

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 23-93

January 31, 2024

Petition of The Berkshire Gas Company for Approval of a Mid-Term Modification to its 2022-2024 Three-Year Energy Efficiency Plan.

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FOR: THE LOW-INCOME WEATHERIZATION AND
FUEL ASSISTANCE PROGRAM NETWORK
AND THE LOW-INCOME ENERGY
AFFORDABILITY NETWORK
Intervenor

I. INTRODUCTION AND PROCEDURAL HISTORY

On August 28, 2023, The Berkshire Gas Company (“Berkshire” or “Company”) filed a petition with the Department of Public Utilities (“Department”) seeking a mid-term modification to its 2022-2024 Three-Year Energy Efficiency Plan (“Three-Year Plan”).¹ Specifically, the Company seeks to increase its budgets for the Residential Existing Buildings program, Residential Hard-to-Measure program, Income-Eligible Existing Buildings program, and commercial and industrial (“C&I”) Existing Buildings program (Exh. BGC-1, at 4). The Department docketed this matter as D.P.U. 23-93.

The Company filed its mid-term modification request pursuant to the Department’s Energy Efficiency Guidelines (“Guidelines”)² and the Department’s directives in 2022-2024 Three-Year Energy Efficiency Plans, D.P.U. 21-120 through D.P.U. 21-129, at 225 (“Three-Year Plans Order”) (Exh. BGC-1, at 2-3). The Company sponsored the testimony of Hammad Chaudhry, Berkshire’s senior manager for conservation and load management, and Jillian Winterkorn, Berkshire’s manager of planning, evaluation and data analytics for conservation and load management (Exh. BGC-1).

¹ On January 31, 2022, the Department approved the Company’s Three-Year Plan and associated budget for 2022 through 2024. The Berkshire Gas Company, D.P.U. 21-120 (2022).

² The Department’s Guidelines were last updated in Investigation by the Department of Public Utilities on its own Motion into Updating its Energy Efficiency Guidelines, D.P.U. 20-150-A (2021). The Guidelines set forth the filing requirements and memorialize the process by which the Department reviews and evaluates the Three-Year Plans, including mid-term modifications. D.P.U. 20-150-A at 1-3, 17-22; Guidelines at § 3.8.

On August 28, 2023, the Company submitted its Petition to the Energy Efficiency Advisory Council (“Council”) pursuant to Guidelines at § 3.8.2 (Exh. BGC-1, at 2-3). On October 18, 2023, the Council issued a resolution supporting the Company’s proposed mid-term modification (October 18, 2023, Council Resolution).

On September 5, 2023, the Attorney General of the Commonwealth of Massachusetts (“Attorney General”) filed a notice of intervention pursuant to G.L. c. 12, § 11E. On November 21, 2023, the Department issued a Notice of Public Hearing and Request for Comments. On December 14, 2023, the Department granted the petitions to intervene as full parties of the Department of Energy Resources (“DOER”) and the Low-Income Weatherization and Fuel Assistance Program Network and the Low-Income Energy Affordability Network (together, “LEAN”).

On December 12, 2023, the Company, Attorney General, LEAN, and DOER (collectively, “Settling Parties”) filed a proposed settlement (“Settlement”) with the Department that is intended to resolve all issues raised during this proceeding as an alternative to a fully litigated case (Settlement Agreement at 1). Specifically, the Settling Parties filed: (1) Joint Motion for Approval of Settlement (“Joint Motion”); (2) Settlement Agreement; and (3) Settlement Agreement Explanatory Statement (“Explanatory Statement”). The Settling Parties request that the Department approve the Settlement on or before January 31, 2024 (Settlement Agreement, § 4.6; Joint Motion at 2).

On December 15, 2023, the Department held a public hearing on the proposed mid-term modification. No comments were received at the public hearing. On

December 29, 2023, the Berkshire Environmental Action Team (“BEAT”) submitted comments on the proposed Settlement. On January 8, 2024, BEAT³ submitted comments on the proposed mid-term modification. Also on January 8, 2024, the Company submitted reply comments. The evidentiary record in this matter includes the Company’s responses to 27 information requests issued by the Department and the Attorney General.⁴

II. COMPANY PROPOSAL

In the Residential sector, the Company proposes to increase the budget for the Residential Existing Building program by \$2,660,000 (or 32 percent) (Exh. BGC-1, at 4). The Company maintains that the proposed increase is driven by higher-than-expected demand for heat pumps and states that it will use the budget increase to offer participant incentives for electrification measures within the Residential Retail core initiative (Exh. BGC-1, at 6). Berkshire states that the requested budget increase will lead to additional annual therm

³ BEAT indicates that its comments on the mid-term modification have been “co-signed” by the following groups: (1) Williamstown COOL Committee; (2) FCCPR Climate Crisis Task Force; (3) 350MA Berkshires; (4) Sheffield Saves; (5) Ener-G-Save; (6) Pipe Line Awareness Network for the Northeast, Inc.; (7) Elders Climate Action Mass; (8) Unitarian Universalist Mass Action; (9) Resist the Pipeline; (10) HealthLink, Inc.; (11) Sustainable Northborough; (12) Brookhaven Residents’ Climate Change Committee; (12) 350 Central Mass; and (13) Sierra Club Massachusetts.

⁴ The Department grants the Settling Parties requests to enter into evidence the Company’s initial filing and its responses to Information Requests DPU 1-1 through DPU 1-12; AG 1-1 through AG 1-13; and AG 2-1 through AG 2-2 (Joint Motion at 3).

savings of 115,177, incremental savings of 1,843,668 lifetime therms, and result in a benefit-cost ratio (“BCR”) of 0.99 for the Residential sector (Exhs. BGC-1, at 7; BGC-2).

The Company also proposes to increase the budget for the Residential Hard-to-Measure program by \$140,000 (or 28 percent). The Company states that the proposed budget increase is necessary to address unanticipated increases in spending for education, evaluation and market research, sponsorships, and assessments (Exh. BGC-1, at 4, 12).

For the Income-Eligible sector, the Company proposes to increase the budget for the Income-Eligible Existing Buildings program by \$450,000 (or 10 percent) (Exh. BGC-1, at 4, 20). The Company states that the proposed increase will: (1) ensure that the Company allocates at least 20 percent of its expenditures for gas energy efficiency programs to the Income-Eligible sector as required by G.L. c. 25, § 19(c); and (2) provide funds to complete a potential, large multi-family project (Exh. BGC-1, at 20). Berkshire asserts that the requested budget increase will lead to additional annual therm savings of 3,450 and increased lifetime therm savings of 13,760, and result in a BCR of 3.48 for the Income-Eligible sector (Exhs. BGC-1, at 20; BGC-2).

In the C&I sector, the Company proposes a budget increase of \$4,350,000 (or 139 percent) for core initiatives within the C&I Existing Buildings program (Exh. BGC-1, at 4,14). For the C&I New and Replacement Equipment core initiative, the Company maintains that the proposed budget increase is needed to accommodate increased activity and participant incentives (Exh. BGC-1, at 13-14). For the C&I Existing Building Retrofit core initiative, the Company states that the proposed budget increase will support additional Main

Streets events, and turnkey and custom pathways (Exh. BGC-1, at 13-14). Berkshire asserts that the requested budget increase will lead to additional annual therm savings of 288,446 and increased lifetime therm savings of 6,527,852, and result in a BCR of 1.79 for the C&I sector (Exhs. BGC-1, at 15; BGC-2).

Finally, the Company does not propose any changes to the Department-approved performance incentive model or payout rates as a result of the proposed mid-term modification. Berkshire will maintain the threshold, design, and exemplary performance levels approved by the Department in D.P.U. 21-120 (Exh. BGC-1, at 21).

III. PROPOSED SETTLEMENT

Pursuant to the Settlement, the Company agrees to increase its implementation of Wi-Fi thermostats and low-flow showerheads above the levels called for in its initial mid-term modification proposal (Settlement Agreement, § 2.1). The Settling Parties maintain that these actions will increase the projected BCR of the Residential sector from 0.99 to 1.01 over the Three-Year Plan term (Settlement Agreement, §§ 2.1, 2.2, 2.4; Exh. BGC-2). The Settlement provides that Berkshire will work with the Council's consultants to explore additional strategies to further improve the cost-effectiveness of the Residential sector (Settlement Agreement, § 2.3).

Pursuant to the proposed Settlement, the Company filed a revised BCR model (Settlement Agreement, Att. A). The Settling Parties maintain that the revised BCR model is the best projection of cost-effectiveness based on current information but that Berkshire's actual performance may differ from its planned performance based on actual uptake of

offered measures (Settlement Agreement, § 2.6). In this regard, the Settling Parties acknowledge that the BCR for the Residential sector may ultimately fall below 1.00 despite the Company's best efforts (Settlement Agreement, § 2.7). If this occurs, the Attorney General, DOER, and LEAN agree not to oppose Berkshire's requests for cost recovery related to the delivery of residential energy efficiency services so long as the Company has made prudent efforts to achieve the residential savings and greenhouse gas ("GHG") emissions reduction targets identified in the Settlement Agreement (Settlement Agreement, § 2.7).

For the Residential sector, the Settling Parties project that the Settlement will increase: (1) annual therm savings from 426,554 (as projected in the mid-term modification) to 440,366; and (2) lifetime incremental therm savings from 8,397,041 (as projected in the mid-term modification) to 8,604,0652 (Settlement Agreement, Att. A; Exh. BGC-2). The Settling Parties further project that the Settlement will increase GHG emissions reductions over the Three-Year Plan term by 31 percent for the Residential sector, three percent for the Income-Eligible Sector, and 73 percent for the C&I sector (Settlement Agreement, § 2.5 & Att. A).

The Settlement provides that its provisions are not severable and that the Settlement is conditioned on its approval, in full, by the Department (Settlement Agreement, § 4.5). The Settling Parties request that the Department approve the Settlement no later than January 31, 2024 to ensure that there will be no disruption in the Company's provision of energy efficiency services (Settlement Agreement, § 4.6). The Settling Parties maintain that if the

Settlement is not approved by that date, the Company will need to modify or terminate existing program offerings as its planned budgets have been committed for the remaining Three-Year Plan term (Explanatory Statement at 2).

IV. SUMMARY OF COMMENTS

A. Berkshire Environmental Action Team

BEAT argues that prior to approving the Settlement or mid-term modification, the Department should require the Company to provide “qualifiable proof” of its prudent efforts to achieve identified savings and meet GHG emissions reduction targets (BEAT Comments (December 29th) at 1). In addition, BEAT maintains that due to the Commonwealth’s climate and decarbonization mandates, the Company should not continue to provide incentives for gas-to-gas high efficiency heating and hot water equipment replacements in the C&I sector (BEAT Comments (December 29th) at 2, citing Exh. BGC-1, at 15; BEAT Comments (January 8th) at 2).

BEAT raises concern that the majority of Berkshire’s heat pump installations were not in environmental justice communities and that, overall, most of the installations for the Three-Year Plan term have been for partial replacements of existing gas furnaces (BEAT Comments (December 29th) at 1, citing Exhs. AG 1-5, AG 1-11, at 12; BEAT Comments (January 8th) at 1-2). BEAT further argues that the Company should be required to achieve a level of gas savings in the Income-Eligible sector comparable to the higher savings levels projected in the Residential and C&I sectors (BEAT Comments (January 8th) at 2, citing Exh. BGC-4, 1-3).

BEAT questions whether the Company's proposed implementation of Wi-Fi thermostats and low-flow showerheads will achieve cost-effectiveness for the Residential sector (BEAT Comments (December 29th) at 2). Additionally, BEAT argues that any rate increases associated with the Settlement should be tiered by income level (BEAT Comments (December 29th) at 2; BEAT Comments (January 8th) at 2). Lastly, BEAT asserts that the Department should amend its notice procedures to include direct outreach to ratepayers via local publications and bill-insert notifications (BEAT Comments (December 29th) at 2-3; BEAT Comments (January 8th) at 3-4).

B. Company

Berkshire asserts that several of BEAT's comments reflect misunderstandings or misstatements about the Company's proposal (Company Reply Comments at 1). With respect to BEAT's arguments regarding prudence, the Company maintains that the Department has well-established precedent regarding the prudent use of ratepayer funds (Company Reply Comments at 2). Berkshire asserts that parties will have the opportunity to judge the prudence of its efforts to achieve sector-level cost effectiveness as part of the Department's review of the Company's forthcoming 2022-2024 Term Report and, therefore, it is not necessary for Berkshire to provide proof of "prudent efforts" in the instant case (Company Reply Comments at 2). In addition, the Company maintains that the establishment of income-tiered rates and revised notice procedures are outside the scope of this mid-term modification proceeding (Company Reply Comments at 3-4).

Berkshire asserts that it is committed to serving environmental justice communities and projects that full natural gas displacements will outpace partial displacements in 2023 and 2024 (Company Reply Comments at 2). The Company further maintains that the requested budget increase for the Income-Eligible sector is projected to result in a 20 percent increase in benefits (Company Reply Comments at 3, citing Settlement Agreement, Att. A).

With respect to BEAT's opposition to incentives for the installation of gas heat and hot water equipment in the C&I sector, the Company asserts that the mid-term modification is primarily driven by unanticipated high demand for electrification, rather than gas replacements (Company Reply Comments at 3). Finally, with respect to BEAT's concerns about cost-effectiveness, the Company notes that only a 0.1 increase is necessary to achieve cost effectiveness in the Residential sector and, therefore, small marginal improvements in the deployment of low-flow shower heads and Wi-Fi thermostats should be sufficient to achieve sector-level cost effectiveness (Company Reply Comments at 3).

V. STANDARD OF REVIEW

In assessing the reasonableness of an offer of settlement, the Department reviews all available information to ensure that the settlement is consistent with Department precedent and the public interest. Fall River Gas Company, D.P.U. 96-60 (1996); Essex County Gas Company, D.P.U. 96-70 (1996); Boston Edison Company, D.P.U. 92-130-D, at 5 (1996); Bay State Gas Company, D.P.U. 95-104, at 14-15 (1995); Boston Edison Company, D.P.U. 88-28/88-48/ 89-100, at 9 (1989). A settlement among the parties does not relieve the Department of its statutory obligation to conclude its investigation with a finding that a

just and reasonable outcome will result. D.P.U. 95-104, at 15; D.P.U. 88-28/88-48/89-100, at 9.

VI. ANALYSIS AND FINDINGS

Pursuant to Guidelines § 3.8.2, the Department must review any mid-term modification that results in an increase or decrease to a three-year term sector budget greater than ten percent. See D.P.U. 20-150-A at 13-22. As described above, Berkshire proposes to increase its Department-approved budgets for the Residential Existing Buildings program by \$2,660,000 (or 32 percent), Residential Hard-to-Measure program by \$140,000 (or 28 percent), Income-Eligible Existing Buildings program by \$450,000 (or 10 percent), and C&I Existing Buildings program by \$4,350,000 (or 139 percent) (Exh. BGC-1, at 4; Settlement Agreement at 3, Table 1). Accordingly, Department review of Berkshire's proposed mid-term modification is required under Guidelines § 3.8.2.⁵ In addition, in assessing the reasonableness of the Settlement, the Department must review all available information to ensure that it is consistent with Department precedent and the public interest. D.P.U. 96-60; D.P.U. 96-70; D.P.U. 92-130-D, at 5 (1996); D.P.U. 95-104, at 14-15; D.P.U. 88-28/88-48/89-100, at 9.

An increase in a sector budget through a mid-term modification cannot cause the sector to become non-cost effective (i.e., it cannot cause the BCR to fall below 1.00). See

⁵ Consistent with Guidelines § 3.8.2, Berkshire also submitted its proposed mid-term modification to the Council for review (Exh. BGC-1, at 2-3). On October 18, 2023, the Council issued a resolution supporting the mid-term modification (October 18, 2023, Council Resolution).

G.L. c. 25, § 21(b)(3). With its proposed mid-term modification, the Company initially projected BCRs of 0.99, 3.48, and 1.79, respectively, for the Residential, Income-Eligible, and C&I sectors (Exhs. BGC-1, at 10, 19-20; BGC-2). Recognizing that the BCR for the Residential sector was projected to fall below 1.00, the Company entered into a Settlement with the Attorney General, DOER, and LEAN to amend its mid-term modification proposal. Pursuant to the terms of the Settlement, the Company will increase its installation of Wi-Fi thermostats and low-flow showerheads, which increases the projected BCR for the Residential sector to 1.01 (Settlement Agreement, § 2.1 & Att. A).

After review, the Department finds that the proposed mid-term modification as amended by the Settlement is not projected to cause the Company's sector BCRs to fall below 1.00 for the 2022-2024 Three-Year Plan term and, therefore, is consistent with the requirements of G.L. c. 25, § 21(b)(3) (Exh. BGC-2; Settlement Agreement, Att. A). Nonetheless, unlike the C&I and Income-Eligible sectors, the Department recognizes that the projected cost-effectiveness of the Residential sector is low. The Department fully expects that the Company will make every effort to ensure that it achieves cost-effectiveness and maximizes cost-efficiency in the Residential sector over the full Three-Year Plan term.⁶

⁶ In addition to reporting sector-level cost-effectiveness to assess compliance with G.L. c. 25, § 21(b)(3), the Department requires reporting at the program and core initiative levels to monitor cost-effective and cost-efficient spending of ratepayer funds throughout the Three-Year Plan term. 2019-2021 Three-Year Energy Efficiency Plans, D.P.U. 18-110 through D.P.U. 18-119, at 73-74 (2019).

In recognition of the significant bill impacts associated with the Three-Year Plans and to ensure that the Program Administrators deliver the full benefits of the Three-Year Plans in a cost-efficient manner at the lowest possible cost to ratepayers, a Program Administrator may not exceed a planned program budget absent Department approval for the 2022-2024 Three-Year Plan term. Three-Year Plans Order, at 224-225. In this regard, the Program Administrator must demonstrate that any proposed mid-term budget increase will produce an increase in kilowatt-hour or therm savings. Three-Year Plans Order, at 225.

The Company has shown that the proposed budget modifications for the Residential Existing Buildings program, Income-Eligible Existing Buildings program, and C&I Existing Buildings program will result in annual therm savings of 410,862 (a 39 percent increase), 132,566 (a 3.0 percent increase), and 670,380 (a 76 percent increase), respectively (Exhs. BGC-1, at 7, 14-15, 20; BGC-2). Further, the Company's planned installation of additional Wi-Fi thermostats and low-flow showerheads pursuant to the Settlement will result in additional annual therm savings of 13,813 (an additional 5 percent increase) in the Residential Existing Buildings program (Settlement Agreement, Att. A). Accordingly, consistent with Three-Year Plans Order, at 225, the Department finds that the proposed mid-term modification as amended by the Settlement will result in an increase in therm savings.

In addition to therm savings, the proposed mid-term modification as amended by the Settlement will increase the Company's projected GHG emissions reductions by 46 percent (Settlement Agreement, § 2.5 & Att. A). BEAT argues that the Company should be required

to demonstrate the prudence of its efforts to achieve the identified therm savings and GHG emissions reduction targets as part of the instant proceeding (BEAT Comments (December 29th) at 1). However, as Berkshire correctly observes, the Department will evaluate the prudence of the Company's efforts to achieve therm savings and GHG emissions reductions as part of our future investigation of the Company's 2022-2024 Term Report. We find that Berkshire need not make a showing of prudence in the instant proceeding.⁷

In addition, BEAT argues that to the extent the Company intends to use the funds to provide incentives for gas-to-gas heating equipment replacements and partial heat pump installations, the Department should not approve the proposed budget modification (BEAT Comments (December 29th) at 1-2; BEAT Comments (January 8th) at 1-2). In Investigation into the Role of the Gas Local Distribution Companies as the Commonwealth Achieves its Target 2050 Climate Goals, D.P.U. 20-80-B, at 81 (2023), the Department noted our skepticism about the practicality of maintaining the gas distribution system solely for backup heating but determined that we presently cannot reject or prohibit hybrid heating systems as an option for customers. The Department further stated that we will “not approve the use of additional ratepayer dollars for hybrid heating system pilots and . . . we expect [local distribution companies] to focus on targeted electrification and – pending the outcome of current pilots – networked geothermal projects to meet the long-term climate targets of the Commonwealth.” D.P.U. 20-80-B at 81. Importantly, however, for the 2022-2024

⁷ Pursuant to Guidelines § 4.1, the Company will file its 2022-2024 Term Report after the close of the current Three-Year Plan term.

Three-Year Plan term, the Program Administrators are required to offer participant incentives for cost-effective heating systems so long as savings opportunities remain. 2022-2024 Three-Year Plans Order, at 128-129, citing G.L. c. 25, § 21.⁸ While the Department will not limit Berkshire’s efforts to achieve cost-effective savings through incentives for gas heating equipment replacements and partial heat pump installations at this time, we note that the Company projects full natural gas displacements will outpace partial displacements in 2023 and 2024 (Company Reply Comments at 2, citing Exh. AG 1-5).

BEAT expresses concern that the Income-Eligible sector is expected to achieve a lower level of gas savings than the Residential or C&I sectors (BEAT Comments (January 8th) at 2). BEAT also notes that the majority of heat pump installations have occurred outside of environmental justice communities⁹ (BEAT Comments (January 8th) at 1, citing Exh. AG 1-11, at 12). In response, the Company reiterates its commitment to serving

⁸ Starting with the 2025-2027 Three-Year Plan term, Program Administrators will be prohibited from spending on “incentives, programs or support for systems, equipment, workforce development or training as they relate to new fossil fuel equipment unless such spending is for low-income households, emergency facilities, hospitals, a backup thermal energy source for a heat pump, or hard to electrify uses, such as industrial processes.” G.L. c. 25, § 21(b)(2)(xi).

⁹ BEAT and the Company use the term “environmental justice communities” or “EJ communities” in their comments. The Executive Office of Energy and Environmental Affairs references “environmental justice populations” when recognizing environmental justice principles, protections, and benefits for specific neighborhoods. G.L. c. 30, § 62; Environmental Justice Policy of the Executive Office of Energy and Environmental Affairs, at 3-4 (June 24, 2021), available at <https://www.mass.gov/doc/environmental-justice-policy6242021-update/download> (last visited Jan. 30, 2024).

environmental justice communities and notes that its requested budget increase for the Income-Eligible sector is projected to result in a 20 percent increase in benefits (Company Reply Comments at 3, citing Settlement Agreement, Att. A).

Pursuant to G.L. c. 25, § 19(c), at least 20 percent of the amount Berkshire spends for gas energy efficiency must be for “comprehensive low-income residential demand side management and education programs.”¹⁰ The proposed mid-term modification will enable the Company to achieve this statutory requirement (Exhs. BGC-1, at 20; BGC-2, Settlement, Att. A). Additionally, Berkshire is required to seek all cost-effective energy efficiency wherever available, regardless of sector. G.L. c. 25, §§ 19(a), 21(a), 21(b)(1), 21(b)(2), 21(d). Given these statutory requirements and the significant differences in energy efficiency potential between sectors, the Department cannot draw any conclusions from comparing the absolute number of installations or projected savings levels between the Income-Eligible and other sectors. Nonetheless, Berkshire has an obligation to improve its outreach to maximize customer participation. Three-Year Plans Order, at 101-102. In this regard, the Department expects that the Company will continue targeted outreach to environmental justice populations and meaningful engagement with residents through its participation in the Community First Partnership, hosting of Main Street events, and otherwise. The Company will provide detailed participation statistics as part of an updated residential non-participant customer

¹⁰ Income-eligible customers participating in energy efficiency programs incur no costs for these services. Three-Year Plans Order, at 110.

profile study to be included with its 2025-2027 Three-Year Plan filing. Three-Year Plans Order, at 100.

BEAT argues that any rate increases resulting from the Settlement should be tiered by income level (BEAT Comments (December 29th) at 2; BEAT Comments (January 8th) at 2). The Department finds that changes to energy efficiency cost recovery mechanisms are beyond the scope of this proceeding. The Department will examine energy burdens with a focus on energy affordability for residential ratepayers in its recently opened inquiry in D.P.U. 24-15.¹¹

In addition, BEAT argues that the Department's procedure for notifying the public of matters, including public hearings, is insufficient because it does not include direct outreach to ratepayers (BEAT Comments (December 29th) at 2-3). The Department appreciates BEAT's comments and is committed to improving public engagement in Department proceedings. The Department found that the Company complied with the notice requirements in the instant proceeding (Tr. at 8). Consideration of global changes to notice procedures is beyond the scope of this proceeding. Instead, the Department currently is investigating procedures for enhancing public awareness of and participation in proceedings as part of its investigation in D.P.U. 21-50.¹²

¹¹ See Notice of Inquiry into Energy Burden with a Focus on Energy Affordability for Residential Ratepayers, D.P.U. 24-15 (January 4, 2024). The Department seeks public comments in the D.P.U. 24-15 proceeding by March 1, 2024.

¹² See Inquiry into Procedures for Enhancing Public Awareness of and Participation in [Department] Proceedings, D.P.U. 21-50 (2021).

Finally, the Department must consider customer bill impacts when approving the use of ratepayer funds for energy efficiency programs. Energy Efficiency Guidelines, D.P.U 08-50-A at 56-58 (2009);¹³ Guidelines §§ 3.2.1.5, 3.2.1.6, 3.2.2.2; see G.L. c. 25, § 19(a). When considering the reasonableness of a short-term bill impact, the Department will also consider the long-term benefits that energy efficiency will provide. Three-Year Plans Order, at 219, citing D.P.U. 08-50-D at 11-12. In addition, in discharging our responsibilities under G.L. c. 25, the Department must prioritize, among other things, affordability and equity. G.L. c. 25, § 1A; Three-Year Plans Order, at 84.

After review, in consideration of the additional savings and benefits, the Department's requirement to prioritize affordability and equity in discharging our responsibilities under G.L. c. 25, and mindful of the burdens associated with increased rates related to the proposed budget increases, the Department finds that the bill impacts associated with the proposed mid-term modification as amended by the Settlement are within the range of what is reasonable under the circumstances (Exh. BGC-3; see Bill Comparisons (Nov. 9, 2023)).

VII. CONCLUSION

As described above, the Company seeks a mid-term modification to its Three-Year Plan to increase its Department-approved energy efficiency budgets in the Residential,

¹³ The Department has found a bill impact analysis that isolates the effect of a proposed change in the energy efficiency surcharge is appropriate as it provides an accurate and understandable assessment of the actual changes to customers' bills. Three-Year Plans Order, at 219, citing Energy Efficiency Guidelines, D.P.U. 08-50-D at 11-12 (2012).

Income-Eligible, and the C&I sectors. The Company maintains that the proposed modification is necessary to address, among other things, higher than expected demand for heat pumps in the Residential sector, fund a new large multi-family project in the Income-Eligible sector, and address higher than anticipated demand for certain energy efficiency initiatives in the C&I sector. The Company asserts that if the mid-term modification is not approved, it will need to cease offering customer incentives for certain energy efficiency measures, which will likely affect its ability to “support legislatively mandated electrification and decarbonization goals” (Exh. BGC-1, at 8). The Council adopted a resolution supporting the Company’s proposed mid-term modification.

The Company subsequently entered into a Settlement with the Attorney General, DOER, and LEAN designed to resolve all issues with the proposed mid-term modification. The Department has reviewed all available information and is persuaded that the Settlement is consistent with Department precedent and the public interest. In particular, the proposed mid-term modification as amended by the Settlement maintains cost-effectiveness at the sector level, as required by G.L. c. 25, § 21(b)(3). In addition, the proposed mid-term modification as amended by the Settlement will produce an increase in therm savings, consistent with Three-Year Plans Order, at 225. Further, the proposed mid-term modification as amended by the Settlement will increase projected GHG emissions reductions and is aligned with the Commonwealth’s climate targets and goals. Finally, after consideration of savings and benefits, the requirement to prioritize affordability and equity,

and the burdens associated with increased rates, the bill impacts are within the range of what is reasonable under the circumstances.

Based on the above analysis, the Department finds that a just and reasonable outcome will result from our approval of the Settlement. Accordingly, the Department approves the Settlement Agreement.

VIII. ORDER

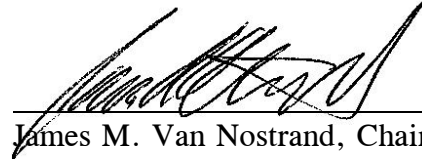
Accordingly, after due notice, opportunity for comment, and consideration, it is

ORDERED: That the Settlement Agreement dated December 12, 2023, entered into by The Berkshire Gas Company, Attorney General of the Commonwealth of Massachusetts, Department of Energy Resources, the Low-Income Weatherization and Fuel Assistance Program Network and the Low-Income Energy Affordability Network produces a just and reasonable outcome and is hereby APPROVED; and it is

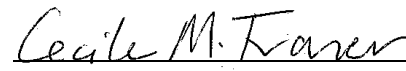
FURTHER ORDERED: That The Berkshire Gas Company's proposed mid-term modification to its 2022 through 2024 Three-Year Energy Efficiency Three-Year Plan as amended by the Settlement Agreement dated December 12, 2023, is APPROVED; and it is

FURTHER ORDERED: That The Berkshire Gas Company shall comply with all other directives contained in this Order.

By Order of the Department,



James M. Van Nostrand, Chair



Cecile M. Fraser, Commissioner



Staci Rubin, Commissioner

An appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part. Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. G.L. c. 25, § 5.