

Energy Affordability, Independence & Innovation Act – Overview



Healey-Driscoll Administration

Introduction

Today, Massachusetts residents are struggling to keep up with rising energy costs. To provide immediate relief, the Healey-Driscoll Administration implemented an Energy Affordability Agenda earlier this year using existing authority to deliver \$220 million in near-term savings and \$6 billion over the next five years. But more is needed to bring down costs, so Governor Healey is filing legislation to increase homegrown energy supplies, avoid unnecessary spending, and save customers money.

The Energy Affordability, Independence and Innovation Act aims to tackle rising energy costs, make Massachusetts more energy independent, and spark new innovation in the energy sector. The implementation of this legislation will establish a clear path to help families and businesses save money — with the goal of delivering **over \$10 billion in savings** over the next ten years. This would build on the **\$6 billion** already expected from the complementary Energy Affordability Agenda. It's time to build a stronger, more affordable, and more reliable energy future for all Massachusetts residents.

The legislation focuses on what the state can do to drive down energy bills, become more energy independent, and increase our competitiveness. The legislation does this by:

- Expanding and diversifying the energy supplies the state can procure and providing more flexibility as to when and how we do it;
- Streamlining some programs and ending others that have achieved their goals and are no longer necessary;
- Reforming rates by changing how they are structured and assessed to reduce price and bill volatility;
- Providing more options for customers to control their own bills and lower costs;
- Leveraging lower cost and innovative financing to bring down bills and accelerate investments, without raising fees or taxes; and
- Making sure utilities do not charge customers for things they shouldn't and ensuring that bad-acting competitive suppliers are not able to rip residents off — which costs us all.

Many provisions proposed are complementary and are meant to work in concert to deliver the greatest costs savings for customers.

Key Provisions

- *Bringing Energy into Massachusetts*

Total Savings Over 10 Years: Minimum of ~\$200 Million

We need more affordable energy coming into Massachusetts. The legislation would expand the state's authority to procure energy, expand the types of authorized generation sources the state can contract with, and require utilities to move quickly to connect new power to the grid. This legislation would also allow for the state to explore cutting edge nuclear power technologies, similar to other states. Equipped with this authority, Massachusetts residents and businesses will experience lower future energy costs and stabilized prices.

- *Getting Costs Off Bills and Avoid Unnecessary Costs*

Total Savings Over 10 Years: ~\$6.9 Billion

A central focus of this legislation is to remove unnecessary charges and drive down costs. The legislation provides the Department of Public Utilities (DPU) and utilities tools to finance investments and energy saving measures differently, including Mass Save and Electric Sector Modernization Plans, to reduce charges and stabilize prices. It also directs the Department of Public Utilities to review all charges on bills currently and take action to reduce seasonal electric and gas bill volatility and rate shocks, including by capping month-to-month bill increases. The legislation proposes to reduce net metering rates for non-residential solar and improve consumer protection standards for solar customers statewide. The Governor's legislation would also phase out the Alternative Portfolio Standard, which is currently providing subsidies to technologies that are cost competitive.

- *Supporting the Customer*

Total Savings Over 10 Years: Minimum of ~\$900 Million

EEA and DOER have worked with stakeholders on ways to streamline Mass Save, to make it more effective and better support energy consumers as they weatherize buildings and transition to electrified energy solutions that earn them money while they save. The legislation reduces administrative costs and streamlines program administration to align with the state's clean energy commitments while also providing options to lower monthly bill charges. The legislation also reforms the competitive supply market to protect customers from major price hikes and predatory marketing. Finally, this bill enables innovative financing solutions for utilities and customers to help customers deploy cost savings measures at no cost to other ratepayers, with a particular focus on reducing the upfront costs of deploying geothermal technology, which will benefit all ratepayers by avoiding grid upgrades that would otherwise be needed and creating good paying jobs in the state.

- *Powering Innovation and Growth*

The legislation includes provisions to maximize the electric grid to build more housing and support our businesses, a longtime-priority of the Healey-Driscoll Administration. Establishing “Energy Ready Zones” will proactively build out the grid to enable new development to connect with clean energy.

- *Creating Accountability*

Total Savings Over 10 Years: ~\$2.5 Billion

Massachusetts residents should only be charged costs associated with delivering power to their homes and businesses. The legislation would authorize the DPU to audit the utilities and ban the use of ratepayer funds for costs not associated with providing energy to customers, like lobbying and entertainment. Finally, the proposal also streamlines a number of government processes and establishes a variety of consumer protection standards.

Savings

The bill's provisions are collectively anticipated to achieve more than \$10 billion in savings over ten years in addition to the approximately \$6 billion in anticipated savings from the Healey-Driscoll Administration’s Energy Affordability Agenda. Savings are projected across various aspects of the legislation, including energy procurement reform, net metering adjustments, Alternative Energy Portfolio Standard (APS) phase-out, electric and gas rate reduction bonds, and avoided infrastructure costs.

The Energy Affordability, Independence and Innovation Act represents a significant and comprehensive effort to reshape the energy landscape in Massachusetts, creating a more sustainable and affordable energy future. By addressing a wide range of issues from energy procurement and rate structures to consumer protections and utility accountability, the proposed legislation will deliver cost savings for ratepayers while fostering economic growth, creating jobs, and giving customers more control.