

AN ACT RELATIVE TO THE FUTURE OF HEAT IN THE COMMONWEALTH
[S.2105 \(Senator Cynthia Creem\)](#) [H.3202 \(Rep. Steven Owens and Rep. Jennifer Armini\)](#)

**Priority Provisions in Future of Clean Heat (S.2105/H.3203) for Omnibus Climate Bill
Gas Transition Allies**

The Commonwealth has committed to reduce statewide greenhouse gas emissions to net zero by 2050. Buildings heated by gas contribute almost a third of emissions. Reducing those emissions is one of the Commonwealth's biggest challenges. We urge the Joint Committee on Telecommunications, Utilities, and Energy to give the Future of Clean Heat ([S.2105/H.3202](#)) a favorable report, and to include its priority provisions in the 2024 Omnibus Climate bill.

No more business as usual. No path to reach by 2050 the net-zero emissions mandate can include business as usual for the gas companies. The Commonwealth must stop burning fuels to heat buildings, and use instead non-combusting, non-emitting renewable sources of thermal energy, such as air source or ground source heat pumps. Nonetheless, because of existing statutory incentives and restrictions under the Gas System Enhancement Program (GSEP), gas companies are currently spending more than \$800 million a year – an estimated \$37 billion until the end of GSEP – to replace leak-prone pipes with new gas pipes which will be obsolete by 2050.

Avoid stranded assets. Residents with financial means are already switching from gas furnaces or boilers to heat pumps. At some point, the only people left to shoulder the cost of the gas system will be low-income customers and renters who cannot afford a new heating system. The end result is that the gas infrastructure will become stranded assets. To avoid this crisis, the law needs to change to allow and incentivize gas companies to provide non-emitting renewable thermal energy to their customers, not just combusting gas.

There is a solution. Networked geothermal systems can heat and cool buildings through water pipes, drawing from the ambient temperature of the earth. Eversource and National Grid are currently piloting networked geothermal systems in Framingham and Lowell. Encouraging gas companies over time to provide non-emitting renewable thermal energy using ground source and air source heat pumps can help the Commonwealth meet its emissions reduction mandates, while reducing the necessity for costly upgrades to the electric grid.

The Future of Clean Heat ([S.2105/H.3202](#)) sets out a comprehensive and detailed strategy over the next 25 years to provide non-emitting renewable sources of thermal energy to heat and cool our buildings. The overarching purposes of Future of Clean Heat are the following:

- Empower the Department of Public Utilities (DPU) to establish the regulatory structure to permit gas companies to become renewable thermal energy companies.
- Mandate that gas companies create plans to transition gas customers to non-emitting renewable networked geothermal energy using ground source heat pumps, or where not feasible, air source heat pumps.

Highlighted here are specific provisions in the Future of Clean Heat that will achieve these purposes: (Paragraphs followed by *** address issues raised by the DPU 20-80 order issued on 12/6/2023.)

1. Require gas companies to file **detailed transition plans**, updated annually, to convert the gas distribution system to non-emitting renewable sources of thermal energy. Section 17, amending c. 164 by adding new section 145A. ***
2. Authorize gas companies to **install non-emitting renewable thermal energy** infrastructure, including networked ground source heat pumps, to support building decarbonization, using their skilled workforce and their existing grants of location in the public rights of way. Sections 4 and 5, amending c. 164, §1; and Section 9, amending c. 164, §75B. ***
3. Allow gas companies to meet their **obligation to serve** by providing customers with non-combusting renewable thermal energy (no longer limited to selling gas). Section 12, amending c. 164, §92. ***
4. Require gas companies to issue competitive requests for proposals for **non-gas pipe alternatives** to replacing or expanding the gas distribution system. Section 14, amending c. 164, § 141(b); and Section 16, amending c. 164, § 145 (d). ***
5. Require the DPU to set performance-based financial incentives for gas companies to **reduce the miles of gas infrastructure** and to increase non-emitting renewable infrastructure. Section 16, amending c. 164, § 145(h).
6. Require gas companies' GSEP plans to **increase the annual percentage of gas customers connected to non-emitting renewable thermal energy** until 100% of customers are connected, while maintaining affordability for customers and meeting emissions reduction mandates. Proposed amendment.
7. Establish a **combined rate base** of geothermal customers and gas customers to protect remaining gas customers from shouldering a disproportionate burden of energy transition. Section 14, amending c. 164, §141(c). ***
8. Require gas companies to include **plans for training and continued employment** of their workers with the same wages and benefits in their plans for installing non-combusting renewable thermal infrastructure. Section 17, adding a new section 145C to c. 164.
9. **Eliminate cost recovery and depreciation** for gas pipeline infrastructure after January 1, 2050. Section 16, amending c. 164, § 145 (c).
10. Require the DPU to develop standards for gas companies to determine **whether to repair or replace leak-prone infrastructure**, and to deny cost recovery if such standards are not followed. Section 16, adding new subsection (k) to c. 164.

11. Require gas companies, where feasible, 1) to use **advanced leak repair technology**, 2) to replace leak-prone pipe with non-emitting **renewable thermal energy infrastructure**, or 3) to **decommission gas pipes** through replacing leak-prone pipe with non-emitting renewable thermal energy by installing ground source or air source heat pumps. Section 16, amending c. 164, § 145 (a) and (c).
12. **Repeal the provision** authorizing gas companies to install gas service line extensions to new customers, found in outside Section 3 of Chapter 149 of the Acts of 2014, An Act Relative to Natural Gas Leaks. Section 18. ***
13. Strengthen and expand existing law to prohibit use of ratepayer funds for **political and promotional advertising**. Section 8, amending c. 164, § 33A. ***
14. **Restrict the use of renewable natural gas and hydrogen** to hard-to-decarbonize industrial processes. Section 13, amending c. 164, §106, and Section 14, adding new subsection (d) to c. 164, §141. ***

We know what needs to be done to drastically reduce greenhouse gas emissions coming from the building sector. First, stop burning fuels to heat buildings, and instead use heat pumps. Second, recognize that it is not possible to convert millions of buildings to clean heat over the next 25 years by going one building at a time. We need a comprehensive strategy to solve a complex problem. An Act Relative to the Future of Clean Heat ([S.2105/H.3202](#)) has that comprehensive strategy to drive the changes we need, giving a path forward. The time to start down that path is now, by giving a favorable committee report to the Future of Clean Heat, and by including its provisions in the Omnibus Climate bill of 2024.