

Testimony on Energy Efficiency Legislation

Joint Committee on Telecommunications, Utilities, and Energy

May 30, 2019

Dear Chairman Barrett, Chairman Golden, and Honorable Members of the Committee:

Acadia Center is a non-profit, research and advocacy organization committed to advancing the clean energy future. Acadia Center has a long history of involvement with and advocacy for energy efficiency as Massachusetts' first fuel. Acadia Center (then Environment Northeast) was involved in the creation and passage of the Green Communities Act of 2008, and I personally sit on the Energy Efficiency Advisory Council as the Environmental representative.

Acadia Center testifies today in support of H. 2804, H. 2805, H.2831/S.1941, H2832/S1986, H2858/S1937, H.2874/S.1942, S.2887/S1983, H.2919/S.2011, H.2930, and S.1925, and against H.2820, H2824/S2004, H.2889, H.2891, and S.1922.

Support Favorable Report on Heat Pump Bills

H.2930

Acadia Center strongly supports H.2930, *An Act Sparking the Modernization of State Heat Systems*. This bill would help accelerate the transition from fossil fuel heating to clean heating sources like heat pumps. Electrification of heating in Massachusetts, though necessary to achieve our climate goals, will follow a considerable learning curve. Architects, HVAC engineers, building inspectors, and facilities managers must all ramp up, as must the electric heat pump supply chain. This bill will further that progress in three ways: 1) creating a statewide training program on heat pumps at the Massachusetts Clean Energy Center, to prepare a well-educated and capable workforce; 2) begin to change the gas utility business model to lower their incentive to oppose clean heating conversions and lower the risk of stranded costs of new gas lines after 2040; and 3) update the "lead by example" statute to require non-fossil fuel heating for new state buildings, using the Commonwealth's access to capital and expertise to drive innovation in the market towards electrification and away from expensive and dangerous fossil fuel usage.

S.1925

Acadia Center also strongly supports S.1925, *An Act to Encourage the Deployment of Heat Pumps*. This bill would require the creation of targets to be achieved by 2030 for statewide increases in the use of heat pumps and require new construction to install heat pumps and heat pump water heaters, except where it would be prohibitively expensive.

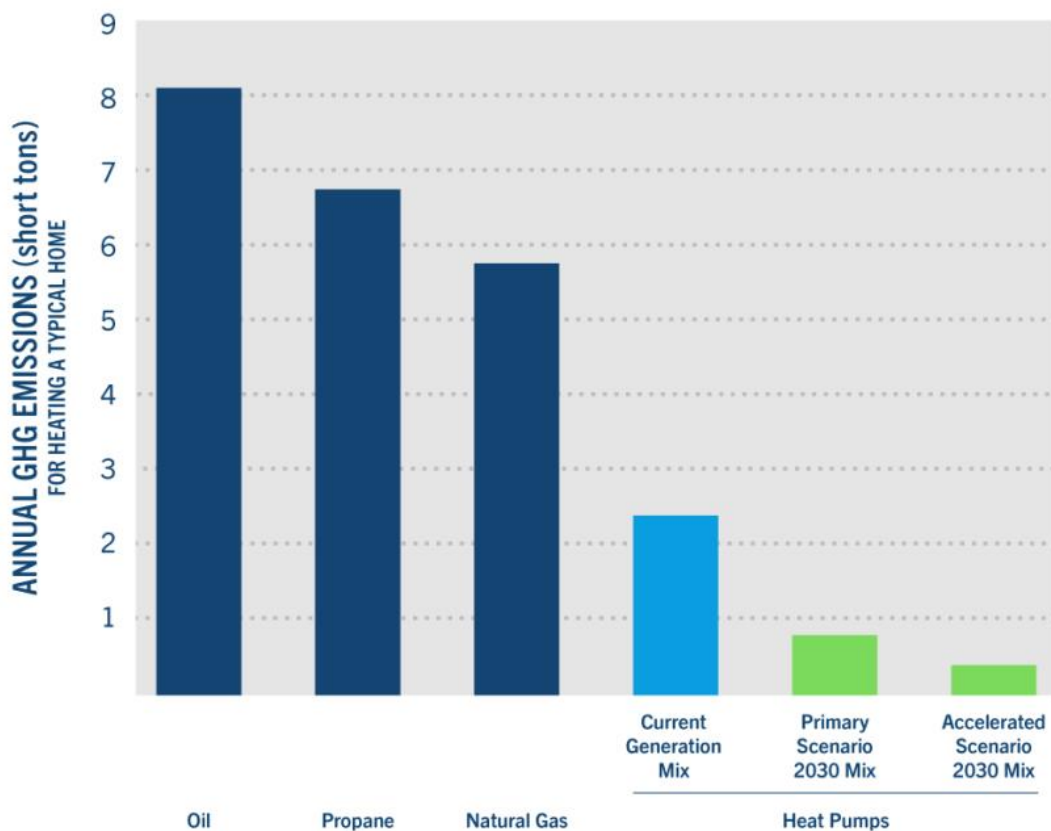
Incentivizing and accelerating the transition to heat pumps is essential in meeting our climate goals. As Acadia Center showed in its [EnergyVision 2030](#), to meet 2030 goals, the Northeast needs to convert at least 10% of its gas and

propane heating and hot water systems to high-efficiency heat pumps and heat pump water heaters. These technologies will then deliver even cleaner heat and hot water as the grid moves further towards renewables.

Replacement of outdated heating and hot water equipment with low-carbon, high efficiency electric heat pumps can provide significant savings for consumers, as well. When these savings are spent in the local economy, businesses and the wider economy benefit.



Comparison of Emissions from Heating Technologies



Learn more about this report at 2030.acadiacenter.org

H.2804

House Bill 2804, *An Act Relative to Energy Efficiency*, would prohibit the MassSave programs from offering an incentive for gas- or oil-fired space heating equipment, starting in 2022, except for low-income customers. Acadia Center supports the idea behind this bill – that Massachusetts must act on an accelerated timeline to stop using fossil fuels, and not waste ratepayer energy efficiency funds on investments in new fossil fuel equipment – but has concerns about the specific timeline and policy choice of a ban on incentives. Acadia Center’s [EnergyVision 2030](#) shows that increased fossil fuel efficiency (1.4% annual for gas and 1.25% annual for oil) is also needed to reach a 45% GHG reduction by 2030. Consequently, incentives for efficient fossil fuel heating systems may still play an important role in electrification in the near term, particularly for customers for whom fossil fuels will still be needed in back-up systems. Acadia Center believes that this strategy must also be accompanied by expanded incentives for heat pumps and fossil fuel alternatives, especially for low-income populations, so that vulnerable populations may also access safe and reliable alternatives to oil and gas.

H.2805

House Bill 2805, *An Act to Advance Beneficial Electrification of Space Heating* would create a commission to study the best ways to accelerate beneficial electrification of space heating. Acadia Center strongly supports accelerating beneficial electrification, as well as the concept of pulling together experts and stakeholders to collaborate on the study and recommendations. Two small modifications to this bill would increase the effectiveness of the commission’s report – expanding the scope to include water heating and combination applications; and modifying the bill’s deadline to January 2021 to enable the study to inform the Energy Efficiency plans for 2022-2024. Due to the schedule of the efficiency planning process, by December 2021, the efficiency plans will already be filed with the Department of Public Utilities.

Support Favorable Report on Consumer Efficiency

H. 2832/S.1986

House Bill 2832 and Senate Bill 1986, *An Act Relative to Energy Savings Efficiency* (Energy SAVE), would allow Massachusetts to continue to push for innovation and energy savings – with no cost to the state, and very little cost to consumers. This bill raises the floor to weed out the least efficient products, which supports consumers by ensuring quality and affordability while reducing waste. If these updated appliance standards were adopted, Massachusetts residents, businesses, and local and state governments would save more than \$145 million annually by 2025, and up to \$304 million annually by 2035.

H.2887/S.1983

Acadia Center supports H.2887/S.1983, *An Act Relative to Home Energy Efficiency* as an effective way to both make the Commonwealth’s housing stock more energy efficient and to convey information about energy usage to potential homeowners and renters in an easy-to-understand manner. It would not unduly hamper real estate transactions, as the list of exceptions would enable the quick transfer of properties in situations where that is of the utmost importance.

For most consumers, the home is the largest component of their energy footprint and their energy bill. Providing more robust information to homeowners will enhance their decision-making on the largest purchase they will

make, and the one that most affects how much energy they use. An energy performance label assigned by an auditor operating through the existing energy efficiency programs will provide key information in a cost-effective manner. A score accompanied by an easily understood graphic will enable prospective owners to make informed comparisons of energy use and associated costs of living in one home as opposed to another and will help current homeowners to more easily understand the energy and cost savings associated with recommended improvements. With better information, consumers can more easily choose more efficient and comfortable homes and control more of their energy future.

Additionally, since H.2887/S.1983 provides an avenue to energy performance labeling without redirecting funds from the Regional Greenhouse Gas Initiative proceeds away from utility energy efficiency programs, it is superior to S.1922, *An Act to Require Home Energy Audits*.

H.2919/S.2011

Acadia Center also strongly supports H.2919/S.2011, *An Act to Establish Building Energy Performance Standards*, as a necessary component of decarbonization of buildings and a very effective tool to push large commercial buildings towards becoming more efficient. Policies such as the stretch code require new buildings to have a minimum standard for energy efficiency, but there are currently no statewide requirements for existing buildings to become more efficient. As much of the buildings that will exist in 2050 have already been built, efforts toward protecting our health and preventing the worst impacts of the climate crisis must also focus on the existing building stock. This bill expands on similar, successful ordinances in Boston and Cambridge that have proven to be effective at moving the owners and tenants of large buildings toward making regular energy efficiency investments that benefit their bottom line and the environment, as well as the health and comfort of residents and workers.

Oppose or Require Modification

H.2824/S.2004 and H2889

Acadia Center does not support H2824/S2004, *An Act Establishing A Residential Sustainable Energy Program*, or H2889, *An Act Relative to Green Jobs*, as written, because they seem to provide an answer in search of a problem. Massachusetts has extraordinary energy efficiency financing programs that are effective, well-utilized, and low-cost. In 2018 alone, the HEAT Loan program provided loans to over 2,898 customers, leveraging \$21,979,407_ to enable over \$31 million in zero-interest loans to fund envelope measures, central heating equipment, domestic hot water, and cooling or heat pump equipment throughout the Commonwealth. With such a successful funding operation under way, Acadia Center is reluctant to make changes unless the need for such changes is documented, including identification of barriers those changes would address.

While Acadia Center agrees that additional financing support is needed for moderate-income consumers who may not qualify for the HEAT Loan, there is no reason to believe that the on-bill repayment operation proposed in H.2889 would provide that support, without increasing consumer debt beyond sustainable levels. H. 2889 contains high premiums to be paid to electric distribution utilities for processing the on-bill repayment system that also seem out of line with their own costs of providing that service.

H.2820 and H. 2891

House Bills 2820 and 2891 would both serve to further complicate administration of the MassSave efficiency plans, and potentially empower a newly created advisory board to overrule the determinations of the Department of Public Utilities (“DPU”). The existing process governing MassSave plans, including the Energy Efficiency Advisory Council (“EEAC”), provides broad public access and stakeholder input into the plans and oversight of their implementation. The established process has delivered nation-leading savings for 8 years running, and there is no evidence these bills would do anything but increase the administrative costs of achieving those savings.

H.2820, *An Act Relative to Energy Efficiency Education*, would make administration of approved efficiency plans more difficult by requiring plans for training building operators to be approved by a newly established committee before implementation. H.2891, *An Act to Establish a Home Heating Commission*, would charge a newly formed commission with investigating and recommending options to expand the reach of energy efficiency and greenhouse gas reductions in residential heating. Although it ultimately requires a report to the legislature, the bill also could be read to require implementation of the commission’s ideas by the efficiency program administrators, regardless of cost-effectiveness or contrary requirements in plans approved by the DPU. This shift of authority from a well-established agency to an ad-hoc commission runs counter to most principles of administrative law.

Acadia Center is deeply involved in energy efficiency issues from our seat on the EEAC. In that role, we pushed the utilities to include in the 2019-2021 Energy Efficiency Plan approved by the DPU extensive building operator training programs and significant new programs to promote passive house standards in new construction and conversion of fuel oil and propane-heated homes and businesses to heat pumps. Acadia Center, along with the rest of the EEAC, will continue actively working with program administrators and stakeholders to ensure that the implementation of these plans will deliver on their promise. These bills could derail the progress that the EEAC, stakeholders, and program administrators are working to make on energy efficiency, and, at best, will make that process more complex and expensive to administer.

Conclusion

Acadia Center respectfully asks this committee for a favorable report on H. 2804, H. 2805, H.2831/S.1941, H2832/S1986, H2858/S1937, H.2874/S.1942, S.2887/S1983, H.2919/S.2011, H.2930, and S.1925.

Sincerely,



Amy E. Boyd
Senior Attorney
aboyd@acadiacenter.org
617.742.0054 ext. 102