

Energy Affordability, Independence & Innovation Act - Supporting the Customer



Healey-Driscoll Administration

Through its Energy Affordability Agenda, the Healey-Driscoll administration provided direct bill relief to customers, increased discount rates to help low-income residents, established new rates to help heat pump customers and EV owners reduce their electric bills, launched efforts to establish moderate income electric discount rates, automated the discount rate enrollment process, and launched a process to rein in activities of unscrupulous competitive energy suppliers. It also worked with stakeholders on ways to streamline Mass Save to make it more effective and better support energy consumers as they transition to more efficient and electrified energy solutions and leverage new devices that earn them money while they save.

Additional statutory authority is needed to provide more money saving options to customers, including transforming Mass Save to be more efficient and responsive, expanding the ability for large customers and campuses to efficiently electrify and reduce costs, and taking meaningful action to stop third party competitive energy suppliers from harassing customers and targeting people with misleading messages, which has cost consumers more than \$650 million over the past nine years. Lastly, the Bill prevents utility shut offs during heat waves and eliminates legal barriers to microgrids for critical public facilities, which provide resilience benefits to communities and create the potential to deploy additional renewable generation and storage technologies.

Transform Mass Save

Mass Save has successfully reduced energy use by 13.9 billion kWh annually, or 27.7% of current electricity sales. This is equivalent to the annual production of all renewable sources in the ISO-NE region combined. Since 2010, Mass Save has yielded over \$34 billion in benefits and savings from avoided costs. The 2025-2027 plan, with an approved budget of \$4.5 billion, is estimated to yield approximately \$12.1 billion in benefits. Mass Save is consistently ranked a national leader in energy efficiency program delivery, but customers desire more customized solutions, easier processes, and faster rebates. The Bill streamlines program administration to meet evolving customer preferences, technological advancements, and state energy priorities, which could save ~\$165 million over the next ten years.

Informed by the 2022 Clean Heat Commission and 2023-2024 analysis that engaged hundreds of stakeholders, the Bill seeks to streamline program delivery and enhance the customer experience. It involves removing gas utilities from program administration and consolidating administration under electric distribution companies and municipal aggregators. Key features include pooling program funds for targeted uses (20% for low-income support and equity segments), requiring coordinated, statewide procurements to the extent practicable, and developing a centralized data platform. These enhancements would reduce administrative costs by approximately 10% and enable more strategic resource deployment. The Bill would also authorize the use of rate-reduction bonds to spread program costs over the useful life of energy saving measures. Depending on Department of Public Utility (DPU) authorizations, this could reduce ratepayer bill impacts by \$5 billion over 10 years.

Residential Competitive Supply Market Reforms

The Attorney General's Office (AGO) and DPU have documented that competitive electric suppliers often charge higher residential customer rates than utility providers. The Bill aims to preserve residential customer choice while implementing consumer protection measures that restrict the most predatory marketing practices, eliminate automatic renewals and variable rate contracts, require more transparency for consumers, establish new licensing requirements for door-to-door and telemarketing firms, enhance the DPU's enforcement authority, and increase penalties for violations of state law. These reforms will help stop the industry from overcharging residential customers while retaining the ability for customers to shop for their own electricity supply.

Utility Ownership of Geothermal Heat Loops

Gas companies are permitted to own and operate multi-customer geothermal networks but cannot currently own geothermal heat loops that serve individual customers. Relatedly, large customers interested in pursuing geothermal face prohibitive upfront costs to construct such heat loops, hindering geothermal adoption.

The Bill will allow gas companies to own heat loops for individual customers, such as universities and hospitals, helping them overcome upfront cost challenges. Paired with safety and labor provisions related to utility geothermal work, it also aims to create good paying jobs, ensure the safe operation for employees and the public, and reduce costs for all ratepayers by lowering Mass Save incentives needed for these customers and reducing the need for electric grid investment and supply, which drive up costs for all ratepayers. Depending on how much this provision is utilized, it could save hundreds

of millions in energy costs for both customers that leverage geothermal heat loops and all ratepayers.

Inclusive Utility Investment Programs

Inclusive Utility Investment (IUI) allows utilities to invest in customer-owned energy equipment (heat pumps, weatherization, solar, storage) with repayment on future bills. This mechanism can provide an option beyond Mass Save incentives to finance energy efficiency and electrification measures, accelerate adoption, and increase customer access to decarbonization measures.

Reform Low- and Moderate-Income Discount Rates

The State currently offers discount rates for low- and moderate-income customers, but the amount of costs passed onto customers to provide these discounts varies significantly across utility service territories, leading to disparities in customer bill impacts. For example, monthly bills are over \$15 higher for customers receiving discount rates from Unitil vs Eversource or National Grid due to a higher proportion of income-eligible customers in Unitil's service territory. Similarly, gas customers do not have the full range of discount rate options as electric customers, creating further disparities.

The Bill will extend the moderate-income discount rate to gas customers and change the recovery charge from a volumetric to a fixed rate to decrease bill volatility and lower impacts during high-usage months. Recovering costs via a fixed versus volumetric charge will provide more bill stability for all customers, particularly during high usage months.

Enable Clean Heating for Multi-Tenanted Buildings

Existing state law prevents landlords from charging tenants for electricity or heat, precluding submetering. This acts as a barrier to landlords installing centralized heat pumps in many circumstances, as they would have to absorb 100% of the electricity costs and possibly take on costs for which they previously were not responsible, leading to potentially higher costs for tenants and less efficient energy outcomes. The Bill will establish criteria, standards, and rules allowing landlords in buildings with centralized electric heat pumps to assess energy costs for tenant air conditioning, heating, and hot water.