Energy Affordability, Independence & Innovation Act - Bringing More Energy into Massachusetts

Healey-Driscoll Administration

The Energy Affordability, Independence and Innovation Act provides greater flexibility to bring more energy online and stabilize energy prices. It expands the state's authority to procure energy and accelerate the development of local resources by removing barriers to building and purchasing more clean energy and getting the best prices. It also includes requirements for utilities to provide options to bring more distributed energy resources and flexible loads online faster and without expensive, upfront upgrade costs. And, it reduces barriers to exploring cutting edge, clean energy.

Expanding Energy Procurement Authority

Currently, utilities serve as the contracting entity for clean energy procurements, while the Department of Energy Resources (DOER) negotiates the contracts. The utilities charge a fee for being the contracting agent, which is projected to burden ratepayers with billions in unnecessary costs over the coming decades. Additionally, the limited list of resources currently eligible for procurement restricts flexibility in securing the best deals for ratepayers and creating a diverse and reliable energy mix. The Bill would remove utilities as the primary contracting agent and grant DOER the authority to directly conduct solicitations and secure contracts to purchase clean energy generation attributes, transmission, energy storage, and demand response. Business leaders, labor, and environmental non-profits support removing utilities as the contracting agent, which is projected to result in **at least $200 million in avoided utility contract remuneration costs over the next ten years alone**, with savings reaching billions over the lifetime of the contracts. The Bill will drive additional savings and avoid price volatility as DOER would be able to enter into agreements with energy sources such as solar, wind, and hydroelectric generation, which are not subject to seasonal or global market pricing pressures as they have no fuel costs.

Give DPU Flexibility to Set Supply Rates

The current basic service procurement process is rigid and can result in significant seasonal price swings for ratepayers. For example, following the invasion of Ukraine, volatile fossil fuel prices caused rates for basic service customers to soar from one month to the next because electric utilities were forced to enter into six-month contracts with energy suppliers and lacked the flexibility to spread out cost impacts. The rigid process led to an unacceptable 195% increase in basic service rates for National Grid customers between November 2022 and December 2022 (from 11.5 cents per kWh to 33.9 cents per kWh).

The Bill will help **avoid significant price spikes** by providing flexibility to the Department of Public Utilities (DPU) and electric utilities with respect to the timing and duration of basic service electricity supply procurements. It also provides flexibility in when associated rate adjustments will take place but prevents them from changing more than twice per year.

Enable Flexible Interconnection Solutions

When a new customer (generating or consuming energy) wants to connect to the electric grid, the utility calculates the impact based on the maximum anticipated amount of energy the customer will put on or take off the grid. This calculation is done without considering if the customer can be flexible regarding when or how much they use the grid. This lack of flexibility leads to project delays and/or significantly increased costs for customers seeking to connect. The Bill would **require electric utilities to provide flexible interconnection solutions** to reduce customer costs and timelines for interconnection, at no cost to other customers.

Allow for Advanced Nuclear Development and Deployment

Nuclear energy, including fusion and small modular fission reactors, has the potential to help meet growing energy needs, offer stable prices, provide zero carbon electricity, and have a much smaller land-use footprint compared to other technologies. In Massachusetts, in addition to requiring rigorous federal, state, and local approvals through formal siting and licensing processes that requires public input, a proposed new nuclear fission facility must also secure approval via a statewide ballot initiative with a majority vote. No other energy generation source in the state requires this statewide ballot initiative approval.

This Bill would **repeal the 1982 law that mandates that any proposed new nuclear facility receive approval through a statewide ballot initiative.** According to an ISO-NE study, deploying 15.1 GW of small modular reactors (SMRs) could achieve the New

England states’ 2050 decarbonization targets while requiring 57% less construction at 33% lower capital costs than a policy scenario with no new nuclear generation.