VIA ELECTRONIC MAIL ONLY

Laurie Weisman, Hearing Officer
Mark D. Marini, Secretary
Massachusetts Department of Public Utilities
One South Station, 5th Floor
Boston, Massachusetts 02110

March 1, 2024

Subject: D.P.U. 24-15: Notice of Inquiry by the Department of Public Utilities on its own Motion into Energy Burden with a Focus on Energy Affordability for Residential Ratepayers
Initial Joint Comments of Environmental and Consumer Advocates

Dear Hearing Officer Weisman, Secretary Marini, and Service List:

Pursuant to the January 4, 2024 Notice of Inquiry ("the Inquiry") in Department of Public Utilities ("DPU" or "the Department") Docket No. 24-15, the undersigned respectfully submit the following comments regarding energy burden and energy affordability for residential ratepayers.

I. Departmental Review of Energy Affordability is Necessary for Understanding Impacts Upon Customers and the State's Climate Goals

Review of energy affordability is an important undertaking for the Department as our energy system remains vulnerable to climate change, with energy supply and electricity transmission interruptions[1]; increasing energy prices;[2] and as the Commonwealth transitions away from fossil fuels in compliance with state climate goals.[3]

[1] U.S. Environmental Protection Agency, *Climate Change Impacts on Energy*, available at https://www.epa.gov/climateimpacts/climate-change-impacts-energy#:~:text=Our%20energy%20system%20is%20vulnerable,rise%2C%20hurricanes%2C%20and%20wildfires. (last accessed February 15, 2024).
[2] Miriam Wasser & Mara Hoplamazian, WBUR, *Why Electricity Prices are Rising Unevenly Across New England* (September 8, 2022), available at https://www.wbur.org/news/2022/09/08/new-england-electricity-prices-natual-gas-utility-auctions.
[3] *See generally*, Order on Regulatory Principles and Framework, D.P.U. 20-80-B (2023).

Massachusetts residents, especially members of environmental justice communities,[4] face undue burdens from energy bills.[5] This burden is a result of several factors. Due to global climate change, Massachusetts has faced increasingly extreme weather events including heat waves and cold snaps, which in turn require additional consumption of electricity for cooling and gas, oil, and propane for heating.[6] These factors are compounded by historically poor planning around energy needs, which has placed all Massachusetts residents at risk during extreme heat events such as heat waves and cold snaps.[7]

For example, ISO-NE has historically over-procured capacity for the regional electric grid in the name of reliability, which unfairly saddles consumers with the bill for energy they do not consume.[8] Further, Massachusetts local gas distribution companies ("LDCs") have taken advantage of accelerated cost recovery and limited Department oversight afforded by the 2014 Gas Leaks Act[9] to pour ratepayer monies into the gas pipeline system, despite Massachusetts' determination that to achieve our mandate of net-zero greenhouse gas ("GHG") emissions by 2050,[10] we must aggressively reduce reliance on fossil fuels, including methane gas.[11] If energy

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[4] St. 2021, c. 8, *An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy*; "'Environmental justice population,' a neighborhood that meets 1 or more of the following criteria: (i) the annual median household income is not more than 65 per cent of the statewide annual median household income; (ii) minorities comprise 40 per cent or more of the population; (iii) 25 per cent or more of households lack English language proficiency; or (iv) minorities comprise 25 per cent or more of the population and the annual median household income of the municipality in which the neighborhood is located does not exceed 150 per cent of the statewide annual median household income; provided, however, that for a neighborhood that does not meet said criteria, but a geographic portion of that neighborhood meets at least 1 criterion, the secretary may designate that geographic portion as an environmental justice population upon the petition of at least 10 residents of the geographic portion of that neighborhood meeting any such criteria."

[5] Metropolitan Are Planning Council, *Energy Burden in MA: Causes and Effects of Severe Energy Burden for Low-Income Residents* (October 2021), available at https://www.mapc.org/wp-content/uploads/2021/10/Energy-Burden-Presentation.pdf.

[6] Massachusetts Department of Public Health, *Climate Hazard Assessment Profile: Extreme Weather Events* (May 2022), available at https://www.mass.gov/doc/climate-hazard-assessment-profile-extreme-weather-events/download.

[7] Mengmeng Li, et al., *Heat Waves and Morbidity: Current Knowledge and Further Direction- A Comprehensive Literature Review*, 12 Int. J. Environ. Res. Pub. Health 5 (2015), available at https://doi.org/10.3390/ijerph120505256 (most studies found the elderly, children, and males were most vulnerable during heat waves, and that some factors, such as lower socioeconomic status, can contribute to heat susceptibility); *see also* Andrew Coffman Smith, *New England Dual-Fuel Units Burning Through Oil, Emissions Limits Amid Cold Snap*, S&P Global Market Intelligence (2018), available at https://www.spglobal.com/marketintelligence/en/news-insights/trending/ggT2tESXwkJjN6ywBOgCng2.

[8] Darrèll Brown, *17 Years and Still Waiting For Fixes To New England Power Grid*, The Providence Journal (September 25, 2022), available at https://www.providencejournal.com/story/opinion/2022/09/25/opinion-brown-17-years-and-still-waiting-fixes-new-england-power-grid/8024737001/; *see also* Phelps Turner, *Our Regional Grid Operator Misleads New Englanders, Once Again*, Conservation Law Foundation (November 2, 2022), available at https://www.clf.org/blog/new-england-regional-grid-operator-misleads-again/.

[9] St. 2014, ch. 149.

[10] M.G.L. c. 21N.

[11] Commonwealth of Massachusetts, *Clean Energy and Climate Plan for 2050* (December 2022), available at https://www.mass.gov/doc/2050-clean-energy-and-climate-plan/download; *see also* Dorie Seavey, Ph.D., *GSEP at the Six-Year Mark: A Review of the Massachusetts Gas System Enhancement Program*, Gas Leaks Allies (October 2021), available at http://tinyurl.com/essmkp9m.

planning in the Commonwealth continues to proceed as usual, Massachusetts residents will be stuck footing the bill for poor decision-making for decades to come.

Most recently, multiple LDCs, including Eversource, Eversource Gas of Massachusetts ("EGMA"), National Grid, and Unitil, have sought permission to enter into contracts with Constellation Gas, seeking to purchase LNG from Constellation.[12] A major question for these proceedings is whether the LDCs truly intend to utilize the LNG as a bridge fuel as they work with local electric distribution companies ("EDCs") in pursuit of the electrified future of Massachusetts' energy systems; given that the LDCs' contracts with Constellation call for increased purchase of LNG year over year of the contract terms,[13] the answer seems to be no.

The Department cannot effectively alleviate residential energy burdens by reviewing rate reform in a vacuum. The present proceeding, while an integral step toward addressing the burden of high energy bills throughout the Commonwealth, must be accompanied by significant reforms to energy planning, especially as Massachusetts moves toward an electrified future. As policies are developed in response to climate change and a clean energy transition, our Commonwealth must have a broad understanding of energy insecurity and energy burden in order to appropriately address the many health and energy equity disparities affecting low-income and environmental justice communities.

A. Customer Impacts

1. Existing Structural Inequities Aggravate Energy Burden Amongst Certain Customers

Energy burden means the ratio of energy costs to household income.[14] Factors which impact energy costs include geographic location, rate factors and policies, energy usage behaviors, socioeconomic characteristics (which determine a household's ability to afford energy-efficiency retrofits and energy-efficient appliances), and housing characteristics (*i.e.*, older housing stock, public housing, and multi-family units correlate with high energy burdens).[15] The Department has the ability to influence these factors to help to decrease energy burden across the Commonwealth. For example, to address energy usage behaviors, the DPU can

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[12] Petitions for Approval of Gas Supply Agreement with Constellation LNG, LLC, D.P.U. 24-25 through D.P.U. 24-28 (2024).
[13] *Id*.
[14] Marilyn A. Brown, *et. al.*, *High Energy Burden and Low-Income Energy Affordability Conclusions from a Literature Review*, Prog. Energy 2 (2020) at 3, available at https://iopscience.iop.org/article/10.1088/2516-1083/abb954/pdf.
[15] *Id*.

require EDCs to implement time-varying rates (or time-of-use "TOU" rates).[16] Policies providing for active demand and behavioral energy efficiency (e.g. using advanced metering infrastructure ("AMI") to inform residents of their energy use habits and help them make decisions about their consumption) can also be used to impact energy usage behaviors. It is important to note, however, that many who are burdened by their energy bills are often forced to make decisions about their energy consumption, often at the expense of their health or medical needs.[17]

Energy affordability must be examined through an energy equity and environmental justice lens as historically, low-income communities, communities of color, and linguistically isolated communities have been disproportionately affected by pollution, extreme weather events, and other environmental impacts. These communities are impacted by existing structural inequities and as well carry a higher energy burden– especially within the New England region.[18]

2. Race is a Major Factor in Determining the Likelihood that a Household Will Experience Energy Insecurity

Race and equity are at the intersection of energy insecurity and energy consumption. Black and Brown households have higher utility expenses and higher energy use as compared to average American households, and energy insecurity overwhelms Black households with children as compared to all other demographic groups.[19] The underlying causes of higher energy

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[16] Time-varying rates, while a useful tool, must be constructed in such a way as to incentivize positive behaviors without punishing customers who cannot adhere to a time-of-use rate due to personal or work needs (*i.e.*, customers who work overnight/irregular work schedules; having small children at home; personal needs of older adults; use of medical equipment requiring the use of electricity). *See* Comments of Conservation Law Foundation in D.P.U. 23-84 Petition of NSTAR Electric Company d/b/a Eversource Energy for Approval to Offer Optional Electric Vehicle Time-of-Use Rates .and 23-85 Petition of Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid for Approval to Offer Optional Electric Vehicle Time-of-Use Rates

[17] Eva Laura Siegel, *et al.*, *Energy Insecurity Indicators Associated With Increased Odds of Respiratory, Mental Health, and Cardiovascular Conditions*, 43 Health Affairs 2 (February 2024), available at https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2023.01052; *see also* Eva Laura Siegel, *et al.*, *Energy Insecurity Indicators Associated With Increased Odds of Respiratory, Mental Health, and Cardiovascular Conditions*, 43 Health Affairs 2 (February 2024) at 266, available at https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2023.01052 ("Enduring extreme indoor heat to save on energy costs poses preventable health risks that will increase with climate change, as air conditioner use can be a matter of life and death.")

[18] American Council for an Energy-Efficient Economy, *National and Regional Energy Burdens* (September 2020), available at https://www.aceee.org/sites/default/files/pdfs/ACEEE-01%20Energy%20Burden%20-%20National.pdf; *see also* Synapse Energy Economics Inc., Regulatory Assistance Project, and Community Action Partnership, *Energy Infrastructure: Sources of Inequities and Policy Solutions for Improving Community Health and Wellbeing* (April 29, 2020), available at https://www.climateadvocacylab.org/system/files/Equity-in-Energy-Report-19-037-0.pdf.

[19] Marilyn A. Brown, *et al.*, *The Persistence of High Energy Burdens: A Bibliometric Analysis of Vulnerability, Poverty, and Exclusion in the United States*, 70 Energy Research & Social Science (2020) at 5, available at http://tinyurl.com/2p8adsv2.

insecurity amongst households of color are complex – with historical housing injustices[20] and racial segregation, and the wealth (including generational wealth) inequality gap impacting minority groups.[21] Research has consistently shown a pattern of unequal sociodemographic distribution of energy insecurity indicators disproportionately affecting low-income, Black and Latino/a people.[22] While low-income households are more likely to experience economic hardships such as energy burden, Black residents are more likely than all other demographic groups to experience a *double burden* – rent burden and energy burden.[23] In addition, Black families are more likely to live in older, energy inefficient homes with structural defects, inefficient appliances, and faulty energy systems, all contributing to a disproportionate burden of energy insecurity.[24]

Black households specifically suffer from greater energy burden than other demographic groups. A recent study published in November 2023 reviewed the racial disparities of energy burden, beyond socio-economic inequality:[25]

> First, we show a statistically and economically significant energy burden gap between Blacks and others inexplicable by socioeconomic inequality. To be specific, after controlling for 56 variables related to socio-economic status, Black households' annual energy expenditure exceed that of the other [demographic] groups by US$120.2 on average. This implies that Black households in the U.S. annually bear an extra combined energy burden of US $1.64 billion…
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> Second, we demonstrate that Black households demand more space-heating energy than others, and this is the main driver of the racial gap in the energy

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[20] Eva Laura Siegel, *et al.*, *Energy Insecurity Indicators Associated With Increased Odds of Respiratory, Mental Health, and Cardiovascular Conditions*, 43 Health Affairs 2 (February 2024) at 265, available at https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2023.01052 ("Historic redlining policies and widespread disinvestment in urban centers…have effectively created concentrations of poverty, poor health, and inadequate housing in specific areas. Racial segregation along with financial, language, and education barriers are often associated with poorly maintained housing, especially in rental properties, so the resultant higher risks of energy insecurity observed in these communities is, unfortunately, unsurprising.")

[21] *See, i.e.*, D.A. Sunter, *et. al.*, *Disparities in Rooftop Photovoltaics Deployment in the United States by Race and Ethnicity*, 2 Nature Sustain. 1 (2019) at 71-76, available at https://www.nature.com/articles/s41893-018-0204-z;

[22] Eva Laura Siegel, *et al.*, *Energy Insecurity Indicators Associated With Increased Odds of Respiratory, Mental Health, and Cardiovascular Conditions*, 43 Health Affairs 2 (February 2024) at 265, available at https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2023.01052.

[23] Diana Hernández, *et al.*, *Housing Hardship and Energy Insecurity Among Native-Born and Immigrant Low-Income Families with Children in the United States*, 22 J. of Children and Poverty 2 (2016), available at https://www.tandfonline.com/doi/full/10.1080/10796126.2016.1148672.

[24] Jamal Lewis, *et al.*, *Energy Efficiency as Energy Justice: Addressing Racial Inequities Through Investments in People and Places*, 13 Energy Efficiency at 419-432 (2020), available at https://link.springer.com/article/10.1007/s12053-019-09820-z.

[25] Sosung Baik, *et al.*, *Racial Disparities in the Energy Burden Beyond Socio-Economic Inequality*, 127(A) Energy Economics (November 2023),available at https://www.sciencedirect.com/science/article/abs/pii/S0140988323005960.

> burden. We find that whereas space heating accounts for only 25% of the total energy expenditure, it explains 52% of the racial gap in energy expenditure. By contrast, no other end-use type accounts for a greater share of the racial gap than its share of the energy expenditure. Notably, air conditioning explains only a negligible portion of the racial gap…**in line with these results, the racial gap in space heating is greater in cold climates than in hot climates, whereas the gap in air conditioning does not exhibit any noticeable pattern** (emphasis added).
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> Lastly, we provide suggestive evidence that Black [households'] excess demand for space heating is associated with self-reported needs for health services **due to low indoor temperature**. Specifically, we find that the likelihood of self-reporting a need for medical attention due to low indoor temperature is higher for Blacks than the other groups with similar socio-economic backgrounds, while that due to high indoor temperature is statistically indistinguishable between Black [households] and non-Black [households] (emphasis added).

The clean energy transition cannot occur without data analysis on the impacts of race on energy insecurity, as research has shown that increases in energy poverty is associated with declines in public health—especially within Black households.[26] The Department must acknowledge and address within its policymaking the impact of severe temperatures upon historically marginalized and energy vulnerable groups.

B. Electrification of Low-and-Moderate Income Building Stock Will Be Necessary for Achievement of the Commonwealth's Climate Goals

The reduction of energy burden upon low-and-moderate income households will require decarbonization of aging residential building stock. The electrification of low-and-moderate income building stock presents an important opportunity to address historic health, energy, and social burdens imposed upon these customers by our existing energy system.[27] Research suggests that enhanced ventilation, a high-performance building envelope, improved building energy management, and energy-efficient electric appliances together can deliver significant health benefits to environmental justice communities.[28]

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[26] Sefa Awaworyi Churchill & Russell Smyth, *Energy Poverty and Health: Panel Data Evidence from Australia* 97 Energy Economics (May 2021), available at https://www.sciencedirect.com/science/article/abs/pii/S0140988321001249; *see also* Eyup Dogan, *et al.*, *Race and Energy Poverty: Evidence From African-American Households*, 108 Energy Economics (April 2022), available at https://www.sciencedirect.com/science/article/abs/pii/S0140988322000883.

[27] Yu Ann Tan and Mark Kresowik, *Investing in Healthier Low-Income Housing*, RMI (October 13, 2021), available at https://rmi.org/investing-in-healthier-low-income-housing/.

[28] Yu Ann Tan and Bomee Jung, *Decarbonizing Homes: Improving Health in Low-Income Communities Through Beneficial Electrification*, RMI (2021), available at https://rmi.org/insight/decarbonizing-homes/.

MassSave program energy efficiency budget levels—or more accurately, the lack thereof—is directly correlated with how fast low-and-moderate income building stock is converted to air source heat pumps and implementation of energy efficiency measures within these households. MassSave funding should strategically be used to convert low-and-moderate income households still heating their homes with oil, propane, kerosene, wood, or coal. While state agencies and the legislature need to align on MassSave program priorities, there is a present need to make air source heat pump conversions affordable for low-and-moderate households.

II. The Department Must Prioritize Review of How Energy Affordability Impacts Vulnerable Populations

A. Customers with Health Concerns Face High Rates of Energy Insecurity and are More Vulnerable to Adverse Impacts from Utility Disconnections

Environmental justice communities are characterized by the prevalence of three criteria: high proportion of minority residents, high proportion of low-income residents, and high proportion of linguistically-isolated residents. In addition to environmental justice communities, a growing body of research has identified additional energy vulnerable groups, including older adults, people with disabilities, and families with young children.[29] Massachusetts residents who are elderly, who have medical conditions, or who live with disabilities, face risks relating to energy burdens.[30] In addition to or because of their medical needs, these populations tend to have lower incomes or rely on assistance to meet their basic needs. These populations are often reliant on financial assistance from government programs or social service programs, and the ability to consume energy can impact their well-being more easily than the average person; for example, a person with a chronic illness or disability may be reliant on an electronic device to manage their condition, or on medicine which requires refrigeration[31] or may be more sensitive to certain

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[29] Carli Friedman, *Unsafe Temperatures, Going Without Necessities, And Unpayable Bills: Energy Insecurity of People With Disabilities in the United States During the COVID-19 Pandemic*,92 Energy Research & Social Science (October 2022), available at https://www.sciencedirect.com/science/article/pii/S2214629622003097; *see generally*, Nicle Gratton, *Aging in Place with Grace: Considering Energy Burden and Energy Efficiency as Factors of Aging in Place Success*, McGill University School of Urban Planning (April 2021), available at https://escholarship.mcgill.ca/downloads/7m01br279?locale=en.

[30] In 2009 and 2010 alone, over 8250 emergency room visits nationally were caused by heat stroke, a figure disproportionately represented by low-income, minority, and elderly populations; many of these deaths could have been prevented if people were able to cool their homes properly. Shuchen Cong, *Unveiling Hidden Energy Poverty Using the Energy Equity Gap*, 13 Nature Communications (May 4, 2022), available at https://www.nature.com/articles/s41467-022-30146-5.

[31] National Consumer Law Center, "Protecting Seriously Ill Consumers from Utility Disconnections: What States Can Do to Save Lives Now" at 5 (Feb. 2021) available at: https://www.nclc.org/wp-content/uploads/2022/09/Serious_Illness_Rpt.pdf

temperatures.[32] Childhood development can also be impacted by energy insecurity, and children living with energy insecurity face higher rates of hospitalization and developmental delays.[33]

Existing energy assistance programs are insufficient to meet the needs of medically vulnerable populations.[34] According to surveying by the National Energy Assistance Directors' Association, despite participation in energy assistance programs, some Low Income Home Energy Assistance Program ("LIHEAP") recipients "report foregoing medicine, medical care, and food to pay for essential heating service in the winter."[35] Yet, within the first 10 months of 2022, utilities shut off power to American households an estimated 4.2 million times.[36]

According to Duke University researchers, a national moratorium on utility shutoffs could have reduced COVID-19 deaths by 15%.[37] In effect, utility shutoffs operate as the most severe form of punishing low-income people, who already suffer financial impacts of debt accumulation (i.e., limited purchasing power, negative credit score impacts, etc.)[38] The fees associated with utility cutoffs (and additional fees to turn utilities back on again) add insult to injury to low-income customers – an unnecessary financial burden that perpetuates the cycle of energy poverty.

We urge the Department to view utility disconnections through an energy justice lens: The reduction of vulnerability to energy poverty is the larger objective of an energy burden investigation and utility disconnections serve no purpose in ensuring the protection of our Commonwealth's most marginalized and vulnerable communities. A standardized utility policy guaranteeing both electric and gas residential service connection *year-round* would challenge energy burden experiences statewide, and the Department should take a strong stance to halt

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[32] Some people with disabilities may have specific energy needs (*i.e.*, higher room temperature, use of electrical equipment). *See, i.e.*, Diana Ivanova & Lucie Middlemiss, *Characterizing the Energy Use of Disabled People in the European Union Towards Inclusion in the Energy Transition*, 6 Nature Energy (2021), available at https://www.nature.com/articles/s41560-021-00932-4.

[33] Protecting Seriously Ill Customers at 6.

[34] Protecting Seriously Ill Customers at 6.

[35] Protecting Seriously Ill Customers at 7, citing National Energy Assistance Directors' Association, 2018 National Energy Assistance Survey Final Report 18-24 (Dec. 2018).

[36] Selah Goodson Bell, *et al.*, *Powerless in the United States: How Utilities Drive Shutoffs and Energy Injustice*, Center for Biological Diversity, Energy and Policy Institute, and Bailout Watch (2023), available at https://www.biologicaldiversity.org/programs/energy-justice/pdfs/Powerless-in-the-US_Report.pdf.

[37] Jowers, Kay *et al.*, *Housing Precarity & the Covid-19 Pandemic: Impacts of Utility Disconnection and Eviction Moratoria on Infections and Deaths Across U.S. Counties*, National Bureau of Economic Research (January 2021), available at https://www.nber.org/system/files/working_papers/w28394/w28394.pdf.

[38] Selah Goodson Bell, *et al.*, *Powerless in the United States: How Utilities Drive Shutoffs and Energy Injustice*, Center for Biological Diversity, Energy and Policy Institute, and Bailout Watch (2023) at 16, available at https://www.biologicaldiversity.org/programs/energy-justice/pdfs/Powerless-in-the-US_Report.pdf.

adverse effects associated with inaccessible (and inequitable) access to energy (emphasis added).[39]

B. Removal of Weatherization Barriers for Residents of Affordable Housing and Other Vulnerable Households

Electricity rates in New England are disproportionately high relative to most of the United States.[40] As Massachusetts moves to its clean energy future via electrification, these high electric rates prevent low and moderate-income customers and members of environmental justice communities from taking advantage of opportunities to engage in fuel-switching. In turn, as more and more Massachusetts residents leave the gas system, those who are left behind are saddled with higher gas prices as the same operations and maintenance costs are spread across fewer ratepayers.[41] The Commonwealth needs to prioritize transitioning LMI customers, both homeowners and renters, to protect them from footing the bill for stranded gas assets.

Removal of barriers to weatherization for affordable housing residents and other vulnerable residents residing within old building stock will be crucial prior to implementing energy efficiency measures within these homes. Notably, decarbonizing the affordable housing sector will be challenging, especially for existing housing stock: Fuel switching will require expensive upgrades and modifications.[42] Other barriers to decarbonization within older buildings include unfamiliarity with electric technologies (*i.e.*, heat pumps and induction stoves).[43] As the Department considers the subject of energy affordability, it should assess the benefits of removing affordable housing master-metered projects from commercial rates, consider a discount/special rate that makes decarbonization a reality, and generally review Departmental barriers to decarbonization within the low-income buildings sector, which can simultaneously help alleviate energy burden (*i.e.*, community solar, micro-grid accessibility and infrastructure development). One example of a special rate the Department should evaluate during the course of this proceeding is a rate designed for affordable housing units which have

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[39] *See generally,* Shalanda H. Baker, *et al.*, *Energy Insecurity and the Urgent Need for Utility Disconnection Protections*, 159 Energy Policy (December 2021), available at https://www.sciencedirect.com/science/article/abs/pii/S0301421521005280. Notably, utility disconnections can encourage predatory collection practices. *See* Selah Goodson Bell, *et al.*, *Powerless in the United States: How Utilities Drive Shutoffs and Energy Injustice*, Center for Biological Diversity, Energy and Policy Institute, and Bailout Watch (2023) at 17, available at https://www.biologicaldiversity.org/programs/energy-justice/pdfs/Powerless-in-the-US_Report.pdf (Michigan's DTE Energy sold the debt of 290,000 customers and nearly 14,000 commercial accounts in 2017, receiving nearly $5M from debt collectors that are now entitled to collect more than $282M from low-income customers.)

[40] American Council for an Energy-Efficient Economy, *National and Regional Energy Burdens* (September 2020), available at https://www.aceee.org/sites/default/files/pdfs/ACEEE-01%20Energy%20Burden%20-%20National.pdf.

[41] S. Nadel, *Impact of Electrification and Decarbonization on Gas Distribution Costs*, American Council for an Energy-Efficient Economy (2023), available at https://www.aceee.org/research-report/u2302.

[42] Dan York, *et al.*, *Affordable Housing Lags Behind in Decarbonization Programs*, American Council for an Energy-Efficient Economy (April 18, 2022), available at https://www.aceee.org/research-report/u2204.

[43] *Id*.

been electrified and for which the property owner pays for utilities, thereby reducing the electricity bills arising from the master meter while helping to meet our decarbonization goals and protecting affordable housing residents.

III. The Department Has Raised Several Questions That Will Require Additional In-Depth Analysis

A. Low-and-Moderate Income Energy Burdened Populations Within Our Commonwealth

Prior to the review and potential change of the current R2 rate, the Department needs to have a clear understanding of our state's LMI energy-burdened populations. This mapping exercise will require analysis of the vast scale and range of energy burden across our state, across all service territories.[44]

B. Specific Rate Reform Solutions Require Modeling in Context of Statewide LMI Energy Burden Analysis

The Department must review all energy affordability rate reforms in the context of its previously-conducted LMI energy burden analysis and mapping exercise. There will be a need to model various rate reform solutions to LMI energy burden, as these will require the financing of both a discount rate and arrearage management program. In addition, the review of any discount rate must consider socioeconomic impacts on energy burden and energy insecurity. The Department must be open-minded in its review of energy poverty metrics—income-based metrics alone ignore both human behavior patterns[45] and race.[46]

IV. The Department Must Undertake Additional Process in this Proceeding

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[44] *See, i.e.*, Pennsylvania Public Utility Commission, *Home Energy Affordability for Low-Income Customers in Pennsylvania* (January 2019), available at https://www.puc.pa.gov/pcdocs/1602386.pdf; Colorado Energy Office, *Pathways to Energy Affordability in Colorado* (January 2022),available at https://drive.google.com/file/d/1oTnkG1oiDrLrtoU9Ay7Se7bBbvG0KNcp/view; *In the Matter of the Commission's Review of Its Rules for the Establishment of Credit for Residential Utility Services and the Disconnection of Gas, Natural Gas, or Electric Services to Residential Customers*, The Public Utilities Commission of Ohio, Case No. 13-274-AU-ORD (June 4, 2014); *Notice of Inquiry (20-NOI-01) Public Utility Service Affordability*, Report to the Illinois Commerce Commission, Docket No. 20-NOI-01 (April 16, 2020), available at https://icc.illinois.gov/api/web-management/documents/downloads/public/noi/NoticeOfInquiry-20-NOI-01-final-report.pdf.

[45] Shuchen Cong, *et al.*, *Unveiling Hidden Energy Poverty Using the Energy Equity Gap*, 13 Nature Communications (2022), available at https://www.nature.com/articles/s41467-022-30146-5.

[46] Sosung Baik, *et al.*, *Racial Disparities in the Energy Burden Beyond Socio-Economic Inequality*, 127(A) Energy Economics (November 2023), available at https://www.sciencedirect.com/science/article/abs/pii/S0140988323005960.

A. Additional Opportunities for Participation and Stakeholder Engagement are Necessary for Successful Outcomes from This Proceeding

While the undersigned commend the Commission on the initiation of the present Inquiry, additional process is necessary to achievement of equitable rate reform outcomes that drive forward Massachusetts' climate policy. The Department should hold roundtables with consumer advocates, climate experts, the AGO, and DOER. Further, the Department should require the EDCs and LDCs to conduct outreach and surveying of their customers to acquire a more thorough understanding of the energy burdens Massachusetts residents face. The Department should have a representative, and ideally a Commissioner, present at each event associated with the Inquiry. Participation by the utility companies should be mandatory, but must be equal to that of other stakeholders including consumer advocates and climate experts.

B. Additional Review is Needed to Evaluate the Efficacy of Rate Reform Solutions

1. PIMs

Performance Incentive Mechanisms ("PIMs") include "regulatory tools that tie a portion of utilities' earnings to desired regulatory outcomes, offering utilities opportunities to create the programs and services needed to advance emerging priorities."[47] The Department should review other states' efforts to use PIMs to drive better enrollment of LMI customers onto discount rates. Using this information, the Department should work with the utilities and stakeholders to design PIMs which incentivize utilities to deliver superior consumer and environmental services at reduced costs.

2. PBRs

Performance-based Regulations ("PBRs") operate similarly to PIMs by working "to align a utility's profit motives with societal goals, such as decarbonization and resilience."[48] Utilities in Massachusetts have already begun to implement performance-based rates, but the question of their efficacy to date remains. The Department should evaluate whether existing Performance-Based Ratemaking Mechanisms ("PBRMs") are actually delivering new benefits to customers at a higher rate than utility rates have increased. Additionally, the Department should review how overlap between PBRM and various other capital trackers (such as the grid modernization factor) influences rates and benefits to customers.

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[47] Cara Goldenberg, Dan Cross-Call, Sherri Billimoria, and Oliver Tully, PIMs for Progress: Using Performance Incentive Mechanisms to Accelerate Progress on Energy Policy Goals, Rocky Mountain Institute, 2020, at 10, available at: https://rmi.org/insight/pims-for-progress/

[48] Gennelle Wilson, Cory Felder, Rachel Gold, "States Move Swiftly on Performance-Based Regulation to Achieve Policy Priorities

3. Current Discount Rate Concerns

It is well-known within our state's energy community that enrollment within the current discount rate is, and has historically been, low, despite high eligibility numbers. This is unacceptable. Enrollment within the discount rate should not be burdensome for those that would like to enroll, and the utility companies should not be rewarded for increased enrollment (as higher enrollment in the rate should already be occurring). Online enrollment, QR code and mobile-friendly enrollment, reciprocity for dual-fuel, and annual re-enrollment[49] are all characteristics that should be reviewed by the Department to encourage discount rate enrollment.

C. The Department Should Take Steps to Ensure Efficiency of Resources During the Pendency of This Proceeding

During this pivotal time in Massachusetts' energy transition, it is important to consider the time and resources of the Department, the utility companies, and stakeholders. To ensure procedural efficiency, the undersigned recommend that the Department issue an interim order extending rates to allow parties time to focus on the issue of rate reform. While the present endeavor remains underway, the companies' traditional schedule for rate review should be suspended through a Department order.

D. Discount Rate and Arrearage Management Program Financing

Currently, the low-income discount rate is paid for by all customer classes—including residential, commercial, and industrial. This should not be changed despite any future amendments to the discount rate itself because of this proceeding. However, in reviewing the financing question for a discount rate and arrearage management program, the Department should explore the impacts of a tiered rate (*i.e.*, higher discounts at lower incomes, and escalated rates at higher incomes). Any revenue shortfall that occurs as a result of financing both programs should be applied across rate base, rather than just within the residential sector.

V. Conclusion

Structural racism and inequities within the housing, economic, and energy sectors have all contributed to energy burden and energy insecurity nationwide and within our Commonwealth. Yet, rate design for the energy burdened can be executed in a way that advances equity and electrification.[50] Adequately analyzing rate reform impacts to ensure energy

[49] If previously found to be income eligible, an applicant seeking re-enrollment should be placed on the discount rate for at least 60 days without having to provide proof of income to remain on such rate.

[50] *See*, Sagarika Subramanian, *Innovative Electricity Rates Can Advance Equity and Electrification*, American Council for an Energy-Efficient Economy (September 14, 2023), available at https://www.aceee.org/blog-post/2023/09/innovative-electricity-rates-can-advance-equity-and-electrification.

affordability for marginalized and vulnerable populations, ceasing utility disconnections entirely, ensuring stakeholder engagement and participation, and applying interventions to ensure equitable electrification of low-and-moderate income building stock are all actionable efforts that the Department can accomplish through an order.

Respectfully submitted,

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