

GSEP Working Group

April 12, 2023

Minutes

DRAFT 4/17/23

Attendees:

- Cecile Fraser, Acting Chair, Department of Public Utilities (“DPU”)
- Alice Davey, Attorney, Legal Division, DPU
- Jeff Hall, Assistant Director, Rates and Revenue Requirements Division, DPU
- Shirley Barosy, Legal Assistant, Legal Division, DPU
- Representative Jeffrey Roy, Chair, Joint Committee on Telecommunications, Utilities, and Energy
- Magdalena Garncarz, Research Analyst, Joint Committee on Telecommunications, Utilities, and Energy, Office of Representative Jeffrey Roy
- Audrey Horst, Research Director for Senator Michael Barrett, Chair, Joint Committee on Telecommunications, Utilities, and Energy
- JoAnn Bodemer, Assistant Attorney General, Office of the Attorney General
- Sharon Weber, Deputy Division Director, Air & Climate Programs, Department of Environmental Protection, representing Bonnie Heiple, Commissioner, Department of Environmental Protection
- Stephen Woerner, President, Gas Division, National Grid
- Caroline Hon, Head of New England Gas Network Strategy and Planning, National Grid
- Amy Smith, Director, Gas Division, National Grid
- William Akley, President, Gas Business, Eversource Energy
- Nikki Bruno, Vice President of Clean Technologies, Gas, Eversource Energy
- Robert Hevert, Senior Vice President, Unitil
- Chris LeBlanc, Vice President, Gas Operations, Unitil
- Tatiana Roc, President, Liberty

- Sue Kristjansson, President and Chief Operating Officer, Berkshire Gas
- Jerry Oppenheim, Co-Owner, Democracy and Regulation, representing Low-Income Energy Affordability Network (“LEAN”)
- Jenifer Bosco, Senior Attorney, National Consumer Law Center (“NCLC”)
- Pete Dion, General Manager, Wakefield Municipal Gas and Light Department
- John Buonopane, President, United Steelworkers, Local 12012
- Heather Takle, President and CEO, PowerOptions
- Audrey Schulman, Co-Founder and Co-Executive Director, HEET
- Priya Gandbhir, Staff Attorney, Conservation Law Foundation (“CLF”)

Welcome - Acting Chair Fraser, DPU

Overview of GSEP Law – Alice Davey, DPU

Mechanism for accelerated cost recovery

Established for effect January 1, 2015

Explanation of annual GSEP and GREC filings

Outlining eligible infrastructure

Highlighting legislative changes made since enactment, including replacement of gas infrastructure with renewable thermal energy now considered eligible infrastructure

Without GSEP, companies required to replace leak-prone pipe; would recover costs through base distribution rate cases

Accomplishments and Costs – Jeff Hall, DPU

Outlining miles of main replaced by company from 2015 to 2021

Total replaced = 1,621 miles

Total miles of mains in Massachusetts = 21,130

Leak-prone main to be replaced = 4,637

Outlining services replaced by company from 2015 to 2021

Total replaced = 103,869

Total services in Massachusetts = 1,339,388

Leak-prone services to be replaced = 174,714

GSEP dollars spent by company from 2015 to 2021 = \$2.8 billion

2021 revenue requirement collected from ratepayers through GSEAFs = \$185.8 million

Emission Reduction Goals – Jeff Hall, DPU

Baseline and statewide limits and sublimits

Company Presentation: Eversource Energy - Nikki Bruno

In October 2020, received approval from DPU for a pilot geothermal program for dense, mixed-use neighborhood. Company announced in late 2022 that it located a pilot area in Framingham, where Eversource serves both gas and electric. Currently undertaking a competitive bid process. Customer engagement has been successful; used a grassroots approach, held open houses for residential, as well as biweekly meetings with city, bi-monthly meetings with the Attorney General's office, Department of Energy Resources, and others. Pilot program includes 39 buildings, 150 customers, with some low-income customers, and a mixture of multi-family, single family, and small commercial. All are retrofits with no new construction. Working on MassSave initiatives with customers. Company is about to issue reward for construction and plans to break ground in May 2023. In service should be by Fall 2023 in advance of the winter heating period.

<https://www.eversource.com/content/residential/save-money-energy/clean-energy-options/geothermal-energy>

Company Presentation: National Grid – Caroline Hon

Demonstration program is about one year behind Eversource's pilot so learning from their team what's worked well and what hasn't. Received approval in December 2021 with a proposed budget of \$15-16 million. Total of 48 projects, each serving 20-40 customers. Testing load diversity, access to low-income and environmental justice communities. Filed implementation plan in May 2022, and received approval in September 2022. Announced first pilot site in Lowell in December 2022. Pilot is an environmental justice community, low-income, so provides a good potential for converting low-income to geothermal. Meets diverse load because both commercial and industrial ("C&I") and residential. Overlapping service territory with gas and electric. UMass Lowell is anchor tenant. Currently in customer enrollment process. Engaging with the City of Lowell and residents. Many landlords not living in area but are customers so working with landlords to pay the participant fee for tenants. Testing participant fees, which represents about 5% of estimated costs. Developing cost analysis with participants so they understand monthly fees. To date, have 22 interested customers, which includes both C&I and residential customers as well as the Lowell Housing Authority. Everything will need to be retrofitted; no new construction. Considering two more potential projects on UMass campus.

Q&A on Presentations

Heather Takle, PowerOptions - Asking companies plan for residents in neighborhood that do not sign up.

Nikki Bruno, Eversource – we have that issue as part of design criteria. Had to turn away some customers that were not on the loop; also had a finite budget. Also had customers that said no to geothermal but generally those numbers were low.

Caroline Hon, National Grid – still early days but anticipate not everyone will be on. Designing for load diversity.

Jennifer Bosco, NCLC - Asking companies for details regarding participant and ongoing fees.

Caroline Hon, National Grid – fees are based on equipment costs. Considering installing meters to see if volumetric or thermal fee so can understand through the pilot what ongoing fees will be. Company thinks it will be low cost to operate but first five years will inform for future. Charging fees of \$45 for low-income, \$65 for residential, \$90 for C&I.

Nikki Bruno, Eversource – also expects low costs. Charging monthly flat rate based on current gas customers, discounted for low-income, about \$10-\$20. Not trying to make money; more to establish a billing relationship. Studying the best way to bill through the pilot. Open to new way to thinking about billing.

Audrey Schulman, HEET - Whether companies have data on hourly heating energy

Nikki Bruno, Eversource – Don't currently have hourly data but are going to be monitoring so hopefully can get real-time data.

Caroline Hon, National Grid – not yet at that stage

Heather Takle, PowerOptions - Whether there is a plan to decommission gas infrastructure

Caroline Hon, National Grid - have identified potential but haven't secured customers required to decommission. One of the things they need to demonstrate in the pilot is that Company can decommission so still looking for appropriate sites.

Nikki Bruno, Eversource – not doing appliance switch offs for this pilot.

JoAnn Bodemer, Attorney General's Office - When will companies have answers from pilot programs to see if valuable resource for broad implementation.

Nikki Bruno, Eversource – eager for answers but pilot is going to run for two heating and cooling seasons before they can come to any conclusions. Expects technology to work, it's more about making sure customers actually use it as well as the costs. Behind the scenes assuming this will be successful.

Caroline Hon, National Grid – It's going to take time to get answers, longer for National Grid just because they started later than Eversource.

Heather Takle, PowerOptions - Would be helpful to get more data from Eversource and National Grid regarding recommendations, lessons learned, etc. Also, both chose dual locations where have electric and gas. Any insight regarding what happens when a company does this in a non-dual territory, i.e., obstacles.

Nikki Bruno, Eversource – Time is key. Need to understand priorities and whether companies have the capacity to host. If it's a dual territory, than in house knows it, but will need to work with other electric companies to find that out in non-dual territories.

Audrey Schulman, HEET - Highlighting work that Xcel Energy will be doing through a case study in Colorado; will be getting data from that, hopefully soon. Also HEET is running research team funded by the Legislature, which will house two national labs at MIT and BU, will be installing fiber optic in bore holes, creating digital twins of models, sourcing best practices so can all learn as much as possible.

Goals for future meetings

Audrey Schulman, HEET – proposes in-person meetings and sub-meeting groups; ask who will be writing report due in July. Also asked whether this meeting is being recorded and, if so, where that recording will be.

Alice Davey, DPU – not being recorded but Department staff is taking minutes, which will be circulated to working group and then posted. Asked people to respond to in-person meetings versus virtual meetings as well as sub-meetings.

Priya Gandbhir, Conservation Law Foundation – Prefers hybrid meetings so the general public may engage in the process. Wants to know about who's writing report and what will be working group's opportunities to provide feedback on the draft report. Also, if the working group can't come to consensus for the report, how will that be dealt with. CLF's goals are turning to reports from EEA, such as the Clean Energy and Climate Plan, and make sure that investments are made within the context of a shift toward electrification. Wants to focus on environmental justice and other communities that bear the burden of climate change.

Pete Dion, Merrimac Municipal Light Plant – asks the working group to keep in mind cost to consumer; not only stranded cost but other costs as we look to the future.

Sharon Weber, Department of Environmental Protection - interested in presentation of possible switch to all electric goals rather than just geothermal. Questions whether in non-dual areas and municipalities, are such switches actually feasible.

JoAnn Bodemer, Attorney General's Office – Overall, would like to focus on what Legislature has asked us to do, which is try to make recommendations to the Legislature and DPU to align GSEP statutory language with climate goals. As ratepayer advocate, concerned with ensuring work to reduce leaks and improve safety is done in a way that doesn't overly burden ratepayers.

Stranded assets will have great implications for ratepayers in the future. In favor of in-person meetings.

John Buonopane, United Steelworkers– no preference regarding in person or virtual meetings. Represents the workforce; was gas field technician for over 30 years so can speak to safety, reliability, etc., from what's really happening in the field. As a field tech, responded many times over the years where leak-prone pipe has failed with sometimes disastrous consequences. Important that working group carefully analyzes different paths to recommend here. GSEP was one of the best plans established to help comply with PHMSA requirements so need to be careful about just walking away from it. Noted that union members don't perform GSEP installation work; it's mostly done by outside contractors. Nonetheless, union members didn't oppose the GSEP because it's best way to deal with gas leaks. Wants to hear working group member's ideas are going to improve pipeline safety and reliability, which are key.

Chris LeBlanc, Unitil – repairing leak-prone pipe has significantly improved safety and reduced emissions. Wants safety to be first and foremost for this working group.

Jennifer Bosco, NCLC – asks about the scope of data available for pipeline safety and leaks and how can that data be used to support plans for targeted decommission as well as how to do it ethically. Need to consider how to balance of ratepayer funding with any transition. In-person meetings are fine with adequate notice.

Tatiana Roc, Liberty - 60,000 customers based in Fall River with nine communities, five are which are environmental justice communities. Number one goal is reliable and safety, with the company successfully reducing leaks and emissions. Questions how we get to a realistic timeline that is aligned with the goals of the State since it will be years before geothermal is feasible for all companies and communities. Notes that companies still need to continue providing gas service to their customers. Supports in-person meetings and subgroup meetings. Invited the working group to Fall River for one meeting.

Sue Kristjansson, Berkshire Gas – agrees with Tatiana Roc that there are two things we can agree on: First, reliability and safety is our number one goal, and second, we all want a clean environment. Noted that technology takes time. Wants Eversource and National Grid to take the necessary time to make sure it actually works instead of rushing into anything. Prefers in person meetings.

Jerrold Oppenheim, LEAN – affordability is deep concern. Recognize our specific mandate to address the GSEP legislation. Prefers to take a broader view; if able to meaningfully contribute to GSEP, will be well on way to adjusting various interests that need to be met regarding electrification and greenhouse gas emissions. Prefers in-person meetings.

Stephen Woerner, National Grid – need to focus on safe operation of systems. GSEP has served to ensure that utilities are replacing leak-prone assets as needed. Notes we need to determine what needs to be in the report, what are the key questions, then set up subcommittees to dig deeper and figure that out.

Heather Takle, PowerOptions – focus on affordability, reliability, decarbonization. Any ideas on how to get to the final report. Need to balance trade-off of costs to keep safe and reliable and

how fast can we decarbonize. Would like DPU thoughts on reports. Fine with in-person meetings and noted that meetings are already scheduled.

Alice Davey, DPU – meetings are already scheduled and could be in person or hybrid. As far as drafting report, all have given us a lot to think about. Will be taking information back to the Department regarding subgroups and other questions. Next meeting is April 24th at 10:00 am. Hopefully will get an agenda out early enough to receive comments and will include ideas regarding process and structure.

Audrey Schulman, HEET – PHMSA is currently doing reauthorization so next few weeks is critical time to ask for changes from them. HEET wants safety now and later on. Concerned with potential stranded assets as well as declining work force. Wants data on leak-prone street segments for the entire 20 years of GSEPs, along with estimated and current costs. Could then figure out how to get integrated planning process. Asks if we could have Dorie Seavey, economist, give a presentation.

Priya Gandbhir, Conservation Law Foundation – asked if there are open meeting law issues with holding subgroups.

Alice Davey, DPU – open meeting law should not be a hindrance to subgroups but will confirm. Asked if there were any final procedural matters, and hearing none, adjourned the working group meeting.