



H.3261/S.2144 – *An act promoting local energy investment and infrastructure modernization*

Joint Committee on Telecommunications, Utilities, and Energy

July 28, 2021

Dear Chairman Barrett, Chairman Roy, and Honorable Members of the Committee:

Acadia Center is a non-profit, research, and advocacy organization committed to advancing the clean energy future. Acadia Center has been actively involved in promoting grid modernization efforts in Massachusetts and throughout the Northeast. Grid modernization and utility reform are necessary pieces of the Commonwealth's work to transform its energy system and meet the state's climate targets. New consumer-centric technologies offer distribution utilities the opportunity to provide new services to customers, as well as opportunities to modernize both utilities and the grid, reduce emissions, and enable more consumer control of their energy usage. But to make that possible, distribution utilities must proactively plan for the future of the grid while empowering a greater number of stakeholders to participate in the process.

Acadia Center believes it is necessary for the legislature to play a key role in expanding stakeholder input in grid modernization issues to help plan for the optimal use of local energy resources, update the utility business model to meet customer needs, avoid unnecessary investment in expensive infrastructure projects, and to help Massachusetts meet its climate and energy targets.

As such, Acadia Center testifies in support of H.3261/S.2144, *An Act promoting local energy investment and infrastructure modernization*, filed by Rep. Blais and Sen. Comerford. Acadia Center also supports the general grid modernization concepts in S.2222, *An Act relative to local energy investment and infrastructure modernization*, filed by Sen. Pacheco.

H.3261/S.2144 Will Help to Advance a Modern Distribution Grid

Massachusetts has made significant progress in enacting policy to help meet the Commonwealth's 2050 emissions reductions requirements. To meet those objectives, gas distribution companies must proactively plan for the phase-out of fossil fuels over the coming decades. And to accommodate the increase in distributed energy resources (DER) and other technologies that will be required to meet the Commonwealth's carbon reduction targets, the electric grid must undergo significant upgrades.

Unfortunately, efforts to advance grid modernization priorities in Massachusetts have moved slowly in recent years. Since 2014, grid modernization proceedings have been delayed numerous times and the state's utilities have at times pushed back against faster progress on grid modernization. While the Commonwealth's electric distribution companies have submitted grid modernization plans in the past, these have generally not called for the scale of

change that is required to fully modernize the grid. After several years of delays, the DPU chose not to approve any consumer-side grid modernization measures in its 2018 grid modernization proceeding.

Despite this, Acadia Center was very pleased to see the DPU's May 2021 decision in 20-69-A, *Investigation by the Department of Public Utilities on its own Motion into the Modernization of the Electric Grid – Phase Two* that requires each distribution company to submit an updated grid modernization plan, as well as a plan to achieve full-scale deployment of advanced metering functionality. Each company submitted a grid modernization and advanced metering infrastructure deployment plan on July 1, 2021, and they are currently under review at the DPU.

The Legislature can accelerate grid modernization by requiring the Commonwealth's distribution companies to submit robust Grid Modernization Plans regularly, as well as Fossil Fuel Phase-out and Electrification Plans, and by establishing a Grid Modernization Consumer Board to review and assess the plans in line with the Massachusetts 2050 Decarbonization Roadmap.

H.3261/S.2144 would ensure that distribution company grid modernization plans are regularly updated, maximize benefits delivered to ratepayers, and provide for greater stakeholder input and public participation. By creating a Grid Modernization Consumer Board to mirror the successful model used to support Massachusetts' nation-leading utility energy efficiency programs, H.3261/S.2144 would enable greater stakeholder involvement and consensus-building. In addition, H.3261/S.2144 would require the DPU to address key substantive issues including:

- Specific metrics to evaluate progress (e.g. reducing the impact of outages, optimizing demand, integrating distributed energy resources, improving workforce and asset management, advancing beneficial electrification) and related performance incentives;
- Plans and timelines for analyzing and publicizing DER hosting capacity of utility systems, which will improve utility planning and more effectively integrate DER; and
- Protections for low-income consumers.

Grid Modernization Plans

H.3261/S.2144 would require each distribution company to submit a Grid Modernization Plan to the DPU every three years. The plans will describe the locational benefits and costs of distributed energy resources; identify optimal locations for siting local energy resources; include updated procedures for interconnecting DER and equitably allocating system upgrade costs; identify barriers to deployment of local energy resources; and specify distribution infrastructure upgrades or non-wire alternatives necessary to meeting grid modernization objectives over the next 10 years. The Grid Modernization Plans will identify solutions to maximize benefits for customers and to minimize incremental costs.

Fossil Fuel Phase-out and Electrification Plans

Massachusetts must transition away from fossil fuel use as quickly as possible to meet the Commonwealth's climate and energy targets. To help ensure that local gas distribution companies are on path to help the state meet those goals, H.3261/S.2144 requires each gas distribution company to develop a Fossil Fuel Phase-Out and Electrification Plan.

The continued reliance on natural gas infrastructure to meet heating needs in buildings prolongs carbon emissions and exposure to pollutants that damage the health of Massachusetts residents and undermines the ability of the Commonwealth to meet its climate targets. So-called “renewable” natural gas is not a feasible solution; it still results in considerable emissions and is significantly more expensive than electrification. H.3261/S.2144 requires each distribution company to submit a Fossil Fuel Phase-out and Electrification Plan that describes how the company will phase out natural gas service and replace that service with electric alternatives to help meet the Commonwealth’s mandated 2050 climate goals. Each plan must outline the adjustments required to maintain a safe and reliable gas distribution system and to protect consumer interests while the Commonwealth transitions from fossil fuels to a clean and electrified energy future.

By requiring each gas distribution company to develop a Fossil Fuel Phase-Out and Electrification Plan, H.3261/S.2144 will ensure that local gas distribution companies are on the right path to help the Commonwealth meet its emissions goals, while also ensuring that the costs associated with the transition are not disproportionately borne by disadvantaged communities.

Grid Modernization Consumer Board

H.3261/S.2144 establishes a Grid Modernization Consumer Board, which will review and approve each Grid Modernization Plan and Fossil Fuel Phase-out and Electrification Plan before submission to the DPU. The Consumer Board will allow for broad stakeholder input and transparency into the plans and would seek to maximize net benefits from distributed energy resources and to help achieve the Commonwealth’s reliability, climate, and environmental goals. The Consumer Board would consist of key stakeholders representing the Department of Energy Resources, the Attorney General, the Department of Environmental Protection, as well as representatives from key constituency groups, including residential consumers, low-income weatherization and fuel assistance, the environmental community, the clean energy technology industry, municipal interests, and business representatives.

Each distribution company will submit their Grid Modernization and Fossil Fuel Phase-out and Electrification plans for review, comment, and approval by the Grid Modernization Consumer Board and will update the plans according to the Consumer Board’s input. Acadia Center believes this combination of procedural and substantive requirements are crucial to advancing the goals of the DPU’s grid modernization orders as well as the broader climate goals of the Commonwealth.

H.3261/S.2144 Is the Right Choice for Massachusetts

Acadia Center strongly supports H.3261/S.2144, *An Act promoting local energy investment and infrastructure modernization*. Phasing out fossil fuels and proactively preparing for rapid and equitable grid modernization are essential for the Commonwealth to meet its ambitious climate and clean energy requirements. H.3261/S.2144 can help Massachusetts deliver on these goals and achieve its vision for a clean energy future.

Thank you for the opportunity to submit written testimony.

Sincerely,

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