



Commonwealth of Massachusetts
Executive Office of
Energy and Environmental Affairs

Energy Affordability and Large Buildings:

Opportunities to Drive Down Costs

A Better City and Green Ribbon Commission Conversation with
Undersecretary Mike Judge, Undersecretary Katherine Antos and Director Melissa Lavinson
Massachusetts Executive Office of Energy and Environmental Affairs

December 3, 2025



FOCUS OF ENERGY AFFORDABILITY, INDEPENDENCE, AND INNOVATION (EAI) ACT



- Took hard look at existing spending, programs, and policies to understand what is driving costs to:
 - Lower bills
 - Stabilize prices
 - Avoid spending
 - Bring more energy online
- Key findings:
 - Transmission and distribution infrastructure investments are biggest cost drivers – and are expected to continue growing
 - Energy supply costs are driven by natural gas prices – both magnitude of costs and volatility
 - Energy efficiency grew at slower pace than other parts of the bill; it can be provided more efficiently and paid for differently
- EAI takes a holistic approach based to reduce cost based on drivers, with key focus being on reigning in infrastructure spending



Get Costs Off Bills | Saves \$6.9 Billion

- Phase out alternative portfolio standard bill charge
- Reduce net metering credit
- Pay for programs like Mass Save differently
- Reform existing rates and charges



Create Accountability | Saves \$2.5 Billion

- Provide more oversight of costly transmission projects
- Restrict costs that utilities can recover from ratepayers
- Authorize utility management audits
- Require utilities to comprehensively plan and minimize grid costs



Bring More Energy into Massachusetts | Saves \$200 Million

- Expand state energy procurement authority
- Provide flexibility to set supply rates
- Allow customers to connect faster to the grid
- Reduce barriers to small nuclear technologies



Empower Customers to Lower Bills | Saves \$900 Million

- Protect customers from predatory electricity marketing and pricing
- Reduce upfront costs to building geothermal
- Reform low- and moderate-income discount rates
- Establish new financing tools for customers to efficiently heat and cool buildings
- Make Mass Save more efficient and responsive



Power Innovation and Growth

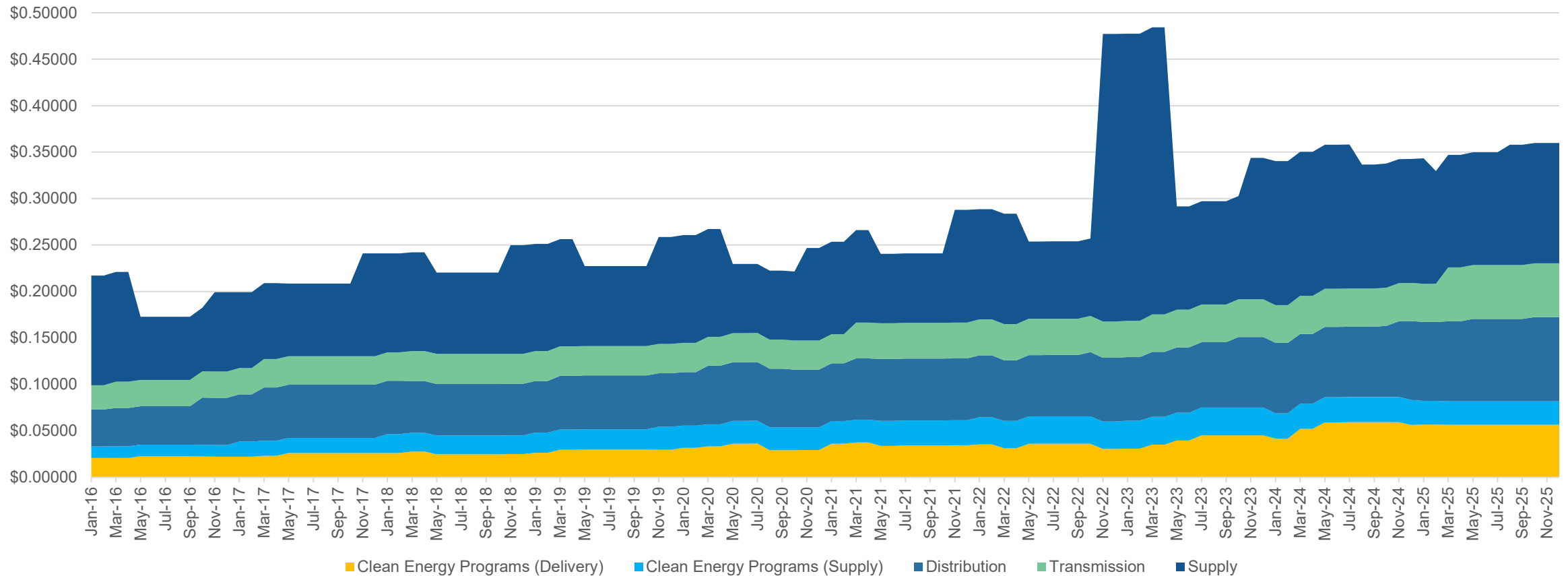
- Create clean energy ready zones to accelerate development
- Share benefits of infrastructure investments with ratepayers and communities

HISTORIC ELECTRIC RATES 2016-2025: MONTHLY VARIABILITY BY COMPONENT



- All bill components have increased by more than 100% since 2016
 - Largest cost drivers (nearly 50% of total rate increase) have been transmission and distribution related costs
 - Supply, distribution, transmission, and program costs have each increased at similar percentage growth rates
 - Energy efficiency charges grew at a slower rate than all other delivery rate components, with benefits exceeding costs

Monthly National Grid Residential Rates (2016-2025)

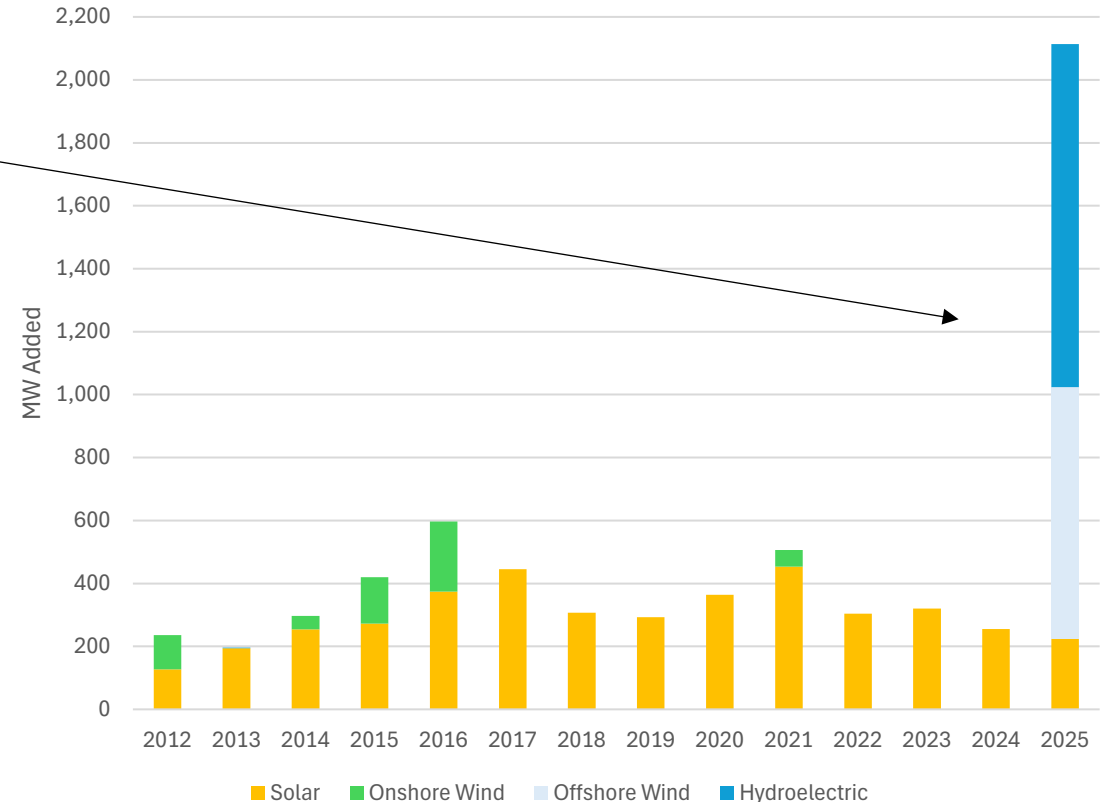




MASSACHUSETTS IS BRINGING CLEAN ENERGY ONLINE

- Since 2012, 6,700 MW of new clean energy generating capacity has been added via long-term contracts, SRECs, and tariff-based compensation programs:
 - SRECs and Net Metering: 2,500 MW of distributed solar
 - SMART Program: 1,364 MW of distributed solar
 - NECEC: 1,200 MW of imported Canadian hydro
 - Vineyard Wind: 806 MW of offshore wind
 - Section 83A Contracts: 458 MW of onshore wind; 205 MW of utility scale solar
 - Section 83 Contracts: 167 MW of onshore wind; 2 MW of hydro
- Since 2012, energy efficiency programs and behind-the-meter solar reduced statewide energy consumption more than 9%
- Massachusetts is pursuing procurement opportunities with other New England states for more utility-scale solar and onshore wind
- Recent SMART Program updates enable up to 1,800 MW of capacity for new distributed solar facilities in 2025 and 2026
- Over 50% Massachusetts' electricity consumption met by clean sources
- The federal government is slowing progress
 - More than 2,000 MW of new clean energy generation sources have been delayed or canceled by the Trump Administration

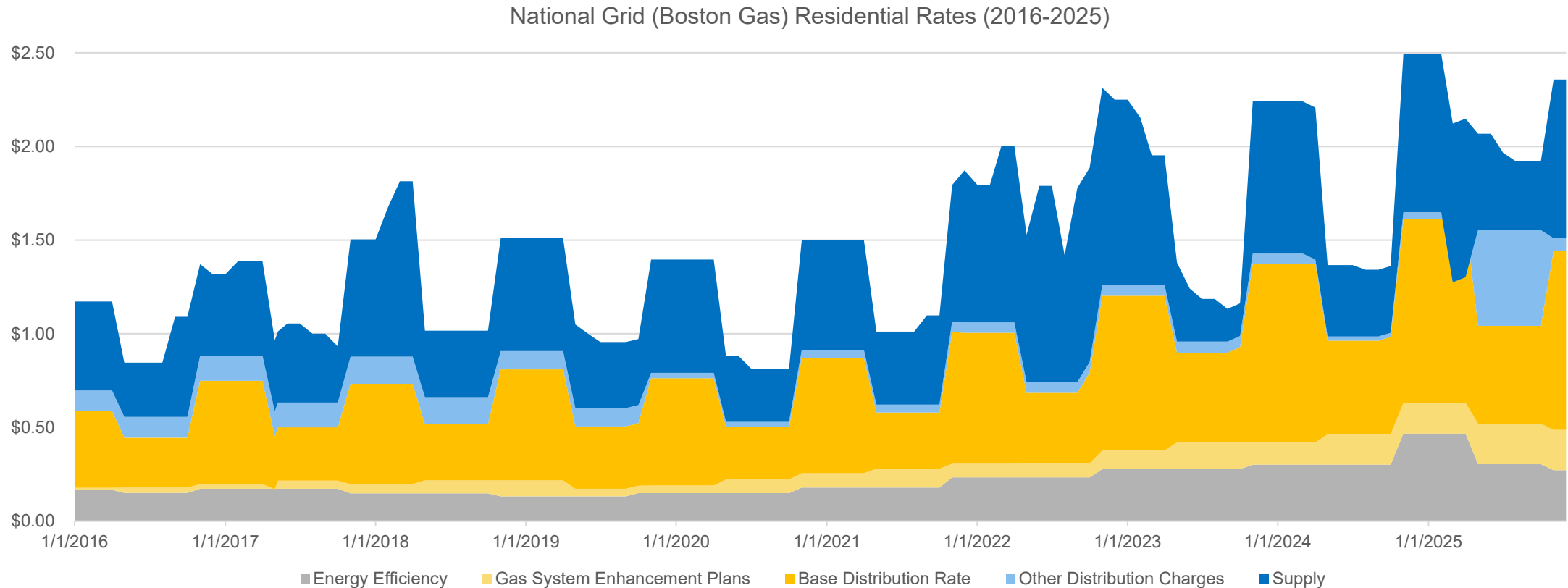
MW Added by Technology and Year



HISTORIC GAS RATES 2016-2025: MONTHLY VARIABILITY BY COMPONENT



- Nearly all rate components have grown previous 10 years
 - 56% of growth from gas system infrastructure investments, with GSEP being fastest growing (662% off-peak, 1,528% on-peak)
 - 35% of growth from higher supply costs
 - 9% of growth from energy efficiency (EE) program costs, and benefits far exceed costs





EAI ACT FOCUSED ON MITIGATING COST DRIVERS



Get Costs Off Bills | Saves \$6.9 Billion

- Phase out alternative portfolio standard bill charge
- Reduce net metering credit
- Pay for programs like Mass Save differently
- Reform existing rates and charges



Create Accountability | Saves \$2.5 Billion

- Provide more oversight of costly transmission projects
- Restrict costs that utilities can recover from ratepayers
- Authorize utility management audits
- Require utilities to comprehensively plan and minimize grid costs



Bring More Energy into Massachusetts | Saves \$200 Million

- Expand state energy procurement authority
- Provide flexibility to set supply rates
- Allow customers to connect faster to the grid
- Reduce barriers to small nuclear technologies



Empower Customers to Lower Bills | Saves \$900 Million

- Protect customers from predatory electricity marketing and pricing
- Reduce upfront costs to building geothermal
- Reform low- and moderate-income discount rates
- Establish new financing tools for customers to efficiently heat and cool buildings
- Make Mass Save more efficient and responsive



Power Innovation and Growth

- Create clean energy ready zones to accelerate development
- Share benefits of infrastructure investments with ratepayers and communities

- What we have done
 - Permitting and siting reform
 - Heat pump rates
 - Comprehensive review of rates/rate design
 - Enabled thousands of megawatts of new energy supply and 1.3 GW of demand response/ efficiency
 - Reformed gas distribution investment programs and policies
- What EAI enables
 - Comprehensive distribution system and load management planning
 - Expanded and flexible energy procurement
 - Faster interconnection
 - Innovative financing
 - Improved delivery and effectiveness of Mass Save
 - Elimination/reduction in program costs
 - More efficient heating and cooling



BRINGING CLEAN ENERGY INTO MASSACHUSETTS

Summary

- Remove utility as primary contracting agent for clean energy
- Creates a Division of Clean Energy Procurement within DOER
- Repeals law requiring any proposed new nuclear facility to receive approval through statewide ballot initiative

Purpose

- Eliminate hundreds of millions in administrative fees paid by ratepayers
- Broaden participation for public and private entities and non-profits to participate in clean energy solicitations
- Expand eligible solicitation of clean energy projects and attributes
- Allows small modular reactors with potential to meet energy needs with smaller footprint

Impact

Reduces overall ratepayer costs, provides more opportunity to participate in clean energy procurements (e.g., solar, offshore wind, storage), and enables advanced nuclear development

GETTING COSTS OFF BILLS



Summary

- Reduce net metering credit values for non-residential, non-customer-sited solar
- Reform SMART program to address current market dynamics and require net metering facilities to participate
- Phase out Alternative Portfolio Standard
- Require DPU to review, reform bill charges

Purpose

- Bring solar credits in line with other states
- Lower prices by creating more Class I RECs
- Repeal subsidies for technologies that no longer require support
- Reduce charges, authorize caps on month-to-month bill increases, and reduce bill volatility

Impact

Saves ratepayers approximately \$1.9 billion over 10 years and better aligns programs with needs

REINING IN INFRASTRUCTURE SPENDING: COMPREHENSIVE PLANNING AND LOAD MANAGEMENT



Summary

- Direct DPU to require utilities to incorporate innovative load management strategies
- Consolidate distribution rate case and grid modernization dockets into one comprehensive planning docket

Purpose

- Unify distribution planning and cost recovery to reduce inefficiency and overbuilding
- Integrate demand flexibility, virtual power plants, DER, and EV infrastructure to avoid infrastructure spending and meet load growth more affordably

Impact

Consolidate utility grid planning into single, accessible forum and enable load management strategies to promote DER adoption and aggregation and lower overall system and ratepayer costs



CONNECTING TO THE GRID FASTER AND CHEAPER

Summary

- Establish a flexible interconnection program for solar, storage, and large customers that leverages customer-side/DER-side ability to manage what is being exported to/taken from the grid at any moment

Purpose

- Enable more solar and storage to interconnect by allowing curtailment of clean energy when the grid is most constrained
- Enable faster and cheaper interconnection of new loads by allowing customers to leverage BTM-technologies and building energy management systems to reduce peak demand
- These projects would otherwise require substantial infrastructure upgrades adding time and cost

Impact

Enable solar, storage, and large load projects to interconnect in constrained areas of the grid by strategically curtailing and managing demand during specific windows of grid strain

ENABLING MORE EFFICIENT HEATING AND COOLING, REDUCING NATURAL GAS AND PEAK ELECTRIC DEMAND



Summary

- Allows gas utilities to build, own, and operate geothermal systems for individual customers, with regulatory oversight and transparent rates
- Enables expansion of system to serve other customers

Purpose

- Reduce the logistical, financial, and regulatory barrier for adoption of geothermal
- Financial saving for ratepayers by reducing need for technology incentives (e.g. Mass Save), reduction of electrical peak demand, and reduction in natural gas demand

Impact

Provides large customers and campuses the means of adopting geothermal technology without owning and operating the geothermal system infrastructure, enabling faster more cost-effective deployment of the most efficient heating and cooling

AUTHORIZING INNOVATIVE FINANCING



Summary

- Enables on-bill financing for energy efficiency and electrification measures
- Allows nonprofits to invest in distribution and geothermal infrastructure and share benefits with communities
- Authorizes lower cost utility debt financing

Purpose

- Reduce upfront cost barriers to technology adoption and deployment
- Lowers rates and bills, creates agency/direct community benefits, and better aligns costs with benefits

Impact

Provides authorizations for utilities to pursue/offer alternative financing options for clean energy and energy efficiency programs to accelerate customer adoption, reduce customer costs, lower program funding needs, and finance Mass Save



TRANSFORMING MASS SAVE

Summary

- Consolidates program administrators and directs program funds to be pooled
- Uses competitive procurements and single statewide contract to extent practicable
- Develops a centralized data platform
- Creates a one-stop resource for customers
- Maintains EEAC and DPU oversight

Purpose

- Reduce program administration costs
- Make it easier for customers to access programs that save energy and reduce energy bills
- Increase accountability for program delivery
- Expand opportunities for businesses and create jobs in communities throughout the state

Impact

Streamlines program delivery, increases accountability and reduces administrative costs by 10%. Enables new ways to finance program that could yield further savings

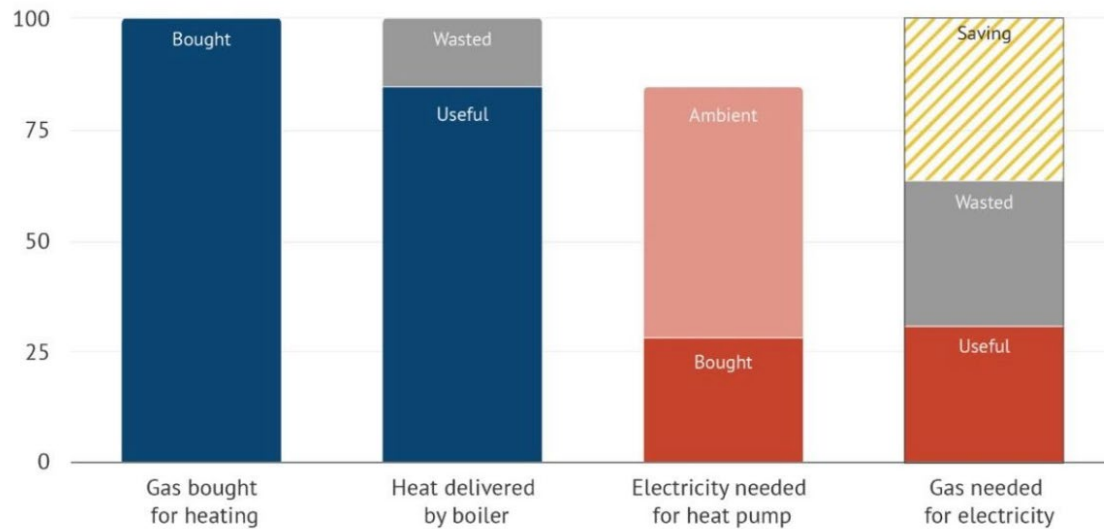
HEAT PUMPS ARE AN EFFICIENCY MEASURE

Drive Down Both Gas and Electric Use

<https://lnkd.in/eDuxMvMv>

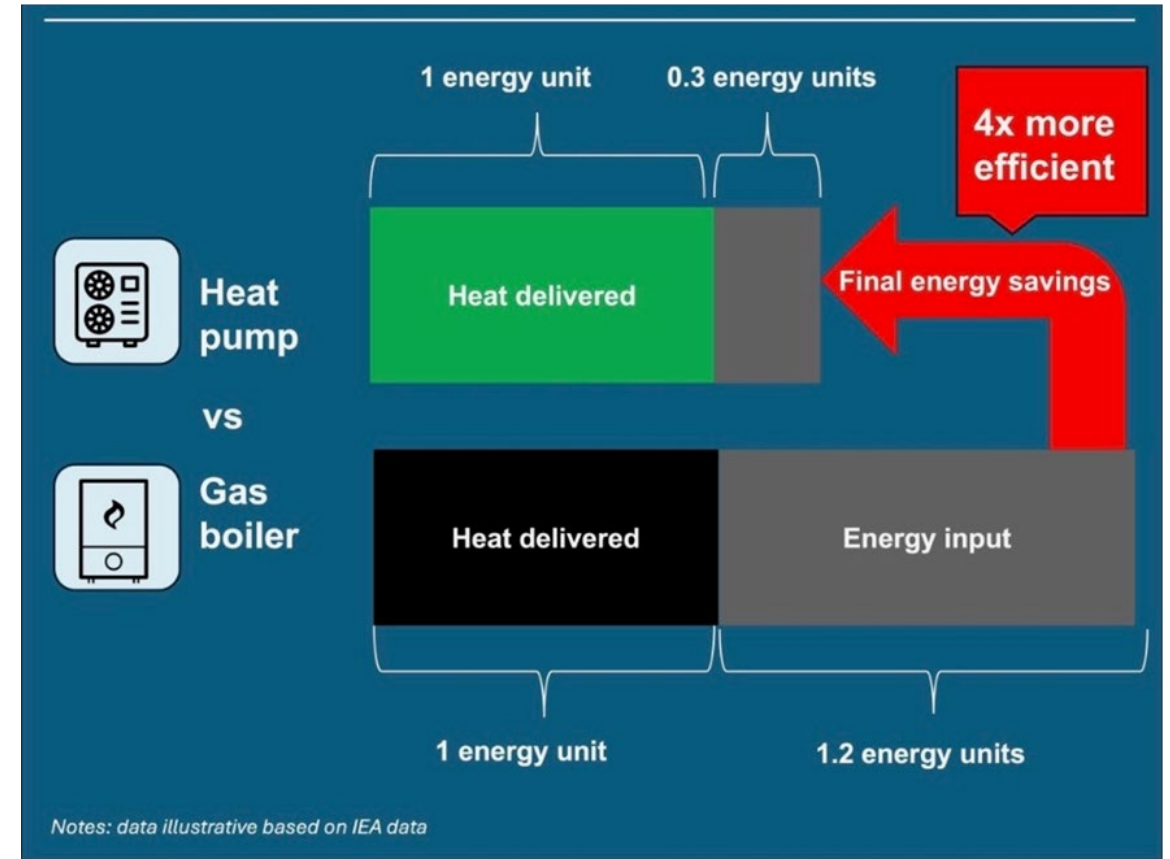
Shifting from gas boilers to electric heat pumps would cut gas demand by two-fifths, even running on 100% gas power

Units of energy, kWh



Source: Carbon Brief analysis.

CarbonBrief





HEAT PUMPS REDUCE OVERALL ENERGY USE

Heating Technology	Building Size (sf)	Total Heat Needed (MMBtu)	Technology Efficiency (COP)	Total Energy Used (MMBtu)
Air source heat pump	20,000	722	2.65	272
Ground source heat pump	20,000	722	3.5	206
Gas furnace	20,000	722	0.9	802



QUESTIONS AND DISCUSSION

- <https://www.mass.gov/info-details/the-energy-affordability-independence-and-innovation-act>
 - [Getting Costs Off Bills](#)
 - [Bringing More Energy Into Massachusetts](#)
 - [Supporting the Customer](#)
 - [Powering Innovation and Smart Growth](#)
 - [Creating Accountability](#)

