

News : Massachusetts takes another step away from gas in utility decarbonization

By Thomas Tiernan

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- Emphasizes electrification, geothermal
- Concerns for RNG cost, availability

In the latest step to limit gas use for decarbonization goals, Massachusetts regulators are pushing gas utilities away from renewable natural gas and hydrogen as go-to alternatives for reducing greenhouse gas emissions, with an emphasis on electrification, targeted demand-side gas reductions and networked geothermal districts.

While the use of RNG and green hydrogen would be allowed to help gas utilities meet Massachusetts climate goals, the Department of Public Utilities made clear that those two options will need to be supplemented with other efforts to reach decarbonization targets set out in state law. The Dec. 6 order follows DPU efforts to examine the future of gas use and earlier utility long-term plans to shift gas use toward lower-emission alternatives such as RNG.

The DPU rejected the recommendation to have gas supply procurement plans include RNG due to concerns about the cost and availability of RNG as well as its uncertain status as a zero-emissions fuel. The regulators support the option of allowing utility customers to buy RNG from their utility or an RNG supplier "at full cost to the customer."

The order resets the regulatory framework for gas utility oversight in the state. It compels utilities to consider non-pipeline alternatives for all new infrastructure and says any utility marketing efforts to promote gas use will not be eligible for cost recovery.

The order directs each gas utility to file a climate compliance plan every five years, starting on or before April 1, 2025, to show how the utility intends to meet the state's GHG emissions reduction goals. Because increased electricity use is a likely path, each electric utility operating in a gas utility service territory will be required to participate in the gas planning process for the climate compliance plans, the DPU said.

The order requires gas utilities to deploy targeted electrification pilot projects in addition to networked geothermal demonstration projects underway by Eversource Energy and National Grid in Framingham and Lowell, Massachusetts., respectively.

The DPU reviewed eight potential decarbonization pathways for gas utilities to achieve a 90% reduction in GHG emissions from 1990 levels by 2050, along with interim GHG emission reduction targets of 50% by 2030 and 75% by 2040. The pathways were designed to reflect different futures for gas utilities, ranging from ongoing use of gas distribution facilities to 100% decommissioning of gas distribution infrastructure in the state.

"The department makes no findings as to a preferred pathway or technology; rather, our aim is to create and promote a regulatory framework that is flexible, protects consumers, promotes equity, and provides for fair consideration of the current and future technologies and commercial applications required to meet the commonwealth's clean energy objectives," the DPU said in the order.

The order notes that state agencies and utilities can play a key role by enhancing incentives for energy efficiency and increased use of heat pumps for heating and cooling buildings. Several measures in the decision are designed to minimize costs to customers through use of outside funding sources for gas alternative options and promote workforce development to allow a transition for gas industry workers.

The DPU examined four technologies that cover networked geothermal districts, targeted electrification, hybrid heating systems that include gas use and heat pumps, and green hydrogen. It found that green hydrogen may play a role in some hard-to-decarbonize sectors of the economy, but it is unlikely to be considered a primary fuel source for home heating due to uncertainties and lower energy content compared with natural gas.

The DPU "views networked geothermal projects as those with the most potential to reduce GHG emissions, and expresses support for targeted electrification as well," it said.

The order notes that the traditional regulatory compact around utility investments and proof of value to customers at reasonable costs will apply, with expanded performance-based ratemaking plans playing a role.

"At the same time, however, it is fair to say that a different lens will be applied to gas infrastructure investments going forward," with the DPU examining more closely how any new gas infrastructure spending will align with state climate goals. "The ambitious mandates established by the commonwealth require gas LDCs to move beyond 'business as usual' in their gas system planning, whether involving proposed expansion of service to new areas or investments necessary to maintain the safety of existing natural gas infrastructure. As discussed in subsequent sections of this order, we are acting, within our existing statutory authority, to discourage further expansion of the natural gas distribution system," the DPU concluded.

The order sets certain matters for future proceedings around environmental justice and equity and notes that legislative changes may be needed for regulators to take a more aggressive stance to meet state climate goals.

The order applies to investor-owned gas utilities in the state, as the DPU does not have jurisdiction over municipal gas utilities, a spokesperson for the DPU said Dec. 7.

Eversource Energy, one of the larger investor-owned gas utilities in Massachusetts, said it is reviewing the order and is thankful that the DPU brought together stakeholders for an open and transparent process on the future of gas use.

"We look forward to continuing this collaborative process with our stakeholders to implement thoughtful gas decarbonization plans that best serve our customers and meet the commonwealth's 2050 carbon reduction goals," Eversource said in a statement.

Several environmental groups praised the DPU ruling, with the Conservation Law Foundation saying it "correctly identifies electrification as a better path forward to reach the state's climate goals while focusing on affordability and equity during the transition." The DPU "absolutely came to the right conclusion here: dangerous, polluting fossil fuel gas and so-called renewable natural gas are not the future of heating," said Caitlin Peale Sloan, vice president of the Conservation Law Foundation in Massachusetts.

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