

**NPA Working Group: NPA Framework Comment Submission Due January 29**

**On behalf of (company/organization name):** Sierra Club, Environmental Defense Fund, and Conservation Law Foundation

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**Date:** January 29, 2025

Reference ID (to be filled in by Apex):

***Instructions for comment submissions:***

- *Categorize your comments by topic aligned with the LDC presentation, see bullet list below and headers in rest of template. If not tied directly to a topic below, please use “Other: (Please Specify).”*
  - *Comments will be tagged within the matrix by the above “Reference ID” so reviewers can easily navigate to the details of each comment when addressing. Provide your narrative text of your comments under the key point.*
  - *Complete raw comments will be compiled as an attachment to the report delivered to the D.P.U.*
- *Under each header, provide a key point/summary statement in bold that provides the key point of that section. This summary statement will be used to collate similar comments, to be used within a matrix for an attachment to the report and for synthesis of feedback.*
  - *Stakeholders can customize/update the template to remove topics if not needed (i.e., commenting on each section is not required)*
  - *Stakeholders can customize the number of key points per section, feel free to add or delete subheaders based on your comments.*
  - *Please include any comments on the “NPA Identification Requirements” into the relevant topic rather than as a stand-alone section.*
  - *The matrix of summarized key points will also be an attachment to the report.*
- *Please return a copy of your comments as a Word document by Jan 29 to [npaworkinggroup@apexanalyticsllc.com](mailto:npaworkinggroup@apexanalyticsllc.com)*
- *These instructions in gray italics can be deleted*

***NPA Framework Topics:***

- *High level Comments*
- *Project Identification*
- *Initial Viability Testing*
- *Gas System Feasibility Review, Electric System Feasibility Review*
- *Benefit Cost Analysis*
- *Project Authorization and Project Prioritization*
- *Customer Education, Engagement and Commitment*
- *Impacts to Project Implementation*
- *Framework Updating*
- *Other (please specify)*

## High Level Comments

*Key proposal strengths: Summary statement of high-level (executive summary-type)*

Conservation Law Foundation, Environmental Defense Fund, and Sierra Club appreciate the opportunity to provide feedback on the draft NPA framework as members of the Non-pipeline Alternatives (NPA) Working Group. We recognize the task before the local distribution companies (LDCs) is to draft an NPA framework for consideration by the NPA Working Group and for approval by the Department of Public Utilities (DPU). While other utilities and states have developed NPA frameworks, the Commonwealth's task is broader – to develop a framework that evaluates the ability of an NPA to replace any gas utility capital expenditure. While most states have limited the NPA analysis to certain types of projects, or projects of a certain size, the DPU has tasked the working group to create a framework for all types of capital investments.

We appreciate the efforts on the part of the LDCs to develop the draft NPA framework. However, we continue to have significant concerns about the vagueness of key topics within the framework, the benefit cost analysis, as well as the project implementation. Specifically, we are concerned that the LDCs:

- Have not proposed to align their capital planning horizons to incorporate NPA timeframes;
- Do not create a proactive programmatic NPA evaluation;
- Have not identified the projects they propose to be excluded from NPA consideration;
- Have not identified the criteria used for the Initial Viability Testing;
- Have not considered issues that will arise from the Electric System Feasibility Review; and
- Inappropriately use the ratepayer impact test as two of the benefit cost tests.

We recommend that the LDCs respond to these important issues by working with interested parties to address concerns before submitting their draft NPA framework to the DPU for approval. We understand that the Commonwealth will have to iterate upon this framework, however, these deficiencies are significant enough to merit further attention before the LDCs seek approval or cost recovery of capital expenditures.

We also recognize that there will be issues that emerge during NPA implementation that will need to be discussed, and the LDCs will need to make modifications to their assumptions, analysis, or NPA process. We recommend that the DPU create an ongoing Working Group that regularly meets to discuss issues that emerge during NPA

implementation. This Working Group can also help the LDCs develop an approach for engaging and educating customers.

In the comments below, we offer our thoughts and recommendations on how the NPA framework can be improved. Conservation Law Foundation, Environmental Defense Fund, and Sierra Club retained Current Energy Group to assist with the preparation of these comments and to serve as our expert representative on the Technical Subcommittee.

## Project Identification

*Key Point #1: LDC's must modify their capital and operational investment planning to ensure NPAs are considered on equal footing with traditional investments*

Massachusetts has a goal to achieve net-zero greenhouse gas emissions by 2050.<sup>1</sup> To enable the Commonwealth to achieve its goals, the DPU set new regulatory guidance for the state's gas utilities to achieve the goals while safeguarding ratepayer interests and maintaining affordability for customers through Order 20-80-B. The DPU determined that to achieve the Commonwealth's climate targets, there must be a significant increase in the use of electrified and decarbonized heating technologies.

The Companies' capital expenditure and supply planning practices evolved during, and reflect, a period of gas distribution system growth and expansion. The LDCs must now update their capital expenditure and supply planning processes to facilitate the achievement of the state's goals while minimizing costs and risks to its customers. Through the development of the NPA framework, the LDCs are taking the first steps toward modifying their investment strategy to align with state goals. The LDCs must also modify their planning processes, and in particular the planning horizons, to reflect the planning differences between traditional capex projects and NPAs.

First, the LDCs must identify the capital and operational planning processes that could be impacted by the DPU's directives in Order 20-80-B. Second, the LDCs must modify the planning timelines to ensure that NPAs have sufficient time for adequate consideration. Third, because the introduction of NPAs and other alternatives to capital expenditures (such as repairs and pipeline relining) may either be new or not widely used, the LDCs must develop internal education and policies to provide their staff and contractors with the knowledge and tools for determining when an alternative to a traditional capital investment is appropriate.

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<sup>1</sup> Global Warming Solutions Act, St. 2008, c. 298 ("GWSA"); Executive Office of Energy and Environmental Affairs Determination of Statewide Emissions Limit for 2050 (April 22, 2020).

The LDC's Gas System Enhancement Plan (GSEP) filing provides a useful example for exploring how planning processes need to change. The purpose of the GSEP is to replace aging and leak-prone pipeline infrastructure, guided by the risk scores in the LDC's Distribution Integrity Management Plans (DIMP).<sup>2</sup> As required by the DPU, the LDCs included interim NPA screens in their 2025 GSEP filings. According to an analysis by the Brattle Group, 85% of all projects were screened out as inappropriate for an NPA even before the NPA cost-benefit analysis.<sup>3</sup> The primary reason given by the LDCs was that there was insufficient time for an NPA to eliminate the capital project in the required timeframe.<sup>4</sup> Establishing a narrow timeframe for NPA eligibility will inappropriately push utilities to turn to traditional infrastructure solutions rather than exploring alternatives.<sup>5</sup> According to the LDCs' draft NPA framework, the time necessary for planning and implementing a traditional capital investment is between 3 and 36 months, while an NPA may take 24 to 48 months of planning.<sup>6</sup> While we are skeptical that all NPAs will take a minimum of 24 months to plan (for example, new customer requests) we acknowledge that there will be a learning curve for the LDCs for developing and implementing NPAs. However, because the DPU requires the LDCs to adequately demonstrate that they have considered NPAs prior to recovering costs associated with capital expenditures, the LDCs must modify their planning horizons to accommodate the timeline they say is necessary for considering NPAs.

Not all aging and leak-prone pipes are equally risky. The GSEPs can distinguish between aging and leak-prone pipes that are dangerous (high risk) and need immediate attention from aging and leak-prone pipe that is not an immediate concern (low risk). After all, National Grid does not anticipate replacing all leak-prone pipe until at least 2039.<sup>7</sup> The LDCs must modify GSEP planning horizons to distinguish opportunities between low and high-risk pipe and ensure NPAs are compared to traditional capital investments on equal footing.

Finally, the utilities must develop internal training and tools to empower employees and contractors to consider opportunities for NPA deployment. The DPU's directive to the

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<sup>2</sup> D.P.U. 24-DSEP-03, Exhibit NG-GPP-1, p. 15.

<sup>3</sup> Interim NPA Process: Application to 2025 GSEP Projects. The Brattle Group for NPA Working Group. January 15, 2025. Slide 2.

<sup>4</sup> Interim NPA Process: Application to 2025 GSEP Projects. The Brattle Group for NPA Working Group. January 15, 2025. Slide 3.

<sup>5</sup> See e.g., Sullivan & Murphy, *Non-Pipeline Alternatives: Meeting Energy Demand Responsibly* at 19-21, EDF (Feb. 2024) [https://www.edf.org/sites/default/files/2024-02/Non-Pipeline-Alternatives-Report\\_EDF\\_Feb2024.pdf](https://www.edf.org/sites/default/files/2024-02/Non-Pipeline-Alternatives-Report_EDF_Feb2024.pdf) (arguing that a New York LDC's proposed 2-year minimum timeframe for NPA eligibility is inappropriate where, according to historic project data, the company identifies and completes expansion projects, on average, within 88 days).

<sup>6</sup> Draft NPA Framework, January 15, 2025. Slide 7.

<sup>7</sup> D.P.U. 24-DSEP-03, Exhibit NG-GPP-1, p. 8.

LDCs in Order 20-80-B requires the LDCs to demonstrate a transformative change to their planning and operations for cost recovery.<sup>8</sup> Part of this demonstration is evidence that the LDC has modified its internal policies and procedures to give their employees the necessary education and tools, including the groups that develop the capital and operational plans.

*Key Point #2: The NPA framework should incorporate proactive NPA analysis, including at the programmatic level*

The draft NPA framework starts with an examination of planned gas plant capital expenditures and then assesses the viability of an NPA as a substitute. That is, the NPA consideration is in reaction to the utility's identification of a capital investment. As demonstrated in the viability and feasibility framework slides, once a capital investment need has been identified, there is a time constraint by which the utility must resolve the need. An NPA review is time and resource intensive and can potentially add significant administrative costs that would make the NPA cost prohibitive, particularly for smaller projects. Furthermore, as discussed in the previous section, the utility's capital planning processes often do not provide sufficient time to conduct the NPA analysis.

While we recognize that there is a need for a reactive project specific NPA review, the framework should also accommodate a proactive examination of opportunities to implement programmatic NPAs. In its Order 20-80-B, the DPU allows for the NPA framework to consider programmatic reviews, stating that "*[t]he Department will, however, consider the reasonableness of a materiality screen as part of our consideration of the fuller NPA analysis framework to be developed by the LDCs in consultation with stakeholders.*"

As discussed in the previous response, there are low risk and high-risk leak-prone and aging pipe. Generally speaking, although not exclusively, low risk leak-prone pipe is better suited for proactive NPA analysis. A proactive examination of opportunities for NPAs may come in at least two forms. First, the utility may identify and characterize a common type of capital investment (e.g., a series of service line replacements along a distribution main) and determine that an NPA is cost effective for this category of investment. For example, the NPA framework may "deem" that whole or partial residential electrification as cost-effective as an NPA.

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<sup>8</sup> LDCs will bear the burden of demonstrating that NPAs were adequately considered and found to be non-viable or cost prohibitive to receive full cost recovery

A proactive NPA framework may use a set of broad assumptions about various pipeline and NPA project types, akin to the assumptions used to inform utility energy efficiency program development and implementation. For example, it would be cost prohibitive to determine if each individual light bulb installed in a home has a positive benefit-cost ratio. Rather, public utility commissions and energy efficiency administrators make reasonable assumptions about the light bulb being installed, how often it will be used, and what it replaced. Likewise, the utility may make assumptions about certain routine or programmatic investments, and their alternatives, to facilitate a program-level NPA analysis.

Second, a proactive, programmatic approach should also seek opportunities for groups of projects, or neighborhoods, for deploying NPAs that can be cost-effective if sufficiently scaled. One type of NPA that would benefit from this approach is thermal energy networks (TENs). TENs can be cost-effective; however, they take time to develop and implement, and importantly, TENs need to be deployed at scale. If the utility is only looking at individual segments of leak-prone pipe, a thermal energy network may not appear cost-effective. However, if the utility took a broader view, and was able to identify several segments of leak-prone pipe in relative proximity to each other, it is feasible that a TEN (with or without electrification of the other end-use appliances) would be more likely to be cost-effective.

*Key Point #3: Clear and consistent definitions of “Emergent” and “Other Reliability” programs across utilities, year-over-year*

The draft NPA framework states that “emergent” and “other reliability” projects will be excluded from NPA analysis. Neither is clearly defined. The draft NPA describes each as follows:

- Emergent: Unplanned work that addresses immediate safety concerns
- Other Reliability: Projects that support the gas system (Stub Cut-offs, Corrosion Control, Tools and Equipment, etc.)

The draft NPA framework excludes “emergent” projects because, “[t]hese projects require immediate action to maintain the safety and reliability of the gas system and therefore do not afford the time to conduct the NPA Identification Process.” With respect to “other reliability,” the draft NPA framework excludes these projects because it is “a bucket of work that does not fit into traditional programs but still maintains safety and reliability of the gas system.” The draft NPA framework continues “[t]he work that is classified under this program may vary by company” and then offers “stub cut offs” or “corrosion control” as examples of other reliability projects.

We are concerned that these two categories are vaguely defined and thus are difficult for the DPU and interested parties to verify the appropriateness of a project's classification. Furthermore, vaguely defined buckets of projects excluded from NPA analysis could unintentionally incentivize LDCs to over-categorize projects as "emergent" or "other reliability" in order to evade an obligation to conduct NPA evaluations.

### ***Emergent***

LDCs must immediately address pipelines that represent threats to the safety and reliability of the system. The DPU classifies leaks that represent an existing or probable hazard to persons or property as a "Grade 1 Leak."<sup>9</sup> The DPU's definition of Grade 1 Leaks is consistent with PHMSA and other state definitions of hazardous leaks. Grade 1 Leaks should be classified as "emergent." However, the draft NPA framework's definition of "emergent" projects is broader than the definition in Grade 1 yet is unclear what else would qualify. The LDCs have not demonstrated that there are categories of projects that require immediate action other than Grade 1 Leaks. To the extent there are other categories of projects that pose immediate threats to the safety and reliability of the system, the draft NPA framework should explicitly define those types of projects. Should a project emerge that is not specifically identified in the definition of emergent, the LDC would demonstrate in its cost recovery filing why the utility appropriately did not conduct an NPA review and why the project was classified as "emergent."

### ***Other Reliability***

We acknowledge that each LDC's system has a unique mix of pipeline materials and vintages. That said, we are not convinced that the systems are so distinctive that each utility needs its own classification of "other reliability" with no bounds. The draft NPA framework identifies several types of projects that may qualify - stub cut offs, corrosion control, tools – that it considers vital to system safety and not possible to replace with an NPA. Yet, the definition makes it clear that there are other types of projects that could be classified as other reliability but are not identified. Each LDC has encountered, or is at least familiar with, stub cut offs and corrosion controls that they agreed to list the projects as examples. The LDCs should take the additional step of clearly identifying all types of projects that they believe qualify as "other reliability" for review and approval. Clearly defined categories will help ensure consistent classification between utilities and year-over-year.

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<sup>9</sup> 220 CMR 114.04(3)(a) Uniform Gas Leak Classification. Available at: <https://www.mass.gov/doc/220-cmr-11400-1/download>

## Initial Viability Testing

*Key Point #1: Most new customer requests should be proactive, simple, and fast responding – the NPA should not take a minimum of 2 years to develop.*

The draft NPA framework classifies NPA opportunities for New Customer Requests as having a “medium-low” suitability score, the second lowest of the five categories. The draft NPA framework states that the NPA suitability score specifically assesses the timing and safety and reliability concern of an NPA. Due to the nature of a New Customer request, it is reasonable to conclude that there is no safety or reliability concern with using an NPA in lieu of connecting a new customer. Rather the relatively short timeframe within which a new connection project can be completed is responsible for the categories’ medium-low suitability score. Indeed, the draft NPA framework estimates that an NPA will take between 24 and 48 months to develop, whereas a new customer connection can take less than one year to complete.

There are two types of new customer connections: new builds and existing buildings that are seeking to connect to gas. In either case, for most new customers, electrification will be the most cost-effective and suitable NPA. Utilities should have standing procedures in place that dictate how to respond to each new customer request, such as a referral program to inform customers of electric alternatives.<sup>10</sup> In the near future, the LDCs should be able to offer a standard electrification package for new customers based on their characteristics and size of the building. Electrification NPAs for new customers do not need a minimum of 24 months to develop.

We recognize that in instances in which the cost-effective, or most suitable, NPA is a TEN, an NPA may take 24 to 48 months to develop. However, the NPA framework and the LDC’s customer engagement should acknowledge the varied timelines based on the type of NPA solution.

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<sup>10</sup> See, e.g., NYPSC, Cases 19-G-0309 & 19-G-0310, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a National Grid NY for Gas Service, Annual Demand-Side Management Filing of the Brooklyn Union Gas Company d/b/a National Grid NY & KeySpan Gas East Corp. d/b/a National Grid*, at 19-20 (July 15, 2022), [https://documents.dps.ny.gov/public/MatterManagement/MatterFilingItem.aspx?FilingSeq=29 0346&MatterSeq=59676](https://documents.dps.ny.gov/public/MatterManagement/MatterFilingItem.aspx?FilingSeq=29%20346&MatterSeq=59676).



*Key Point #2: The NPA framework should identify a single Initial Viability Test that applies to all LDCs. Should an LDC need to depart from the Viability Test, it can seek an exception from the DPU to file its own Initial Viability Test.*

The draft NPA framework proposes that each LDC will propose its own initial viability thresholds for identifying NPA candidates “with a high likelihood of success.” Specifically, the draft NPA framework states:

- Each LDC will propose certain thresholds to assist in identifying appropriate candidates with a high likelihood of success and ensure those are prioritized.
- The LDCs will provide their Initial Viability Testing Criteria as they evolve based on experiences gained as part of cost recovery filings to provide the Department with an avenue to continuously evaluate the Companies’ Initial Viability Testing Criteria.

The NPA framework is neither clear on the types of thresholds that will be proposed, nor why it is necessary that each LDC will need a unique Initial Viability Testing criteria. Establishing the criteria used for determining the viability of a project for an NPA is foundational to developing an NPA framework and it be explored during this stakeholder working group. As previously explained, it is not clear why each utility will need its own unique thresholds as the LDCs have not put forth any relevant discussions or arguments. Further, moving the development of the Viability Criteria from a single, DPU working group to several, separate LDC cost-recovery filings needlessly increases the costs and administrative burden for resolving issues.

Unless demonstrated to the contrary, the NPA framework should establish a single initial viability test. Where implementing an NPA may not be feasible for reasons specific to one LDC, the utility may seek permission from the DPU to explain why it deviated from the Initial Viability Test when it seeks cost recovery for the capital investment.

## Gas System Feasibility Review and Electric System Feasibility Review

*Key Point #1: The Electric System Feasibility Review is underdeveloped and the process must be clarified.*

The draft NPA framework proposes that each NPA will undergo an electric system review using information from the relevant electric distribution system operator. The draft framework identifies four components of the electric system review.

- The LDCs will engage the electric distribution system operators to review load increases as a result of an NPA solution as required by the Step Zero Electric Analysis

- The system impact assessment will also include cost and timing estimates for any required electric upgrades.
- Customer and system data must be provided to the electric distribution system operators for them to do a system impact assessment.\*
- The electric distribution system operators will provide the electric rate impact test (eRIM) as part of the BCA.

The electric utility's cost assumptions are likely to have a significant impact on both the feasibility of the NPA as well as the cost-benefit results. The electric system feasibility process needs to be further developed before the NPA framework is adopted. Specifically, the framework needs to identify the expected feasibility process, timeline, and role of interested parties during the feasibility assessment. For example, what is the expected timeline for an electric utility to conduct its assessment? What mandate, if any, does the DPU have to enforce an electric utility meet timeline obligations? When can interested parties examine the electric utility's assumptions, inputs, and outputs, and how can they either influence those assumptions, or if need be, challenge those assumptions to the department?

We are particularly concerned that the NPA framework does not address what happens if an electric utility is not cooperative. The draft framework notes, "*The LDC may only provide information to the electric distribution system operators which is covered by the Data Waiver the Companies have requested from the Department, an NDA is signed by the electric distribution system operators in question, or the information is generally publicly available.*" It is possible that an electric utility, for one reason or another, may not cooperate fully with the gas utility's request or is unwilling to share its information with interested parties. We are concerned that, by not addressing this issue, the default assumption is that the NPA cannot proceed. An electric utility's cooperation in the NPA analysis is preferred, but not required. The NPA framework should discuss how the gas utility can identify an alternative, or proxy, assumptions and inputs for considering feasibility, costs, and benefits.

*Key Point #2: The electric feasibility assumptions, inputs, and outputs must be available for interested party review.*

The electric feasibility assessment will be determined by the electric utility's assumptions and inputs, an entity that is not subject to Order 20-80-B, and depending on the electric utility, may not be regulated by the DPU. The NPA framework needs to clarify when and how interested parties can review the electric utility's assumptions, inputs, and outputs. To the maximum extent feasible, the electric utility's assumptions, inputs, and

outputs should be publicly available for interested parties on a contemporary basis to the feasibility analysis. Access to the data is important to verify that the assumptions and inputs are reasonable and appropriately attributed to the NPA rather than to another policy or regulatory requirement.

Access to such data is essential because interested parties may disagree with the electric utility's assumptions used in the feasibility assessment. For example, parties could disagree on the expected incremental costs (or benefits) of generation, transmission, and distribution, and whether the costs attributed to NPAs should be more appropriately allocated to other electric grid system variables or Commonwealth policies. The costs of an electric system distribution upgrade may be driven by several factors, including increased demand from other sectors (transportation electrification, manufacturing, data centers, etc.), interconnection of distributed energy resources, or enhanced reliability and resiliency requirements. An ongoing process must be developed to provide a forum for discussing and working through these issues.

We understand that there may be, at times, the need for an electric utility to make some information confidential. The NPA framework should state a preference for data to be public, and for confidential information, identify the process and timeline by which interested parties can access this data (i.e., sign non-disclosure agreements).

Where the electric utility is unable or unwilling to cooperate with the gas utility's timeline or the DPU process, the draft NPA framework must also develop a process for creating alternative, or proxy, cost assumptions. It is not reasonable that an electrification NPA would be ruled out because an electric utility is unable or unwilling to provide the necessary information for the NPA analysis.

Moreover, it is likely that some projects, such as new customer connections, do not need a novel electric feasibility assessment from the electric utility. Residential and commercial developers will already be in contact and working with the electric utility on connecting to the electric grid, and thus a second electric system feasibility study is redundant and unnecessary. For existing residential buildings seeking to electrify, it may be administratively advantageous if the NPA framework establishes proxy, or deemed, electric system impacts.

## Benefit Cost Analysis

### *Key Point #1: The NPA Framework should not use the gas ratepayer impact (RIM) test*

We appreciate the utilities' movement from its initial proposal that an NPA test must pass all four cost-effectiveness tests, to a willingness to consider an NPA that has one negative score. Nevertheless, we continue to remain concerned that the RIM test is inappropriate and recommend its exclusion from the framework.

The RIM test purports to measure the impact of a program on utility rates paid by non-participating customers. Unique among benefit-cost tests, the RIM test treats lost revenue from gas customers as a cost. Other benefit-cost tests are agnostic to lost utility revenue or treat it as a benefit. It is inappropriate to consider lost revenue as a cost in benefit-cost analysis for the Massachusetts NPA framework. The National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources (NSPM) recommends against using the RIM test for this reason. The NSPM contends that the RIM test violates principles of cost-benefit analysis because it inappropriately accounts for lost revenues as a *new, incremental* cost. Lost revenues reflect the recovery of *existing* costs of past system investments. It is more appropriate for a cost-benefit analysis to focus on the incremental costs and benefits. Treating lost revenue as a cost justifies the gas utility to continuously grow demand and expand its gas system so as to spread the costs of the existing system onto more customers and more therms of energy.

The use of the gas RIM test is especially counterproductive in Massachusetts, which has aggressive climate goals and has identified building electrification as the dominant strategy for reducing building emissions. To reduce emissions on the gas system to zero by 2050, Massachusetts utilities must reduce gas sales through electrification.<sup>11</sup> Declining gas demand is a feature of Massachusetts policy, while the gas RIM test treats declining demand as a bug.

Finally, because the gas RIM test treats declining demand as a cost, the NPA analysis will be biased toward NPA solutions that do not reduce gas demand (e.g., supply-side resources) over solutions that reduce gas demand (e.g., electrification and TENS). A benefit-cost test standard that biases NPA analysis towards traditional pipeline and supply-side NPAs will lead to more costly and riskier investments that are counterproductive to the state's goals and the customers' interests.

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<sup>11</sup> As noted above, the Massachusetts DPU Order 20-80B, at 35 , says that electrification, which reduces gas sales, will be the Commonwealth's dominant building decarbonization strategy.”  
<https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/18297602>.

## Project Authorization and Prioritization

*Key Point #1: The utility has an obligation to pursue all NPAs that are least-cost, least-risk to the utility. To the extent a utility feels it must prioritize NPAs, the utility should balance maximizing avoided capital on the LDCs system, EJCs, and timeline constraints.*

The draft NPA framework states that “if more NPAs are identified than can be reasonably implemented in a specific timeline the Companies shall consider prioritizing their NPA projects in this order:

1. Projects in EJCs will be given highest priority.
2. Projects will then be prioritized based on their net avoided GHG emission reductions.
3. Projects will lastly be prioritized based on the amount of avoided capital on the LDCs system.”

To start, we remind the utilities that they have an obligation to pursue the least cost, least risk resources and investments for their customers. It would not be prudent for the gas utility to forego an opportunity to implement a cost-effective NPA because the utility did not allocate sufficient resources for pursuing those NPAs. The utilities must implement appropriate long-term planning with longer planning horizons to ameliorate the potential for NPA congestion and to ensure the utilities are not failing to allocate sufficient resources to enable least cost NPA investments.

To the extent that there are more NPAs than the utility feels like it can reasonably implement, the utility should balance maximizing avoided capital on the LDCs system, EJCs, and timeline constraints rather than implement a rigid prioritization framework that does not account for the specifics of the cases. . For example, if the utility was going to forego an NPA and was deciding between two projects, it should consider the size of the project, its location, and the timeline of each project. If one project is larger and located in an EJC, but it can be delayed and still be completed on time, then the utility should choose to implement the smaller project, not located in an EJC, first.

## Project Execution

We have no comments for this section.

## Customer Education, Engagement and Commitment

*Key Point #1: The LDC customer engagement process should include opportunity for interested party review. It is important that the utilities work with interested parties to identify the best approaches for engaging new customers*

The draft NPA framework states that “[e]ach LDC will develop a customer education, engagement and commitment process to ensure that customers have sufficient information available to make an informed decision to participate in the NPA project.” How the utility makes the customer aware of, and the language it uses, and the resources it provides, matters in the success of the program. For example, consider a resident seeking to convert from oil heating to gas. There is a distinct difference in a customer engagement approach that only informs the customer that they may also seek electrification opportunities from MassSave, relative to a customer engagement approach that specifies the amount of money available to the customer for electrifying each type of end-use appliance. The NPA framework should clarify the process by which interested parties can review and provide feedback on the LDC’s engagement strategy.

## Impacts to Project Implementation

*Key Point #1: The DPU needs to create an ongoing Working Group that discusses issues not addressed during the NPA framework development, as well as issues that emerge during project implementation.*

The Commonwealth’s NPA framework is a first-of-its-kind in the country. It is not feasible that the DPU and interested parties could have anticipated all of the issues that will emerge, particularly issues that emerge during project implementation. The DPU should create an ongoing working group that can discuss issues not sufficiently addressed during the development of the NPA framework, as well as emergent issues, for modifying utility NPA programs and the NPA framework.

There were several issues that arose during the development of the NPA framework, related to project implementation, that have not been sufficiently addressed and should be explored in the working group. The most notable example is the circumstances and impacts of customers who terminate their participation in an NPA. The draft NPA framework states that a customer who terminates their participation, or a new property owner who refuses to participate in the NPA, results in cancellation of the project, but that the Company may choose to offer remaining customers options to electrify. If this event occurs, it will be important to examine why the customer withdrew (e.g., cost, technology, etc.) and if there are sufficient commitments from other participants or opportunities to gain new participants, to move forward with the project. The goal would be for the working

group to learn from project implementation for informing future programs, policies, and revisions to the NPA framework.

## Framework Updating

*Key Point #1: The DPU should plan to update the NPA Framework after gathering 2 years of data and experience.*

The draft NPA Framework states that the Companies are required to update the NPA Framework at a minimum every 5-years. As stated in the previous answer, the Commonwealth is developing a first-of-its-kind NPA framework and it is reasonable to expect that the DPU will have to iterate on the NPA framework. As of now, the NPA process is complicated, possibly overly-complicated, and may sink under its own weight. As an example, we are particularly worried that requiring the electric utility's assistance to develop novel electric feasibility assessments for every NPA is overly burdensome and will needlessly screen out cost-effective NPA opportunities. As the utilities develop their first NPA projects, the DPU, the LDCs, and interested parties will gain experience and will be able to refine the process and assumptions. In just a couple years, it is likely that the DPU can streamline and standardize the NPA process in revisions to the NPA Framework.

Respectfully submitted,

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