

NPA Working Group Meeting #5
February 5, 2025
75 State Street, Boston, MA

Meeting Materials:

[MA NPA Working Group Meeting Framework Feedback February 5 2025.pdf](#)

Agenda:

Time	Topic
10-10:05	Welcome + Agenda
10:05-10:35	Community Engagement Findings – Marti Frank
10:35-10:45	Technical Subcommittee Read-out – E3
10:45-11:45	Stakeholder Feedback Discussion
11:45 – 12:30	Lunch
12:30-2:45	Stakeholder Feedback Discussion
2:45-3	Next Steps

Community Engagement Findings – Marti Frank

Summary: Marti Frank of Efficiency for Everyone presented the findings of the Community Engagement research to the working group. The Community Engagement effort (formerly referenced as the Community Focus Group) was an element of the NPA Stakeholder process focused on key considerations and challenges in implementing Non-Pipeline Alternatives (NPAs) in Environmental Justice (EJ) communities. The research focused on getting EJ input on two key areas: costs and benefits, and factors that enable successful NPA execution. The research explored potential risks, such as increased utility costs, unexpected repairs, and ongoing maintenance concerns, which could discourage participation or create financial strain for low-income households.

Findings from homeowner interviews revealed that the perceived benefits of electrification varied significantly. Cost was a primary concern, with financial fragility impacting willingness to participate. While experts assumed health benefits would be most valued, homeowners prioritized affordability.

Risks included higher utility bills and unforeseen repair costs. Strategies to mitigate concerns included electrification-specific utility rates, subsidies, and weatherization.

For multifamily property owners, perspectives on electrification varied based on whether they viewed benefits for themselves or their renters. Some valued reduced maintenance and the ability to transfer electric heating costs to renters, while others worried about tenant displacement and infrastructure challenges. They preferred concise summaries of requirements and tailored outreach to key decision-makers, with asset or property managers serving as key contacts for existing buildings and development managers and sustainability consultants playing a central role in new construction projects.

Effective outreach strategies will be crucial to ensuring that EJ communities understand and trust electrification initiatives. Residents preferred personalized letters over social media, with word-of-mouth via community networks being the most effective. Clear messaging on costs, benefits, and concerns was crucial.

Recommendations for further research include increasing awareness and desirability of geothermal networks, refining messaging and materials for clearer communication, and evaluating the effectiveness and appeal of cost control measures.

Key Points from Stakeholders:

- One stakeholder wanted to know about the statistical representativeness of this sample.
 - **Marti response:** With this sample, it's anecdotal research, with 12 in-depth, in-person interviews so far. She recommended that with anecdotal work you want to conduct enough interviews to have convergence and to hear similar information from people you are interviewing.
- Stakeholder noted that this research overlaps with the Framingham geothermal pilot and its findings, which may be useful to connect these two pieces of research.
- Stakeholder asked for clarification on the recommendation for customer engagement on day one with new design.
 - **Marti response:** Developers are considering non-gas alternatives before they break ground. Providing information about an NPA would be ideal in the room early during early design meetings.
- Stakeholder asked for clarification on large organization's concerns with electric water heating.
 - **Action:** Marti to clarify what respondents meant when they said electric water heating.
- Stakeholder asked if the interviews presented information about the rationale NPAs.
 - **Marti response:** Gave background but not long-term potential impacts on costs, as interviewees were most focused on short term costs.
- Stakeholder noted that the low-income housing tax credit doesn't specify that you can't have a gas back-up. Do the electrified housing projects discussed have backups?
 - **Marti response:** None of the respondents said they were including gas back-ups. They referenced these projects as "all-electric."

- **Action:** Marti to ask respondents if they have gas backups.

Technical Subcommittee Read-out – E3

Summary: E3, the facilitators of the Technical Subcommittee (TSC), reported out the key topics that had been discussed during the three meetings completed so far (with two remaining). One being the need for a structured and proactive approach to Non-Pipeline Alternative (NPA) identification and prioritization. Another key theme was the importance of establishing a systematic process to identify NPAs early, ensuring that capital projects are recognized with sufficient lead time for proper evaluation and implementation. Coordination across utilities, particularly between Electric Distribution Companies (EDCs) and Local Distribution Companies (LDCs), was highlighted as a critical factor in successfully integrating NPAs into planning frameworks. Concerns were raised regarding the proposed LDC Benefit Cost Analysis (BCA) framework, with some stakeholders expressing that its current structure may be too restrictive, potentially limiting the viability of NPAs.

The TSC discussions also covered the scale of projects, particularly in terms of cost and the number of affected customers, and how these factors influence NPA feasibility. Additionally, the timing of NPAs in relation to existing planning processes was examined, as participants considered how best to align alternative solutions with traditional infrastructure planning. Lastly, a series of questions emerged surrounding BCA methodologies, underscoring the need for further clarification and refinement to ensure that NPAs are properly assessed and integrated into decision-making processes.

Stakeholder Feedback Discussion

Summary: Apex Analytics facilitated the collection and organization of stakeholder comments on the NPA Framework that was presented on the January 15, 2024 Working Group meeting. Comments were collated into a matrix that was provided to the LDCs and Working Group members ahead of the February 5 meeting to help stakeholders effectively navigate the comments received into categories. The presentation organized those categories into slides, which included discussion points to facilitate conversation between the LDCs and stakeholders to understand the comment and/or come to agreement where possible. The feedback gathered from the February 5 meeting will inform the next iteration of the framework, to be filed with the D.P.U. on April 1.

Key Stakeholder Feedback (Organized by Feedback Category/Slide):

Overarching Comments

- NPAs are not a scalable solution for achieving the state's climate goals. There are other initiatives that are working together to get to those goals, however, stakeholders feel the legal framework around the obligation to serve would need to be updated to allow for customers to be permanently removed from the gas system if in an NPA area, even if they're preference would be to remain a gas customer.

- The purpose of NPAs is to avoid future infrastructure investment, to help stabilize future gas rates. This is one specific lever the state is using to reduce greenhouse gas emissions. There must be coordination across all efforts to achieve the necessary scale.
- An additional legal consideration was raised concerning if there could be a binding agreement if a customer agreed to an NPA before in home or in street work was completed, then a new customer moves into the home – are there grounds to insist that residence to be treated as out of jurisdiction for gas.
- The scenario of one customer wanting to stay on the gas system, but the other 99 give the green light to a non-gas alternative was raised as an example of the limitations within the current laws.
 - **LDC Comment:** Noted that the “1 in 100” scenario won’t always be a no-go for an NPA. It depends on the specific situation, where they are on the pipe. There is work that will be done to investigate the best, lowest cost solution. Additionally, if a customer was offered an electrification pathway, the proposal offer would not be rescinded, pending Department approval.
- Commercial/Industrial customers have not been explicitly addressed in the framework. These customers will require longer term planning, and will cost millions of dollars, but those risks have not been discussed.
 - **Discussion:** The focus has been on residential for a few factors: more miles of gas pipe are going to residential service, 85% of customers are residential, and they are more top of mind given there are more feasible NPA options for residential customers.

Project Identification

- Stakeholders expressed the need for more clarity and definitions about “Emergent” work, related timing, and the related decision tree. Stakeholders would like projects included as potential NPAs but would be willing to support exemptions with more details around timing.
 - **LDC Comment:** There are different categories of emergent work, and different steps associated. Emergent can mean immediate, day of decisions needed, or could look out a month, etc. LDCs indicate they don’t want to waste customers dollars on studying projects that will not result in NPAs.
- Both geographic and case by case evaluation of NPA opportunities are needed to make NPAs more successful. Reviewing projects in isolation may prevent missed opportunities when you layer in broader context to try to identify areas of the gas system where cost and reliability is best for ratepayers.
- The process for new customers needs to be more clarified and detailed. The way new customers are noted as a “yes” in part of NPA is misleading.
 - **LDC Comment:** The process for new customers is very different as there are different scenarios that can occur (ex. Locations, electric territories). The reviews and actions associated come up in other streams besides NPAs. LDCs offered to create a separate process.

Initial Viability Testing

- More integrated system planning is needed which could result in GSEP projects slated further out (10 years) could be considered sooner for an NPA. Stakeholders asked how this long-term

planning could be incorporated into NPA planning and highlight that longer planning could mean more time to work on the customer engagement piece.

- **LDC Comment:** Annual reviews are conducted on gas pipes to assess risk levels and adjust project timelines as needed. More learning as more NPAs are completed will help to refine the scenarios and timing thresholds of when NPAs should be looked at ahead of the GSEP timeline.
- Longer timing thresholds and levers in the BCA could help get more NPA projects through to next steps, in addition to the legal updates discussed earlier.
- Stakeholders raised concerns that the viability criteria are different across LDCs, and that it won't be defined in the NPA framework.
 - **LDC Comment:** Each LDC faces similar problems, but require different approaches to them, because of customer needs, pipe locations, limits or regulation within a certain town to name a few. The criteria need to be flexible not only across LDCs, but within one LDC, due to the variety of scenarios. With that caveat, LDCs can identify the possible criteria.
- Stakeholders wanted more detail on the investigation done to assess viability, such as considering rightsizing instead of a full replacement.
 - **LDC Comment:** Location, construction needs, permits, and residual impacts of each option are considered.

Gas System Feasibility

- Stakeholders noted hydraulic feasibility should take into account the expected reductions on the system, and how current forecast supply plans show increasing gas supply.
 - **LDC Comment:** There is a separate proceeding concerning the forecast supply plans, which have been approved. It is important to note that plans must ensure that all people on the system at any given time are able to be supported, so it is difficult to build in reduced flow into the calculation. Planning is a moving target, with recalibrations happening each year. Once a curve of decreasing gas levels is detected, LDCs will be adjusting their plans around that downward trend.
 - **Discussion:** Some stakeholders recommended ensuring that completed NPAs are incorporated into the Companies' gas forecasts to prevent over-procurement. LDCs agreed to consider completed NPAs similarly to energy efficiency. Others advocated for a more proactive approach aligned with CECP sublimits.
- **Discussion:** Incorporating completed NPAs into future planning and forecasts seems reasonable. Separately, there are open questions and complications around alignment with the sublimits. In the meeting, there was acknowledgement that the existing EE targets serve as a useful proxy, but NPAs might double count emission reductions (i.e. removing a pipe via NPA, and electrifying the home via MassSAVE), and would not recommend setting a GHG target but rather tracking NPAs contributions for this planning cycle.
- Emphasis is needed on the obligation to serve electricity, which should be equally weighted.
 - **LDC Comment:** There is constant evaluation on the electric system, and there is \$20 billion planned in electric system investment. Electric planning has analyzed impact on

the grid due to NPAs, which provide confidence in capacity for foreseeable future. This is consistently analyzed to ensure grid capacity needs are aligned with customer needs.

- Costs for gas should not be compared against planned ESMP grid upgrades. (i.e. no double counting ESMP costs)
 - **LDC Comment:** If the ESMP work was set to happen then the incremental costs of existing, already planned projects does not get counted as additional costs for an NPAs (i.e. it would increase a benefit cost ratio). Important to note that the framework presented is a gas company framework, and the electric companies have their own processes. There is an added challenge of data sharing between gas and electric, which is an initiative the utilities are trying to push forward.
 - Stakeholders agree data sharing between the gas and electric companies would be important for NPAs. LDCs and EDCS indicate a data sharing waiver is in process. There were concerns from stakeholders around the waiver permit not yet being approved when discussed.

Electric System Planning /Integrated Energy Planning

- Stakeholders are concerned with the implications of a future winter peaking system. Long term cost implications of all viable NPA options should be considered, and funding opportunities should be developed to support the higher upfront cost options that have lower long-term costs.
 - **LDC Comment:** Costs to operate is a part of the BCA, so will be factored in. There is opportunity with networked geothermal but need more data from pilot programs.
- Data sharing between electric and gas would be a positive but should not be a limiting factor for integrated planning. Recommendation to use proxy studies.
 - **LDC Comment:** LDCs plan to use proxy studies, using publicly available data along with reasonable assumptions.
- **Discussion:** IEP process is outside the scope of the NPA framework; but comments will be provided in the report and to the D.P.U.

Benefit Cost Analysis

- Stakeholders widely supported using the TRC test.
- There was concern over a lack of examples of projects moving through the various tests, and to what degree any of them will be constraining to NPAs.
 - **LDC Comment:** If tests come back and less and 1, it is not an automatic removal from the NPA process. It is an opportunity to consider what those underlying factors are and if those serve as a valid justification to prevent investment with a reduced likelihood of success.
- Some stakeholders suggested using a simple cost-prohibitive threshold to focus on viable projects, instead of the RIM tests. There was hesitance to being “locked in” to many tests while NPAs are still a learning process, which calls for more flexibility to get more through.
- Stakeholders voiced clear opposition to both the gas and electric RIM tests, citing that rate impacts to customers will be addressed in a separate docket, and should not be a limiting factor on NPAs.

- **LDC Comment:** LDCs must use gas and electric RIM tests for cost recovery filings. This is an essential test for them because they have a duty to consider rate payer impacts as a core part of the organization. Additionally, the D.P.U. issued an order on affordability, further stressing the importance of considering rate payer impact. A balance must be struck between completing projects and affordability.
- Stakeholder suggested that Municipal Light Plants (MLPs) will need additional considerations – since MLPs are not subject to the same D.P.U. directives, an electric RIM test is likely necessary. Additionally, there are concerns about how costs will be passed on to MLP customers.
- Stakeholders wondered if the Utility Test Cost (UTC) was being considered.
 - **Discussion:** LDCs are looking into this as an option, noting that a UTC works better in vertically integrated utilities, instead of a deregulated market and the comment’s focus was on the lost revenue of gas and how to treat it. LDCs indicate the GasRIM input could be adjusted and will consider.

Project Prioritization

- Stakeholder comments stated that staff and utility resources shouldn’t constrain NPAs. Additionally, the point was made that learning should be prioritized in these early stages – if an NPA project aims to address a learning gap, it should be bumped up in priority.
 - **LDC Comment:** Ultimately, the NPAs that have the highest confidence in will be completed first.
- There was stakeholder concern with a straightforward ranking approach to items 1, 2, and 3 on the slide. In practice, all three should be considered. A suggestion to utilize a point system between the three and setting thresholds around number of prioritized EJ communities. Stakeholders were open to removing the ranking order and highlighting these three items as joint priorities.
- Stakeholders requested clarification on CapEx versus OpEx sending, and where any remaining budget would be spent after implementing an NPA. There were concerns around bill impacts and how to treat financial assets that are retired, avoided, and incentives to customers through a tracking mechanism.
 - **LDC Comment:** LDCs may go forward with an NPA if planning to spend up to what would have spent on a CapEx project.
- **Discussion:** When asked about equity, stakeholders didn’t seem to object to inclusion in this step and in the BCAs. We note that prioritization will be important during the transition especially for customers that will need more support to electrify.

Framework Update Process

- Stakeholders want framework updated more frequently than 5 years from now (range of every 6 months to 2 years initially). Stakeholders were not sure if they wanted updates to the framework or more information on implementation. There were concerns around the tight timeline for feedback.
 - **LDC Response:** There is an opportunity to comment on the framework annually once filed with the D.P.U. The framework will continue to be an iterative process as more learnings are gained.

Due to the robust discussions on the previous topics, the Working Group ran out of time and did not get the last two sections of slides, “Customer Engagement Plan and Budget/Cost Recovery.” However, other sections included discussions on cost recovery mechanisms to support innovation funding for NPAs, similar to a pilot program, to enhance this process. Stakeholders submitted comments on these topics, which will be addressed by the LDCs and included in the report. Stakeholders also will have the opportunity to share any final feedback during March 5 Working Group Meeting.

Next Steps

Summary: Stakeholders were asked to provide any modifications to the comment matrix by February 10 to confirm no comments were missing or mischaracterized. The matrix, along with the raw comments, will be provided in the filing. Comments on the Community Engagement findings are due February 14 from stakeholders. The final Working Group meeting is on March 5, which will be a review of comments received on the Community Engagement findings, an LDC presentation of the framework to be filed with the D.P.U., and a final opportunity for stakeholders to do a short presentation (2-3 slides) on any outstanding feedback. Stakeholders must let Apex know if they are interested in presenting by February 14.