

Energy Affordability, Independence & Innovation Act - Creating Accountability & Increasing Efficiencies



Healey-Driscoll Administration

The legislation will provide more oversight of utility spending and authorize the DPU or an outside firm to audit the utilities to provide greater transparency into the management, operations, and performance. Additionally, the DOER will be able to expand their sources for collecting essential pricing data for delivered fuels such as oil and propane. The legislation also explicitly bans the use of ratepayer funds for costs not associated with providing energy to customers. Finally, the legislation requires more efficient government service.

Enhanced Review for Asset Condition Projects

Spending on asset condition projects – major refurbishments of aging or damaged transmission infrastructure initiated by transmission owners (utilities) – has significantly increased. These projects currently bypass ISO-NE's regional transmission planning process but account for billions of dollars in costs passed onto ratepayers. From 2016 to 2023, spending on these projects increased nearly eightfold, now representing the majority of transmission spend in New England. Massachusetts must ensure that major construction within existing transmission corridors serves the public interest. The Energy Affordability, Independence & Innovation Act will grant the Department of Public Utilities (DPU) Siting Division new authority to require asset condition projects to undergo a full review by the Energy Facilities Siting Board.

Increasing oversight could improve siting outcomes and promote efficient transmission technologies, which may in turn lower cost impacts for ratepayers, possibly by as much as hundreds of millions of dollars. It also increases significant infrastructure projects' environmental, health, and safety oversight.

Authorization for Periodic Utility Management Audits

The DPU primarily reviews utility operations and efficiencies through rate cases, focusing on whether requested revenue increases are "just, reasonable, and in the public interest." This approach may not provide comprehensive insight into utility

management performance. The Bill authorizes the DPU to conduct periodic management and operations audits of the state's investor-owned utilities. These audits could be conducted by DPU staff or an independent auditor paid for by the audited utility.

This authority would provide the DPU with greater insight into how utility management processes align with state and regulatory requirements, including safety, reliability, grid modernization, and customer affordability.

Restrictions on Use of Ratepayer Funds for Certain Utility Costs

As utility rates increase, states clarify which utility costs can and cannot be recovered from ratepayers. While costs associated with lobbying, advertising, political and charitable contributions, and excessive travel (like private planes) are historically not allowed in Massachusetts, this provision aims to codify and update/clarify these prohibitions.

The Bill codifies and updates existing requirements in Massachusetts by clarifying which costs are prohibited from being recovered from ratepayers. Prohibited costs include executive or legislative lobbying, contributions to political candidates, institutional or goodwill advertising, and travel, lodging, entertainment, gifts, food, and beverage expenses for a company's board of directors. The provision also permits the DPU to assess penalties for non-compliance.

Comprehensive Load Management Planning

The way utilities plan distribution systems and investments are not in sync across multiple proceedings, leading to inefficiencies and the potential for over-building and overspending. Utilities also do not comprehensively incorporate innovations like customer demand management programs or the ability to aggregate customer-owned solar and storage to reduce peak demand and support the grid without needing expensive energy purchases or infrastructure construction.

The Bill allows DPU to require utilities to conduct comprehensive distribution planning. Over time, the goal is to merge proceedings and planning for grid modernization, electric vehicle infrastructure, distributed energy resources, and customer demand growth (including economic development) into a single planning tool, proceeding, and cost recovery mechanism.