Senate Energy Affordability Bill Summary (S.3166)

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On July 1st, 2026, after debating 183 amendments, the Senate passed S.3166, *An Act to save people money, repair the climate and grow the economy,* also known as the Energy Affordability Bill. Their version of the bill includes several new policies like Gas System Enhancement Program (GSEP) reform, capping Mass Save planning and administration spending at 5% and making tweaks to the Renewable Portfolio Standard (RPS), among others. The Senate claims that these changes will save ratepayer $14 billion over ten years.

The House's passed their version of the bill in February that included a $1b cut to Mass Save, changes to Alternative Compliance Payments (ACP) and other measures that the House claims will save rate payers $9 billion over the same time period. The House's bill (H.5175) can be found here and MAPC's Summary of that bill can be found here. Overall, the Senate's bill is more in line with the bill that the Governor filed in 2025 than the bill the House passed, although there are similarities.

What Comes Next

We anticipate that Legislators will appoint a conference committee, made up of 3 Representatives and 3 Senators to negotiate a compromise bill. Based on rules adopted this session, if a conference committee is appointed before the end of formal sessions at the end of July, conferees have until the start of the new legislative session in January 2027 to bring a bill to the membership for a vote. Because it is not a money bill, the Governor will not have an ability to line item veto sections of the conference report.

Policies of Note Added During Debate

Data Center Tax Credit Adjustment: (Section 3): Makes a number of changes to the data center tax exemption included in the 2024 Economic Development Bond Bill including complying with the Administration's recently released framework that require public health, water use, clean energy supply and rate payer protections as well as increased energy efficiency. Filed by Senator Howard.

Municipal Power Plant Biomass Standards (Section 29): Eliminates eligibility for biomass electricity generation to satisfy zero-emissions electricity standards for municipal light plants. Filed by Senator Gomez.

Appliance Energy Efficiency Standards (Section 38): Requires all appliance that are sold in Massachusetts comply with the minimum efficiency or conservation requirement in place prior to January 2025, regardless of what standards are adopted/repealed by the federal government between 2018-202 and 2025 and January 2029. Filed by Senator Lewis.

Facilitate Energy Siting in Municipalities (Section 40): Adds consolidated local permits for clean energy infrastructure the list of local permits included in chapter 44 Section 53G that allow permit granting authorities to impose reasonable fees for the employment of outside consultants for specific expert services to help render a decision on the permit. Filed by Senator Comerford.

Energy Code Construction Grace (Section 44): Enables building projects to continue using the energy code in effect at the time of permitting in the event the local energy code changes while construction is still proceeding continuously in good faith. Filed by Senator Cyr.

Forecasting Natural Gas Demand (Section 64): Requires that DPU and DER conduct a rolling 3-year projections of statewide natural gas demand. Additionally, EEA will be required to annually update a plan that matches supply and demand, while ensuring reliability without excessive consumer cost burdens. The plan must also be consistent with the Commonwealth's decarbonatization goals. Filed by Senator Tarr.

EFSB Considerations (Section 62): Ensures that due consideration has been given to locating facilities underground and away from residential areas to the findings that the EFSB needs to include in their determinations. Filed by Senator Collins.

Plug-In Solar Changes (Section 82 and 112): Simplifies the definition of eligible systems and exempts products without outputs of under 391 watts from requirements that could require alterations to the building's premises, wiring or electrical panels. It also removes the requirement for a licensed electrician to be involved with any qualifying plug-in solar installations. Additionally, it makes residential restrictions on allowable portable solar products unenforceable and makes tenants responsible for any damages caused by the installation of plug in solar.

Equitable Assessment of Low-Income Discount Charges (Section 88): Ensures that only non-discount rate customers are being charged for the cost of discount rates. This will help keep rates down for low- and moderate-income rate customers. Filed by Sen Payano.

Require transmission companies to participate in ISO-NE (Section 88)**:** Requires transmission companies to participate in ISO New England regardless of whether they continue to receive a 0.5% fee adder in the future. Filed by Senator Comerford.

Consideration of Equity in Mass Save Oversight Board (Section 95): Requires the Mass Save oversight board established in Section 86 to give special attention to ensuring regional equity and effective program access in any plan developed. Filed by Senator Oliveira

On Bill Financing for Home Electric Infrastructure (Section 102)**:** Adds hot water tank insulation, electric vehicle chargers and heat pumps to the list of projects available for opt-in on bill financing (inclusive utility investment) programs. Filed by Senator Edwards.

Clean Thermal Energy Working Group (Section 105): Adds a regional planning agency seat to the Clean Thermal Energy Working Group. Filed by Senator Creem.

DPU Review of Utility Return on Equity (Section 106): Directs DPU to conduct an investigation into whether to modify allowed returns on equity for investor-owned electric and gas utilities by October 1, 2027. Filed by Senator Comerford.

Large Clean Energy Infrastructure Municipal Assistance (Section 111): Directs EEA and EOHLC to develop a program to provide additional assistance to communities that host large clean energy infrastructure facilities that support deployment of offshore wind, solar, battery storage, and geothermal, which may include providing priority consideration for the Community One Stop for Growth and similar state programs. Filed by Senator Fernandes.

Working Group Study of Impacts of Federal Tax Credit Elimination (Section 113): Requires the residential solar consumer protection working group to consider the impacts of the elimination of federal tax credits for solar PV. Filed by Senator Friedman.

<u>MAPC Priorities Included in the Bill</u>
Mass Save Mission Change (Section 10, 16, 30-31): Adopts similar changes to Mass Save's underlying statutes as in the Governor's bill, including redefining Mass Save as an energy efficiency and building decarbonization program and eliminating gas utilities from administering Mass Save.

Mass Save Data Sharing (Within Section 16)**:** Expands the types of customer data collected through Mass Save participation that are not deemed a public record. These changes may address the challenges faced by Community First Partners in executing data sharing agreements with Mass Save program administrators.

Addressing Competitive Electrical Suppliers (Sections 39, 47 and 53):
- Allows communities to pass local ordinances and bylaws to ban Competitive Electrical Suppliers (CES) from executing new or renewing existing contracts with residents
- Creates further disclosure, transparency, licensing, and minimum bill savings requirements for CES companies. Increases penalties for violations and allows the AGO to bring actions against companies
- Allows CES providers to contract with low-income residents only if the rate does not exceed the trailing 12-month average of the default service rate. CES providers may not automatically renew residential customer contracts without affirmative consent near the end of the existing contract, as well as other consumer protection provisions included in the House bill. The House barred CES providers from contracting with low-income residents entirely.

Electric Sector Modernization Plan (ESMP) (Section 69)**:** Changes the ESMP planning process to be more comprehensive, integrated, and unified. It adds a greater emphasis on aligning the ESMPs with the state's climate goals and expanded areas include virtual power plants, flexible interconnection, and non-wires alternatives. It also Adds housing and stranded asset consideration to the ESMP requirements.

Comprehensive Distribution System Planning (Section 70): Similar to the Governor's bill, requires DPU to establish a comprehensive distribution system planning and cost recovery framework **that encompasses base distribution rate cases, electric sector modernization, and other investments to reduce docket fragmentation**. This bill specifically adds flexible interconnection and other advanced technologies not included in the Governor's bill.

Utility Shut-Offs (Section 71): Establishes a moratorium on utility shut offs when temperatures exceed 85 degrees for three days. Similar provisions were included in the Governor's bill.

Addressing Municipal Net Metering (Section 73 – 79):

- Eliminates 10 MW cap on net metering for each municipality (House increases the cap to 20 MW).
- Exempts municipal net metering facilities from the cap if they are serving onsite load (same as privately-owned systems), creating avenues for municipalities to receive net metering in utility service territories that have reached the public cap.
- Creates flexibility for net metering eligibility if multiple facilities are placed on a single parcel where the parcel contains multifamily housing in a 3A-compliant zoning district.
- Similar to the House and Governor's bills, develops a new class of net metering credits and eliminates the transition charge (to be used for securitization/rate reduction bonds) from the value of all net metering credits.

GSEP (Section 83): Eliminates GSEP program spending by 2030 as well as the requirement to develop a timeline for removing/remediating all leak-prone infrastructure on an accelerated basis. Also, eliminates deferrals of expenditures **that exceed** the revenue cap and allows gas utilities to terminate service if the customer retains continuous access and adequate substitutes.

Municipal/Regional Thermal Working Group (Section 105): Directs EEA to create a working group to propose recommendations to assist state, regional, municipal, and local entities to own, install, operate or bill for systems of clean thermal energy.

MAPC Concerns

Decoupling Mass Save from Greenhouse Gas (GHG) Reduction Targets (Section 2): Since the 2021 Climate Law, Mass Save's three-year plans have been required to meet a target for GHG reductions that is tied to the Commonwealth's long-term emissions limits and sublimits. The Secretary of the Executive Office of Energy and Environmental Affairs (EEA) establishes this requirement near the beginning of the third year of the prior plan so that the target can be incorporated into planning for the subsequent three-year period. Section 2 eliminates this requirement, only requiring the EEA secretary to set the GHG reduction goal for the three-year plan after it has already been approved by DPU. **This action would make the Secretary's GHG reduction goal meaningless and would make it unclear how Mass Save savings targets should be established.**

Requiring Alternative Compliance Payments (ACP) to Cover Overspending on MOR-EV (Section 34): In addition to allowing Regional Greenhouse Gas Initiative proceeds to be used to fund the Electric Vehicle Adoption Incentive Trust Fund (Section 1), the section creates a mechanism that requires DOER to direct ACP funds to cover any shortfalls in the annual MOR-EV budget. With no limitation, this language could inadvertently lead to excessive spending on MOR-EV and compromise funding availability for other programs funded by ACP that serve other sectors, support municipal climate leadership, and focus on equity.

Moderate Income Discount Rate Verifications (Section 103): Adds income verification requirements for designated equity communities and moderate-income incentives. As of the 2025-2027 plan, the Mass Save Program Administrators allow for moderate income residents to self-attest for enhanced incentives for initial weatherization improvements, requiring verification to receive incentives beyond weatherization. This section will likely limit adoption in a market subsector that has historically underperformed its goals.

<u>Additional Policies of Notes</u>

Consumer & Rate Related Programs

Mass Save Oversight (Sections 11 –14): Removes gas utilities as administrators of Mass Save and designates municipal light plants as administrators of the program in their communities. This is similar to language in the Governor's bill.

Mass Save Administration Caps (Section 15): Caps Mass Save program planning and administration at 5% of the total energy efficiency expenditures of the 3-year term.

Energy Efficiency Advisory Council Changes (In Section 16): Adds 4 seats to EEAC and modifies seat for "residential consumers" to "middle income residential consumers" and "business, including large C&I end-users" to "large non-profit, commercial and industrial end users". It also adds a banking/property finance seat and 3 seats for members with fiscal management control. It also adds subcommittee on affordability and ratepayer impacts.

Residential Utility Bill Dashboard (Section 18): Like the House bill, requires DPU to maintain a real-time online residential bill dashboard and requires DPU to conduct bill assessment investigations every 3 years.

Rate Disclosure (Section 25): Requires clearer public disclosure, primarily from competitive suppliers and aggregators, on actual average rates charged, renewables content, and low-income customers.

Renewable Portfolio Standards Changes (Section 27): The current RPS statute mandates that energy suppliers increase renewable energy sourcing by 3% annually until Dec 2029, declining to 1% annually thereafter. The proposed text temporarily lowers the annual RPS increase to 1% from 2026 – 2029 and then ramps it back up after 2030. (3% from 2030 – 2033, 2% 2034 – 2036, and 1% thereafter), catching up to the current levels by 2033. While data from DOER for recent years is limited, the federal barriers to offshore wind development are likely to make the current targets unattainable (thereby requiring greater use of Alternative Compliance Payments). As a result, this section is not likely to impact the current rate of renewable energy development while reducing the amount of ACP collected from ratepayers. Additionally, the overarching clean energy targets established in the Clean Energy Standard (that the RPS contributes to) is not modified by this section.

Alternative Energy Portfolio Standard (Section 28): Makes changes to the existing statute and ends new applications to the APS program by the end of 2027, like the House.

Securitization of Long-Term Investments (Section 52): Allows for financing and securitization of rate reduction bonds to cover the costs of long-term infrastructure investments, including grid modernization, gas transition, and natural disaster resilience. This section is similar to a provision in the Governor's bill but specifically excludes Mass Save.

Discount Rate Changes (Section 49 and 88): Consolidates low- and moderate-income discounted rates for gas/electric and changes it to a statewide pooled non-bypassable fixed charge, which is like the Governor and House's bills. However, the Senate's outreach requirements are different and can be satisfied through automated matching of customer accounts with means-tested programs, while the Governor's and House's bills require additional outreach efforts.

DPU Audits (Section 68): Enables DPU to audit management and operations of utilities every 3 years (instead of 5 in the Governor's bill). It also allows them to order supplemental audits on things like Mass Save.

Energy Efficiency Management Review & Financial Oversights Board (Section 95, 96, 116): Creates a 5-person independent board within DPU to review building decarbonization, energy efficiency, load management and demand reduction programs. This section requires effective access for small businesses and low- and moderate-income households. The board is terminated at the end of 2030.

Automated Solar Permitting (Section 36, 118): Requires DOER to develop an automated solar permitting and code compliance tool within 12 months to enable municipalities to offer streamlined permitting for typical small residential solar PV systems. Municipalities must allow applicants to submit through this platform (within 18 months) or offer an alternate similar platform. This language is similar to language in the House's bill.

Electric Grid & Interconnections

Large Transmission Project Requirements (Section 65): Adds additional requirements to transmission company proposals projects over $25M beyond what was in the House and Governor's bills like requiring an analysis of need, non-wired alternatives considered, reliability risks, and other requirements.

Flexible Interconnection (Section 88): Requires utilities to provide a comprehensive flexible interconnection program designed to enable the efficient connection of new customer loads and to maximize the deployment of distributed energy resources while minimizing associated electric infrastructure costs.

Critical Facilities Microgrids (Section 88): Allows critical and government facilities to operate microgrids and independently distribute electricity generated from renewable sources. This is similar to the Governor's bill.

Integrated Energy Planning (Section 88): Provides statutory authority to DPU to oversee integrated energy planning (IEP) activities initiated under DPU 20-80-B to reduce costs to ratepayers by avoiding construction of infrastructure that is unnecessary or at significant risk of being stranded, to reduce emissions.

Microgrid Deployment (Section 99): Requires DPU to investigate the regulatory barriers to the deployment of microgrids and potential ways to lower such barriers. This is similar to the Governor's bill.

New Clean Energy

Division of Clean Energy Procurement (Section 19 and 23): Creates this division within DOER to develop resource solicitation plans, administer procurements for clean energy generation and energy services and negotiate, and manage contracts with clean energy generation and energy service facilities, similar to the House's bill.

Portable Solar (Section 82): Expands on the House's bill provisions on plug-in Photovoltaic (PV) equipment by also allowing plug-in battery systems <1200W and increasing appliance and installation requirements. Additional requirements in this bill include requiring BBRS to determine whether building code changes are required to enable plug-in systems.

Gas Utility Thermal Sales (Section 88): Allows gas utilities to distribute and sell clean thermal energy to all customers and clarifies that gas utilities do not have exclusive rights to distribute or sell clean thermal energy. The House bill takes a slightly different approach by clarifying that gas utilities can sell geothermal energy to individual customers under certain conditions (larger customers, potential for networked applications).

Renewable Gas Tariffs (Section 88): Allows gas utilities to propose tariffs to finance the delivery of renewable natural gas produced by anaerobic digesters or landfills for commercial and industrial customers through a gas company's distribution system, like the House's bill.

Large Clean Energy Permit Extension (Section 97): Allows for automatic 4-year extensions for any approved large clean transmission and distribution infrastructure facility if they were in effect or approved between Jan 2025 and Jan 2029.

ENERGY STAR EV Charging (Section 37): Specifies that only Level 1 and Level 2 EV chargers must meet ENERGY STAR specifications, potentially reducing costs and barriers to Level 3/DCFC equipment.

Expanded Group Purchasing for Energy Services (Section 72): Entities conducting competitive group purchasing for municipalities and other public entities (e.g. PowerOptions) may also procure electrification, distributed energy resources, and other energy management services.

Other Areas of Note

New Utility Working Groups & Programs: Requires the utility companies to develop inclusive utility investment program to permit customers to finance the energy projects through an optional on bill tariff (Section 102 – similar language to House and Governor's bills) and working group for flexible interconnection (Section 10).

Study of Default Service Supply Procurement (Section 99): Directs DPU to investigate basic service supply procurement and procurement flexibility to improve competitive procurement and constrain retail premiums realized by suppliers via margins, credit costs, transaction costs, risk hedging, and other factors.

Residential Solar Consumer Protection Working Group (Section 113): The working group will propose legislative/regulatory changes to facilitate affordable solar system adoption, improve system performance, customer satisfaction and consumer protection over the entire lifecycle of residential solar system products and contracts. By comparison, the House bill immediately establishes some consumer protection and licensing requirements for residential solar sales practices.

Sustainable Economic Development Zones (Section 114): Establishes a working group to address barriers to building out infrastructure for housing, economic development, and clean energy development in key zones. Similar work has been ongoing through the Enabling Sustainable Economic Development Focus Area Working Group of the Energy Transformation Advisory Board since 2025, and it is unclear how this working group would build on previous work completed.

Of Note NOT Included by Senate:

Mass Save Cuts: The House bill included language to cut $1b from Mass Save that prioritized reducing the plan's marketing, advertising and administrative budgets. However, the bill includes other provisions that are likely to reduce future program spending.

Alternative Compliance Payments: The House included language that would require DOER to return 70% of alternative compliance payments to ratepayers.

Nuclear Energy: Both the Governor and House Repealed the 1982 law created by a ballot question that requires any proposed new nuclear facility to receive approval through a statewide ballot initiative.