



April 12, 2022

Hon. Karen Spilka
President
State Senate
State House
24 Beacon Street, Room 332
Boston, MA 02133

Hon. Michael J. Barrett
Chairperson, Joint Committee on
Telecommunications, Utilities and Energy
State House
24 Beacon Street, Room 109-D
Boston, MA 02133

Hon. Cynthia Stone Creem
Chairperson, Committee on Global
Warming and Climate Change
State House
24 Beacon Street, Room 312A
Boston, MA 02133

Hon. Michael Rodrigues
Chairperson, Committee on Ways and Means
State House
24 Beacon Street, Room 212
Boston, MA 02133

Dear President Spilka, Chairpersons Barrett, Creem and Rodrigues:

The Northeast Gas Association (NGA) is appreciative of the opportunity to provide comments to the Senate regarding S.2819, a redraft of H.2454, An act driving climate policy forward.

NGA is an energy trade association based in Needham with members from throughout the Northeast U.S. region – including Massachusetts. These companies in the Commonwealth deliver safe, reliable and affordable natural gas to 1.7 million customers – from homes and businesses to schools, hospitals and power plants.

Natural gas currently fuels over half of the Commonwealth's households (52%, according to the U.S. Census Bureau) and over half of its power generation (65%, according to U.S. EIA). It is an affordable and reliable energy source for residences and businesses, and its role in the state's power generation mix has enabled substantial reductions in air emissions in recent decades.

The Senate's proposed action on climate policy as reflected in the redraft of H.2454 offers opportunities to continue the Commonwealth's well-known work in clean energy development. We appreciate the opportunity to provide our comments regarding several provisions in the proposed legislation pertaining to natural gas and the Senate's vision of the Commonwealth's energy and environmental future.

Massachusetts is already a well-established leader in the U.S. in climate change action and this proposed legislation would extend the state's prominence even further. In our view, natural gas has a continuing important role in helping the Commonwealth advance a decarbonization pathway to a cleaner energy system that is also safe, reliable and affordable.

NGA wishes to express comments on four (4) provisions in the proposed legislation relating to natural gas, which we outline below.

Sec. 11 Energy Efficiency Prohibition regarding Natural Gas Equipment

The proposed revision in Section 11 would prohibit “spending on incentives, programs or support for systems, equipment, workforce development or training as it relates to new fossil fuel equipment unless such spending is for a backup or supplemental thermal energy source for a heat pump.”

This proposal we feel would be extremely counterproductive and regressive for the advancement of energy efficiency investments in the Commonwealth.

If enacted, it would prove, in our view, detrimental to consumers on a social, economic, environmental and energy basis. By restricting energy efficiency program availability to consumers and essentially picking “winners and losers” in energy choice, it has the potential of shutting out many vulnerable households and businesses from the benefits of efficiency during a time of higher energy costs statewide and nationwide. By excluding certain energy systems and fuel options from the state’s energy efficiency marketplace, the Senate would essentially be excluding entire sections of the state’s population, with no certain positive outcome to be predicted. If the pace of electric heat pump adoption lags behind the Senate’s market assumptions, the state would very likely experience a regrettable regression in terms of energy efficiency investments in the overall economy, and likely trigger real-world cost impacts on average households’ energy budgets. This would have a deleterious effect on all communities in the Commonwealth, including environmental justice communities.

Energy efficiency has been one of the clear success stories of Commonwealth’s energy policies over recent decades, and has been a national success story. Massachusetts remains a leader in both electric **and natural gas** energy efficiency programs, and we believe that the state’s continued emphasis on energy efficiency is critical to future progress.

The most recent annual state energy efficiency study by ACEEE (the American Council for an Energy-Efficient Economy), released in February 2022, observes that Massachusetts spent the second-highest amount of all 50 states in gas energy efficiency program funding, behind only California. Massachusetts spent the highest amount of any state in the nation in terms of dollars per residential customer expended for gas energy efficiency.

The commitment to these types of deep and sustaining cost-effective energy efficiency investments helps consumers save real dollars on their energy bills while also maximizing the effectiveness of the existing distribution system.

We respectfully urge the Senate to reconsider this exclusionary and regressive proposed policy change.

Sec. 48 DPU 20-80 and its Future Proceedings

The proposed revision in Section 48 would require “the Department of Public Utilities to conduct an adjudicatory proceeding prior to approving any company-specific plan filed pursuant to the Department of Public Utilities Docket Number 20-80.”

This provision is clearly a matter between the legislative and executive branches.

However, we do want to take the opportunity to note the important work of DPU 20-80 which just recently achieved an initial significant milestone with the release of the gas utility plans. On March 18th, each Massachusetts natural gas utility filed an “initial net zero enablement plan” with the Department of Public Utilities under the DPU 20-80 “future of gas” docket, along with an independent consultant statewide report analyzing the decarbonization pathways, considerations and alternative regulatory design for achieving net zero emissions by 2050. These plans demonstrate, in our view, that the gas distribution utilities have an important role to play in helping the Commonwealth reach its decarbonization goals safely, reliably, equitably and affordably.

As noted on the webpage of the “Future of Gas” initiative, the stakeholder process is central to the mission of the process: <https://thefutureofgas.com/sep>

The website notes: “The stakeholder engagement process invites, encourages and enables broad, meaningful engagement by interested stakeholders, including low and moderate-income customer groups and disproportionately impacted communities, advocacy and community organizations, agency and municipal government, civic and business organizations, labor groups and more.” The viewpoints of all these constituencies are vital to the process.

The DPU 20-80 docket still has substantial work ahead of it, including opportunities for further involvement from stakeholders, the general public, labor, and others. These discussions will be pivotal to shaping the direction of the Commonwealth’s ambitious climate plans.

Sec. 49 Requiring the DPU to Convene a Stakeholder Working Group re: GSEP

The proposed revision in Section 49 would require “the Department of Public Utilities to convene a stakeholder working group to develop recommendations for regulatory and legislative changes to align gas system enhancement plans with statewide greenhouse gas emissions limits.”

We find that the Senate’s proposal would likely facilitate a broad perspective on this important topic. We urge that the state’s natural gas utilities be part of this working group and we at NGA would welcome the opportunity to participate as well, should this provision be included in the final bill.

As the Commonwealth advances its work to transform the transportation, power generation and building sectors, we would like to note the continued progress of natural gas industry improvements in reducing system emissions of methane.

This reduction in methane emissions has been considerable, due in large part to the efforts of the Legislature, along with the coordinated efforts of EEA and its agencies (the DPU and MassDEP), for their foresight in enacting legislation in 2014 that resulted in the establishment of the GSEP program to manage increased annual gains in the replacement of older system components utilizing cast-iron and bare steel.



Methane emissions related to U.S. natural gas systems have declined by 15.4 percent since 1990, according to the U.S. EPA's draft 2020 national GHG inventory report released in February 2022. At the same time, methane emissions from the gas distribution system have declined by 70 percent. The EPA notes: "Distribution system emissions, which accounted for 8 percent of CH₄ emissions from natural gas systems and less than 1 percent of CO₂ emissions, result mainly from leak emissions from pipelines and stations. An increased use of plastic piping, which has lower emissions than other pipe materials, has reduced both CH₄ and CO₂ emissions from this stage, as have station upgrades at metering and regulating (M&R) stations. Distribution system CH₄ emissions in 2020 were 70 percent lower than 1990 levels and less than 1 percent lower than 2019 emissions. Distribution system CO₂ emissions in 2020 were 69 percent lower than 1990 levels and less than 1 percent lower than 2019 emissions. Annual CO₂ emissions from this segment are less than 0.1 MMT CO₂ Eq. across the time series." (EPA report, page 3-90, February 2022)

Massachusetts has seen a considerable decline in methane emissions related to natural gas systems. The MassDEP's GHG emissions inventory shows that methane (CH₄) emissions from natural gas systems declined by 67 percent from 1990 to 2018.

The GSEP program brings continued value, enhancing system resiliency and reducing system emissions statewide.

Sec. 52 Pilot Program for Municipal Bans on Fossil Fuels in New Buildings

The proposed revision in Section 52 would require "the Department of Energy Resources to establish a demonstration project to permit not more than 10 municipalities to restrict or prohibit new building construction or major renovation projects that do not qualify as fossil-fuel free."

We respectfully request that the Senate reconsider this proposal given the statewide review currently underway, in response to the Legislature's previous climate bill, to consider a stretch energy building code for the Commonwealth.

As you know, under the Legislature's direction, the Department of Energy Resources (DOER) is currently leading a process to update the existing 'Stretch Building Energy Code' as well as the new 'Municipal Opt-in Specialized Stretch Energy Code' according to the statutory requirements most recently updated by the [Climate Act of 2021](#). DOER issued a straw proposal on February 8th that includes an update to the stretch code alongside the new specialized stretch option for Municipalities. A "specialized opt-in" program is anticipated to be available for adoption in December 2022. It seems then prudent to allow this current process, encouraged by the Legislature, to unfold first before splintering state policy further.

More broadly on the issue of bans, we find that mandates and bans can have unintended and regressive consequences. Rather than bans, incentives and optionality encourage innovation and provide most often the best pathway for successful economic policies.



Furthermore, as the Attorney General's Office has noted in past comments, allowing for natural gas bans may have an impact on those less wealthy communities who will be paying a larger share of the costs of maintaining the natural gas infrastructure.

In the state's 2021 climate legislation, the importance of energy affordability was emphasized as one of the key goals, which is so particularly important during this challenging time of a pandemic, inflation and high energy commodity costs. Last year's legislation noted that the energy and environmental affairs secretary, when assessing the implementation of plans and regulations relative to climate change, should "consider whether activities undertaken to comply with statewide greenhouse gas emissions limits and sublimits disproportionately impact low-income and moderate-income communities and recommend actions that provide benefits or cost savings to such communities or otherwise eliminate any such impacts." We agree with this legislative emphasis and sensitivity. With respect to impact on customers, in New England, where electricity costs are among the highest in the country, economic fairness must underpin our transition while we consider deeper innovation possibilities. The Senate and the House should continue to be sensitive to the full economic cost impacts of the transition. Natural gas has been and remains the lowest cost heating option for most households in the Commonwealth and going forward can help alleviate and/or mitigate economic burdens on residences and businesses in this era of extraordinary transition on which we are embarking.

As the Commonwealth moves to decarbonize the building sector among other areas of the economy, we urge the members of the Senate to be sensitive to customer choice and energy affordability for residents and businesses.

Thank you for the consideration of our comments. As the Commonwealth continues its progress in moving towards a low-carbon economy with increasing reliance on renewables and clean energy technologies, we believe that natural gas will remain a key sustaining part of the state's energy portfolio. We look forward to working together on creating a reliable, affordable, and clean energy future for the Commonwealth.

Very truly yours,



Charles C. Crews
President and CEO

