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October 16, 2026

The Honorable Michael J. Barrett
State House, Room 312B
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Representative Mark J. Cusack
Massachusetts House of Representatives
State House
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Regarding: Senate Bill S.3166, House Bill H.5175 and related recommendations.

Dear Chair Barrett, Chair Cusack and Members of the Conference Committee,

On behalf of Eversource Energy ("Eversource"), we write to you regarding our concerns with Senate Bill S.3166 and House Bill H.5175. As a company, we have consistently strived to build a constructive, respectful relationship with the broad range of stakeholders working together to further the Commonwealth's clean energy future with a focus on reliability and affordability for our customers. The impacts of climate change are real and are creating challenges across the Massachusetts economy and for our utility infrastructure. Along the way, we have found there is overriding consensus that reliable, resilient, clean and affordable energy resources are vital to public health and safety, as well as to maintain the Commonwealth's status as a hub of innovation, economic vitality and high quality of life. Today, we write to you in this spirit.

As discussed below, our assessment is that neither of the bills pending before the Conference Committee will improve affordability for Eversource's two million residential and business customers in Massachusetts. In fact, as drafted, both bills set the stage for dramatic cost *increases* -- failing to address the true drivers of high energy costs in Massachusetts. Without a genuine attempt to address energy supply shortages in peak periods, to establish a creditable resource-adequacy planning process for the Commonwealth's energy consumers, or to provide

relief from soaring spending on ratepayer-backed clean energy incentive programs, "affordability" will be elusive for the Commonwealth's energy consumers.

As public discourse continues during this political season, the stakes are raised for our customers – and facts matter in this context. The reality is that Eversource electric bills already collect more money from our customers for the Commonwealth's climate and clean energy incentive programs than for the customer's own electric service, with our rates collecting a base distribution revenue requirement of $1.34 billion, annually, as compared to the annual cost of clean energy programs topping $1.46 billion for Eversource electric ratepayers in 2026. In this context, it is striking that legislative proposals currently pending before the Conference Committee contemplate the commitment of billions of dollars of ***new*** ratepayer money to clean energy programs and "energy services" procurements administered by the Massachusetts Department of Energy Resources ("DOER") without provision for meaningful public process or regulatory oversight on the terms or costs of such programs, once put into law.

As we explain below, it is time to make a realistic assessment of what's been accomplished in Massachusetts over the past 15 years in relation to the energy transition -- including what it has cost ratepayers, what significant investment by Massachusetts utility customers has produced, *and for whom.* The legislation pending before this committee should be informed by this type of unbiased assessment because utility ratepayers are reaching the limit on unregulated costs that now are the key drivers of their utility bills.

⇒ ***Level-setting what ratepayers are paying for on their utility bills.***

First, it is important to level-set on what our customers are currently paying for through their monthly utility bills. This is necessary because, although framed as "energy affordability and utility reform," the public commentary on the pending legislation omits important context regarding the charges that our customers see on their utility bills and the facts around what is driving high energy costs in the region.

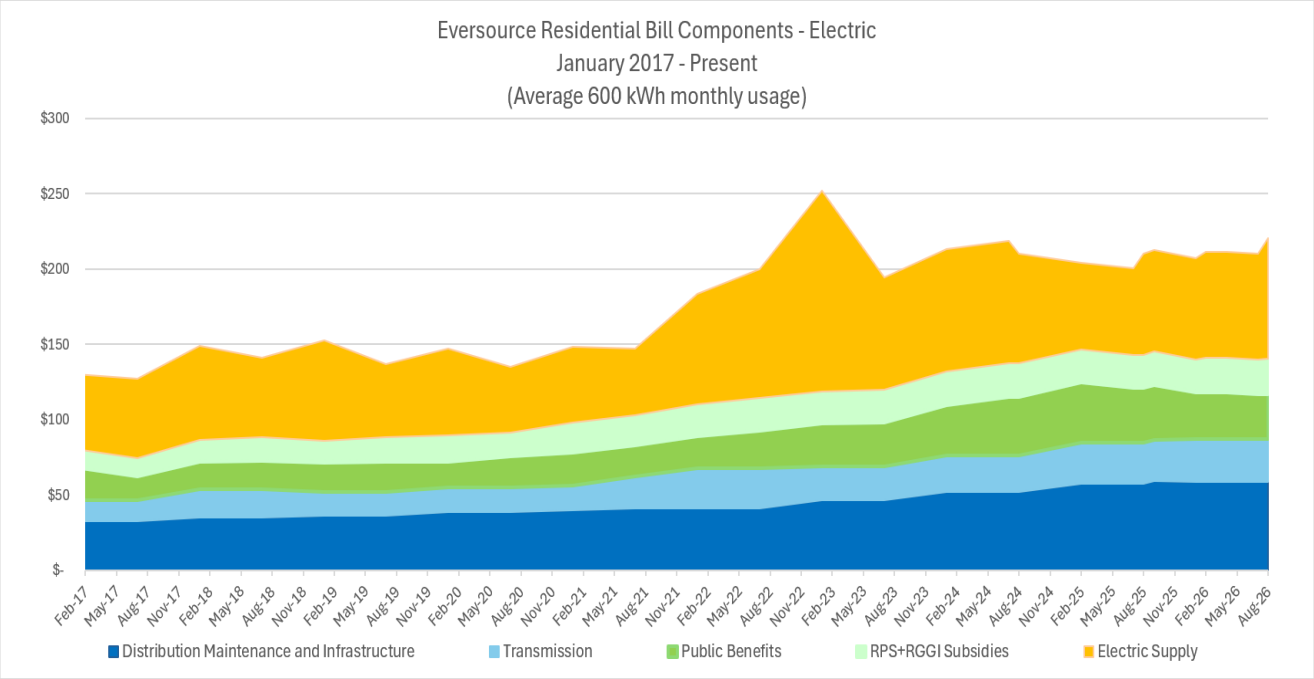
We work each and every day with our two million electric and natural gas customers in Massachusetts to meet our public-service obligations in a professional and responsible manner -- diligently striving to build trust and transparency that customers can count on. From these interactions, it is clear that the affordability crisis facing our customers is real and will require pragmatic solutions protecting their interests in both the near and long term. Our customers want to know what they are paying for on their utility bill and why they are paying for it, particularly with respect to costs that appear to be unrelated to utility service. Customers need to be able to refrigerate their food, keep their air conditioning on during sweltering summer heat and heat their homes during bitter cold winters – which for many customers drives hard sacrifices. Customers want *lower* energy costs, not layers of "policy" costs on top of their own usage. ***The depth of their anxiety on this point is palpable***.

Yet, without objective study or transparency, the pending legislation stays the course with a "pay our way through" mentality to energy policy, implementing an apparent strategy of *defying*

the affordability crisis on the premise that, if we can just get rid of natural gas and reach 100% electrification across the Commonwealth, then the "affordability" crisis will somehow solve itself, which it will not.

This point is illustrated by the history of rate charges on the electric bill. As of August 1, 2026, the typical Eversource electric customer in Massachusetts is paying approximately $224 monthly, based on average monthly usage of 600 kWh.[1] The history of rate charges for an Eversource residential electric customer in Massachusetts over the past ten years prior to that point are shown in Figure 1, below:

Figure 1: Eversource Residential Electric Customer -- Average Monthly Cost, 2017-2026



As much as **60%** of the residential utility bill is amplified by the clean energy policies of the Commonwealth, exacerbating the impacts of a volatile supply market with inadequate generation resources in peak periods.

[1] Depending on monthly usage, the customer's actual electric bill will be higher or lower. Most of the components of a customer bill are volumetric, increasing the customer bill with higher consumption.

Of the $224 typical monthly bill for the Eversource residential electric customer, approximately $62 is payment for the distribution service that Eversource provides, with another $28 for interstate transmission services. This means that the Eversource portion of the average customer bill is roughly about ***$90 monthly*** for the essential services that serve as a lifeline to homes and businesses in the Commonwealth. This is approximately 40% of the average customer bill, with utility earnings included in this amount.

Consequently, the reality is that utility earnings are *not* the cause of high customer bills, representing only about 10% of the customer's total bill. Even if earnings returned to investors were *completely erased* -- and reduced to zero on the customer's bill -- the entire affordability concern would still continue to exist, while access to safe and reliable service would be critically threatened due to the loss of creditworthiness and inability to raise capital to operate the system.[2] In addition, without access to adequate levels of reasonably priced capital, the electric utilities would lose their ability to assist in enabling the ongoing energy transition. In fact, with the utility portion of the customer bill totaling about $3 per day, the infrastructure investments that we make for the benefit of our customers are the most stable part of the bill, while having the most direct impact and benefit on the personal safety, health and welfare of our customers and the economic strength of the Commonwealth.

Our customers should not be misguided on this point given their need to rely on critical electric infrastructure, which the Commonwealth is heavily promoting through electrification incentives.

Still, we get it. We do not expect working people struggling to pay for adequate food, clothing and shelter for their families – and falling short despite unending sacrifice – to feel anything but anger toward the increasing size of their utility bill. For this reason, it is time for all stakeholders to take a candid, introspective look at *what else* is on the customer's utility bill. Whether the average residential electric customer lives in Pittsfield, Freetown, Weston or Mattapan, as much as 60 percent of the customer's bill is exacerbated by wholesale market supply shortages and the cost of climate and clean energy programs, creating a harmful, regressive impact on working families, small businesses and other customers who can least afford it. The Commonwealth's economic competitiveness and ability to stir investment in housing, education and healthcare are all affected by high energy prices. Our hope would be that new legislation would improve the situation for our customers on a meaningful and sustained basis.

For this to happen, it is necessary to address the core reality in Massachusetts and the broader New England region, which is that customers cannot overcome the impacts of economic scarcity and volatility reflected in the ***supply portion*** of utility bills – primarily caused by the lack

[2] Utilities are infrastructure companies that require a consistent flow of capital from the investment marketplace to fund upgrades on the distribution system. Basic finance principles dictate that utilities need earnings to pay back the lenders and investors contributing capital to finance the ongoing infrastructure projects, which are necessary to ensure the reliable delivery of electricity and natural gas to customers. Infrastructure investment also provides jobs to Massachusetts residents and tax revenue to more than 159 municipalities on the Eversource system.

of adequate gas pipeline capacity necessary to fuel New England's electric generation fleet during peak demand days in the extreme cold of winter. These factors are exacerbated by persistent increases in the cost of supporting an elaborate array of state-determined climate and clean energy standards and cap-and-trade programs.[3]

Current estimated ratepayer costs for all climate programs and policies are itemized below, in Table 1. These policies and programs are administered across multiple state agencies, with supply-related policies overseen by the DOER and the Department of Environmental Protection ("DEP"), agencies that have not typically conducted formal, rigorous and public evaluations of the direct financial impacts of their policy decisions on utility customers.

Table 1: Annual Costs Collected from Eversource Electric Customers for Climate and Clean Energy Programs

Clean Energy and Renewable Energy Programs (collected through the Delivery portion of electric customer bills)	
Energy Efficiency	$326,500,000
Solar Net Metering Credits (NMRS)	$103,100,000
Distributed Solar (SMART)	$96,200,000
Electric Vehicles	$39,100,000
Renewable Energy	$11,400,000
Long-Term Renewable (LTRCA)	$(8,600,000)
(collected through the Supply portion of electric customer bills)	
RPS Class 1	$262,500,000
SREC II	$125,400,000
RPS Class II Renewable	$28,200,000
RPS Class II Waste-to-Energy	$21,100,000
Alternative Portfolio Standard	$38,100,000
Clean Peak Standard	$60,300,000
Clean Energy Standard	--
Clean Energy Standard - Existing	$62,400,000
Regional Greenhouse Gas Initiative (RGGI)	$295,400,000
Total	**$1,461,100,000**

[3] For example, electric supply in Massachusetts must meet eight separate clean energy standard obligations, while electric generators are subject to two carbon cap-and-trade programs. The standards are: Class I Renewable Portfolio Standard, Class I Solar II Carve Out, Class II Renewable Portfolio Standard, Class II Waste-to-Energy Renewable Portfolio Standard, Alternative Portfolio Standard, Clean Peak Standard, Clean Energy Standard and Clean Energy Standard-Existing. The costs of these programs are collected from electric ratepayers in the energy supply portion of their bills.

Critically, ***this is just the Eversource (electric) portion of utility ratepayer funding***. Eversource customers represent slightly more than half of the total Massachusetts EDC load, so that statewide funding collected on utility ratepayer bills for climate and clean energy initiatives will likely approach $3 billion in 2026.

What's more, we expect that these costs are likely to increase markedly in the coming years as the Commonwealth's energy portfolio standard requirements continue to mount, as long-term contracts from large renewable resources begin to be charged to ratepayers; as costs associated with DOER's escalating solar incentives take effect; and as the full impact of recent aggressive changes to the RGGI program become apparent.

Critically, none of these policies have ever been evaluated holistically, nor have policymakers been asked to answer the question of whether the Commonwealth's suite of policies are the most cost-effective means of meeting the state's climate goals. From Eversource's perspective, $1.4 billion in annual ratepayer funding is more than sufficient to meet the Commonwealth's energy transition goals, and yet the legislation currently contemplated by the Conference Committee ***asks for even more***.

The energy affordability crisis is here today, primarily as a function of legally binding regulatory frameworks that guarantee it will only get worse in the coming years. Seeking reforms of climate policies that do not work or that ask too much of utility ratepayers for the benefits provided is not akin to denying climate change. Rather, public discourse around the issue is critically needed ***to ensure the long-term viability of the energy transition***. Nothing will undermine public support for climate action as much as policies that perpetually require more from utility ratepayers than they can bear, while emissions goals go unmet. Yet, unfortunately, this is the path that S.3166 and H.5175 appear to be committed to pursuing.

⇒ ***Understanding the broad scope of new costs associated with Senate Bill S.3166 and House Bill H.5175 and other alleged "affordability" measures.***

It is important to grasp the sweeping change that is embedded in the legislative proposals pending before the Conference Committee and the equally substantial cost impacts that would inevitably flow from enactment of these provisions.

Among the proposals currently pending before the Conference Committee is the premise that affordability will somehow be achieved through *an unprecedented expansion* of clean energy procurement, with an aggregate combination of more than 20 gigawatts ("GW") of solar and offshore wind generation, plus unquantified ramp-ups in demand response and energy storage authorized by the pending legislation. This quantity is approximately 60% greater than

Massachusetts' current peak day demand.[4] Procurement of this generation is envisioned to be implemented by DOER through the promulgation of a new Resource Solicitation Plan.[5]

The aspiration of 20+ GW is a huge quantity of power generation, not physically achievable between now and 2040 in the manner contemplated by the pending legislative provisions. In the last five years, approximately 3 GW of bulk-power units have retired. In the same five years, only 1.9 GW of new bulk power supply was brought online, of which 1.1 GW is hydropower and 800 megawatts is offshore wind development, with the remainder being solar and storage. To achieve this lofty goal of 20+ GW by 2040, upwards of 1.5+ GW of generation must come online *every year*, on average, accompanied by the construction of new transmission lines that will be needed to interconnect and transmit these new resources reliably, creating a very costly workaround to less expensive supply options, such as a transitional natural gas option designed for the winter peak.[6]

Further, the premise that as much as 3.5 GW of demand reduction will be available on peak anytime soon means that electric companies will either need to be positioned to cut 30% of electric demand on peak or, alternatively, the growth trajectory of electrification (with implicit demand reduction) will need to be several magnitudes greater than any current pace of electrification in Massachusetts. This is not realistic or probable. Instead, a study should be commissioned on an annual basis to identify a realistic amount of demand reduction as part of an integrated resource planning assessment that can be cost-effectively achieved without compromising reliability.

In addition, S.3166 and H.5175 would both expand DOER's procurement authority *beyond* offshore wind, nuclear, hydroelectric and other clean generation resources to a new category generically termed to be "energy services," not tied to a specific clean energy generation project and broadly defined as "operation of infrastructure that increases the efficiency, deliverability or reliability of clean energy generation or reduces the cost of clean energy generation, including, but not limited to, transmission, advanced transmission, energy storage, load management and demand response technologies." [7]

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[4] The Senate and House bills followed from Executive Order No. 654, which stated that the Commonwealth will bring 10 GW of "new energy resources" online, under contract, or under development by the end of 2035, including four new GW of solar, two-and-a-half GW of new energy supply into the New England power grid connecting to Massachusetts customers, and three-and-a-half new GW from demand response. Executive Order No. 654 further set an additional goal of five GW of energy storage online or under development within Massachusetts by the end of 2035, summing to an expected 15 GW of "new energy resources." These aspirations are surpassed in the Senate and House versions of the pending energy bills.

[5] S.3166, Sec. 36 (new Sec. 22); H.5175, Sec. 13 (new Sec. 22).

[6] To ensure cost-effective development of the transmission network, these necessary additions would need to be planned methodically, with the coordinated actions of the transmission owners and DOER, rather than approached on an *ad hoc*, unplanned, uncoordinated basis, which is the experience to date.

[7] S.3166, Sec. 36 (new Sec. 22), lines 726-729.

Extending DOER's procurement authority to the category of "and anything else DOER identifies," without quantity or cost boundaries, leaves DOER with unchecked authority to create and impose substantial costs on electric ratepayers. As written, the provision does not require that the "energy services" be part of a specific clean energy generation project; nor does the provision require DOER to confer with any other entity such as the transmission owners or ISO-New England with respect to transmission procurements before executing long-term commitments that customers will pay for. In effect, the "energy services" provision places DOER in an all-encompassing position of determining the energy infrastructure and fuel-supply options available *in both the wholesale and retail markets*, thereby supplanting the function and operation of ISO-NE, among many other market disruptions. Consequently, the legislation is giving effect to a huge shift in market design both at the wholesale and retail level – without process for public input, meaningful oversight, or legal standards -- yet, all backed by electric ratepayers who will pay for DOER's decisions regardless.

⇒ ***Extending additional energy solar incentives = New and bigger costs for electric ratepayers.***

DOER's solar incentives are an important case in point. The draft provisions of legislation delegate new authority to DOER to incentivize substantial quantities of new solar generation,[8] energy storage[9] -- and any other "energy services"[10] that DOER itself identifies -- ***with ratepayer money***. If implemented on the scale and scope anticipated by the pending legislative provisions – without independent oversight or ratepayer impact criteria – this will be a hugely costly pursuit for Eversource customers, without any hope that remediation of the ongoing supply shortages in the ISO-NE market will occur in the coming decade.

Over the past 15 years, the Commonwealth's clean energy incentive policies have led to substantial solar deployment and the creation of a thriving new industry that provides good-paying jobs for Massachusetts residents. To date, nearly 100,000 solar projects totaling 1.75 GW have been integrated into the Eversource grid in Massachusetts and we have worked with the industry to develop new and innovative funding models that will allow our infrastructure to expand to meet the growing needs of this critical generation source. These results have had an impressive impact on the regional grid, with ISO-NE estimating that solar reduced peak load by more than 2 GW during the hottest day this summer.

On the flipside, during the past 15 years, the Commonwealth's philosophy for incentivizing solar has been to pay uniquely generous incentives to kickstart the growth of a

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8 S.3166, Sec. 36 (new Sec. 22(c)); H.5175, Sec. 13 (new Sec. 22(c) (each bill supporting 10 GW Solar by 2040).

9 S.3166, Sec. 33 (Storage Procurement); H.5175, Sec.11.

10 S.3166, Sec. 36 (new Sec. 22); H.5175, Sec. 13 (new Sec. 22).

young industry with the promise that energy costs (and the value of incentives) would eventually come down, saving all utility ratepayers money in the end.[11]

Today, the price that electric customers pay for solar incentives to new solar projects *is among the highest in the country* and very likely exceeds the value that solar provides to the overall system, imposing a substantial cost that many customers do not even know is on their monthly bill.[12] As we have reported to the Massachusetts Department of Public Utilities ("DPU"), total statewide incentives paid to solar project owners by non-solar customers will exceed ***$1 billion annually*** by the end of 2026[13] and will only continue to escalate. Even as the affordability discussion has ensued publicly, the DOER sharply increased compensation to solar generators by nearly 50% in 2025, backed by the political support of the solar industry and rushed through under emergency regulations with limited public input.[14] And just recently, DOER proposed increasing solar incentives *even further* in response to survey results from solar industry stakeholders.

Notably, DOER's SMART program was first authorized by Chapter 75 of the Acts of 2016, with Section 11(a) mandating the DOER "shall adopt rules and regulations that lower the cost of the commonwealth's solar incentive programs for ratepayers." However, both S.3166 and H.5175 ***remove*** existing statutory requirements that the cost of the Commonwealth's solar incentives decline over time, while also eliminating the important policy goal of having a stable and self-sustaining solar market in the Commonwealth.[15]

This legislative path stands in stark contrast to Connecticut, for example, which recently passed sensible legislation that both caps the costs for solar incentives paid for by non-solar customers and requires the solar industry to compete for incentive contracts. In Massachusetts,

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11 https://malegislature.gov/Laws/SessionLaws/Acts/2016/Chapter75

12 DOER recently commissioned and released the results of a study purportedly quantifying the direct economic costs and benefits of statewide solar programs for nonprogram participants (October 2026). However, the study relies heavily on assumptions regarding avoided transmission and distribution costs, including assumptions that energy storage paired with SMART solar projects is dispatching at peak periods. These assumptions are inconsistent with actual observed energy storage dispatch during the periods of highest grid needs. Similarly, the Commonwealth has been actively pursuing policies to permit increased utility infrastructure expenditures to support solar industry growth for the past eight years, in stark contrast to the assertion that solar reduces the need for utility infrastructure investment. Only independent study can validate the cost-effectiveness of solar investments for non-solar customers, which this study does not achieve. https://www.mass.gov/doc/direct-costs-and-benefits-of-massachusetts-solar-incentives-0/download.

13 Investigation by the Department of Public Utilities on Its Own Motion into Gas and Electric Delivery Charges and Bill Redesign-D.P.U. 25-200 (Eversource Reply Comments at 7).

14 For DOER's most recent version of the SMART program, DOER created a new set of regulations, 225 CMR 28.00. Section 28.05, establishing that DOER will now set new incentives *every year* by surveying solar installers. (https://www.mass.gov/doc/225-cmr-28-solar-massachusetts-renewable-target-smart-program-30/download).

15 S.3166, Section 24 of Section 14 (Line 413); H.5175, Section 25 of Section 31 (Line 927).

all three versions of the pending legislation are moving in the opposite, more expensive direction -- *eliminating* existing statutory requirements that solar incentives decline over time and doubling down on a policy that would allow incentive contracts awarded to solar projects to exceed $40 million on a no-bid basis. If Massachusetts is interested in addressing the affordability challenge, it needs to adopt checks and balances and best practices from states like Connecticut that are achieving the same amount of solar investment at nearly half the cost, lowering the cost of solar subsidies on customer bills.[16]

Nevertheless, legislative provisions pending before the Conference Committee would provide DOER with new authority *to extend* its solar subsidies to energy storage developers, notwithstanding the fact that there are already numerous avenues to promote storage, including pre-existing legislative provisions.[17] ISO-NE recently issued an interim report studying 18 battery storage projects in its queue totaling 4,052 megawatts, of which 15 of these projects would be located in Massachusetts (3.8 GW or 94 percent) indicating robust interest in already existing programs and policies.[18] With 4 GW of energy storage either already connected or approved to connect to the electric grid, it should be difficult to justify creation of a new energy storage program that will ***add yet another line item to electric customer bills***, particularly one that provides no legislative guardrails against runaway program costs.

Moreover, these battery storage projects were not coordinated with the transmission owners, necessitating poorly planned transmission upgrades and excessive development costs, while ignoring consideration of whether the battery resources will be available when needed on peak. Consequently, aside from the cost of ratepayer-funded storage incentives that DOER would implement, ISO-NE estimates that approximately $3.1 billion of costs would be necessitated to upgrade the transmission system to support these facilities.[19] This is a consequence of a disjointed, unplanned and non-integrated process that needs to be addressed before ratepayers fund another DOER incentive program.

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[16] At the same time, the Conference Committee should consider that additional solar installations will have a diminishing impact on peak-demand reductions.

[17] EDC customers already provide incentives to energy storage as part of: (i) the Clean Peak Standard; (ii) SMART program energy-storage adders; (iii) the Connected Solutions program funded through the energy efficiency programs; (iv) the Grid Service Compensation Fund approved through the Electric Sector Modernization Plans (ESMPs) and (v) long-term procurements under Section 83E. Energy storage also receives special rate treatment through DPU-approved wholesale distribution access tariff. Additionally, energy storage will have greater access to wholesale markets through pending implementation of the FERC No. 2222 Order, allowing aggregations of smaller resources to participate in ISO-NE markets.

[18] https://www.iso-ne.com/static-assets/documents/100038/tcs-final-report-non-ceii.zip.

[19] Id.

⇒ ***DOER's new mandate to develop resource solicitation plans is not structured sufficiently to protect the public interest, given its broad grant of authority.***

S.3166 and H.5175 each include provisions requiring the DOER to develop resource solicitation plans; to conduct procurements pursuant to such plans as approved by the DPU; and to negotiate contracts with clean energy generation and unspecified "energy services" providers.[20] The plan is required to include, but not be limited to, designation of sufficient quantities of clean energy generation and "energy services" to meet the Commonwealth's greenhouse gas reduction goals.[21]

Authorizing the development of a Resource Solicitation Plan with the DOER taking over the procurement and contracting role *is* a reasonable concept. However, the DPU, not the DOER, should be authorized to have a meaningful role in approving resource procurements based upon an evaluation of customer cost impacts, among other factors. This does not exist in the current legislative proposals.

To that end, Eversource supports a legislative change that would relieve the electric companies of the clean energy procurement obligation in favor of a framework where the DOER serves as the contract partner and financial backstop for the multi-billion-dollar long-term renewable power contracts that the Commonwealth seeks to procure. And clearly, compensation to the utilities to protect against credit risks associated with the contracting role will no longer be necessary in that framework – i.e., if we are no longer required to execute large, long-term clean energy contracts, then we do not require compensation to serve as the contract counterparty. We support this construct.

However, the *absence* of utility compensation for the contracting role does not have the automatic result of making a clean energy long-term contract cost-effective or cost-beneficial for our electric customers. To date, the Commonwealth's climate policies have depended upon the use of ratepayer dollars for clean energy industry economic development. When presented with the choice between lowest-cost contracts or higher-cost contracts that promise jobs or other economic benefits, least-cost projects are often paired with those higher cost projects. At the same time, DOER's Memorandums of Understanding with developers regarding job creation and other economic commitments lack an enforcement mechanism and developers are rarely, if ever, held accountable for the promises made in their bids. The result is a troubling asymmetry – electric ratepayers bear the cost of these commitments, while the benefits are neither reliably measured nor enforced.

Moreover, in terms of "oversight," the legislation requires DOER to submit "resource solicitation plans" to the DPU for review, while providing the DPU with only seven months to

[20] S.3166, Sec. 36 (new Sec. 22); H.5175, Sec. 13 (new Sec. 22).

[21] S.3166, Sec. 36 (new Sec. 22(c)); H.5175, Sec. 13 (new Sec. 22(c)).

consider any plan submitted by DOER, allowing little more than a cursory review from the DPU as to whether the plan presents a "reasonable, appropriate and cost-effective mechanism to achieve the goals" envisioned by legislation.[22] Similarly, although both S.3166 and H.5175 require the DOER to consult with the DPU and the Attorney General before filing the resource solicitation plan,[23] this consultation process does not provide for any formal public participation, intervenor status, or adjudicatory proceedings. Major decisions on procurement scale, appropriate resource mix and procurement quantities and schedule would therefore largely be established without providing the public with any meaningful opportunity to engage.

The current legislative provisions require that any competitive solicitations included in DOER's resource solicitation plans will be submitted for review to the DPU as an *executed contract*.[24] Although DPU approval of the long-term contracts executed by the DOER is required, the DPU is given only 90 days to review and approve such contracts.[25] The legislative provisions direct that DPU "shall" approve a long-term contract upon a finding that the contract is cost-effective and consistent with the Commonwealth's greenhouse gas reduction goals.[26] Under this process, there will be no contract that is not approved, regardless of the ultimate cost imposed on Massachusetts ratepayers.

Limiting the DPU's review of resource supply agreements to a three-month window and allowing DPU approval of such agreements only upon a finding of cost effectiveness and consistency with greenhouse gas reduction goals, will not provide sufficient oversight over the costs customers will pay for such agreements. The DPU should have authority to reject a resource supply agreement, in the event that the agreement is not shown to be: (1) the least cost bid received by the DOER for the resource in question; or, at the very least, (2) the most cost-effective bid received. Current legislative provisions do not impose this discipline.

In addition, under the new provisions of law, DOER's contracts are allowed to include indexed pricing instead of fixed pricing that would allow prices to systematically increase over the life of the contracts.[27] This pricing flexibility is not necessarily unreasonable where contracts terms are extended to 20 or 30 years. However, S.3166 goes even further by allowing DOER or the bid awardee to request upward or downward price adjustments for each bid or long-term contract *after* the DPU has approved such contracts and the contracts are being implemented.[28]

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22 S.3166, Sec. 36 (new Sec. 22(e)); H.5175, Sec. 13 (new Sec. 22(e)).

23 S.3166, Sec. 36 (new Sec. 22(c)); H.5175, Sec. 13 (new Sec. 22(c)).

24 S.3166, Sec. 36 (new Sec. 22(k)); H.5175, Sec. 13 (new Sec. 22(k)).

25 S.3166, Sec. 36 (new Sec. 22(k)); H.5175, Sec. 13 (new Sec. 22(k)).

26 S.3166, Sec. 36 (new Sec. 22(k)); H.5175, Sec. 13 (new Sec. 22(k)).

27 S.3166, Sec. 36 (new Sec. 22(j)); H.5175, Sec. 13 (new Sec. 22(j)).

28 S.3166, Sec. 36 (new Sec. 22(j)).

This type of unilateral, post-approval modification is contrary to the public interest and is a recipe for increasingly unaffordable clean-energy contracts.

Consequently, expanding DOER's procurement role in the manner envisioned in any version of the current legislative proposals is giving DOER a virtual blank check to make long-term commitments to a broad range of above-market generation options and other "energy services" without meaningful checks and balances, applicable cost criteria, transparency, or accountability.

⇒ ***Compelling electrification through forced termination of natural gas service is not good public policy, nor will it be affordable for customers.***

S.3166 inserts language into statute directing the DPU to issue regulations authorizing gas companies to terminate natural gas service to a customer, to the extent that a gas company, or the DPU through its supervisory authority over a gas company, determines that the customer will retain access to "safe, reliable, and affordable heat, hot water, and other energy services and can secure adequate substitutes for gas-fired services."[29]

This provision deprives customers of individual choice and control, and is patently designed to leverage political pressure on the DPU to effect the decommissioning of the natural gas systems in Massachusetts on a piece-by-piece basis – through the backdoor, with no overarching legislative restructuring enacted through a democratic process.

Decommissioning the natural gas distribution system is not an affordable option for Massachusetts consumers. According to the U.S. Energy Information Administration, there were approximately 1.753 million natural gas customers in Massachusetts at last count in 2024, including 1,604,279 residential households, 138,545 businesses and 10,916 industrial facilities.[30] At an average cost of $60,000 per residential conversion, the customer-side cost of residential in-premise electrification (electric appliances and installation, plus required HVAC retrofits to enable the electric heating and cooling units) is reasonably estimated at approximately **$96 billion**, plus an additional **$56 billion** estimated for new electric-system infrastructure to meet that demand, and further, the cost of the buildout of solar, energy storage, demand response, virtual power plants and other "energy services," envisioned in the pending legislation, which is reasonably estimated at more than **$50 billion** over the next 15 years. Total estimated cost? **$202 billion**, conservatively estimated. Even putting all else aside, customers should not be forced into a $60,000 home renovation project by regulatory fiat of the DPU.

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29 S.3166, Section 83 (lines 2733-2738), amending G.L. c. 164, § 145.

30 See, https://www.eia.gov/dnav/ng/ng_cons_num_dcu_SMA_a.htm.

⇒ ***Claimed savings in the Senate bill are illusory***

Supporters of S.3166 have touted estimated savings of $14 billion over the next ten years, with passage of S.3166, including $7.1 billion in "cheaper utility borrowing" and $1.46 billion in "gas-pipe reform," which refers to the elimination of the statutory Gas System Enhancement Program, or "GSEP" by 2030. Together, these two categories of savings total $8.56 billion of the Senate bill savings, comprising over 60% of the total claimed savings amount of $14 billion. These savings are entirely illusory.

Securitization Is Not a Financing Tool for Utility Infrastructure.

First, with respect to an alleged $7.1B in savings associated with "cheaper utility borrowing," there has been no public indication of where those savings are coming from. What is being financed? Nobody has disclosed the math, nor identified what it is that would be financed or for how long. Presumably, these alleged savings are thought to result from the securitization provisions added in S.3166, Section 52. This section purports to authorize the use of securitization to pay for costs incurred by an electric company or gas company for programs related to two categories of utility infrastructure, which are (1) electric-sector modernization plans established pursuant to section 92B; and (2) gas company transition costs related to requirements established pursuant to chapter 21N, which are companion propositions, each costing tens of billions of dollars.

Notably, advocates alleging $7.1B in reduced financing costs must assume an enormous level of capital is expected to be financed through securitization instead of through the utility's capital resources. On a net present value basis, Eversource estimates that $30 billion or more would need to be financed over 20 years in order to generate the claimed savings. This is an extraordinary amount of financing and clearly indicates that the legislative sponsors intend to use the provision to finance in-service, operating utility infrastructure. However, securitization is not a financing tool that can be used for operating utility infrastructure actively serving customers.

Securitization is a financing instrument structured through a bankruptcy-remote special purpose entity ("SPE") that acquires the right to impose and collection the rate reduction bond charge from the related utility through a true sale and then issues bonds secured by a first-priority lien on that right. An investor-owned utility cannot transfer physical assets to a securitization SPE where those assets are operating to serve customers because those assets require continuous capital investment that a passive, limited-purpose entity cannot fund. Distinguishing grid infrastructure assets owned and operated by the electric companies from those held by an SPE will not be possible from a practical perspective. Accordingly, securitization is available as a financing tool only where there is an intangible cash flow right that requires no maintenance or reinvestment.

Physical utility infrastructure requires continuous capital investment to maintain operational capability and regulatory compliance, and to upgrade where electric demand increases. However, a securitization SPE cannot fund such capital; it cannot raise equity, issue

additional debt, borrow, retain earnings, or contract for maintenance work. Thus, transferring assets to an SPE that are required for a utility to operate would transfer assets to an entity that cannot maintain or operate the infrastructure and, conversely, would prevent the utility from providing service to customers using assets it can control. Thus, the savings associated with "cheaper utility borrowing," the largest category of savings in the Senate bill, are entirely illusory and these provisions should be eliminated.

Eliminating GSEP Will Not Create Savings Because Safety Upgrades Will Need to Continue.

With respect the statutory Gas System Enhancement Program, or "GSEP," S.3166, Section 83 purports to terminate funding for gas safety replacements as of November 1, 2030. However, GSEP replacement work is fundamentally required to maintain the safety of the natural gas distribution system serving customers – and in all practicality -- this system is not going away anytime soon. Therefore, the investment in safety replacements must and will continue, requiring expenditures that will be recoverable through customer rates modified in "base rate proceedings." In a base-rate proceeding, the gas utility is allowed to update *all* of its operating and maintenance expenses and investment costs, typically resulting in greater bill impacts than the annually recurring GSEP factor, which only changes one cost element.

The GSEP was enacted by the legislature in 2014 because (1) the investment is needed to replace aging and leaking natural gas infrastructure; and (2) constant changes through base rates are not in the interests of customers because the rate changes will be larger and more frequent than otherwise necessary. Yet, S.3166 would eliminate this mechanism by 2030 on the misguided premise that the gas system is not needed anymore.

Through the GSEP, the gas distribution companies identify and evaluate risks, implement safety measures, track leak performance and continually adjust and update their programs as conditions warrant. This program has eliminated leak-prone pipe -- including cast iron, bare steel and other risky pipe compositions, to replace those facilities with safe, modern materials. This pipe replacement programs has been a major contributor to the Commonwealth's achievement of lower emissions over the past 10 years and has greatly reduced the possibility of hazardous circumstances ever occurring, eliminating hundreds of potential leaks per mile of pipe; improving records and advancing many other safety benefits as part of the modernized systems, including the installation of new excess flow valves, outside meters and overpressure protection. These infrastructure upgrades have also helped to reduce service disruptions, lessen risk to workers, first responders, customers and the general public.

The impact of this legislation couldn't be greater. The GSEP legislation has ultimately enabled sustained, data-driven management of aging assets, driving broad gas distribution safety improvements and reducing risks for all those who depend on the gas systems for essential energy services. There is simply no justification for destroying this program and the interests of customers, the general public and the Commonwealth's municipalities are not served by this effort to accomplish the premature decommissioning of the natural gas systems.

⇒ ***There are opportunities for cost savings on clean energy supply requirements and cap-and-trade programs, not materially addressed in pending legislation***

The Commonwealth's diverse array of clean energy standards and cap-and-trade programs now represent nearly 25 percent of the total supply cost that Eversource electric customers pay each month. At the same time, according to ISO-NE's data, fossil-fuel sources represented 52 percent of regional wholesale supply in 2025, as compared to 53 percent in 2015, so little change in the wholesale market reliance on oil and natural gas has been made in the last decade, signaling the reality that natural gas remains the primary alternative for relieving high prices for customers in the supply market. In this context, it is entirely unclear that the clean energy supply policies paid for by customers are functioning as designed.

The suite of climate policies currently charged to electric ratepayers includes an elaborate matrix of programs, supplier obligations, customer rates and utility tariffs. These include eight distinct clean-energy obligations[31], two carbon cap-and-trade programs, an array of net metering rates, a solar incentive program, state venture capital investments, efficiency programs, electric vehicle programs, workforce-development activities, battery storage incentives, virtual power plant programs, long-term contracts for offshore wind and other items. Each of these programs has its own rules, goals and funding mechanisms. Very few of these programs are subject to cost effectiveness analysis that could determine whether the vast expenditure of ratepayer funds is improving or – alternatively -- exacerbating the Commonwealth's affordability crisis.

DOER estimates that the Commonwealth's clean energy supply policies alone imposed $806 million to $1.086 billion in ratepayer costs in 2023, increasing energy supply costs by up to 2.5 cents per kWh. By 2030, nearly **125%** of electric customer load will be associated with some form of RPS-related obligation. It may seem nonsensical that, in a few short years, the Commonwealth will legally obligate electric customers to purchase more clean energy than they consume, but it is an example of how state policies have been developed in silos with the goals of meeting the needs of individual clean energy industry advocates without coordinated consideration of how the policies might work in concert or how they may impact the people who pay for them.

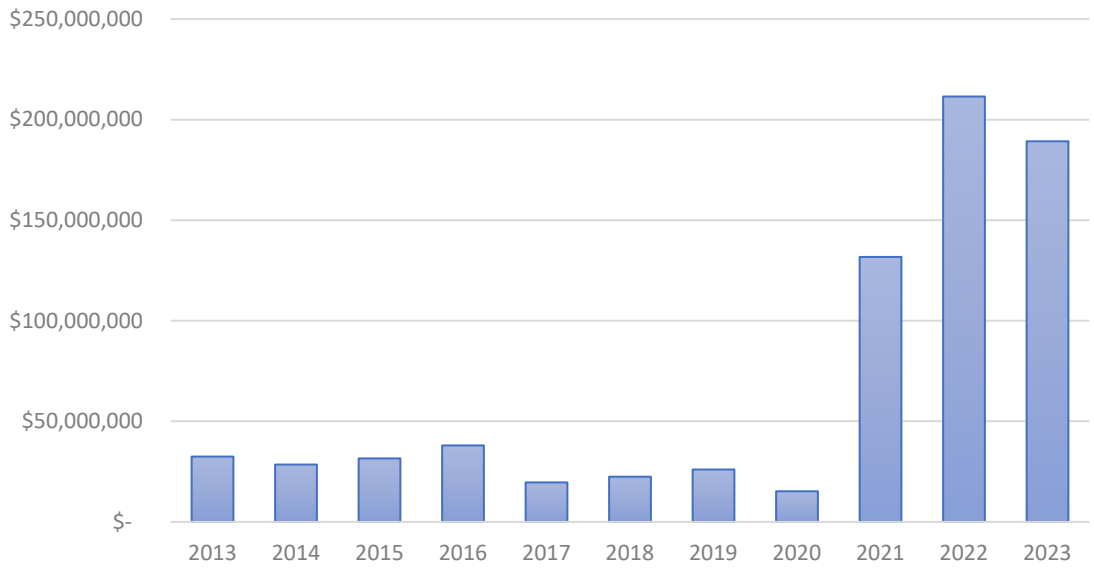
Although proponents will argue that these costs are a reasonable price to pay to transition to a clean energy future, there is evidence that these policies are not working as intended. For instance, through 2023, approximately 85% of compliance with the Clean Peak Standard was satisfied through Alternative Compliance Payments (ACPs), costing customers more than $190 million, annually. Suppliers pay ACPs when there are not enough credits available on the market to satisfy their legally mandated compliance requirements. Ultimately, these ACP payments are financial penalties that Eversource customers pay through their energy supply rates as a direct

[31] As noted previously (fn.3), the Commonwealth requires energy suppliers to purchase renewable energy certificates for eight separate portfolio standards. The scale and cost impacts of the Commonwealth's fragmented portfolio framework highlight the need for comprehensive evaluation of the costs and effectiveness of these programs.

result of misaligned renewable energy goals. To put it plainly, Massachusetts climate policies effectively impose financial penalties on electric customers when climate goals *are not met*, and charging these costs through on utility bills obscures these effective penalties from the view of the very ratepayers who are asked to pay these costs.

Figure 2, below, shows the rapid increase in alternative compliance payment penalties paid for by utility ratepayers through the supply portion of their energy bills over the past decade as a result of portfolio standard policies predicated on the achievement of clean energy goals.

Figure 2: Increase in Alternative Compliance Payments, 2013-2023[32]



Despite a legal obligation for customers to pay for nearly 125% clean energy by 2030, the Commonwealth has also implemented two cap-and-trade programs that are intended to increase the costs of fossil fuel electricity generators. These are the RGGI framework and the Massachusetts-specific Electricity Generator Emissions Limits overseen by DEP. ISO-NE estimates that these programs increased energy supply costs by around 1.75 cents per kWh in 2025. Although these programs have been heralded as a mechanism for raising funding to support other climate programs, the programs are having a growing impact on energy supply prices – and will continue to do so in many years to come, unless action is taken to moderate the impact to electric ratepayers.

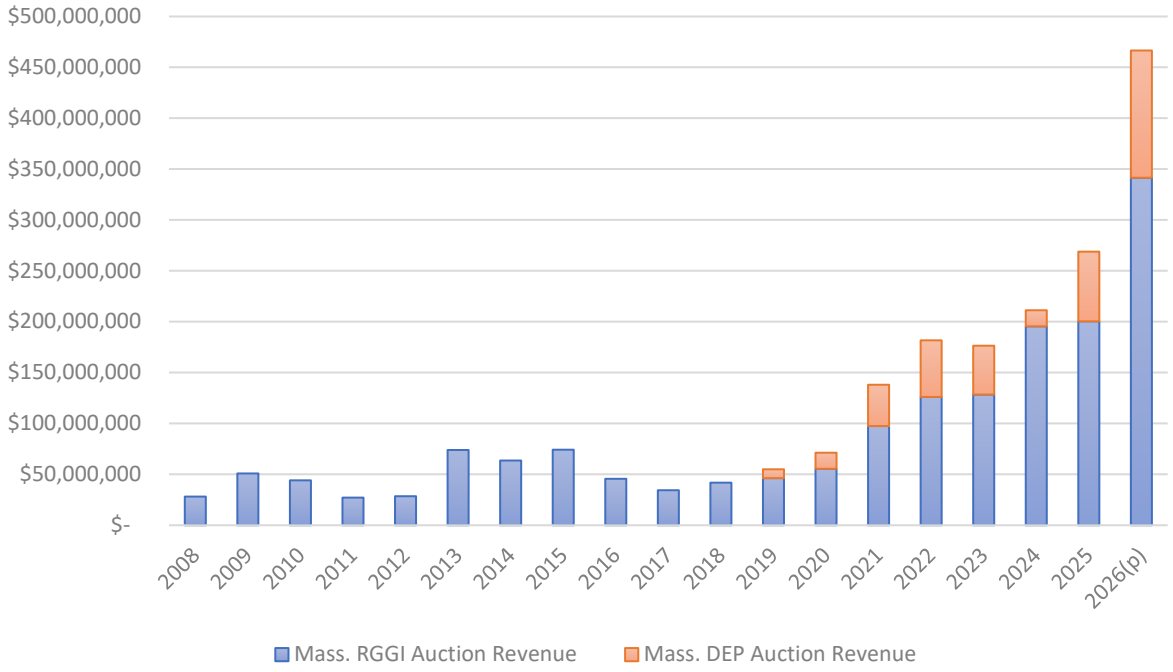
Of additional concern, RGGI auction allowance prices have increased significantly recently as states with extensive data center buildouts have entered the program, leading to

[32] The most recently available published information is located at: https://www.mass.gov/info-details/annual-compliance-reports-and-other-publications. Of note, more current public data is not available about ACP collections from the various RPS related programs.

anticipated shortages of compliance credits. Eversource customers will pay an additional $300 million in wholesale power costs 2026 due to RGGI requirements. Furthermore, the Commonwealth has championed changes to the program that will greatly restrict the number of available compliance credits in the near future, a change that will raise energy costs for customers when it is widely acknowledged that major clean energy supplies are unlikely to be available in the near term.

Figure 3, below, shows the rapid rise in auction revenues collected by state agencies under the RGGI and Massachusetts cap-and-trade programs. The costs of emissions allowances purchased from generators are ultimately passed on to electric customers through higher energy supply prices.[33]

Figure 3: Increase in cap-and-trade auction revenues, 2008-2026[34]



Moderating the cost impact of these programs, which appear to operate with little public awareness or scrutiny as to their effectiveness, presents a significant opportunity to ensure

[33] Notably, the costs of auction allowances are only one portion of the total costs of these programs as fossil fuel generators frequently represent the marginal generator in the ISO market, leading all generators to be paid higher market-clearing rates when fossil fuel generators include RGGI allowance costs in their ISO bids.

[34] 2026 values do not include the pending Q4 RGGI auction, which is likely to add ~$80 million to 2026 auction receipts. Source: RGGI Program Documentation and Mass DEP Market Monitor Reports.

customers are not being overcharged for climate policies that have had limited measurable impact on regional energy supply mix.

⇒ ***Assessing the options for making true progress on energy affordability concerns for Massachusetts energy customers.***

All in all, it's time to step back and make an honest assessment of the energy supply and resource adequacy challenges that Massachusetts and the broader New England region face. Any new legislation should institute practical actions, such as ratepayer impact tests and cost-effectiveness criteria, that would enable the DPU to better balance affordability and long-term climate change goals for electric utility ratepayers.

New England's chronic underinvestment in natural gas infrastructure and pipeline capacity has left the region vulnerable in winter peak seasons — exposing customers to drastic price spikes, and in the worst case, to reliability failures. The persistent conundrum surrounding the Commonwealth's unwillingness to acknowledge that significant price relief can come to ratepayers with the development of a thoughtful supply strategy that ***combines*** the use of natural gas and clean energy strategies has nothing to do with utility earnings. The fact is that the New England region imports liquefied natural gas from overseas, at global prices, during the coldest weeks of the year, because New England has not built the regional pipeline capacity to move domestic, lower-cost supply where it is needed. Every winter that goes by without addressing this structural problem is another winter where our customers pay the price on their utility bills. Without genuine acknowledgement of the practical options that exist or do not exist to address resource (in)adequacy in the Commonwealth and forward progress to practical, feasible solutions, affordability will always take a back seat to other agendas.

As the Conference Committee reviews and evaluates the various legislative provisions embodied in Senate Bill S.3166, House Bill H.5175 and other recommendations on "Energy Affordability and Utility Reform," we ask the Committee to adopt the following six recommendations to truly ensure that real and measurable affordability for utility ratepayers is the top priority:

1. Establish a formal independent climate program-review commission to develop a report for the legislature by June 30, 2027, of the total cost of all current legislated climate programs and mandates collected through utility bills paid for by ratepayers. Such a commission should make recommendations for the phase out of programs and policies that are ineffective, redundant or not cost effective.

2. Establish a statutory process under the auspices of the DPU, not the DOER, to develop a more robust, long-term Resource Adequacy Plan that would establish foundational guidelines and analytical thresholds for the procurement of long-term energy supply resources. Require development of the inaugural plan within 18 months in order to promote movement toward a solution for energy supply. Require an administrative process the allows for full participation of a cross-section of interests.

3. Establish an appropriate oversight framework for the DPU to assure that there are adequate checks and balances on DOER's use and deployment of ratepayer funds to support climate and clean energy incentive programs. Move to a competitive RFP process for procurement of solar to ensure that resources are procured at lowest cost.

4. Authorize the DPU to develop and apply ratepayer impact tests for programs that require utility ratepayers to fund clean energy programs through their electric or natural gas bill. Establish a threshold test for the DPU to find charges appearing on the utility bill for climate and clean energy programs to be "just and reasonable."

5. Require the DEP and DOER to consolidate the eight renewable portfolio standards to eliminate overlap and duplication and reduce costs for our electric customers.

6. Mandate DOER to procure natural gas supply pipeline resources for the purposes of supporting electric load in the wholesale market, thereby reducing electric supply costs with a plan to combine that resource with clean energy generation to craft a more sustainable transition to a clean energy future.

As a regulated utility, our electric delivery costs represent only about 40% of the average residential customer bill and our costs routinely undergo comprehensive regulatory review before the rates that we charge our customers may be changed. As part of that review, our investments are subjected to a prudence standard and must be "used and useful" for customers. That leaves nearly 60% of charges on the average residential customer bill that is not subject to scrutiny. As unregulated third parties increasingly financially benefit from the costs borne by utility ratepayers through their utility bills, our customers would benefit greatly where all industries funded on utility bills are subject to the same oversight and transparency as the regulated utilities.

We look forward to dialogue and engagement on these important issues as we find the common ground to work together to support all customers, while remaining grounded in facts and pragmatic realities as to what is necessary to make true progress on affordability for customers.

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