

August 25, 2023

via email: [climate.strategies@mass.gov](mailto:climate.strategies@mass.gov)

Massachusetts Department of Environmental Protection  
100 Cambridge Street  
Suite 900  
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Re: Comments to MassDEP Clean Heat Standard Program Design

The undersigned are Commissioners named to the Commission on Clean Heat (“the Commission”). The Commission was established by Executive Order No. 596 in late 2021 to advise the Administration on a framework for long-term greenhouse gas emission reductions from heating fuels.

As Commissioners, we were involved throughout 2022 in the development of the Final Report of the Clean Heat Commission dated November 30, 2022 (“the Commission Report”). The Commission Report, along with the 2025/2030 Clean Energy and Climate Plan (“CECP”) forms the basis for the Clean Heat Standard (“CHS”) that is the subject of these comments. Each of us believes that transitioning to low or zero carbon energy sources is critical in the face of our climate crisis. In addition, we believe a properly designed program that embraces multiple pathways to net zero represents an important opportunity for the Commonwealth.

Prior to presenting our comments, we would like to acknowledge the stakeholder process throughout the Commission’s deliberation and during the writing of the Commission Report. The Secretary of Energy and Environmental Affairs and her agencies, the Interagency Building Decarbonization Task Force, and the facilitators allowed for all viewpoints to be shared. In addition, MassDEP held numerous stakeholder sessions over the last few months in order to encourage participation in the development of the CHS.

The CHS would be applied to suppliers of heating energy in Massachusetts, notably gas utilities and providers of heating oil and propane, and possibly electricity suppliers. These parties would be obligated to serve their customers with gradually increasing percentages of zero-emissions heat sources, so that sales of fossil fuels are phased down over time.

As a result of our participation on the Commission, we believe we have unique insight into the intent of the recommendations contained in both the CECP and the Commission Report. We would like to highlight several consistent policies and principles that were articulated in both the CECP and the Commission Report. These themes are extremely important to the businesses community and should help guide MassDEP during development of the CHS.

**The CHS must minimize costs.** The Commission Report makes this point abundantly clear:

*To resource the transition appropriately, efficiently, and equitably, it will be critical to implement a Clean Heat Standard to establish overall incentives at the appropriate level to meet required sublimits without adding to electric ratepayer costs [underline emphasis*

added] (Commission Report, Cross-Cutting Recommendations, Resourcing the Transition, Page v).

Electricity costs in Massachusetts are already among the highest in the nation. These costs, along with other increasing costs unique to Massachusetts, are hurting our economy. Businesses simply cannot afford any additional costs of doing business that competitors in other states do not face.

Many industries, especially commercial real estate, still have not recovered from the impacts of the COVID-19 pandemic – and some never will. Vacancy rates are still high and many building owners are trying to reassess their investments or contemplating building conversions to other uses. This could delay investments in infrastructure like HVAC until plans are finalized. Additionally, with remote work now available to many, there is already a steady - and likely permanent - shift to employees working from lower cost areas.

It's not simply electricity costs that MassDEP needs to be aware of as they develop the CHS. If the cost of fossil fuels rise because suppliers need to purchase clean heat credits or make alternative compliance payments (ACPs) when clean energy credits are not available, those costs will be passed to consumers and raise prices. Not all businesses can transition easily or quickly - some may not be able to transition for the foreseeable future due to financial or technological constraints. Therefore, they will be stuck in an endless loop of higher fuel costs with little or no option to avoid them.

The Commission wisely contemplated this issue when they addressed the potential ACP level:

*MassDEP should carefully assess the appropriate ACP price to ensure creation of credits is preferable, while also ensuring the cost-burden of ACPs does not unduly burden businesses and ratepayers (Commission Report, Appendix C: Additional Context and Program Design Considerations, Clean Heat Standard, Page 46).*

**The CHS must use existing financial and other resources.** The CHS must leverage available federal grants, loans, and tax incentives from federal, state and even private sources in order to minimize costs on consumers. This may require changes in how the energy efficiency program - Mass Save - is funded and how incentives are determined.

**The CHS must work well with other policies.** There are dozens of other state, federal and municipal programs designed to reduce greenhouse gases. As these programs are implemented it is becoming more challenging to introduce new programs without duplicating or contradicting others. The CHS should not contribute to confusion. Both the CECP and the Commission Report address this issue:

*A successful set of policies will: **Work well with other policies** - work well with, and be mutually reinforcing with, Massachusetts' weatherization programs, utility efficiency and fossil fuel reduction programs and other greenhouse gas reduction initiatives. It should work with existing Massachusetts policies and institutions to boost progress, ensure consistency across policies and avoid re-creating the wheel [bold emphasis in original] (CECP, Appendix B-1: A Clean Heat Standard for Massachusetts, Pathways for the Necessary Transformation, page 41).*

*The CHS must be viewed as part of an integrated portfolio of policies driving all feasible electrification and energy efficiency, and not as a stand-alone solution. The CHS must work harmoniously with existing programs (e.g., Clean Energy Standard, Renewable Portfolio Standard, Solar programs), as well the Building Decarbonization Clearinghouse, Climate Bank, and Building Benchmarking programs (Commission Report, Recommendation: Massachusetts Clean Heat Standard, Key Program Elements, Page 20).*

**The CHS must be a performance standard and technology neutral.** The CHS must provide supplier and customer flexibility. The CHS should incorporate a range of low-emission heating options and customers should not be required to make huge infrastructure investments that may be financially unwise based on business considerations.

In simple terms, if a technology reduces emissions, it should be allowed under the CHS. And that means technologies that use the existing natural gas and other infrastructure, like renewable natural gas, hydrogen, and biodiesel should be considered. All can be part of a balanced and diverse portfolio of solutions that can reduce volatility in the energy markets and reduce emissions in the building sector.

The CECP makes this clear:

*The fundamental purpose of the Clean Heat Standard is to reduce emissions, not to promote certain technologies for extrinsic reasons (CECP, What Actions or Fuels Should Earn Clean Heat Credits? The Program Is a Performance Standard, Not a Technology Mandate, Appendix B-3, page 61).*

The Commission, which was made up of a diverse group of stakeholders, spent an enormous amount of time establishing the themes and principles articulated above. The Commission Report was approved almost unanimously (with only one dissent), indicating broad agreement. As Commissioners, we have an interest in seeing that the CHS is consistent with the Commission Report - and for it to succeed by significantly reducing emissions while supporting our economy and communities.

Thank you for allowing us to make these comments. We look forward to commenting further as MassDEP continues its stakeholder process.

Sincerely,

Commissioners:

Tamara C. Small, CEO, NAIOP Massachusetts

Richard Sullivan, Jr., President & CEO, Economic Development Council (EDC) of Western Massachusetts

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