

## For Immediate Release

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### Media Contacts

Kyle Murray, Director, State Program Implementation  
[kmurray@acadiacenter.org](mailto:kmurray@acadiacenter.org), 617-742-0054 ext.106

## ACADIA CENTER APPLAUDS the Massachusetts D.P.U. for a Groundbreaking, Science-Backed Gas Utility Transition Order

**D.P.U. Order 20-80-B cements direction of the Commonwealth’s building sector decarbonization strategy, initiating a managed transition away from the gas distribution system and endorsing efficient, all-electric heating and cooling solutions for families and businesses; Order also sets into motion critical follow-on activities to evaluate and reform gas utilities’ policies, practices, and tariffs.**

BOSTON — Today, the Massachusetts Department of Public Utilities (DPU) [issued](#) a groundbreaking Order in Docket 20-80-B, focused on the role of gas utilities as the Commonwealth sets out to achieve its overarching climate target of net zero emissions by 2050. After more than three years of activity in the docket, including extensive participation and [comments](#) from Acadia Center and other stakeholders, today’s Order is a resounding victory for customers, the climate, and the Commonwealth at large. The DPU’s decision represents a pivot-point in the Commonwealth’s strategy for decarbonizing the buildings sector and transitioning away from the natural gas distribution system that utilities operate today. Acadia Center applauds the DPU and its Commissioners and Staff for the leadership demonstrated in shepherding this impactful Order to issuance. Through this Order, as well as recent promising clean heating actions rejecting renewable natural gas (RNG) and hydrogen as viable gas system decarbonization measures, the Healey-Driscoll Administration is signaling a steadfast commitment to the vision of an efficient, electrified building stock enabled by sound, science-backed policy pathways.

Acadia Center stands ready and willing to work with the DPU and other stakeholders to make good on the promise of this Order and implement the DPU’s directives, with an emphasis on protecting those who may be most affected by this transition. This includes low-income and environmental justice communities, as well as the Commonwealth’s important union gas workforce, all of whom deserve a just and equitable transition through the subsequent steps that will now unfold. With these protections identified and prioritized, Acadia Center believes that Order can and should spur other states in the region to follow suit and add momentum to the Commonwealth’s leadership in this key area.

**Kyle Murray, Director, State Program Implementation at Acadia Center**, said, “The Order today from the DPU has the potential to be one of the most transformative decisions in Massachusetts climate history. The Department took a hard look at all the options and delivered a decision that is well thought-out in both the macro and micro context. Best of all, the Department simply did what advocates have long been asking for: follow the science and data. For example, they reject adding renewable natural gas (RNG) into regular gas supply, not because of ideological reasons, but for reasons of cost, availability, and questionable greenhouse gas reductions. The Order also includes other major Acadia Center priorities, such as coordinated gas/electric system planning, as well as a strong endorsement of the central role for efficient, electric heating and cooling technologies such as heat pumps. This is a major win for Acadia Center and our allies, who spent countless hours over the past two years pushing for a just outcome in the 20-80 proceeding.”

**Jamie Dickerson, Senior Director, Climate and Clean Energy Programs at Acadia Center**, said, “Acadia Center congratulates Chair Van Nostrand, fellow Commissioners, and the DPU Staff for today’s landmark ruling, and we applaud the Healey-Driscoll Administration for tackling one of the climate and energy transition’s thorniest challenges – the future of the gas system – head-on. Implementation and follow-through will be incredibly important, as always. But with the foundation laid

by this Order, thoughtful planning can now ensure positive outcomes in key areas such as customer affordability, low-income protections and conversion prioritization, a just transition for union gas workers, and holistic infrastructure planning and management. Today's outcome will undoubtedly herald the start of a new chapter for building decarbonization in the Commonwealth."

From the inception of Docket 20-80, the Department sought to develop a regulatory and policy framework to guide the evolution of the gas distribution industry in the context of a clean energy transition, which it recognized would require the consideration of new policies and structures to protect ratepayers as the Commonwealth reduces its reliance on natural gas. Between its launch in October of 2020 and today, the proceeding saw voluminous public comments and stakeholder participation. Acadia Center, both on its own and through a coalition of 'Clean Energy Stakeholder' advocates, submitted multiple rounds of comments outlining a wide range of policy arguments for and against proposals offered in the proceeding. As has been the case in many states across the U.S., these pathways and proposals varied widely from those rooted in energy efficiency and electrification to those that sought a major role for renewable natural gas (RNG) and significant continued reliance on the Commonwealth's sprawling natural gas distribution system.

In today's Order, the Department offered many noteworthy conclusions, observations, and directives that will now shape the Commonwealth's building decarbonization strategy, including the following highlights:

- **Focus on Electrification:** While acknowledging differing contexts across distinct gas utility service territories, the DPU affirmed that the Commonwealth's dominant building decarbonization strategy is electrification, as noted in the 2025/2030 Clean Energy and Climate Plan (CECP).
- **Coordinated Electric and Gas System Planning:** DPU makes it clear that the building decarbonization transition will require coordinating planning between gas and electric utilities and notes that "evaluation of any proposed investments will have to take place in the context of joint electric and gas system planning."
- **Renewable Natural Gas & Hydrogen Present Too Much Risk:** The DPU further rejected the recommendation to change its current gas supply procurement policy to support the addition of RNG in gas utility supply portfolios, due to concerns regarding the costs and availability of RNG as well as its uncertain status as zero-emissions fuel and potential triggering of system upgrades. The DPU goes on to state that hydrogen "has not yet been proven to result in a net reduction in GHG emissions" and that any infrastructure upgrades needed to accommodate hydrogen pilot programs "would be the sole responsibility of utility shareholders and not their customers."
- **Large-scale Decommissioning of the Gas System:** The DPU envisions that the long-term use of the natural gas distribution system generally will be limited to strategic circumstances where electrification is not feasible for all natural gas applications, such as process heat applications for some commercial and industrial (C&I) customers.
- **Spotlight on Broad Participation by Affected Constituencies:** The DPU found, "These exceedingly complex issues can be addressed effectively only with the broad participation of all the constituencies affected by this transition." Acadia Center will be following these developments closely in implementation to ensure all important communities have a seat at the table and their voice heard, including environmental justice communities, low-income ratepayers, gas workers, and more.
- **Disincentivize Expansion of the Gas System:** While the DPU states that it is not clear if they have statutory authority to prohibit the addition of new gas customers, they point out that there is an "opportunity to....disincentivize further customer expansion" of the gas system by changes to the procedure by which the cost-effectiveness of gas system expansion is evaluated.

- **Sprawling Gas System Not Needed for Backup Heat:** The Department was not persuaded that pursuit of a broad hybrid heating strategy that would necessitate maintenance of the natural gas system to support backup heating systems is a viable path forward, citing improvements in cold climate heat pump technology that will generally eliminate the need for backup heating systems.
- **Minimizing Stranded Gas Assets:** As an initial step on the issue of depreciation, the DPU directed all gas utilities to conduct a forecast of the potential magnitude of stranded investments, and to identify the impacts of accelerated depreciation proposals, as well as potential alternatives to accelerated depreciation. Minimizing additional investments in pipeline and distribution mains is a core tenant of DPU's 'beyond gas' future.
- **Gas Utilities Must Consider "Non-gas Pipeline Alternatives" (NPAs):** The DPU found that consideration of NPAs (including electrification, energy efficiency, and demand response) is necessary to minimize investments in the gas system and stranded assets. The gas utilities will bear the burden of demonstrating that NPAs were adequately considered and found to be non-viable or cost prohibitive in order to receive full cost recovery.
- **Performance-Based Ratemaking (PBR) Reform:** The DPU recommends amending the existing PBR framework to establish incentives and disincentives reflecting the gas utilities' progress towards compliance with the Climate Act mandates and directs the gas utilities to develop "climate compliance performance metrics" in their next PBR filings.
- **Progressive Solutions to Customer Affordability on the Table:** The DPU acknowledges that, given current rate structures, the decarbonization of the natural gas industry may result in higher costs being imposed on some ratepayers. As a result, the DPU will commence a separate proceeding later this year to examine innovative solutions to address customer affordability issues, such as "capping energy bills by percentage income or offering varying levels of low-income discounts."

In terms of next steps, the Order represents not a conclusion of work, but rather an initiation of multiple significant new workstreams in which utilities, stakeholders, and the Department will now engage. The Order therefore serves as an important midpoint and mile-marker in a broader process that will span many years if not decades, with the decision now setting off other key dominos, such as the following steps:

- Evaluation of the magnitude of gas utility stranded asset risks;
- Revisions to gas utility revenue decoupling mechanisms;
- Systematic consideration and adoption of non-gas pipeline alternatives (NPAs);
- A new DPU proceeding dedicated to innovative solutions to address energy burdens and affordability;
- Reassessment of gas utility tariffs, policies, and practices on new and existing customer connections;
- Individual gas utility Climate Compliance Plans every five years; and
- Coordinated planning between gas utilities and electric distribution companies.

Acadia Center looks ahead with excitement to the opportunity to carry this important work forward and implement the directives of today's landmark Order in line with the imperatives of climate, affordability, equity, safety and reliability, and beyond. We thank the DPU again for its leadership in this important proceeding.

**For more information:**

Kyle Murray, Director, State Program Implementation, [kmurray@acadiacenter.org](mailto:kmurray@acadiacenter.org), 617-742-0054 ext.106

Ben Butterworth, Director: Climate, Energy, and Equity Analysis, [bbutterworth@acadiacenter.org](mailto:bbutterworth@acadiacenter.org), 617-742-0054 ext.111