execute its vision. The Mass Leads Act enables the expansion and growth of business across the Commonwealth and economy, including:

- Climate Tech
- Life Sciences
- Advanced Manufacturing

Governor Healey reinforced the Commonwealth's focus on growing and expanding these sectors in the State of the Commonwealth and the important role Artificial Intelligence (AI) will play in advancing these and other aspects of our economy and enhancing our daily lives. The Governor also highlighted that to grow and expand our economy and truly leverage the power of AI, we need a robust, ready, resilient and clean energy grid, powered by local, sustainable energy sources. Moreover, the energy needs of the Commonwealth are growing and sectors like climatetech, life sciences, advanced manufacturing, and AI need access to sustainable energy 24/7/365.

The Commonwealth has an opportunity to ensure that as these businesses expand and grow, their growth is aligned with efforts to transform our energy ecosystem to meet our climate and clean energy imperatives in a timely and cost-effective manner, while maintaining our pathway to economy-wide net zero emissions.

Why Now

The competition nationally and worldwide for businesses in these sectors is growing. Proximity to R&D, the startup community, and a highly skilled workforce creates a substantial competitive advantage for Massachusetts. The state provides a location that enables manufacturers to rapidly iterate alongside innovators, across a variety of the state's leading high-tech sectors, including existing business leading in climate, life sciences, industrial equipment, medical devices, defense, aviation, robotics, and more. Massachusetts has a strong foundation and head-start in attracting and growing these businesses, but others states and countries are doubling down their efforts. And, while these businesses have multiple considerations, given their energy-intensive nature, access to clean energy and a robust, resilient power grid is paramount among them.

Boston Consulting Group (BCG), in a study sponsored by the Massachusetts Clean Energy Center (MA CEC) and supported by the Executive Office for Energy and Environmental Affairs (EEA), Executive Office of Economic Development (EOED), and Office of Climate Innovation and Resilience (OCIR), identified access to "move-in ready spaces & manufacturing sites" as a potential barrier to the rapid expansion and growth of business like climatetech and provided examples of efforts in other states, including New York and California, to address the issue. Groups like the Edison Electric Institute have also highlighted programs in North Carlonia and

Ohio as other examples of efforts underway by states to proactively prepare to meet growing demand driven by economic development imperatives.

Similarly, business groups across Massachusetts have identified a lack of electric grid capacity and challenges with the grid interconnection process as a limiting factor to growth and expansion, including:

- Inadequate electric capacity, inhibiting facility siting and expansion and the associated costs of the grid upgrades necessary to address insufficient electric capacity, with the issue becoming more prevalent as utilities work to keep pace with adoption of electrification technologies and renewable energy/storage.
- Often lengthy and costly processes to conduct feasibility studies and load interconnection studies.
- Misalignment of the time it takes to upgrade facilities to interconnect load and timing of when a new or expanded facility needs to come online to make economics work for them.

Aligned with Priority Focus

The importance of quickly connecting to the grid is not just an economic development imperative, but also an imperative for Massachusetts to meet its climate and clean energy mandates. Currently, the grid interconnection process can be lengthy, costly, and challenging to navigate for both load (e.g., new/expanding businesses, EV charging) and clean energy supply (e.g., solar, storage, and other energy resources), which are all critical to achieving the Commonwealth's decarbonization goals, and also serve as the underpinning of sustainable, resilient economic development.

Recognizing the need to make it easier to connect to the electric grid, EEA has made making meaningful progress to address grid interconnection challenges a priority for 2025 and launched a coordinated effort to comprehensively address it. This effort is focused on improving interconnection across three key areas: (1) long-term grid planning processes aimed at avoiding grid capacity barriers for future policy-related load (e.g., economic development, EV charging), (2) interconnection barriers experienced by individual customers today (e.g., lack of customer understanding of the interconnection process), and (3) near-term policy and/or technical interconnection process improvements (e.g., allowing solar projects to interconnect if there is existing capacity regardless of the status of a group study process). Specific, priority workstreams related to this effort include, but are not limited to:

- Long-Term System Planning Process (LTSPP)
- Development of transportation and building electrification load projections
- New load customer interconnection process and policy improvements
- Policy-driven transmission procurements and ISO-NE engagement
- DER process changes and flexible interconnection solution development
- Clean energy-ready zone planning

Filling a Gap

As EEA works to advance a coordinated effort to meaningfully improve the interconnection process, it is doing so with the input from and in collaboration with stakeholders from across the energy ecosystem. Currently, many of EEA's interconnection workstreams have already established groups (e.g., LTSPP working group, Interconnection Implementation Review Group); however, the workstream dedicated to clean energy-ready zone planning does not have an established group through which to engage relevant stakeholders, despite the fact that a successful statewide clean energy-ready zone policy will require substantial input from government, business, and community leaders. In addition, clean energy-ready zones require strategic coordination and guidance from local utilities to ensure that connecting large load does not impact system affordability, drive peak demand, and/or increase reliance on fossil fuels, all issues being addressed in the other FAWGs. These same issues have been identified by Advisory Board Members.

OET is therefore advancing a proposal to the Advisory Board to add a Focus Area Work Group (FAWG) on **Enabling Sustainable Economic Development** to best leverage and align existing processes and efforts, including EEA's ongoing efforts to comprehensively address grid interconnection challenges and in support of requests from Advisory Board members.

The purpose of the Enabling Sustainable Economic Development FAWG would be to explore the concept of clean energy ready economic development zones, aligned with the Commonwealth's economic development, land use, and climate and clean energy plans. A FAWG would provide a unique opportunity to bring together current efforts ongoing across the administration, best practices from other jurisdictions, and leading organizations from across the energy ecosystem to develop a set of recommendations aligned with broader work on interconnection to advance sustainable economic development and public policy objectives.