Energy Affordability, Independence & Innovation Act - Getting Costs Off Bills

Healey-Driscoll Administration

A central focus of the legislation is getting costs off bills and keeping bills down. There are actions that can be taken in the near- and longer term that impact on overall customer affordability. This includes avoiding unnecessary spending, making existing programs more efficient while ending others, and phasing-out subsidies that are no longer needed. For example, the Bill will eliminate woody biomass as an eligible source of generation to ensure consistency with the state's Clean and Renewable Portfolio Standards. It also includes giving tools to the DPU and utilities to finance costs and energy saving measures differently, including Mass Save, Electric Sector Modernization Plans, and storm-related expenses.

Reform Net Metering

Net metering is a billing arrangement that credits solar energy system owners for the electricity their panels generate and add to the grid, allowing them to offset their energy costs. Net metering rates in Massachusetts are considerably higher than in other states and the Net Metering Recovery Surcharge is a significant cost on electric bills, adding $9.73 - $15.73 monthly ($117 - $189 annually) for a typical residential customer.

The Bill will reduce net-metering credit values for non-residential, non-customer-sited standalone solar facilities connecting to the grid on or after January 1, 2026, and for all existing facilities in this category after 25 years of operations. Rooftop solar at homes and businesses would not be affected. Affected facilities would still receive credits but at a lower rate and more in line with other states. Anticipated savings could be **more than $380 million over the next 10 years**.

Amend the SMART Program

The Solar Massachusetts Renewable Target (SMART) Program is a solar incentive program that pays solar system owners a fixed rate for their solar generation output to encourage solar energy adoption. Since the program was first created in 2016, the market has evolved. The Bill proposes to **reform the SMART program to address current market dynamics**. This provision also requires that all solar net metering facilities participate in the SMART Program. This change is **estimated to save about $35 million over the next ten years** by creating more Class I Renewable Energy Certificates (RECs) and lowering the price at which these RECs are acquired by utilities.

Phase-out Alternative Portfolio Standard (APS) Program

The APS currently supports technologies like natural-gas-fired combined heat and power (CHP) facilities, fuel cells, biofuels, and heat pumps. The technologies are now largely commercially and economically viable and no longer require this support for continued operation. Some of these technologies also receive funding from other programs (e.g., Mass Save) or conflict with current state requirements. The Bill will **repeal the APS program by 2028** and schedule a phase-out for existing covered entities before that date. Doing so will result in savings to ratepayers of **$870 million over ten years.**

Enable Securitization of Utility Investments

Modernizing the electric grid and continuing our nation-leading energy savings programs requires ongoing investment. The Bill will **expand existing Massachusetts law to allow utilities to issue rate reduction bonds to securitize costs** related to Mass Save, electric grid modernization, storm recovery, and the gas system transition. Doing so could save over $5 billion over the next 10 years. Massachusetts has used securitization to reduce costs to ratepayers in the past and more than 25 states have used securitization over the last decade to pay for energy infrastructure, programs, and extraordinary expenses. Securitization will help reduce the financial impact of these programs, investments, and expenditures on ratepayers, particularly over the next ten years.

Reform Existing Rates and Charges

The current structure of multiple usage-based "reconciling charges" on energy bills, reviewed in separate dockets and recovered differently (e.g., volumetric vs. fixed), can cause costs to spike during peak months, unnecessarily driving up costs for customers and discouraging adoption of efficient heat pumps and electric vehicles.

The Bill would require the Department of Public Utilities (DPU) to review and reform usage-based energy bill charges that lead to price spikes and contribute to high bills in the winter and summer. It would also direct the DPU to establish a cap on month-to-month bill increases due to rate changes, going forward. The goal is to **reduce bill volatility and avoid "rate shock."** This provision can potentially **avoid $600 million in ratepayer costs over the next ten years**.