December 2025

Representative Aaron Michlewitz, Chair
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Dear Chair Michlewitz and members of the House Ways & Means Committee,

We appreciate the opportunity to discuss energy affordability with you. Previously, many of our organizations communicated with your offices around concerns we had regarding certain elements of H.4744, *An Act relative to energy affordability, clean power and economic competitiveness*, and the mid- and long-term effects it would have on affordability and decarbonization. While we still share those deep concerns, we wanted to take this opportunity to express our appreciation for a number of other sections of the legislation that would help our renewable transition and improve our Commonwealth's energy affordability picture. Further, we wanted to offer some potential additions to improve upon the bill.

In H.4744, the House Telecommunications Utility and Energy Committee proposed a wide array of policies. Those provisions that we believe will advance energy affordability include the following:

- changes to the Electric System Modernization Plan language (Sections 57, 58, and 91);
- improved consumer protection laws for the customers of third-party electric suppliers (Sections 42, 45, 46, and 47);
- preventing ratepayer-funded utility spending on political activities (Section 50);
- requiring a just transition plan for utility gas workers (Section 79);
- allowing developers to use surety bonds or letters of credit in lieu of cash to cover interconnection costs (Section 59);
- supporting automated solar permitting (Sections 101, 102, the latter half of 21, and 100);
- removing woody biomass from the Greenhouse Gas Emission Standard (Section 89);
- lifting caps on net-metered solar (Sections 73 and 74);
- and increasing the usage of surplus interconnection service in utility planning (Sections 19, 51-56, 84-88).

While the policies above are steps forward, we are concerned that H.4744 takes little action on one of the biggest energy affordability challenges facing the residents of the Commonwealth, namely the extremely high and rising distribution costs burdening natural gas customers. These high distribution costs cannot be solved by increasing gas supply into the region or deploying more efficient gas equipment. The first option would only impact supply costs, while the second would spread the same distribution costs over less therms of gas. The only ways to reduce these distribution costs are by decreasing utilities spending on the gas system and reforming how those costs are paid for.

Some steps the Legislature can take to put downward pressure on gas rates include:

- Requiring the Department of Public Utilities to investigate the utilities current reconciliation mechanisms. As the Department of Energy Resources' Electric Rate Task Force has written, reconciliation mechanisms reduce utilities' incentive to spend funds cost-effectively, shift risk to ratepayers, and silo financing and planning efforts. Language to alleviate these issues can be found in Section 50 of H.4144.

- Requiring the Department of Public Utilities to launch an investigation into the gas and electric utilities' cost of capital versus their return on equity. As RMI, the American Economic Liberties Project, and others have written, in recent decades, utility regulators have adopted practices that are often overly generous to utility shareholders. This burdens ratepayers both directly and indirectly, by giving the utilities a strong incentive to overspend on capital investments.

- Transitioning away from the Gas System Enhancement Program (GSEP). Much like with reconciliation mechanisms, GSEP's incentive structure removes many of the barriers to overspending present in traditional ratemaking. This has led to costs of the program ballooning both on a total and per mile of gas lines replaced basis.

- Deploying a greater number of cost-effective non-pipeline alternatives (NPA) projects. If these NPA's were procured by the gas utilities through competitive solicitation processes, it could spur innovation and drive down costs, further benefiting ratepayers. See Section 3 of H.3539 for potential language.

- Removing the statutory requirement to disconnect and test gas meters every seven years. This requirement, which has remained unchanged since 1936, unnecessarily burdens ratepayers by imposing a removal and testing schedule that is needlessly stringent with modern meters. We recommend repealing Section 115A of Chapter 164 and leaving the technical question of how to best balance cost and ensuring proper equipment condition to the Department of Public Utilities.

Together these policies can put downward pressure on gas rates in both the short and long-run.

Finally, we urge the legislature to enact policies that would lower costs for electric ratepayers such as ending utility remuneration for Department of Energy Resources procurements, swiftly winding down the Alternative Energy Portfolio Standard, further reducing the soft-costs of solar through inspection reform and promoting the timely interconnection of panels by utilities, ease the building of transmission lines along highways and enacting policies to ensure that large data centers do not impose either economic costs or environmental externalities onto the general public.

Please feel free to reach out if we can provide any clarifications or additional information.

Sincerely,

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