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Senate Committee on Global Warming and Climate Change
Hearing on *The Future of Gas*
192nd General Court of the Commonwealth of Massachusetts
Testimony of Jenifer Bosco
National Consumer Law Center
April 4, 2022

Dear Chair Creem, Vice Chair Barrett, Senator Brady, Senator Lovely, Senator Pacheco and Senator O'Connor:

Thank you for conducting this hearing on the Future of Gas proceedings, docketed at the Department of Public Utilities as D.P.U. 20-80. My name is Jenifer Bosco, and I am a staff attorney at the National Consumer Law Center, where I focus on energy and utility matters that affect low-income consumers and communities of color. The National Consumer Law Center (NCLC) is a nonprofit organization that, since 1969, has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, and we submit this testimony on behalf of our low-income clients.

NCLC has been actively involved in advocacy for low-income consumers in Massachusetts and throughout the country, and has advocated for utility bill affordability programs to keep vulnerable consumers connected to vital utility service. NCLC has also participated in the Future of Gas proceedings as a stakeholder.

Currently, Massachusetts consumers and consumers across the country struggle with energy affordability. Nationally, over one-third of households report experiencing energy insecurity.¹ In Massachusetts, over 200,000 low-income customers have utility bills in arrears as of December 2021. Low-income customers with utility bills that are more than 90 days past due owe an average of \$1,555 in overdue utility bills (compared with \$1,193 for other residential customers who have not been identified as low-income consumers).² The impact of these arrearages would be far worse without the strong affordability programs and consumer protections that are available to Massachusetts utility customers, including the discount rate program, Arrearage

¹ U.S. Department of Energy, Energy Information Administration, Residential Energy Consumption Survey (2020), tabulated by National Consumer Law Center, April 2022.

² National Consumer Law Center, *Massachusetts Residential Utility Customers Still Owe Nearly \$100M More in Arrears Than at the Start of the Pandemic* (February 2022), available at https://www.nclc.org/images/pdf/special_projects/covid-19/IB_MA_Arrears.pdf

Management Program, and disconnection protections available to households experiencing financial hardships.

In the coming transition to greater household electrification, transportation electrification, and a transition away from reliance on gas, it will be vitally important to keep electricity affordable and accessible for all consumers, particularly those who have low household incomes. Utility service is vital to health, safety, and economic security, both for individual households and communities at large. Equity demands that we must avoid creating a two-tiered system, and must not strand low-income consumers on the gas system as it grows more and more expensive (as predicted).³ Lower income households and people of color must by necessity devote a greater proportion of income to maintain basic utility service.⁴ Financial support during the transition toward beneficial electrification should prioritize these consumers, particularly those with the lowest incomes.

Although NCLC attorneys have participated in the Future of Gas proceedings and have reviewed the consultant's reports, we are not prepared to endorse any one transition pathway identified by the consultants. We also note that the pathways identified and analyzed by the consultants cannot capture the full range of possible scenarios for a transition away from reliance on gas utility service.

Whichever pathway is chosen, the Commonwealth must commit to protecting affordability, particularly for the very lowest-income customers who continue to experience high rates of disconnections and arrearages. We must consider both short-term and long-term affordability impacts in each transition scenario. To that end, participants in the Future of Gas utility commission proceedings should be afforded the opportunity to participate in discovery to obtain the information needed to determine the financial impact of each proposed pathway on residential utility customers.

Although the available information is limited as noted, several themes have emerged:

- The impacts on both short-term and long-term affordability concerns differ significantly among the different scenarios, but both short- and long-term economic impacts must be considered.
- Continued investment in the gas system risks adding to the financial burden of those residential customers who will be the last to “migrate” or transition away from gas.
- Investment in speculative technologies such as hydrogen or gas that is manufactured from biomass or other sources similarly risks burdening consumers with the costs of continued

³ Energy+Environmental Economics & Scott Madden Management Consultants, *The Role of Gas Distribution Companies in Achieving the Commonwealth's Climate Goals, Independent Consultant Report, Technical Analysis of Decarbonization Pathways* (filed in the Future of Gas stakeholder proceedings for Massachusetts D.P.U. 20-80). p. 97 (March 18, 2022), available at [https://thefutureofgas.com/content/downloads/2.15.22%20-%20DRAFT%20Independent%20Consultant%20Technical%20Report%20-%20Part%20I%20\(Decarbonization%20Pathways\).pdf#page=98](https://thefutureofgas.com/content/downloads/2.15.22%20-%20DRAFT%20Independent%20Consultant%20Technical%20Report%20-%20Part%20I%20(Decarbonization%20Pathways).pdf#page=98).

⁴ ACEEE, *How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burden across the United States* (Sept. 2020), available at <https://www.aceee.org/topic/energy-equity>.

gas infrastructure investment and places the financial gamble of these technologies on consumers.

Based on the analysis by the consultants, the pathways that take a planned approach to gas decommissioning in stages, including "Targeted Electrification" and "Networked Geothermal," appear to better address affordability concerns in both the short- and long- terms, particularly if low-income customers receive financial support to transition to these alternatives and the needed building shell improvements.⁵

Conversely, the scenario with the least expensive short-term impact but the highest long-term affordability impact appears to be the "Efficient Gas System" scenario. This scenario plans for low levels of investment in building electrification and no development of networked geothermal heat. There is a risk that this scenario would merely delay and exacerbate affordability problems and would leave both migrating and non-migrating low-income consumers in a worse financial situation over the coming decades.⁶

Whichever pathway is ultimately developed and chosen, this General Court must play a role in protecting affordability, particularly to support customers with the lowest incomes who cannot afford to transition to alternative sources of heat without financial assistance and who, absent public assistance, are likely to be the customers left subsidizing stranded natural gas infrastructure investment. More public funding will be needed, as expenses associated with this transition will be too great to allocate through the utility rate base. Financial support should be prioritized for those least able to afford home energy efficiency upgrades and new air source heat pumps or other electric home heating systems. Low-income consumers are already struggling and cannot be asked to take on even more debt to carry out this transition.

One legislative solution to protect affordability comes with virtually no cost. Passage of S.2150, An Act relative to electric ratepayer protections, would end the sales of overpriced alternative or "competitive" electric supply to Massachusetts households. The deceptive sales practices and overpriced contracts for utility service, which are endemic in the competitive energy supply market, have increased the rates of utility disconnections and arrearages for vulnerable customers, and have drained funds from the Commonwealth's utility affordability programs.

Thank you for the opportunity to testify. If you have questions regarding this testimony, please contact Jenifer Bosco, Attorney, National Consumer Law Center, at jbosco@nclc.org or 617-542-8010.

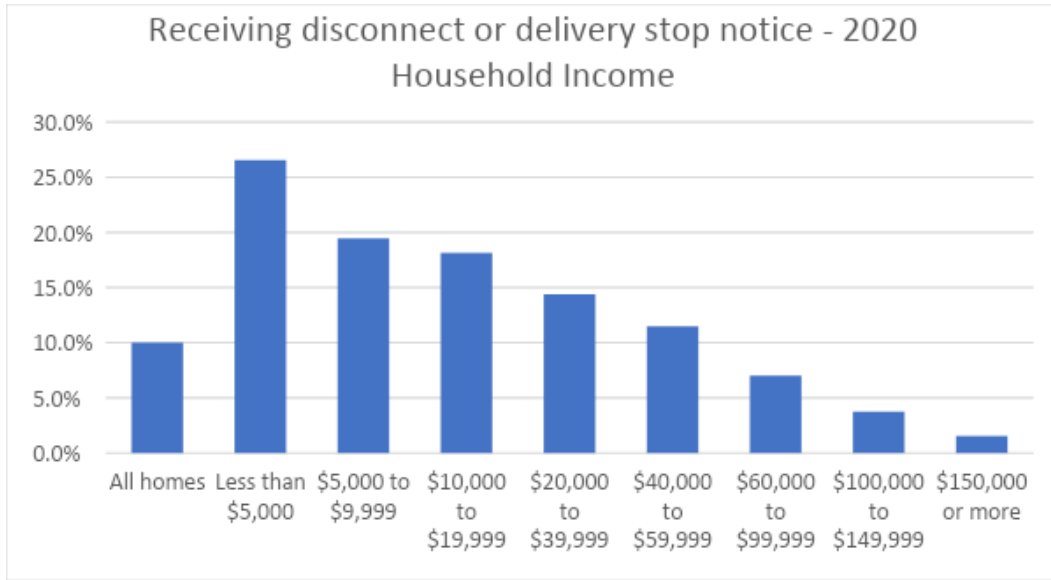
Sincerely,

Jenifer Bosco, Staff Attorney
National Consumer Law Center

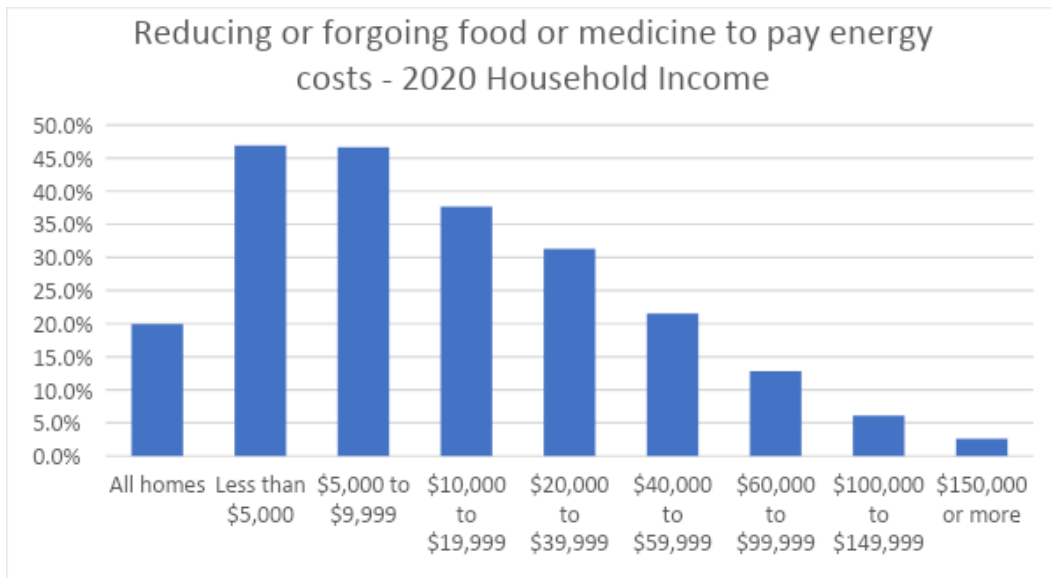
⁵ See, Energy+Environmental Economics & Scott Madden Management Consultants, *The Role of Gas Distribution Companies in Achieving the Commonwealth's Climate Goals, Independent Consultant Report, Technical Analysis of Decarbonization Pathways* at Text Box 1, page 56; Fig. 22, page 62; page 70; Fig. 37, page 102.

⁶ *Id.* at Fig. 37, page 102.

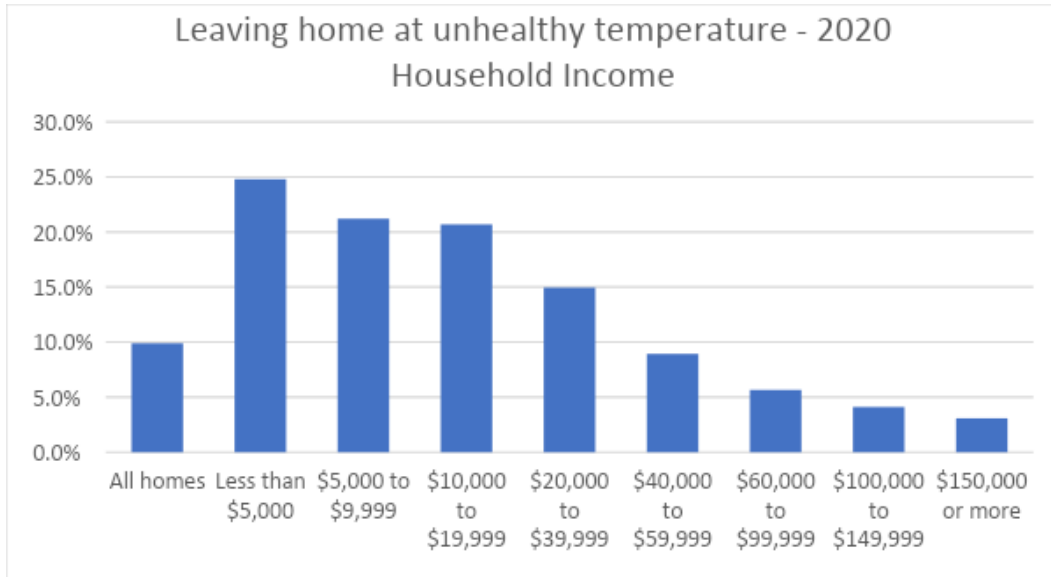
Appendix: U.S. Energy Affordability Data



Source: U.S. Department of Energy, Energy Information Administration, Residential Energy Consumption Survey (2020), tabulated by National Consumer Law Center, April 2022.



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