

GSEP Working Group

Meeting Date: May 10, 2023

Final Minutes – Approved at June 7, 2023 Meeting

Attendees:

- Jamie Van Nostrand, Chair, Department of Public Utilities (“DPU”) – In Person
- Alice Davey, Attorney, Legal Division, DPU – In Person
- Jeff Hall, Assistant Director, Rates and Revenue Requirements Division, DPU - Virtual
- Richard Enright, Director, Pipeline Safety Division, DPU - Virtual
- Shirley Barosy, Legal Assistant, Legal Division, DPU - Virtual
- Senator Michael Barrett, Senate Chair, Joint Committee on Telecommunications, Utilities, and Energy – In Person
- Representative Jeffrey Roy, House Chair, Joint Committee on Telecommunications, Utilities, and Energy - Virtual
- JoAnn Bodemer, Assistant Attorney General, Office of the Attorney General – In Person
- Sharon Weber, Deputy Division Director, Air & Climate Programs, Department of Environmental Protection (In Person)
- Shevie Brown, Gas Policy Analyst, DOER - In Person
- Stephen Woerner, President, New England, National Grid - Virtual
- Lynne Nadeau, Regulatory Affairs, National Grid - Virtual
- Amy Smith, Director, Gas Division, National Grid – In Person
- Kevin Kelley, Vice President of Gas Operations, Eversource Energy - Virtual
- Robert Hevert, Senior Vice President, Unitil – In Person
- Chris LeBlanc, Vice President, Gas Operations, Unitil – In Person
- Tatiana Roc, President, Liberty – In Person
- Kristin Jardin, Director, Rates and Regulatory Affairs, Liberty – In Person
- R.J. Ritchie, Attorney, Liberty – In Person

- Sue Kristjansson, President and Chief Operating Officer, Berkshire Gas - Virtual
- Robert Gyurjan, Manager – Regulatory Economics, Berkshire Gas - Virtual
- Jerrold Oppenheim, Co-Owner, Democracy and Regulation, representing Low-Income Energy Affordability Network (“LEAN”) - Virtual
- Jenifer Bosco, Senior Attorney, National Consumer Law Center (“NCLC”) – In Person
- Pete Dion, General Manager, Wakefield Municipal Gas and Light Department – In Person
- John Buonopane, Representative, United Steelworkers, Local 12012 - Virtual
- Jonathan Buonocore, Assistant Professor, Environmental Health, Boston University - Virtual
- Heather Takle, President and CEO, PowerOptions - Virtual
- Audrey Schulman, Co-Founder and Co-Executive Director, HEET – In Person
- Priya Gandbhir, Senior Attorney, Conservation Law Foundation (“CLF”) - Virtual

Moderator – **Alice Davey, DPU** - Welcome. Noted that meeting is being recorded by member of public. Turned meeting over to DPU Chair Van Nostrand.

Chair Van Nostrand, DPU – First meeting since started at DPU May 1. Noted GSEP is accelerated cost recovery mechanism and focus is on maintaining current infrastructure, not increasing gas usage. Department staff there to facilitate discussion and implement any legislative changes that are ultimately passed. Highlighted that Richard Enright, Director of Pipeline Safety Division, and Jeff Hall, Assistant Director in Rates Division, are both available if the group has specific questions on technical subjects.

Alice Davey, DPU – discussed procedural matters, including notice publication and zoom protocols. Took roll call. Approved prior meetings’ minutes. Noted per agenda would be going through sections (a) and (b) of GSEP Statute. Next meeting will be May 26, at 10:00 a.m.

Priya Gandbhir, CLF – Would be helpful for public if agendas were posted earlier.

Senator Barrett - The charge by legislature is narrow or discrete. Sole assignment is to bring GSEP in line with limits and sublimits, noting there are separate sublimits for the gas industry. Asked if EEA or DPU could bring the limits and sublimits to next meeting. Noting that we should issue spot today.

(note from DPU staff – the limits and sublimits are in the powerpoints presented at the first meeting and emailed to the working group)

JoAnn Bodemer, Attorney General's Office – Unclear about issue spotting based on Senator Barrett's remarks today in view of his remarks last week. Concerned that we'll be unable to rewrite or tweak GSEP statute to meet limits and sublimits.

Senator Barrett – For statutory interpretation, need to look at the plain meaning of the words. We need to work with utilities; burden isn't primarily on natural gas industry. It's on everyone to figure out how to meet limits and sublimits. Issue is whether this statute needs to be altered in light of limits and sublimits.

JoAnn Bodemer, Attorney General's Office – Wants direction from Senator Barrett as to what he wants outcome to be in terms of changes to the statute. Is he looking for wordsmithing or replacing the GSEP statute entirely.

Senator Barrett – Looking for wordsmithing, not wholesale replacement.

John Buonopane, United Steelworkers – Senator Barrett made it more clear to me. After last meeting, looked at legislation and wouldn't have changes other than adding worker protection type items or more regarding advanced leak technology. GSEP is functioning the way it was intended to function; reduce risk, increase public safety. Concerned that if group proposes changes that increase risk and thereby compromise safety. Not sure he would recommend such changes, which may be retreating from GSEPs.

Jerrold Oppenheim, LEAN – As plans are developed and considered to reduce emissions, there's various ways that can happen, electrification for example. Would be useful to have explanation of "quantification" of what impact is with that particular route toward emission reduction on affordability, safety, and reliability.

Senator Barrett – Big change engineered in 2021 roadmap bill was disconcerting for everyone. The shock was going from emphasis on system focused on affordability, reliability, and safety to one that had to focus on emission reductions.

Priya Gandbhir, CLF – GSEP wasn't designed to create more gas use but we're trying to move away from gas, then maintaining the status quo is an increase in gas usage. There needs to be a major overhaul. Would start with purpose of GSEP. Should be a major change in DPU mandate that focuses on flipping of what it currently is. Focus should be on GHG and maintenance of reliable system is secondary. Discussing her changes to the statute.

Robert Hevert, Unitil – All LDCs are fully in support of the Commonwealth's emission reduction goals. Appreciates the broad group of perspectives and all trying to achieve the same goals. Except that utilities bear the liability if something goes wrong. Must keep in mind we don't all retain exposure to risk related to public safety.

JoAnn Bodemer, Attorney General's Office – Totally appreciate and understand concern. As Chair and Alice have said, the GSEP is an accelerated cost recovery statute so then everything doesn't need to be accelerated if GSEP is transitioning to a statute that's more aligned with emission reductions. One simple concept could be that we don't know where we all are so first need to know where we are before we know where we want to go. Specifically need to know leak rates. Then could determine that this area might be ripe for electrification, while this area is

appropriate for repair. My view was looking at repair over replace, which would reduce stranded asset issue. When LDCs want to promote replacement over repair, then they should show some type of alternatives analysis. Mitigating affordability, could be no longer need to do on an accelerated basis. Our timeframe isn't 20 years anymore, it's 2050. Still thinks GSEP should have accelerated recovery aspect. But need to show lost and unaccounted for ("LAUF") gas.

Audrey Schulman, HEET – Safety is always important; Merrimack Valley disaster was horrifying. Security is another critical item to keep in mind as part of safety. Wondering if it would be better to think of our discussing in terms of what needs to happen by 2030, rather than what happens immediately. For example, before GSEP, more winter patrols as a method of keeping safety. Should we go back to that? Less leak-prone infrastructure after a decade of GSEPs.

Jenifer Bosco, NCLC – Agrees with many of the ideas, and with JoAnn regarding prioritizing repair over replacement and considering electrification. Should there also be analysis of whether instead we identify targeted decommissioning. Asking what level of evidence we need to determine priorities. Address equity in terms of certain buildings, public housing, schools. Accelerated cost recovery is a good question; whether it's needed or whether it should be part of rate case. Large parts of the GSEP statute may need to be rewritten; hard to make tweaks.

Peter Dion, Wakefield Municipal Gas and Light Department – Group is not recognizing the work that has already been done on leak-prone pipes, and need to factor in concept of the cost differential between repair and replace. Replace is often cheaper because of pipe age. It's not a static situation; old pipe is continuing to decay.

Sharon Weber, DEP – Could be a light-touch option to revising the GSEP statute. Adding in repair should be there; recognizes it is to some extent but recognizes possible cost differences. Would like to take out the LAUF language. Wants emissions reduced not LAUF. Need more language re equity in current law.

Amy Smith, National Grid – Majority of LAUF is not emissions. Repair only addresses emission reductions, not risk. Repairing cast iron does not reduce risk. Replacing addresses emission reductions and risk. People think repair is an option versus replacement and it isn't when risk is involved.

Jonathan Buonocore, BU – has equity and scope questions. When hear equity, questions equity of what. Also financial cost, health, exposure to safety hazards, or any other risk of gas system. Would be helpful to know what's in scope and out of scope.

JoAnn Bodemer, Attorney General's Office – Great points Jonathan. Also agree with Pete Dion that it shouldn't be a static, but map should be updated every x number of years. But we really need to know where we are at this point and it will help know what's appropriate to reduce emissions. Provocative idea: Could tie gas energy efficiency ("EE") to GSEP work in sense that if you have this map, if area looks right for electrification, and gas company can get done, then could be credited in the EE program.

Audrey Schulman, HEET – In terms of repair versus replacement, having a minivan just before kids go to college, you repair it and then after they go to college, you replace it with another car.

In terms of really complicated, we not only need leaks and leak-prone infrastructure, and avoided costs, but also need what's viable in that specific area, e.g., heat pumps, geothermal. Needs lots of data including electric grid constraints in the area. Need an integrated plan. Would love to have gas map by street segment info, how old it is, replacement costs, how many customers are dependent on it.

Chair Van Nostrand, DPU – Asking what group wants DPU staff to take into account as they review these GSEP filings. Could be a light touch, which would be revising eligible infrastructure and could add in is not inconsistent with GHG limits and sublimits. There was expedited cost treatment because companies realized they need to comply with PHMSA. Massachusetts isn't the only state that did that, but there's an incentive for gas companies to use it since recover is expedited. We need to look really closely to confirm that it's not inconsistent with GHG limits and sublimits.

Priya Gandbhir, CLF – wanted to echo call for more substantive overhaul. In addressing point about where there is one leak, it's more likely to be more leaks around it, and area is likely aging, issue is at this point, we're going to the next thing, which is electrification. Putting money into replacing sections of pipe that we don't want to use in the next 25 years doesn't make sense.

Peter Dion, Wakefield Municipal Gas and Light Department – We had some pipe we didn't want to repair that had a dozen customers to it. Did a study and replacement cost was around \$340k, while electrification was over \$1.4 million. It would be to replace more than a dozen heating systems. Need to balance the consumer aspect in terms of costs with the need for electrification.

Priya Gandbhir, CLF – Comparing the costs of replacing gas system infrastructure to costs of implementation of clean energy is a false comparison because the move to clean energy is mandatory under Massachusetts law, so customers with failing gas appliances/pipes should plan accordingly and make the move to electrification/geothermal resources.

Jenifer Bosco, NCLC - Cost for consumers is a huge issue and some work is being done on that.

Senator Michael Barrett – incredibly impressed by range of observations. Electrification needs to happen so how can we be smart about it. Need to think big. Need to do wholesale conversion of that block. Will be increasing use of electricity so not talking about putting integrated utilities out of business. But will come on electric side, not gas side. Could be asking communities to opt in. Not about 2050, it's about 2025. Limits and sublimits are set every five years, so 2025 and 2030. We have zero time so need to reconsider GSEP in terms of 2025 and 2030.

Alice Davey, DPU – Jeff Hall could explain how we look at eligible infrastructure when reviewing GSEPs. Also there are currently system maps but it's unclear if they're made public so that's a question for the companies. We do have leak rates available.

Senator Barrett – Maps won't help address changes to GSEP statute. Wants to go through statute line by line, which was our original intent.

Tatiana Roc, Liberty – Would like to hear from Jeff Hall on how they currently do their review.

Alice Davey, DPU – Introducing Jeff Hall.

Jeff Hall, DPU – The way we focus is within the four corners of the statute, which focuses on repair or replacement of leak-prone pipe. It was expanded to include copper fixtures. LDCs presented and the DPU in consultation with our Pipeline Division determined that it was appropriate to expand to include certain copper fixtures as well as certain plastic pipe installed prior to 1985. Companies are required to file what the composition of every pipe replacing is to ensure they qualify as leak-prone pipe.

JoAnn Bodemer, Attorney General's Office – Company A says here's our ten projects and they meet the definition of leak prone. Questioning whether DPU looks at whether there are active leaks.

Jeff Hall, DPU – The DPU's understanding is projects are ranked based on the distribution integrity management plan ("DIMP") score, and DIMP score takes such elements as that into account.

Rick Enright, DPU - DIMP is in place for all utilities, which includes all the maintenance and operating history. Then they identify the existing risk and potential threats and evaluate them and rank the risk. Then required under federal regulations to take measures to address risk that is either remediation (repair) or needs to be replaced. DIMP plans are submitted every three years and we review them.

John Buonopane, United Steelworkers –GSEP has always been kind of like insurance, reducing the risk. Don't need it right now but it's protection from something that could happen down the road. Asks group to not take it risk lightly. It's investment well spent. There are systems that are not too far geographically, like in New Hampshire, where some systems are completely done so there are no leaks, unless someone hits a pipe.

Alice Davey, DPU – Explaining idea for redlining statute.

Senator Barrett – Asking what the DPU's definition of redline is.

Alice Davey, DPU – explaining redline (taking Microsoft Word document and making proposed changes in tracking) so can narrow in on actual proposed language of the working group to the GSEP statute.

Senator Barrett - Needs to happen at some point and maybe that's before the next meeting. Also for big picture questions, about looking at communities wanting to move wholesale to electrification. Perhaps statute needs to be downsized in terms of its geographic application.

JoAnn Bodemer, Attorney General's Office – Maybe people should just redline section (a), the definitions, for next meeting. Not sure we can get through everything.

Alice Davey, DPU – Asking whether redlining both sections (a) and (b) works.

Senator Barrett – In agreement with redlining sections (a) and (b).

Heather Takle, PowerOptions – Working group does not have the expertise to get into the level of detail for planning. Concerned that we spent 1 ½ hours having the conversation we had last week. Need to focus on redlining and regulatory direction at next meeting.

Priya Gandbhir, CLF – Asking Senator Barrett whether the July 31 deadline for the working group’s report has been extended.

Senator Barrett – Submitting an amendment to the budget bill and proposing another six months. Amendment needs to be agreed to by Senate and House.

Audrey Schulman, HEET – Regarding the data I mentioned, did not mean that this working group needs it; meant that would ask as part of GSEP for that to happen. Also threat here is not only safety but affordability. If we currently pour this much money into what will become stranded assets, it will increase customers’ costs. There will be an inflection point where it will cost more than heat pumps. It’s far down the road but heading that way. Non-combusting infrastructure is key.

Senator Barrett – People are making philosophical decisions to walk away from gas right now. People in his district and family and friends are putting in heat pumps so it’s not happening in an organized fashion but it’s happening in one household at a time.

Robert Hevert, Unutil – Unutil serves Fitchburg, which is not a wealthy town, and the Company’s service territory has a high number of environmental justice communities. Company is very focused on how customers are able to manage their costs. Reality is their customers cannot make philosophical decisions so can’t extrapolate what’s happening in Lincoln to what’s happening in Fitchburg.

Senator Barrett – Plan could be to give Fitchburg a pass for the next ten years and focus on other communities.

Jonathan Buonocore, BU – wants data to be open as much as possible. The more fine grain and geographically specific data is available will help know if achieving emission reduction goals. Administrative point – could somebody send the documents we’re supposed to be redlining for next week.

Alice Davey, DPU – Documents were previously sent to the working group. Will make sure Jonathan Buonocore is on the distribution on the list so he receives the documents. Also proposing to collect redlines for GSEP statute, sections (a) and (b). For next meeting’s agenda would go through issue points that staff compiles as result of documents received. Will send agenda and other information out soon as possible.

Sue Kristjansson, Berkshire Gas – Asking whether next meeting will be in person.

Alice Davey, DPU –Likely to be in-person, but will include meeting location information in next notice.