

An Act Advancing Clean Energy, Equity, and Innovation within Municipal Utilities

Introduction

An Act advancing clean energy, equity, and innovation within municipal utilities is a critical bill that enhances the equitable distribution of benefits and burdens of the clean energy transition by changing the laws to ensure that communities served by municipal utilities – communities that are disproportionately wealthier and less diverse than the rest of the state – are required to meet the same clean energy requirements as the rest of the Commonwealth. The bill further enhances the equitable distribution of benefits by establishing a Municipal Utility Equity and Innovation Fund to support Environmental Justice neighborhoods, low- and moderate-income residents, affordable housing, and elderly residents served by municipal utilities who have historically not had the same opportunities as others to transition to a clean energy future.



Overview: What Are MLPs

In Massachusetts, there are two types of electric utilities that distribute electricity to consumers: (1) investor-owned utilities (IOUs), which are owned by private shareholders (i.e. National Grid and Eversource); and (2) municipal light plants (MLPs), which are owned by municipalities. MLPs account for approximately 14% of the electricity distribution in the Commonwealth.

MLPs have historically been regulated differently than IOUs and are frequently exempted from policies that are central to climate action in Massachusetts like the Renewable Portfolio Standard (RPS) and the Clean Peak Standard (CPS). This has significant implications for our state's ability to meet our climate targets and rapidly transition to an equitable clean energy future.



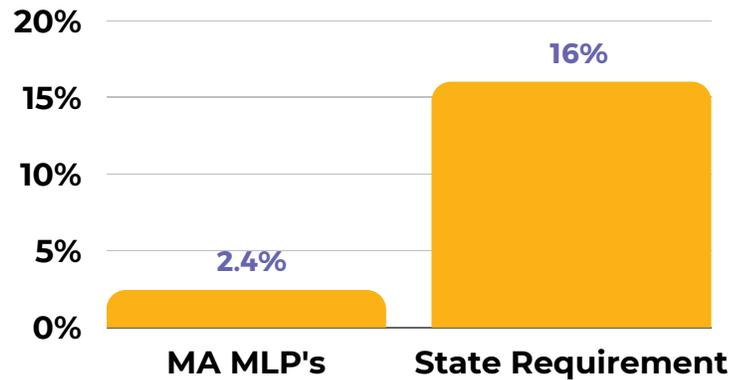
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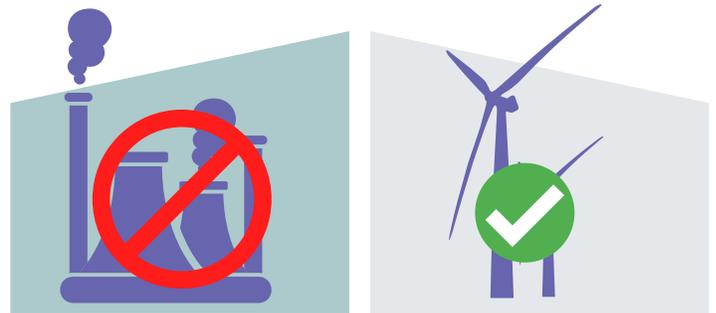


Why This Bill is Important?

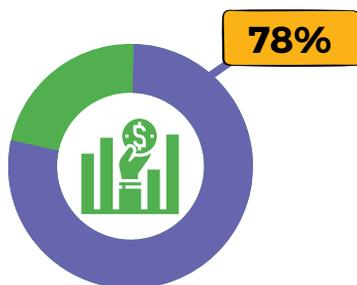
- **MLPs are lagging behind on clean energy:** An analysis of data from 2020 found that, while the rest of the state was legally required to have **16% clean energy** in their energy mix, MLPs had only **2.43%**. As a result of this, the Commonwealth's overall clean energy percentage is substantially lower than otherwise expected. This lag is expected to continue unless action is taken to require MLPs to meet the RPS.



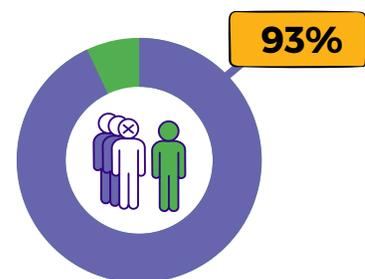
- **MLPs have made unjust and harmful decisions in meeting peak demand:** The lack of accountability or incentives for MLPs to clean the energy that is used to meet peak energy demand has resulted in harmful and dirty investments, like the Peabody Peaker - a brand new, \$85 million oil and gas facility that is slated to be built in an EJ community in the city of Peabody. These investments could only continue if MLPs are not required to meet the same standards as the rest of the state.



- **This is an equity concern:** The exemption of MLPs from critical requirements like the CPS and the RPS results in a substantial inequity of burdens resulting from clean energy transition. Of the 50 MLP communities served by MLPs, 39 have residents that are, on average, above the Commonwealth's median household income, based on census data. Additionally, **46 of the 50** communities served by MLPs are **less diverse than the state average**. As a product of these demographics and the exemptions from climate policies, the rest of the state is subsidizing the reduced rates of wealthier and less diverse communities.



Approx. **78%** of communities served by MLPs have incomes above the states median



Roughly **93%** of MLPs are less diverse than the rest of the state average

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- **Existing requirements for MLPs do not encourage new clean energy:** While the 2021 Roadmap bill imposed emissions standards on MLPs for the first time in the state’s history, those standards are weaker than existing requirements for the rest of the state. Furthermore, these requirements do not require or necessitate a significant increase in the use of new, clean energy like wind and solar by MLPs.



- **The opportunity for EJ residents in MLP communities is limited:** Equity within MLPs is also an important issue that must be addressed. While overall, communities served by MLPs are wealthier, not all MLP customers are wealthy. Many are still in need of increased incentives to enable them to benefit from the clean energy transition. In spite of this, the vast majority of low-income residents in MLPs do not receive increased incentives to transition to clean energy. This means that EJ communities in MLPs have a disproportionately harder time accessing the benefits of the clean energy transition.



What this Bill Does?

1 Requires municipal utilities to meet the Renewable Portfolio Standard (RPS) by 2030 while supporting small MLPs and MLPs serving low-income communities in making this transition

2 Requires municipal utilities to meet the Clean Peak Standard (CPS) by 2030

3 Establishes a \$50 million fund to support municipal utility projects that enable environmental justice communities, affordable housing, and elderly housing transition to a clean energy future

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