COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

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	)	D.P.U. 24-15

INITIAL COMMENTS OF

BOSTON GAS COMPANY D/B/A NATIONAL GRID

MASSACHUSETTS ELECTRIC COMPANY AND NANTUCKET ELECTRIC COMPANY EACH D/B/A NATIONAL GRID

NSTAR ELECTRIC COMPANY D/B/A EVERSOURCE ENERGY

NSTAR GAS COMPANY AND EVERSOURCE GAS COMPANY OF MASSACHUSETTS EACH D/B/A EVERSOURCE ENERGY

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY D/B/A UNITIL

LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS COMPANY) CORP. D/B/A LIBERTY and

THE BERKSHIRE GAS COMPANY

March 1, 2024

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INITIAL COMMENTS OF THE DISTRIBUTION COMPANIES

I. INTRODUCTION

Boston Gas Company d/b/a National Grid, Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid ("National Grid"), NSTAR Electric Company d/b/a Eversource Energy ("NSTAR Electric"), NSTAR Gas Company ("NSTAR Gas") and Eversource Gas Company of Massachusetts ("EGMA"), each d/b/a Eversource Energy ("Eversource"), Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil"), Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty ("Liberty"), and The Berkshire Gas Company ("Berkshire") (collectively, the "Distribution Companies") hereby submit comments in response to the questions and issues raised by the Department of Public Utilities (the "Department") in its Vote and Order Opening Inquiry (the "Order") issued on January 4, 2024, regarding the examination of the customer's energy burden with a focus on energy affordability for residential ratepayers.[1]

The Department's Order was issued in light of Massachusetts' current and future policies surrounding clean energy, decarbonized buildings, and electrified transportation, which need to be affordable and accessible to low-income residents. Order at 2. Additionally, as is further detailed in these comments at Section III.F, General Questions, below, the effort to decarbonize building heating systems and transition away from fossil fuel-based heat systems should be designed to

[1] Note, in the Department's Order, at 12, it encouraged "interested persons to present consensus positions and submit comments jointly, when possible." The Distribution Companies have attempted to accomplish this request in the comments provided herein. However, for particular areas or items where a distribution company has its own unique perspective or concerns, those will be addressed as specifically noted in these comments, or in standalone comments separate from this joint submission.

protect all ratepayers from significant cost increases, particularly those who are most vulnerable to those increases. Id. Accordingly, as the Department is considering improvements to the programs currently offered to address energy affordability, to ensure maximum participation in each of these programs, and to determine whether additional programs may further benefit residential ratepayers of the Commonwealth's electric and gas distribution companies, the Department should also consider the price impacts that will be experienced in the future as a result of rate design amendments, directives and considerations associated with proceedings such as the Department's Order in the Future of Gas, D.P.U. 20-80, and the overall impacts customers will face as the Commonwealth incents electrification initiatives to achieve its goals as it moves toward net zero emissions by 2050.

The Department seeks specific comments on the design of residential affordability programs, current arrearage management programs ("AMPs"), disconnection protections and potential changes, energy affordability program administration, and small commercial and industrial ("C&I") energy affordability programs. The Distribution Companies offer these comments to assist the Department in equitably making energy affordable for all customers based on a pragmatic, holistic approach that balances the Department's objectives with the costs to all customers and ability of the utility infrastructure and consumer protections to meet those objectives.

The Distribution Companies applaud the Department's issuance of this NOI to assess the levels of energy burdens experienced by electric and gas customers, and to evaluate the sufficiency of today's utility programs and policies relative to these energy burdens and associated hardships. Customer energy costs in the Commonwealth are among the highest in the country, and despite

longstanding efforts to ensure energy affordability through the range of programs discussed in the opening Order, many customers bear far too high an energy burden today.

In addition, the Distribution Companies believe the costs of serving customer demand will continue to grow into the future. The transition to a lower-carbon economy, as required by state law, will involve significant levels of investment in energy supply and delivery infrastructure, as well as customer premise equipment. It is important that the Department and its many stakeholders appreciate the levels of costs involved in the energy transition – as well as potential cost-saving opportunities—and that they recognize the potential need for regulatory and policy changes of different kinds to enable affordable and sustainable funding of these energy system and customer investments over time.

The Distribution Companies encourage the Department to take as broad a view as possible of the factors determining the cost of energy for regulated electric and gas customers. In its inquiry, the Department should evaluate not only potential changes to energy affordability programs, but also consider other ways it can influence both short-term and long-term energy affordability through its policies and actions.

II. CURRENT LOW-INCOME DISCOUNT

Pursuant to G.L. c. 164, § 1F, the Department requires distribution companies to provide percentage discounts to rates for eligible low-income customers comparable to the low-income discount for rates in effect prior to March 1, 1998. Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 15-155, at 463 (2016); see Expanding Low Income Customer Protections and Assistance, D.P.U. 08-4, at 36 (2008). In D.P.U. 15-155, at 469, pursuant to G.L. c. 164, § 41, the Department determined that a fully compensating adjustment should be made to

the low-income discount where the scale of on-site generation would have an impact on affordability for low-income customers. The Department found that increased costs from incentives associated with on-site generation were included in customers' bills, including the bills of low-income customers. D.P.U. 15-155, at 469-470. The Department directed that the adjusted low-income discount would remain in effect until each company's next base distribution rate case, at which time the Department would determine whether further adjustment was warranted. D.P.U. 15-155, at 471. In their respective next base rate proceedings, the Distribution Companies filed revised rate design proposals for low-income customers to comply with the standard set forth in G.L. c. 164, § 141. D.P.U. 15-155, at 471.

Currently, consistent with statute and the Department's ongoing review and realignment in D.P.U. 08-104, all Massachusetts LDCs currently offer discounts of at least 25 percent to eligible and enrolled low-income customers. See, e.g., Boston Gas Company, M.D.P.U. No. 64.2, at 2; Eversource Gas Company of Massachusetts, M.D.P.U. No. 7E at 2. Massachusetts EDCs offer discounts ranging from 32 percent (Massachusetts Electric Company, M.D.P.U. No. 1487, at 2) to 42 percent (NSTAR Electric Company, M.D.P.U. No. 10F at 2). Eligibility for the low-income discount rates is based on 200 per cent of the federal poverty level ("FPL") or eligibility for the low-income home energy assistance program ("LIHEAP"), whichever is greater, "[i]n a program year in which maximum eligibility for [LIHEAP] or its successor program, exceeds 200 per cent of the [FPL], a household that is income eligible for LIHEAP shall be eligible for the low-income discount rates." M.G.L. c. 164, § 1F(4)(i). Further, under 220 CMR 25.01, "Financial Hardship" is defined as "when a customer is unable to pay an overdue bill and such customer meets income eligibility requirements for LIHEAP administered by the Massachusetts Department of Housing and Community Development". 220 CMR 25.01 (2).

Although LIHEAP eligibility was set at 200 percent of the FPL by statute, on October 30, 2008, the Massachusetts Department of Housing and Community Development ("DHCD") announced that eligibility for LIHEAP in Massachusetts would change to 60 percent of the state median income ("SMI"). Order Promulgating Emergency Regulations, D.P.U. 08-104-A, at 2 (January 23, 2009). As a result, M.G.L. c. 164, § 1F(4)(i) was amended in 2008. Since then, income eligibility to participate in LIHEAP funding has been defined as, "[h]ousehold income cannot exceed 60% of Massachusetts' estimated State Median Income (for example in 2024, $59,359 for a family of 2 and $87,294 for a family of 4)".[2] Therefore, to clarify for the Department the language relative to the income eligibility criteria detailed in the Order at 6-7, in which the Department notes that low-income discount eligibility is capped when household income exceeds 200 percent of the FPL, but that "some companies" have set the eligibility cap for when a household's gross income exceeds 60 percent of SMI, the Distribution Companies note that they have all set their low income eligibility caps at either (a) household gross income greater than 60 percent of Massachusetts' estimated SMI, or (b) eligibility for LIHEAP. That threshold has been reviewed and approved by the Department in each Distribution Company's tariffs and is currently set not to exceed 60 percent of Massachusetts SMI for all the Distribution Companies. See, EGMA, M.D.P.U. No. 7E at 1; NSTAR Gas Company, M.D.P.U. No. 423N at 2; NSTAR Electric Company, M.D.P.U. No 8F at 2; Fitchburg Gas and Electric Light Company, M.D.P.U. No. 385, at 1 (electric), and M.D.P.U. No. 253, at 1 (gas); Liberty, M.D.P.U. No. 1004F, at 1; Berkshire M.D.P.U. No. 568, at 1; Massachusetts Electric Company, M.D.P.U. No. 1487 at 1; Nantucket

[2] Learn About Home Energy Assistance – LIHEAP, Mass.gov, https://www.mass.gov/info-details/learn-about-home-energy-assistance-liheap.

Electric Company, M.D.P.U. No. 653, at 1; Boston Gas Company, M.D.P.U. No. 64.2 at 1, M.D.P.U. No. 67.3 at 1 and M.D.P.U. No. 68.2 at 1.

The Distribution Companies each also offer AMPs that provide arrearage forgiveness for low-income customers meeting certain criteria. If payments are made on time, credits will be provided for a portion of arrears. The Distribution Companies do not recommend changes to their AMPs at this time, as they have been successful and are an appropriate form of payment relief for qualifying customers distinct from the ongoing low-income discount programs. The Distribution Companies comments therefore mainly address the Department's questions regarding the design of residential affordability programs, disconnection protections and potential changes, energy affordability program administration, small C&I energy affordability programs, and the cost considerations, as are further detailed in Section III.E, below, relative to broader policy considerations of the Commonwealth as it continues its focus on electrification and greenhouse gas ("GHG") reductions.

III. INITIAL WRITTEN COMMENTS

A. Distribution Companies' Responses to Questions

The Distribution Companies respond to the questions as outlined and numbered in the Department's Order below.

B. Design of Residential Energy Affordability Programs

1. As between a PIPP and tiered discount rates (collectively referred to as "energy affordability programs"), discuss the relative advantages and disadvantages of each.

In its Order, the Department explains that several states offer some type of percentage-of-income payment plans ("PIPPs"), which cap energy costs at a specific percentage of household

income. There are aspects of other state's PIPPs that the Companies agree with. For example, use of household income in analysis of energy burden levels to help design a discount rate that helps those who need it most, the most. There are other aspects of some state's PIPPs that the Companies do not agree with. For example, receipt of LIHEAP should not be a low-income discount rate ("LIDR") eligibility requirement.

Another aspect of PIPPs that adds complexity in administration is that a linear PIPP would not consider household size, which is inconsistent with how nearly all state and federal low-income assistance programs determine program eligibility. The Companies believe that use of household income *coupled with household size* is important, equitable and consistent with state and federal assistance programs. Order at 11. Basing a LIDR on such a discrete energy burden metric would be very difficult to administer in practice as the utility would need to know each customer's household income to determine the appropriate discount. This would require each utility to newly gather, validate, store, retain and dispose of (at the customer's request) new confidential, personal and customer household-specific information. In addition, this information would need to be updated at least annually, to account for changes in household income and size and composition. Since household income considers the number of adults in the household, the age of household members also becomes a new piece of information that would need to be stored and processed that is not currently. Such a requirement would be administratively burdensome to both the utilities and customers and require a manual, costly, and time intensive process with significant new information technology ("IT") requirements and processing costs with little appreciable value over other measures, as described below. Additionally, a PIPP provides a disincentive to lower or maintain energy consumption at the current levels, which runs counter to the Commonwealth's energy efficiency and GHG reduction goals.

The Distribution Companies submit the best option for a LIDR is a tiered discount rate. Affiliates of Liberty, Eversource, and Unitil have implemented and currently administer a 5-tiered discount rate in New Hampshire. The Distribution Companies would be able to leverage this experience in Massachusetts. Massachusetts Electric Company and Nantucket Electric Company have proposed a 5-tiered discount rate in their pending base distribution rate case in docket D.P.U. 23-150. A tiered discount rate ensures that households that conserve energy are rewarded with lower bills. Conservation leads to a reduction in GHG emissions, further advancing the state's climate goals.

A tiered discount rate does not require the utility to request and retain private household income information as the utility needs to know only the discount tier into which the household falls. In fact, requiring customers to provide proof of household size and income to their utility may serve as a barrier to enrollment in the discount plan. The Distribution Companies should rely on Community Action Agencies ("CAPs") to verify the income and number of persons in the household to inform the utility of the tier into which the customer should be placed. For CAPs to engage in that enrollment and verification process, a state matching program is a pivotal and effective way to reach and assist customers in a manner that the Distribution Companies simply cannot do on their own.[3] This is critically important for a successful tiered discount rate when considering the ability of those customers to move within the tiers, and to consider the need and ability to provide support for those customers for whom additional support outside the context of

[3] In order for a tiered program to be successful, the Distribution Companies would require demographic information from the state in order to accurately capture household data. The Distribution Companies do not currently have access to this information and would need the state to verify household income information for this type of program.

the currently existing low-income discount eligibility criteria is warranted, as is further discussed below. A tiered discount rate allows for more income flexibility, lowering compliance costs. Under the tiered discount rate system, income tiers are broad enough that small changes to household income are unlikely to change the household's tier, maintaining the same discount rate over several years.

2. Discuss how the Department should address the "cliff" experienced by customers who have an increase in income that is sufficient to remove their eligibility for assistance programs but insufficient to ease the energy burden to the comparable level prior to the income increase.

While today's flat discount rate has a "cliff", a tiered discount provides a ramp that can gradually decrease discount levels as a customer's income increases up to the low-income limit. As outlined in Section II above, eligibility for the low-income discount limit is currently based on eligibility for LIHEAP, which is 60 percent of SMI. M.G.L. c. 164, § 1F(4)(i). As this is prescribed by statute, it cannot be increased or altered by the Distribution Companies. Therefore, currently there is no way to address the "cliff" beyond 60 percent SMI. However, a tiered discount rate partially addresses this cliff concern for customers at or below 60 percent of SMI, allowing customer rates to gradually increase as income increases. Further, the tiers would include household income ranges by household size, so a customer would not move between tiers with a slight change in income. This would eliminate the number of drastic "cliffs" experienced if a customer increases their income over time. Tiered discounts would also allow for a more gradual transition as a customer whose annual income is increasing loses eligibility for the low-income discount. This would allow customers to adjust through the tiers as their income increases rather than losing the discount abruptly.

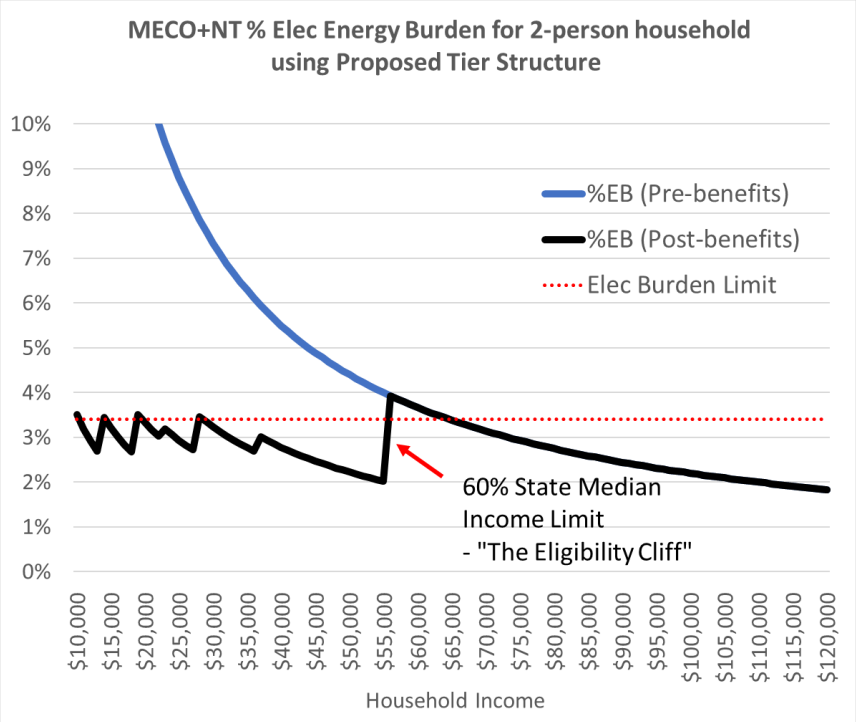
In order to address the "cliff" experienced by customers when their income increases beyond 60 percent of SMI, there would need to be a statutory change allowing the Distribution Companies to extend the low-income discount and increase the tiers beyond 60 percent of the SMI. Currently, for example, a household in the Massachusetts Electric or Nantucket Electric service territory earning just under 60 percent of SMI, the household would receive electric-linked

LIHEAP benefits estimated at $384 per year and a 32 percent discount on their electric bill.[4] For a household earning just over 60 percent of SMI, they are not eligible for either of these programs and therefore would not receive a discount.

This also has a significant impact on the electric energy burden of the household. For example, for the average two-person household in the Massachusetts Electric or Nantucket Electric service territory whose income is just below 60 percent of SMI and receives both LIHEAP and a 32 percent discount, their electric energy burden (based on the representative 600 KWH per month representative residential customer) is 2.0 percent of their household income, well below the 3.4 percent target.[5] For the average two-person household whose income is just above 60 percent of SMI, their energy burden (again based on 600 KWH per month representative residential customer) is 3.8 percent, above the 3.4 percent target. This is shown in the chart below.

[4] These calculations are based specifically on National Grid's discount rate of 32 percent and households in the Massachusetts Electric and Nantucket Electric service areas.

[5] In Massachusetts Electric and Nantucket Electric's pending rate case, D.P.U. 23-150, the companies based their tiered low-income discount proposal on a targeted overall customer energy burden of 6 percent of household income. Based on their analysis of household energy expenditures, this burden was split at 3.4 percent of household income for electric costs and 2.6 percent of household income for gas costs.



In order to provide a discount for households earning more than 60 percent of SMI, M.G.L. c. 164, § 1F(4)(i) would need to be amended to allow for additional discount tiering. One such option would be to provide an additional discount tier for medium income households earning between 60 to 80 percent of SMI. However, as stated above relative to a state administered matching program being the most cost-effective manner by which to reach qualifying customers, a state agency would need to qualify households earning between 60 to 80 percent of SMI and communicate that information to the Distribution Companies and relative CAPs.

3. Discuss how eligibility for an energy affordability program should be determined. Is the eligibility threshold different depending upon whether it is related to a PIPP or tiered discount rates? Should eligibility be based on the FPL or SMI? Are there other options?

As discussed above, the Distribution Companies consider a tiered discount rate preferable to a PIPP. The Distribution Companies maintain that eligibility for any energy affordability program should be based on both household income and household size, which needs to be

determined by the state data-sharing process to ensure accuracy, and then made available to the Distribution Companies. The state would provide guidance on income thresholds based on other programs administered, which could be considered when determining tier eligibility. Tying eligibility to an existing means-tested affordability program would be an efficient and likely successful approach.

As described above, utilities currently are bound by statute to provide discount rate benefits to households that have a gross income of up to 60 percent of SMI. M.G.L. c. 164, § 1F(4)(i). The use of the SMI maximum for the discount rate, alongside the use of the FPL for other benefits, including LIHEAP, causes confusion in comparing FPL and SMI rates. While it might be preferable for certain stakeholders to compare programs if Massachusetts set its energy affordability program eligibility limit based on the FPL, issues could arise from doing so. Specifically, if Massachusetts state incomes increase at a faster rate than national incomes, the adoption of the FPL level would decrease the number of eligible households as compared to under the SMI levels.

4. Discuss whether customers in arrears should be eligible for participation in energy affordability programs. If so, discuss how that debt should be treated.

The Distribution Companies support the principle that customers in arrears should be eligible for energy affordability programs. Customers in arrears are some of the most vulnerable, and the financial help that affordability programs can provide will assist them in alleviating their past due balances and paying off their arrears. However, the presence of an arrearage alone is not sufficient to qualify for participation, and household size and income still need to factor into the low-income discount eligibility and rate.

5. Discuss whether energy affordability programs should only apply to a maximum amount of consumption each month.

Energy affordability programs that apply to a maximum amount of consumption each month incentivize customers to conserve after they reach a pre-established level of usage, because no discount would be applied to the remaining incremental usage. However, under a tiered discount rate, as proposed by the Distribution Companies, households are assessed a volumetric charge, so that households that use more energy than average will pay more. These price signals (i.e., increased charges) will encourage customers to manage their energy consumption in a manner consistent with the Commonwealth's broad policy goals for conservation and electrification. Since a tiered discount rate would still require customers to pay more based on their actual usage, the Distribution Companies submit this is a sufficient incentive without the addition of a cap to limit energy consumption.

6. Discuss whether energy affordability programs should reflect a seasonal fluctuation or an annual determination regarding energy usage limits.

The Distribution Companies do not support an energy affordability program that incorporates usage limits. An annual determination would be impractical to implement. If customer energy use was reviewed annually to determine whether they exceeded the limit, it would become clear only after the first year of energy usage whether a household was using more than its energy limit. This would be difficult for customers as they would need to track their monthly usage to ensure their annual usage would fall below the limit. Further, this would be difficult to administer from a billing perspective, as back-billing for past months' overuse would be difficult to implement and potentially frustrating and confusing to customers. Setting a maximum monthly limit that fluctuates based on seasonal energy usage also would be difficult to implement and cause customer confusion over the amount of energy to be used each month. Seasonal weather from year

to year can also drastically change and alter the heating or cooling needs of customers. The Distribution Companies prefer the adoption of a tiered discount rate system that does not use energy usage limits.

7. Discuss the use of demographics (e.g., age, households with children, owners/renters) in designing energy affordability programs.

Under the tiered discount rate system, household income and household size are used to determine eligibility for affordability programs including LIHEAP and the discount rate program. Household size is a critical measure of the economic circumstances of a household. As described below in the comments on Question B.14, a household of six persons with an income of $36,000 is living at 97 percent of the FPL. This household is considerably worse off than a household of two persons with an income of $36,000, who would be living at 197 percent of the FPL. When designing energy affordability programs, using household size is preferable to using demographics such as households with children. Household size takes into consideration other people, including grandparents or others living in the home, and therefore provides additional benefits for all household members, including but not limited to children. In terms of age and owners/renters, a tiered discount rate using qualification through state means tested programs works to reduce their home energy burden.

The Distribution Companies do not currently have access to customer-specific demographic information. In order to collect this information, the Distribution Companies would need to request this information from their customers, which would result in a significant amount of confidential information that would need to be gathered and protected by the Distribution Companies. The collection of such information could also prove to be sensitive to customers. Further, this demographic information would change so frequently it would be impossible to

maintain accurate and up-to-date records for each customer. For each of these reasons, strictly basing eligibility for a low-income discount rate on household income and household size as provided through a state agency or state-managed means-tested program ensures that all customers who require assistance can receive it regardless of demographics.

8. Discuss whether energy affordability programs should be designed to provide particular relief to environmental justice ("EJ") populations. If so, how can programs be designed to provide such relief?

Environmental justice communities ("EJCs"), by definition, have a significant number of households with incomes at or below 60 percent of SMI, and as such would be able to apply for the discount rate programs. Similar to the comments on Question B.7 above, being part of an EJ population should not affect a customer's eligibility for the low-income discount as offering energy affordability programs based on household income and size ensures that all customers can receive assistance if needed. However, accessibility and knowledge of the energy affordability programs in many EJCs continues to be a challenge, as there is a sizeable population of low-income households in these communities that have not joined these programs, whether due to knowledge or resource constraints. Specific energy affordability education and outreach for these vulnerable customers would help address this issue and provide relief without needing a separate, new and unfamiliar program design.

9. Should the maximum cap as a percentage of household income paid under a PIPP be set below six percent for customers who experience a disproportionate burden of energy infrastructure in their neighborhood?

As noted above, the Distribution Companies support an income-based, state means-verified, tiered discount rate structure for application to the Distribution Companies' bills in a manner that will best achieve successful implementation for customers. Expanding energy

infrastructure is critical to meeting the Commonwealth's climate goals. Massachusetts residents require new infrastructure to take full advantage of the benefits of the energy transition, including clean technologies such as EVs, heat pumps, renewables, and geothermal. The Distribution Companies support the adoption of affordability programs based on an energy burden of 6 percent of household income for low- and moderate-income customers through a tiered rate discount. The Distribution Companies do not support further bill reductions for customers who have energy infrastructure sited in their neighborhoods, as that would place further bill pressure on the rest of the customer base, including other energy burdened customers.

10. With respect to a PIPP, discuss how the percentage cap on energy costs should be determined.

As noted above, the Distribution Companies support an income-based, state means-verified, tiered discount rate structure for application to the Distribution Companies' bills in a manner that will best achieve successful implementation for customers. As such, the Distribution Companies collectively are opposed to the implementation of a PIPP.

Relative to a percentage cap on energy costs, more generally, a 6 percent home energy burden is commonly used by governments, research organizations, and think tanks in the United States.[6] The following states have adopted its use:

- In 2016, the State of New York Public Service Commission adopted a policy that an energy burden at or below 6 percent of household income shall be the target level for all 2.3 million low-income households in New York.[7]

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[6] ACEEE (2020) How High Are Household Energy Burdens? https://www.michigan.gov/-/media/Project/Websites/mpsc/workgroups/eaac/aceee_energy_burden_report_2020.pdf?rev=24565d21283d4b70993a6050c80513d4.

[7] New York Public Service Commission – Order Adopting Low Income Program Modifications and Directing Utility Findings, https://dps.ny.gov/system/files/documents/2022/11/order-adopting-low-income-program-modifications-and-directing-utility-filings-issued-may-20-2016.-case-14-m-0565.pdf.

- The State of New Jersey Government has created the Universal Service Fund with the goal of helping low-income New Jersey utility customers pay no more than 6 percent of their annual income for their combined gas and electric service.[8]

- In the State of Oregon in 2021, the Public Service Commission found "the less than 6 percent energy burden measure a meaningful metric and aspirational goal for program design. To this end, Staff retains its recommendation that utilities consider this national measure of energy burden when determining the level of relief to extend to energy burdened customers."[9]

The United States federal government has also cited the 6 percent home energy burden as a baseline reference point. The Environmental Protection Agency conducted an Electric Regulatory Analysis in 2015 comparing an expected electricity price increase to the 6 percent home energy threshold.[10]

One specific argument against the 6 percent home energy burden target is that it does not reflect household size. In order for an energy affordability calculation to be truly successful in meeting the Commonwealth's goals and the customer's income needs, an income-based, state means-verified discount tier rate will more accurately capture household size, thereby right-sizing the applicable discounts for customers to ensure that the discounts are more appropriately reaching the customers who need them.

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[8] State of New Jersey Board of Public Utilities, https://www.state.nj.us/bpu/residential/assistance/usf.html#:~:text=The%20USF%20benefit%20is%20designed,of%20your%20income%20on%20electricity.

[9] Oregon Public Utility Commission UM 2211 Investigation into implementation of HB 2475 (2021), https://edocs.puc.state.or.us/efdocs/HAC/um2211hac161412.pdf.

[10] Environmental Protection Agency - Regulatory Impact Analysis for Steam Electric Power Generating ELGs, https://www.epa.gov/sites/default/files/2015-11/documents/steam-electric_regulatory-impact-analysis_09-29-2015.pdf.

11. With respect to a PIPP, discuss how the Department can limit the total energy burden of electric and gas bills for customers served by two different distribution companies, one for gas and one for electric.

Consistent with comments above, the Distribution Companies support an income-based, state means-verified, tiered discount rate structure for application to the Distribution Companies' bills in a manner that will best achieve successful implementation for customers. As such, the Distribution Companies are collectively opposed to implementing a PIPP. However, with either a PIPP or a tiered discount rate, the 6 percent energy burden for customer served by two different distribution companies needs to be split between the customers' electric and gas bills. In D.P.U. 23-150, National Grid found that, after LIHEAP distributions were made, the low-income customers had spent 56 percent of their home energy bills on electricity and 44 percent on gas. As a result, the electricity bills were allocated 56 percent of the 6 percent home energy burden, and gas bills were allocated the remaining 44 percent. This percentage share led to a 3.4 percent electric home energy burden and a 2.6 percent gas home energy burden.

Depending on the details behind the manner in which it is implemented, the Distribution Companies could support adopting a set split between electric and gas home energy burden statewide to ensure that all low-income households on discount rates, regardless of their electric and gas utility, receive the correct benefits associated with 6 percent home energy burden. For customers heating with electricity, the 6 percent home energy burden would be assigned entirely to electric. For heating sources other than natural gas, a different energy burden split may be appropriate.

12. Discuss how the revenue shortfall associated with energy affordability programs should be recovered from other customers. Should it be allocated only among residential customers of the utility or across all customer classes? Should it be a statewide recovery factor (i.e., spread across all gas or electric utilities)? Are there other options?

With regards to the revenue shortfall, National Grid and Eversource support the retention of the current framework. Currently, all utilities recover the costs of the low-income discount through a Residential Assistance Adjustment Factor ("RAAF"), which is paid for by all customers within each utility's respective service areas.[11] The revenue shortfall for the discount rate is made up through the RAAF which is a reconciling, volumetric rate. National Grid and Eversource maintain this process is just and reasonable, whereas a statewide approach would undermine this equitable process as their customers would be required to subsidize customers outside of their service territories.

Berkshire, Unitil and Liberty, on the other hand, support a statewide approach to cost recovery of energy affordability programs. Although all the utilities serve low-income populations and EJCs, the share of those customers is particularly high for Berkshire, Unitil and Liberty. Specifically, Berkshire, Unitil, and Liberty serve a relatively small number of customers, primarily comprised of residential customers, and their service areas include a relatively large number of EJ block groups and low-income customers. In addition, the households in the Berkshire, Unitil, and Liberty service areas, whether their income is at or below the median, have a somewhat higher energy burden than households across the Commonwealth. Because income levels and the energy burden experienced by customers is not uniform across the state, and the size of each utility

[11] An additional issue that is important to examine is how a volumetric rate results in the rate being applied unequally to certain customers, like solar customers, especially as the Commonwealth moves towards electrification. To encourage rate realignment and affordability for all customers, these types of incongruities should be considered in discussions to ensure these specific subsets of customers are equally sharing these social costs.

company's service territories varies, Liberty, Berkshire and Unitil submit that sharing the costs of energy affordability programs across the state may be an equitable approach to cost recovery. Berkshire, Liberty and Unitil further submit that the Energy Assistance Program ("EAP") in New Hampshire may provide an instructive model to consider for implementation in Massachusetts. The New Hampshire EAP, funded through a statewide System Benefits Charge ("SBC"), is collected from all customers and held in an account by the State Treasurer's Office. The utilities then use the revenue from the low-income portion of the SBC to provide the applicable customer discounts by tier and reimburse the CAP agencies for administrative costs. The implementation of this EAP framework would require a change in law to be implemented in Massachusetts.

13. Discuss whether energy affordability programs should focus on heating versus non-heating customers.

Energy affordability programs should focus on the overall energy burden rather than the type of end-use. Both heating and cooling needs create costs. For some low-income customers, energy affordability support is only needed to deal with peak summer and winter months, when energy costs are at their highest. For other low-income customers, energy affordability support is required year-round. A range of energy affordability programs is necessary to help both of these types of low-income customers. Targeted LIHEAP payments and balanced billing are focused on alleviating peak energy bills, while the adoption of a tiered discount rate can provide assistance with energy bills year-round, ensuring that they remain below the 6 percent home energy burden target.

14. With respect to tiered discount rates, discuss how the varying levels of discount should be determined. Should the discount rates and income levels be revised from time to time? If so, how often?

In its proposal in D.P.U. 23-150, National Grid calculated the discount rates for its electric

operations based on how much discount the average-sized low-income household would need to keep their electric energy burden to 3.4 percent of household income.[12] The calculation was derived as follows:

$$\text{Discount rate} = \frac{\text{Total Bill (Pre-discount)} - \text{LIHEAP Payments} - \text{Fair Household Payments}}{\text{Household Income}}$$

Where Fair Household Payments = Household Income * Fair Electric Energy Burden (3.4 percent)

The D.P.U. 23-150 proposal, which is currently pending before the Department, included a range of tiers and a discount rate for each tier so that almost every household with average electric usage for each tier would have an electric energy burden below 3.4 percent.[13]

Ultimately, following its review, the tiers selected for consideration by National Grid were:

- 55 percent discount for households with incomes between 0 and 75 percent of FPL.
- 49 percent discount for households with incomes between 75 and 100 percent of FPL.
- 44 percent discount for households with incomes between 100 and 150 percent of FPL.
- 36 percent discount for households with incomes between 150 and 200 percent of FPL.
- 32 percent discount for households with incomes between 200 percent of FPL and 60 percent SMI.

While the percentages of discounts above may vary from company to company, the income tiers themselves need to be established to establish the relevant thresholds for the data sharing and

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[12] The 3.4 percent calculation is discussed in the response to Question B.11.

[13] Except for the very low income levels (below $10,000/year).

information exchanges. The reason that these tiers are based on FPL and SMI, and not a set dollar value, is to scale the benefits for different household sizes. For example, for the Fiscal Year 2023:[14]

- a Massachusetts household with two persons earning $36,000 would have an income equal to 197 percent of FPL and be in the 36 percent discount tier.
- a Massachusetts household with four persons earning $36,000 would have an income equal to 130 percent of FPL and be in the 44 percent discount tier.
- a Massachusetts household with six persons earning $36,000 would have an income equal to 97 percent of FPL and be in the 49 percent discount tier.

The income levels that define FPL and SMI are also updated each financial year, increasing based on inflation and state median household income growth respectively. In a new financial year, a household's income will make up a different percentage of FPL and SMI, which can affect their eligibility for the discount rate system or lead to a change in the discount rate tier for which they qualify.

The Distribution Companies fully support the adoption of tiered discount rates as a method to support low-income households, but also acknowledge that there are different ways to structure a tiered discount rate system and those different approaches should be analyzed further.

15. Discuss the role of energy efficiency programs, consumption reduction, investment in residential loan programs for photovoltaic and battery installations, and targeted educational programs in addressing energy affordability.

Energy efficiency is one of the most important tools that the Distribution Companies have to reduce customer energy burdens. Now in its fifth Three-Year Plan term, the Commonwealth's Mass Save energy efficiency programs, implemented in partnership by the Distribution Companies

[14] MA Fiscal Year 2023 Low Income Home Energy Assistance Program (LIHEAP), https://www.mass.gov/doc/fy-2023-liheap-income-eligibility-and-benefit-level-chart-october-2022/download.

and the Cape Light Compact, JPE, have consistently ranked among the top two statewide energy efficiency programs in the nation. Using funds primarily raised by the energy efficiency surcharge on customer utility bills, the Program Administrators provide rebates and other incentives for a wide range of energy efficiency measures, from home insulation and heat pumps to low-flow showerheads and Wi-Fi thermostats. Central to the Mass Save program's mission and success has been a focus on collaborating with community partners to serve low- and moderate-income ("LMI") communities. The Program Administrators work closely with our partners in the Low-Income Weatherization and Fuel Assistance Program Network and the Low-Income Energy Affordability Network (together "LEAN") to deliver energy efficiency measures, including heat pumps, to low-income residents. The Community First Partnership program empowers municipalities and community-based organizations to reach underserved communities with energy efficiency services throughout the Commonwealth.

The programs implemented through Mass Save benefit not only the recipients of energy efficiency measures who enjoy more comfortable residences and workplaces and lower energy bills, but they also reduce energy and demand across the grid, benefiting all ratepayers. As an essential element of a comprehensive strategy to drive energy affordability and other critical policy objectives like reducing GHG emissions, and as the Mass Save program shifts from a singular focus on energy efficiency to driving electrification and decarbonization of the built environment, maintaining robust efficiency measures, essentially doing more with less energy, is essential to maintain energy affordability. On that basis, the Distribution Companies continue to promote home weatherization, building on Mass Save's nation-leading efforts that have resulted in the weatherization of over 350,000 homes since 2012.

The Mass Save program, as a whole, has avoided over 15 TWh in electricity usage between

2010 and 2022, delivered 3.7 million metric tons of CO2 reduction, and invested over $1 billion in improvements that lower energy bills and improve the health, safety and comfort for low-income customers. Income-eligible homeowners and renters can receive no-cost weatherization, heating and cooling equipment upgrades, and new home appliances. These energy efficiency programs have played a critical role in delivering affordable energy to low-income customers in the Commonwealth and will continue to be an asset to facilitate access to new technologies and initiatives to further reduce energy usage and customer bills. Therefore, the Department should continue to support and build upon these important measures within the Mass Save program to promote energy affordability in the state.

On the other hand, the Commonwealth has had limited success in deploying photovoltaics to address energy affordability for income-eligible ("IE") customers. Solar PV and batteries have a role to play to ensure energy affordability, especially for homes with increased electricity demands associated with heat pumps, EVs, and electric appliances, through the use of rooftop or community solar to reduce customer energy bills. As of January 9, 2024, the Massachusetts SMART program, administered by the Department of Energy Resources, has supported 51,914 solar installations in the Commonwealth. Of these, 2,239 directly serve IE customers with the majority funded through lease arrangements under which a substantial proportion of project financial benefits accrue to financing companies, not the IE customers themselves. Only 370 (0.7 percent) of SMART solar projects are owned by IE customers in the Commonwealth. The state's solar policies have fostered a robust market for Community Shared Solar through generous ratepayer funded incentives which allow participating subscribers to eliminate their electricity bills through net metering credit agreements. There are stark disparities in access to solar across all income levels; existing projects do not typically serve IE customers, and state agencies and low-

income advocates have raised consumer protection concerns about the community solar industry.

Batteries can also enhance the value of solar PV, with enabling rate design and controls. Specifically, batteries that discharge during periods of peak demand may displace peaking generation units, and with time-of-use rates and net metering, customers could benefit financially from charging during low-demand period and discharging during high-cost periods.

C. Other Energy Affordability Measures

1. Potential changes to the AMPs.

   a. The level of debt forgiveness that should be offered, and how quickly customers should be required to pay off their debts.

The Distribution Companies current processes have been successful in promoting debt forgiveness. The Distribution Companies support maintaining the current level of monthly arrears forgiveness as provided in their Arrearage Management Plans filed with the Department. The monthly required amount is already discounted based on the last 12 months of usage at the current LIDR, unless the customer incurred arrearages prior to being enrolled on LIDR.

   b. Whether income eligibility thresholds should be the same as for energy affordability programs or, if not, how they should be set.

The AMP's income eligibility thresholds are based on the same income levels used for the energy affordability programs. Customers must be enrolled in the low-income discount rate to qualify for the AMP program.

   c. How the costs associated with AMPs should be recovered from other customers.

The costs associated with AMPs should continue to be recovered as part of the RAAF, as they are today. Incremental costs include, but are not limited to, the amount of arrears forgiven and any costs associated with evaluating and/or reporting on the effectiveness and results of the

AMP, as well as other reasonable costs incurred. This is an appropriate way to recover AMP costs from customers, as the RAAF provides dedicated cost recovery for this important work and allows for tracking of the costs to support the AMP.

d. What happens if the customer misses a payment.

After missed payments, the Distribution Companies send missed payments letters to the AMP customers reminding them to make their payments. If an account participating in the AMP has gone two consecutive months without the required payments, the account will be considered in default and removed from the program just prior to the third consecutive billing. Customers who have defaulted from the program for non-payment will have the opportunity to reinstate their enrollment by providing all missed payments and the current payment. This opportunity will be extended only prior to the anticipated program completion date as established at the initial enrollment. Upon reinstatement of a customer's AMP plan, forgiveness credits would be applied for each payment made by the customer as if the customer had not defaulted.

e. Whether the program should be offered to customers who have been disconnected.

Yes, the AMP program should continue to operate as it is currently offered by the Distribution Companies, in that customers should be allowed to enroll in an AMP after they have been disconnected. The AMP is generally offered to disconnected customers after making the required 25 percent minimum payment to restore service, while, in the case of Unitil, a disconnected customer must pay their first month's AMP payment rather than a percentage of the arrearage. The remaining balance on the account is then enrolled in the AMP. The Distribution Companies see no reason to change these currently successful practices for customers.

2. Current disconnection protections and potential changes.

a. The effectiveness of disconnection as a tool to reduce arrearages.

Customer behavior in response to a request for payment of a utility bill varies widely across the customer base. Most customers pay promptly without intervention by the utility whereas some customers routinely require reminders or dunning messages before they pay. There will always be a subset of customers who do not pay unless and until there is a perceived risk of imminent service termination. When faced with a disconnection notice, 60 percent of customers fully pay, and 80 percent take some action to fully restore their service.

The COVID-19 termination moratorium afforded a unique opportunity to compare payment behavior (1) in a consequence-free environment without the risk of service termination, against (2) the business-as-usual model that incorporates the risk of service termination. Although the COVID-19 termination moratorium period also included other factors, such as higher rates of unemployment and elevated residential usage, there is compelling evidence that without the risk of service termination, a significant portion of the customer base will refrain from paying for their utilities, leading to increased arrearages. In fact, during the COVID-19 termination moratorium, residential arrearages over 60 days increased by more than 50 percent over 2019 levels (June 2021 compared to June 2019). The COVID arrearage reports produced by all Massachusetts utilities document this trend for both residential and commercial customers.

b. The minimum notification and arrearage requirements prior to disconnection and recommended changes.

The Distribution Companies maintain that the currently required disconnect noticing is adequate and provides the customer with enough time to respond to requests for information and opportunities for adjustment to bring their accounts into compliance with existing arrearage

requirements prior to disconnection. The Distribution Companies send disconnect notices in compliance with the regulatory and statutory requirements established in 220 C.M.R. 25, and M.G.L. c. 164. In addition, many of the Distribution Companies engage in a variety of dunning campaigns and notification activities beyond those proscribed by regulation and statute via bill message, email, text, and outbound phone call. While the additional dunning activity is certainly effective, the Distribution Companies recommend against codifying additional dunning requirements, which would be prescriptive to the types of opportunities to be deployed without affording utilities the ability to be agile in response to changing customer behavior.

The Distribution Companies recommend a change with respect to shut-off because of non-pay ("SONP") notifications. In our experience, the first SONP notice could be more effective if sent closer to the time of the actual disconnect, or 14 days in advance as opposed to 28 days in advance. Meanwhile, the final SONP should continue to be sent 3 days ahead, as it is done currently. To minimize confusion with customers, the field termination eligibility window[15] for customers to be disconnected once the notice has expired should be increased from 8 days to a minimum of 20 days. This would help mitigate the growth in arrears by reducing the balances early on.

The anticipated widespread deployment of advanced metering infrastructure ("AMI") will make the reduction of a customer's past due balance operationally more feasible because of AMI's

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[15] M.G.L. c. 164, sec. 124 states that service may only be terminated until "after three days' notice by mail, exclusive of Saturdays, Sundays and legal holidays". Thus, the first day of the "Field termination eligibility window" is on day seven after the final notice of termination. 220 CMR 25.02(3)(c) states that service may not be terminated more than 14 days after the final notice of termination. Thus, the last day for the "field termination eligibility window" is on day fourteen after the final notice of termination. This gives the utility an eligibility window of only eight calendar days. Inevitably, at least three of those eight days will be a Friday, Saturday, or Sunday (days on which utilities may not terminate residential service).

ability to transmit near-real-time customer account information. As AMI is developed and incorporated, the Distribution Companies will be working with stakeholders prior to activating that functionality to update notification procedures and timelines to fully utilize the new capabilities while ensuring that customers receive adequate notifications and full opportunities to access the assistance for which they qualify.

c. Current policy and level regarding disconnection/reconnection fees, and whether utilities should be allowed to charge disconnection/reconnection fees to customers eligible for energy affordability programs.

The Distribution Companies maintain that the current policies regarding disconnection and reconnection are appropriate. There is no charge for disconnection, but a fee is assessed for reconnection.[16]

d. Whether the Department should consider disconnection protections for people with disabilities.

The current protection from service disconnection when a customer or someone living in the customer's home is "seriously ill", pursuant to 220 C.M.R. 25.03(1), effectively serves customers with disabilities. The regulations provide for certification by a physician or other listed person of a customer's "serious illness" (220 C.M.R. 25.03(2)), and provide that for chronic serious illnesses, the certification shall be renewed every six months. 220 C.M.R. 25.03(4). Although M.G.L. c. 164, section 124A and 220 CMR 25.03 refer specifically to "serious illness", the Distribution Companies understand "serious illness" to include medical conditions that are not specific to disease or sickness and routinely approves serious illness protection for persons with

[16] National Grid notes that unlike the other companies, it does not charge a reconnection fee for customers on the low-income discount rate.

chronic medical conditions such as, for example, congenital or acquired physical or mental impairment. If modifications are to be made to this, the definition of disability must be clearly defined.

e. How the costs associated with disconnection protections are currently recovered and how should they be recovered from other customers

This recovery of costs associated with disconnection protections is socialized in base distribution rates for all Distribution Companies. This is the appropriate way to recover these costs because it protects vulnerable customers, while also protecting the financial integrity of the utility.

f. Whether the Department should consider shutoff moratoriums for nonpayment during the summer and, if so, the appropriate time period.

The electric Distribution Companies currently stand down disconnects during periods of extreme heat in the summer. For example, Eversource will not disconnect service to customers when the temperature is forecast to be over 95 degrees for two or more days. Further, some Distribution Companies take air quality into account and when it reaches an unhealthy level, and will again delay disconnecting customers. This is done for only electric residential customers, however, and should not be extended to C&I customers.

As a further example, National Grid does not terminate residential electric service in areas where a heat advisory is issued by the National Weather Service. National Grid intends to continue this practice going forward. National Grid believes that heat advisories from the National Weather Service are the appropriate way to determine whether there may be any health issues related to hot weather. Similarly, Unitil relies on other qualitative observations such as air quality, humidity levels, temperature and predicted duration to arrive at a similar conclusion with respect to

monitoring its own moratoria for termination of residential customers where a heat advisory may be warranted.

The Department should not implement shutoff moratoriums for nonpayment during all summer months because this would significantly increase the socialized costs of subsidizing the customers in arrears who might have otherwise paid their outstanding bill if not for the summer moratorium. This will disincentivize customers from paying their balances in the spring if they are aware of a summer moratorium on shutoffs, as this removes the risk of disconnection for several months. The Department should not implement a shutoff moratorium for nonpayment during the summer for natural gas customers as natural gas is not utilized by customers for cooling.

D. Program Administration

1. Discuss the challenges and best practices for income verification for energy affordability programs, including the use of automatic enrollment or self-certification. In particular, discuss how to verify incomes above 200 percent of the FPL or 60 percent of the SMI.

Automatic Enrollment: Adopting automatic enrollment would increase the number of households enrolled in energy affordability programs, providing additional support for low-income households that had not previously signed up for these programs. The main challenge with automatic enrollment remains the need for a state agency overseen income eligibility verification system to address the issues raised in Section II.B.1 above. Without a state implemented income eligibility verification process, the obligation for enrollment will result in the enrollment of non-eligible households into the program, which will increase program costs while failing to reduce the affordability burden for those eligible for the program. The best practice for introducing an automatic enrollment would be to establish a state agency-managed, means-tested verification system. Automatic enrollment of households that are found to qualify for the discount rate based

on a verification process conducted by a state agency with access to the appropriate information for this purpose will help to prove financial assistance to the households who need it most, with little, if any, additional action required by eligible customers.

Self-Certification: Adopting a self-certification process can be an effective way to boost the number of households that join energy affordability programs. Households that would struggle to provide the financial information to join these programs under current rules would have an easier path to enrollment. The main challenge with self-certification is households who are not eligible to apply for the program. As with automatic enrollment, this would increase the bill impact on unenrolled customers, who pay for the discounts that non-eligible households would receive. Although it would be technically possible to audit self-certified households and then require those who were found to be non-eligible households to repay the discounts that they received, this would be logistically very difficult to enforce. Additionally, if self-certification is adopted, it should provide only 30 days of winter moratorium protection to allow the customer to provide proof, instead of the entire winter moratorium.

Verifying Incomes: The current state-sharing of income eligibility data remains the best process to verify incomes. Verification through a state agency agency-managed, means-tested verification system is the only way to ensure that the data regarding eligibility is timely, verifiable, and accurate. This practice should align with any new LIDR tiers that are set with a tiered discount rate. Before this is implemented, however, it would be helpful for the state to provide the quantity of households on each of the current programs to best determine the cost impacts of any new tiered discount rate.

2. Discuss the best practices to increase enrollment across energy affordability programs, such as the expanded use of utility advanced metering infrastructure data, marketing and outreach, and increased eligibility requirements.

Massachusetts currently employs the best practice of increasing enrollment in energy affordability programs through state data-sharing. However, strategic education and outreach efforts to create awareness about available assistance programs are crucial to enhancing enrollment in energy affordability programs. Targeting low-income households with tailored information and leveraging refined eligibility criteria can amplify program adoption, ensuring that more eligible customers benefit from the assistance and making energy bills more manageable for vulnerable households. This comprehensive approach increases program adoption and maximizes the impact of assistance programs, ultimately providing vital support to a broader spectrum of eligible customers. Additionally, strategic education and outreach can increase the adoption of AMI, lower energy consumption by promoting energy-efficient practices, and raise awareness of usage patterns to help households better manage and ultimately reduce their energy burden.

For example, Massachusetts Electric and Nantucket Electric proposed in D.P.U. 23-150 a multi-year education and outreach initiative, as well as expanded staffing resources, designed to increase enrollment in its energy affordability programs. Massachusetts Electric and Nantucket Electric's Customer Panel testimony in D.P.U. 23-150 includes discussion of both relevant customer research and a proposed education and outreach plan based on industry best practices. As an example of such efforts, in 2023 National Grid partnered with an external vendor to launch a 300,000-customer pilot to increase enrollment in financial assistance programs. The vendor's affordability solution design was leveraged to better identify, engage, and enroll LMI customers in programs that can help make their energy bills more affordable. Customers that were likely eligible for these programs were targeted using a variety of data sources, including the Energy Efficiency

Advisory Council ("EEAC")-defined disadvantaged communities and data from the U.S. Census such as the income-to-poverty ratio and census tract energy burden.

The pilot includes affordability alerts designed to direct LMI customers to specific financial and/or EE assistance programs via a short survey and to the online Savings Hub. Early results show customers that engaged deeply with the solution were almost twice as likely to enroll in an energy assistance program compared to those that did not receive an Affordability Alert and some programs saw a significant boost in enrollment.

E. Small Commercial and Industrial Affordability Programs

1. Is there a reasonable method to address energy burden for small commercial and industrial ("C&I") customers including, in particular, those that are non-profit entities? If so, what is that method?

From an energy burden and affordability pricing standpoint for small C&I customers, the Distribution Companies do not offer a special discount rate for this segment. This would also be difficult from a commercial affordability perspective, and subsidized rates for small C&I customers would increase the energy burden for all other customers due to the higher socialized costs. While the energy burden for residential customers can be readily calculated based on income, such a determination for businesses is not appropriate for several reasons. Small businesses are too diverse and unique to assess an affordability rate structure that fairly addresses need and whether subsidization is justified. For example, it would be virtually impossible to analyze whether a business is struggling financially simply because it is poorly operated. Additionally, this would create a situation where Distribution Companies are picking "winners" and "losers" in a particular industry and compelling some businesses to subsidize the energy costs of their competitors, regardless of the reason their competitor is strained financially.

Instead, the Department and the Distribution Companies should focus on the availability of a portfolio of energy efficiency ("EE") and demand response programs to reduce a business' operating costs while also benefiting utility operations. The Distribution Companies offer robust EE programs for all customers that help reduce customers' energy usage and associated costs. Because small C&I and non-profit entities face particular challenges when it comes to their energy bills, the Distribution Companies offer technical assistance, turnkey vendor services, and higher incentives to pursue energy efficiency projects. Additionally, as noted in the 2022-2024 Mass Save Three Year Energy Efficiency Plan, it is more difficult for EE programs to reach certain populations such as renters, given that it can be a challenge to convince landlords to make efficiency upgrades that may have no direct benefit to them. Since many small C&I customers rent or lease their space, a more targeted effort aimed not only at tenants but at property management companies, landlords, and real estate firms, was launched in 2022 to ensure that these customers benefit from the EE programs. The Distribution Companies plan to expand the small business renter efforts in the 2025-2027 Mass Save Three Year Plan.

2. How should the Department define small C&I customers for the purpose of an energy affordability program?

As discussed above, the Distribution Companies do not support further energy affordability measures above and beyond EE programs for small C&I customers.

F. General Questions

1. For individuals in particular, discuss what the energy burden looks like for you and what decisions you make about how to pay your energy bills and alter your energy consumption in an attempt to lower your bills.

This question is not applicable for the Distribution Companies. However, the Distribution Companies note, consistent with the comments offered above and expounded on in Section III.F.2,

below, that the costs of serving customer demand will continue to grow in the near future as part of the transition to a lower-carbon economy, as required by state law and by the Commonwealth's commitment to addressing climate change, which will require significant levels of investment in energy supply and delivery infrastructure, as well as in customer premise equipment. On that basis, as the Distribution Companies work to meet the Commonwealth's goals in this regard, we encourage the Department to take as broad a view as possible of the factors determining the cost of energy, beyond income eligibility or a discounted rate structure, to incorporate the potential for future changes and costs into the plans to influence short- and long-term energy affordability through state policies and actions.

2. Provide any additional comments or suggestions regarding the methods and measures that the Department could employ to address energy affordability.

The Distribution Companies strongly support the development of energy assistance program reforms as an important means to improve energy affordability for low-income customers, and appreciate the Department's interest in energy affordability for other customers as well. It is important that the Department contemplates energy affordability as it applies to all types of customers (including the "average" or median-income residential customer), and that it views energy affordability policy broadly, considering the range of short- and long-term factors that can impact household energy bills.

These factors include, but may not be limited to:

- The nature of customers' energy usage (types of appliances / equipment, types of commodities used, amount of commodities used) which includes both total annual demand and peak demand;
- Regulated utilities' cost of service (including capital investments, operating expenses, financing costs, etc. required to serve customers' demand);
- The allocation of that cost of service, e.g. via revenue requirements, between types of

energy customers (residential, commercial and industrial);

- The design of electricity and gas rates to fairly and efficiently recover revenue requirements, taking into account potential impacts on customer usage (e.g. via time-varying, demand-based, fixed charges, and/or volumetric charges);
- The utilities' cost of procuring electric and gas commodity (for customers who take commodity service from the company) including the underlying costs borne by suppliers for that commodity;
- Competitive commodity supply costs (for customers using competitive supply); and
- The costs recovered in rates for programs and investments that directly advance state energy policy goals (such as net metering credits, clean energy standard costs, residential energy affordability program costs, energy efficiency surcharges, and others).

Each of these issues, in turn, can be evaluated from a short-term, medium-term, and long-term perspective, based on their potential ability to be changed in a given timeframe by policy or regulatory change, or by the actions of utility companies or their customers.

These factors all influence the sizes of charges that the Commonwealth's utilities collect from their customers via rates, as well as the change in these charges over time. These amounts have grown significantly in recent years, as the costs associated with the deployment and investment in clean energy initiatives, solar deployment, energy efficiency and other GHG emissions reduction measures have grown.

Additionally, to address energy affordability for all customers, the Department needs to consider energy affordability in the context of the transition to decarbonization and increased electrification. Specifically, rate designs and regulatory frameworks that align with the Commonwealth's overall decarbonization goals and objectives will have significant implications on long-run customer cost trajectories. To that end, the ongoing electric sector modernization plans, implementation actions relative to the future of gas and the Department's directives in

D.P.U. 20-80, the commitment to achieve robust decarbonization and demand reductions through heat pump deployment and electrification initiatives in the upcoming 2025-2027 three-year energy efficiency plans, other regulatory and legislative initiatives to promote electric vehicle initiatives, and other regulatory incentives designed to help the Commonwealth achieve its 2030 and 2050 decarbonization and climate change goals will have real cost implications for all customers, including those beyond the current LMI discount structures.

For example, electric rate design (together with customer technology adoption and utilization) may become a mechanism by which the Commonwealth could manage the levels of investment required in electric networks over time. In addition, the long-run direction of energy system utilization (including a likely decline in gas demand and increase in electric demand) will have significant, if difficult to predict, impact on energy costs and burdens.[17]

From an affordability perspective, it is likely that customers who move from gas service to electrify in the immediate future will be more financially stable than those who cannot afford new technologies, or afford to remove their furnace and move to electric heat. Over time, if not properly managed, this could create a situation where there is a significant portion of low-income customers on gas service, which will make the program difficult to administer as the costs cannot be socialized amongst non-hardship customers. Further, periodic reevaluation of the energy affordability programs would help ensure that this transition is not hindering low-income customers or creating significant rate design and revenue issues.

The prospect of these large-scale shifts in system utilization raises the importance of

[17] The Department's Order in this NOI acknowledges some of the issues for gas customer affordability raised in the context of the D.P.U. 20-80 Future of Gas proceeding.

affordability from an intergenerational equity perspective, as seen, for example, in the potential for a smaller base of future gas customers to be faced with a higher burden of network cost recovery, absent reforms.[18] One option to consider, which has been raised previously by the Department and other stakeholders, is the ability for utilities to accelerate the depreciation of gas infrastructure in anticipation of these future potential gas declines.[19] Such a proposal will need to evaluate the rate impacts (as any acceleration in depreciation will result in a corresponding rate increase), the methodology for determining which asset classes are appropriate for acceleration, and the time period over which accelerated recovery of investments should be applied, among other factors.

With this context, the Department should consider the forward-looking cost of the future energy burden, so that it can meet the needs of and affordability issues for existing customers, while also developing the energy delivery model in the future that meets the full suite of the Commonwealth's goals. So doing will allow the Distribution Companies the ability to implement electric and gas rate designs that are cost-reflective and send accurate price signals to customers for load flexibility and load management, thereby allowing some partnership for cost avoidance

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[18] The LDCs have been required to do an extensive analysis on this aspect of affordability as part of their Climate Compliance Plans in response to the Department's order in D.P.U. 20-80. Investigation by the Department of Public Utilities on its own Motion into the role of gas local distribution companies as the Commonwealth achieves its target 2050 climate goals, D.P.U. 20-80-B at 133-135. On or before April 1, 2025, each LDC must provide a Climate Compliance Plan expanding on previous Net Zero Enablement Plans by demonstrating how each LDC proposes to: (1) contribute to the prescribed GHG emissions reduction sublimits set by EEA for both Scope 182 and Scope 383 emissions; (2) satisfy customer demand safely, reliably, affordably, and equitably using known and market-ready technology available at the time of the filing; (3) use pilot or demonstration projects to assist in identifying investment alternatives; (4) incorporate the evaluation of previous metrics; and (5) implement recommendations for future plans. Id. at 134-135.

[19] In compliance with the Department's order in D.P.U. 20-80-B, the LDCs will be conducting a comprehensive review that includes a forecast of the potential magnitude of stranded investments, including the impacts of accelerated depreciation proposals and potential alternatives to accelerated depreciation, which could be part of their compliance filing report submitted in April 2025. D.P.U. 20-80-B at 101.

on both commodity and delivery, while also allowing clean energy procurements and programs to target resources with the lowest marginal GHG abatement cost per MWh.

In addition, the Distribution Companies recommend the Department consider actions it may be able to recommend to other state agencies or the legislature, that could further promote affordability. For example, one measure to improve the efficiency and reach of energy assistance programs would be to establish a data-sharing program This program proposes to identify and automatically enroll beneficiaries of social assistance programs into utility companies' affordability programs. A statewide data-sharing program could be a practical and more accessible path for households to enroll in the companies' discount rate programs while streamlining communication between the companies and state agencies.

G. Detailed Questions for Distribution Companies

Each of the Distribution Companies acknowledge that the Department has requested specific information regarding income thresholds for eligibility and energy burden data, by census block group, wherever possible, along with a statewide dataset that combines the energy burden data for gas companies and electric companies. To that end, the Distribution Companies have endeavored to collaborate on the presentation of the data to be provided and are providing their utility specific data in conjunction with these comments.

Accompanying this filing are the datasets for each Distribution Company that currently has the data and capability to produce the requested analyses. The datasets being provided are as follows:

- National Grid is providing data sets requested for Boston Gas Company, Nantucket Electric Company and Massachusetts Electric Company.
- NSTAR Electric is providing the data set included in its most recent base

distribution rate case, D.P.U. 22-22. NSTAR Electric needs more time to produce the additional granularity requested in this proceeding and will supplement this data set once completed.

- NSTAR Gas is providing the data set as requested.
- Unitil is providing the data sets as requested for both gas and electric.[20]

For the other Distribution Companies, notably Berkshire, EGMA, and Liberty, they are undertaking manual efforts to derive the data sets requested and will supplement the filing of these comments with their energy burden data, as soon as practicable.

For the statewide data set, the Distribution Companies are not able to combine their individual energy burden data analyses for this exercise at this time. To produce this set as requested, the Distribution Companies would require consistency across the demographic data and need to align the granularity in the data between the Distribution Companies.

IV. CONCLUSION

The Distribution Companies appreciate the opportunity to provide these comments and urge the Department to consider these important aspects when finalizing any energy affordability programs for utilities in the Commonwealth. The issues are complex, and the Distribution Companies commend the Department for bringing together all stakeholders to provide their perspectives, as stakeholder engagement is a pivotal component of this proceeding. To that end, the Distribution Companies recommend that the Department convene technical sessions following

[20] Please note that Unitil was able to produce the requested energy burden data for its gas division through a manual process and Unitil will not have the ability to automate this process until the census level data for gas customers is populated in its billing system. Unitil anticipates being able to complete populating this census level data for the gas division and designing automated extraction reports by the end of the third quarter in 2024.

the submission of initial comments to further allow the Department and interested stakeholders to exchange ideas and explore relative ways to achieve the Department's stated goals of addressing the existing energy burden with a focus on energy affordability for residential ratepayers, which will also allow the opportunity to collaboratively discuss and develop these points further, for the Department's consideration.

Respectfully Submitted,

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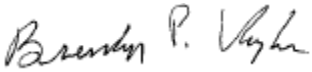

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