

Gas Rates Response Document

The Department of Public Utilities (DPU) allows the gas utility companies (Eversource, National Grid, Unitil, Liberty Utilities, and Berkshire Gas) to increase gas rates in order to reimburse these companies for reasonable investments in system safety, reliability, affordability, equity, and greenhouse gas (GHG) emissions reductions. By law, the gas companies are prohibited from marking up the cost of the natural gas that they sell to their customers.

Two factors are primarily responsible for the dramatic price spikes this winter. The first is extremely cold weather which resulted in greater gas consumption. The other factor is higher Mass Save gas energy efficiency budgets, which are set by an advisory council chaired by the state energy commissioner (DOER), the DPU, and the gas companies. The Secretary of Energy and Environmental Affairs (EEA) is required to set a GHG emissions reductions goal for Mass Save plans to ensure they contribute to statewide emissions limits. The executive branch has discretion over the Mass Save GHG reduction goal and may also leverage other programs to reduce emissions. Please see **Appendix A** for an itemized list of gas bill charges, and the statutory authority under which the DPU authorized those charges.

In response to the public, state legislators, and Governor Healey, DPU, and the gas companies have taken several actions to reduce gas residential bills:

- On February 20th, the DPU ordered the investor-owned gas utility companies to reduce bills for the remainder of the heating season (March and April) by at least 5%. This order also directed the gas companies to defer these costs during the off-peak season. *Note: the recent February 28th DPU order on reducing Mass Save energy efficiency budgets should nearly eliminate the need for the gas companies to defer the cost recovery, pending approval of gas company proposals.*
- In response, the gas companies filed proposals on February 24th to reduce their respective customer bills, ranging from a 7.4% to a 16% reduction, totaling \$95 million in savings. A breakdown of this reduction can be found in the **Appendix B**.
- On February 28th, the DPU approved immediate reductions in gas residential bills for March and April 2025, which went into effect on March 1st. They also extended the moratorium against shutting off a utility customer's heat to April 1st.
- Also on February 28th, the DPU approved the 2025-2027 Mass Save Plan which cut the gas residential sector budget by 25% (approximately \$255 million). This reduces the total Mass Save gas budget to approximately \$1.53 billion. The gas companies must propose to DPU how they will reduce the gas budget and receive approval before this will impact bills.
 - In an effort to increase transparency for ratepayers, DPU also directed the gas companies to list the Energy Efficiency Surcharge as a separate line item on bills moving forward; directed the program administrators to fund the 2025-2027 Mass Save Plan with non-ratepayer funds whenever possible; and ordered the program administrators to work with the Energy Efficiency Advisory Council and the Legislature to diversify funding sources for Mass Save's building decarbonization work.
 - The Legislature does not set the Mass Save budgets and does not require a specific per therm energy efficiency charge. Program costs are informed in part by Mass Save's GHG emissions reduction goal set by the EEA secretary. The executive branch has discretion in how robust of a GHG goal to set as it creates strategies to comply with G.L. c. 21N aggregate statewide emissions limits.

On March 10th, Governor Healey announced an energy affordability agenda which includes a \$50 credit to electric utility customers' bills (National Grid, Eversource, Unitil) in April, equaling \$125 million in rate relief. These funds come from Alternative Compliance Payments (ACPs), which entities can pay to comply with state renewable and alternative energy portfolio programs.

The Legislature has sought through climate bills in 2021, 2022, and 2024 to reduce the Commonwealth's overreliance on volatile natural gas as a heating and power source and increase the state's energy independence. In addition, the Legislature authorized DPU in 2024 to create a moderate-income discount rate in addition to the existing low-income discount rate. The Legislature will also continue to take steps to ensure the transition is affordable for ratepayers.