July 30, 2026

The Honorable Mark Cusack
State House
Boston, MA 02133

The Honorable Aaron Michlewitz
State House
Boston, MA 02133

The Honorable Brad Jones
State House
Boston, MA 02133

The Honorable Michael Barrett
State House
Boston, MA 02133

The Honorable Cynthia Creem
State House
Boston, MA 02133

The Honorable Bruce Tarr
State House
Boston, MA 02133

RE: Energy Affordability Conference Report

Dear Conferees:

On behalf of the Massachusetts Coalition for Sustainable Energy (MCSE), representing nearly two dozen of the Commonwealth's largest business, employer, housing, labor, Chamber, and trade associations, we are writing to urge you to prioritize energy affordability in the conference report related to H. 5175 and S. 3166 – and to refrain from adding new costs to already record-high energy bills.

Specifically, we strongly oppose any efforts to (1) create or expand incremental programs that will add costs; (2) sunset the Gas System Enhancement Program (GSEP); (3) terminate the requirement that utilities must serve natural gas to customers that choose it; or (4) "securitize" clean energy costs, as we believe the "savings" from these efforts, if even possible, would be dwarfed by new electrification and decarbonization costs and programs. Increasing the cost of energy runs directly counter to the original purpose of the legislation, which was to reduce costs and make energy in the Commonwealth more affordable.

Progress on affordability is within reach if the Commonwealth can make sensible choices. Should the product of this conference report fail to lower ratepayer bills or put the reliability and safety of our energy infrastructure at risk, *we would urge conferees to table any energy legislation until next session*.

Now Is Not the Time to Add Billions More to Ratepayer Bills

Since its creation, this coalition has supported much of the Legislature's climate and energy initiatives – most recently, *An Act Promoting A Clean Energy Grid, Advancing Equity and Protecting Ratepayers,* a bill that is now law (Chapter 239 of the Acts of 2024). Our coalition strongly and consistently believes that climate change is real and requires meaningful action to reduce emissions. Our membership spoke out early on the need for an "all-of-the-above" approach to energy resources, paving the way for a clean energy transition to achieve "net zero" emissions by 2050.

While we have not agreed on every policy or proposal, our members recognize the importance of this work and the benefits of a clean energy economy. As such, we are proud of our role as partner and facilitator in the transition and have participated in good faith in the Commonwealth's many commissions and task forces on these matters.

But support for climate action cannot be without limits. Climate change is hardly the only pressing issue facing our region, with housing, health care and economic development among other essential budget priorities competing for funding. Programs—particularly those that have existed for multiple budget cycles—should demonstrate effectiveness in cost and program results. Policy changes that deliver real time savings to ratepayers are not retreats from our climate commitment or betrayals, as some have suggested. Rather, balancing affordability with climate change objectives is absolutely essential to maintain and strengthen public support.

Our coalition believes that new energy legislation that lacks reasonable limits or checks and balances in committing ratepayer dollars to an array of new clean energy programs, including vaguely defined "energy services," warrants careful consideration. The interests of consumers—and the families, workers, and businesses that ultimately bear these costs—can only be protected when legislation: 1) clearly and concisely defines its purpose and scope; 2) establishes parameters for quantifying ratepayer costs and benefits; and 3) provides for actionable and appropriate regulatory oversight.

Indeed, our members have urged transparency regarding the total cost of the clean energy transition, as to date there remains no publicly available data on costs writ large. As of today, there has not been a cost estimate presented to the public detailing the enormous investment required, and it certainly appears that it is being shielded from the public. These added costs come on top of electricity prices that are already among the highest in the continental U.S., further increasing the burden on Massachusetts customers.

The lack of cost transparency is not a small issue. Based on recent submissions to the Department of Public Utilities (DPU), the cost of transitioning 1.8 million homes that currently use natural gas in the Commonwealth to electric service will cost as much as **$108 billion**. These unprecedented costs include only so-called "behind the meter" upgrades such as heat pumps, appliances and other related costs. They do *not include* infrastructure upgrades such as transformers and substations to support electrification of natural gas customers or the costs associated with decommissioning of the gas system. Nor do they account for the relative increase in electric demand in a supply market where electricity prices already reflect a scarce commodity – or increased electrical cost for the homeowner. Collectively, these costs would likely be equal to "behind the meter" costs and increase energy rates even further, impacting families' and businesses' ability to locate and stay in the Commonwealth.

Massachusetts is not alone in facing these challenges. However, other like-minded states are addressing cost issues in a more balanced way without diminishing urgency. For example, most recently, New York and California have revisited looming interim climate goals that tie states' hands and hinder creative policymaking that could temper rising costs and create a more feasible pathway to net zero.

For these reasons, we urge conferees to consider the following critical issues in deliberations:

Public Policy Programs: Insisting on Cost Transparency and Results

We urge conferees looking for ratepayer savings to weigh the impact and success of public policy programs that currently increase ratepayer bills by roughly 40% without any clear bar for success.

Current proposals that double down on "demand response" and other all electricity policies to throttle energy usage during periods of high demand are highly unlikely to address supply shortfalls, reduce emissions or save ratepayers money. Instead, we should be taking a closer look at today's drivers of high electric rates to understand whether existing programs and subsidies are delivering benefits that justify their cost to the ratepayer. Likewise, we should be balancing the creation of new industries and jobs with the impact of high energy rates on existing businesses.

For these reasons, we supported the redirection of Alternative Compliance Payments (ACP) to ratepayers in the House bill, as well as efforts to examine other growing program costs. These proposals should be included in the final conference report.

Another proposal we were encouraged to see in the Senate-passed bill was a temporary freeze in the Renewable Portfolio Standard (RPS). Since 2008, the RPS has committed Massachusetts to procure an increasing percentage of energy from various clean energy sources – regardless of availability and cost. In recent years however, the market has consistently fallen short of meeting RPS standards due to a combination of factors, including federal barriers to offshore wind, inflation and the failure to account for the complexity and cost of new construction.

The freeze in the RPS represents a particularly promising point of discussion about the Commonwealth's transition – in particular, how to reconcile our need to increase clean energy supply with the realities of our pace of progress and ability to afford the associated costs. Indeed, this past winter, despite significant ratepayer subsidies for solar, offshore wind and hydropower, Massachusetts relied on oil for as much as 50% of our daily electric usage during peak days – burning over 100 million gallons in the span of a few weeks. As Massachusetts approaches 40 cents per kWh of electricity with still less than a quarter of our supply considered "renewable," we believe now is the time to course correct.

As a coalition, we look forward to this conversation and view that finding common ground is possible – whether as part of this conference negotiation or an ongoing conversation about our shared energy future.

Obligation to Serve & GSEP: Undermining Our Natural Gas System Will Not Reduce Costs

Another proposal we urge conferees to reject is the termination of a natural gas customer's right to choose their own fuel source. The proposal to end the gas companies' obligation to serve existing natural gas ratepayers is deeply concerning. Empowering the DPU to deny consumers their choice of energy with so few cost effective and reliable alternatives will only serve to drive up already record high energy costs. In addition, we worry that forcing consumers to transition off of natural gas in a heavy-handed way could have the effect of turning public sentiment against the very technologies and energy sources we need them to adopt.

Relatedly, we urge conferees to reject attempts to sunset or end the Gas System Enhancement Program (GSEP). Although eliminating support for natural gas infrastructure may, at first glance, appear to be consistent with the clean energy transition, the reality is quite different. Adequate clean energy supply remains frustratingly elusive in Massachusetts and gas remains the Commonwealth's dominant fuel source—heating 52% of households in Massachusetts compared to only 20.5% for electricity (most of which is still electric resistance heat)—roughly the same as fuel oil, which the state has been phasing out for decades. Electrification progress is painfully slow despite multiple years of generous heat pump incentives via Mass Save due to its significant cost, making it an option that only relatively high-income consumers are able to adopt.

Governor Healey has spoken out in support of bringing new natural gas supply to the region and, in fact, there are multiple projects under consideration. Reliance on the natural gas distribution continues to be necessary – and as such, the safety of the system remains paramount. Abandoning the pipeline replacement program created only a dozen years ago to improve public safety and reduce methane emissions makes little sense. Through the GSEP, customers are the beneficiaries of a cleaner and more reliable gas system and, with no reliable and affordable clean alternative to replace natural gas on the horizon, ratepayers today will still be using gas delivered to their homes and businesses by 2030. Eliminating the statutory GSEP mechanism does not end or modify the need for pipeline replacement – instead, it simply shifts cost recovery from the relatively transparent GSEP mechanism to complex and costly rate cases at the DPU, where utilities are allowed to "true-up" all their operating costs, not just GSEP.

In our view, ending the GSEP program within four years is an artificial panacea that will fail to reduce the costs it promises while putting the safety and reliability of the system in jeopardy.

Securitization: Financing Electrification Spending Will Not Reduce Costs

Our coalition vigorously opposes the proposal for the utilities to issue "rate reduction bonds"—otherwise known as securitization—for new electrification upgrades. These so-called "savings" are estimated to reduce costs by $7 billion over a decade – constituting nearly 50% of the savings identified under the Senate bill. However, it's entirely unclear that the infrastructure the bill appears to contemplate securitizing can even be securitized. Even if securitization is possible, such savings would come about only with *tens of billions of dollars of spending on* *electrification* across the Commonwealth. There would be no impact on ratepayer bills using today's baseline. Claiming $7 billion of "savings" on future spending that has not even been estimated much less realized will not reduce ratepayer bills. In the weeks ahead, we will be continuing our analysis of available electrification cost data that has been submitted by the utility industry and look forward to meeting with the conferees in the weeks ahead to discuss its bottom-line implications for Commonwealth ratepayers.

Our coalition's view is that securitization should only be considered for one-time expenses such as storm and unforeseen grid reliability damage and threats – not ongoing, multi-year spending for which the ultimate price tag remains unknown. Securitization does not eliminate such costs; it simply shifts them over a longer period and to future ratepayers, who remain responsible for paying the full cost of the investment. Even assuming these financing savings materialize, they pale in comparison to the tens of billions of dollars of electrification spending required to achieve them. For decarbonization purposes, securitization merely serves to further delay the full and complete accounting that Commonwealth ratepayers demand and deserve.

Meaningful Action on Energy Affordability is the Only Path Forward

Our coalition is committed to real solutions that show progress on today's affordability challenge, and we believe that there is still the opportunity to make progress on this goal through negotiations this session. Multiple surveys over the last several months have found that rising energy costs are the single greatest concern to families and businesses looking for relief. As such, we urge conferees to keep practical, feasible affordability initiatives at the forefront of negotiations.

However, should such a path prove impossible, we believe the Commonwealth would be better served by tabling this legislation until next session. Doing so would give the Legislature time to approach these complex issues in a thoughtful, holistic and consumer-focused way. Producing yet another bill that increases costs for ratepayers while failing to meaningfully address effectiveness or account for established energy market realities should not be an option. Given the stakes, no bill is a better outcome for Massachusetts ratepayers than one that leaves them paying even more.

Sincerely,

MASS COALITION for sustainable energy

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