March 22, 2021

Kathleen A. Theoharides, Secretary
Executive Office of Energy and Environmental Affairs
100 Cambridge St., Suite 900
Boston, MA 02114

Dear Secretary Theoharides,

I am writing to provide comments on the state's interim Clean Energy and Climate Plan (CECP) for 2030. Climate change is a threat to Massachusetts' competitiveness, its residents, and its business community. As such, the state's goal to reach net-zero emissions is both necessary and important, and the CECP includes substantial proposals to meet this target. The Chamber's comments are organized first by sector and then policy strategy. In drafting the final CECP, we urge you to prioritize congestion reduction alongside decarbonization strategies in the transportation sector; account for the implementation challenges posed by the strategies for reducing building sector emissions; and focus on infrastructure modernization and distribution grid reliability while decarbonizing the electricity generation sector.

Transforming our Transportation System

Strategies T1 through T5: Invest in Low and Zero Emission Vehicles

Strategies T1 through T5 largely focus on expanding access to low or zero emission vehicles (ZEV) via the Transportation and Climate Initiative Program (TCI-P) and other strategies, and the deployment of an electric vehicle (EV) charging infrastructure network. The transition to ZEVs is necessary to reduce GHG emissions in the transportation sector. In addition to ZEVs, the state must have robust public transit available as an alternative mode of transportation.

The CECP should include ways to maintain and modernize the state's public transit infrastructure because doing so will provide dual benefits of reduced emissions and congestion. The first recommendation in the Commission on the Future of Transportation's report prioritizes investment in public transit for good reason: "public transit can reduce pollution and is key to meeting the Commonwealth's GHG reduction and related climate goals."[1] High-frequency and high-capacity public transportation is an efficient mode of transit because it moves numerous people along high-travel corridors.

But for public transit to effectively reduce GHG emissions and congestion, it must retain and attract new riders.[2] This can only be done through new investment and thoughtful planning in our current system to make it a competitive mode of transit. We urge you to include mechanisms in the CECP – such as a higher gas tax or the expansion of transportation network company (TNC) fees – to supplement current public transit revenue sources. Using this new revenue on targeted investments will allow the state to provide commuters with a robust public transit system that can serve as a reliable alternative to automobiles.

In addition to needed revenues, the Chamber continues to support project delivery reforms at MassDOT and the MBTA. The transportation bond bill enacted last session included useful tools, like the expansion of job order contracting, but more should be done to provide flexibility in project delivery. For this reason, the Chamber supports many of the outside sections Governor Baker included in his fiscal year 2022 budget.

[1] Commission on the Future of Transportation, 2018, *Choices for Stewardship: Recommendations to Meet the Transportation Future: Volume 1*, page 37.
[2] Commission on the Future of Transportation, 2018, *Choices for Stewardship: Recommendations to Meet the Transportation Future: Volume 1*, page 36.

Strategy T6: Stabilize Light-Duty VMT & Promote Alternative Transportation Modes

Strategy T6 seeks to stabilize vehicle miles traveled (VMT) through Smart Growth policies and by exploring options to reduce average commuted VMT per employee by 15 percent by 2030. The Chamber supports Smart Growth policies to reduce transportation emissions. At the same time, we believe a more robust plan for reducing VMT, along with new policy mechanisms, is required to reduce emissions and roadway congestion.

New Smart Growth policies, such as mixed-used and high-density zoning, can reduce transportation emissions. Transit-oriented developments and additional zoning reforms near transportation and commercial centers will also provide much-needed housing for the state's growing workforce.

Strategy T6 also outlines plans to explore options to incentivize or require reductions in single-occupancy vehicle commuting, but rather than "explore" it should commit to creating a clear and comprehensive VMT reduction plan. By exploring options to reduce VMT, Strategy T6 is a necessary first step toward developing this more robust plan. Upon completing the exploratory efforts in Strategy T6, the CECP should require the state to develop a VMT reduction plan.

Strategy T6 focuses on commuting VMT, but commuting is one portion of all vehicular travel. Further, by seeking to stabilize rather than reduce VMT, the state misses an opportunity to further reduce emissions and congestion on our roads. To meet the dual goal of reduced emissions and congestion, the state should strive to lower all VMT through a robust public transit system.

One tool for reducing VMT that the CECP should incorporate is a special commission on congestion and roadway pricing. A proposal to establish a commission on roadway and congestion pricing currently sits before the Legislature and could inform a strategy in the CECP.[3] In developing other policy strategies, the Chamber prefers mechanisms that incentivize VMT reductions and transportation mode shifts over stringent mandates and requirements.

Finally, in recommending a reduction in commuting VMT, Strategy T6 relies on the assumption that telework is a viable and permanent alternative to a daily commute that can help reduce VMT.[4] For several reasons, we caution against using this assumption.

First, many small businesses do not have the luxury of remote work. Consistently throughout the pandemic, over 50 percent of Massachusetts' small businesses did not have paid employees working from home.[5] Second, many of the state's fastest growing industries, like health care, require in-person interactions. Fast-growing occupations within health care include personal care aids, registered nurses, and nursing assistants, all of which require in-person interactions each day.[6] Finally, expanded telework threatens the Commonwealth's talent advantage over other states. A talent pool no longer restricted by physical proximity means employers do not need to locate in Massachusetts to access our talent and current employees are free to relocate to lower-cost states.

Transforming our Buildings

Strategy B1: Avoid Lock-In of Building Systems That Are Not 2050-Compliant

Strategy B1 includes adopting a new high-performance stretch energy code that municipalities can opt into in 2022 and becomes mandatory statewide no later than the start of 2028. In a letter to legislators earlier this year, the Chamber supported Governor Baker's amendments to the proposed stretch energy code outlined in Section 31 of S.9, *An Act creating a next-generation roadmap for Massachusetts climate*

[3] Section 30 of SD2315, *An Act creating a New Deal for Transportation in the Commonwealth*
[4] Executive Office of Energy and Environmental Affairs, 2020, Interim *Clean Energy and Climate Plan for 2030*, page 25.
[5] U.S. Census Bureau, Small Business Pulse Survey, Phases 2 and 3.
[6] Massachusetts Department of Unemployment Assistance, Long-Term Occupation Projections (2018-2028) and Long-Term Industry Projections (2018-2028).

policy. While we support the changes proposed by the Governor, several challenges will need to be addressed during the rulemaking process to ensure the state develops and implements a financially feasible stretch code in a predictable manner with broad input from stakeholders. Challenges include:

- Scope and Implementation: The proposed stretch code must be technologically and financially feasible. This particularly is true for complex buildings, such as hospitals or laboratories. A tiered implementation plan based on building uses and typologies should balance decarbonization with the reality that buildings serve different purposes, and some will require more flexibility in achieving emissions reductions.

- Timing: To provide greater predictability to developers and builders for when municipalities adopt the stretch energy code, the state should include a twelve-month concurrency period.

- Stakeholder Process: Significant stakeholder involvement is needed prior to developing an updated stretch code. It is imperative that the state proactively includes real estate developers, public utilities, and the business community in its extensive development and review process to ensure measures in the stretch code are financially and technologically feasible.

Strategy B3: Convene the Commission and Task Force on Clean Heat & Cap Heating Fuel Emissions

Strategy B3 proposes a Commission and Task Force on Clean Heat and a long-term declining cap on heating fuel emissions. The Chamber urges the state to incorporate the perspectives of building owners and tenants in the new Commission, include mechanisms to incentivize businesses to adopt clean heat solutions, and facilitate implementation by ensuring municipal alignment to the state's goals.

The CECP proposes a Commission and Task Force on Clean Heat tasked with proposing statutory, regulatory, and financing mechanisms for developing reliable and affordable clean heat solutions. As the CECP recognizes, "not every building in Massachusetts can currently be cost-effectively electrified."[7] Because financial and technological challenges persist, the Chamber urges the Commission's and Task Force's charge to include methods for incentivizing building owners to reduce heating emissions. Encouraging businesses, rather than penalizing them, to reduce heating emissions is economically beneficial to the state and promotes both business innovation and investment.

The CECP also tasks the Commission and Task Force with providing consultation on a new long-term heating fuel emissions cap. At a minimum, businesses and building owners from each of the state's major industries should be included on the Commission to assist in developing clean heat proposals. Businesses and building owners can provide an important perspective on the affordability and feasibility of emissions-reduction proposals. And while the CECP does not provide details on the proposed heating fuel emissions cap design, we urge you to emphasize the importance of technological and financial feasibility in any proposal.

Finally, in designing a heating fuel emissions cap and other emissions reductions strategies, the state must ensure policies and goals align across government levels. Business and building owners' efforts to cost-effectively reduce building emissions requires them to operate in a predictable regulatory environment with straightforward climate goals and strategies. Complex or conflicting state and municipal mandates will increase costs and hinder overall progress toward the statewide net-zero goal.

Transforming our Energy Supply

Strategy E2: Develop and Coordinate Regional Planning and Markets

Strategy E2 outlines Massachusetts' ongoing coordination with other New England states to realign the regional electricity market toward the state's efforts to expand clean energy resources. The Chamber supports the broad goal of incorporating clean energy resources into regional electricity market planning.

[7] Executive Office of Energy and Environmental Affairs, 2020, Interim *Clean Energy and Climate Plan for 2030*, page 32.

The state's ongoing efforts to modernize the wholesale electricity market via the New England States Committee on Electricity (NESCOE) can cost-effectively drive emissions reductions.

Strategy E3: Align Attribute Markets with GWSA Compliance

Strategy E3 describes planned efforts by EEA and DOER to review current mandates and requirements for purchasing clean energy by 2022. These standards include the renewable portfolio standard (RPS), solar carve-outs, the clean peak standard (CPS), and many others. To ensure these programs are carried out strategically and cost-effectively, the state also should consider ways to streamline or combine these policies during its review. Streamlining overlapping programs, such as the Clean Energy Standard (CES) and the RPS, will simplify regulatory compliance and facilitate emissions reductions among in-state generators.

Strategy E6: Incorporate GWSA into Distribution-Level Policy Considerations

Strategy E6 outlines EEA's intergovernmental work to ensure the state's distribution system is designed to maximize the Commonwealth's ability to achieve its 2050 net-zero goal. However, reliability and cost-effectiveness must also be prioritized alongside sustainability goals.

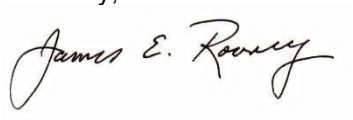
The CECP projects the state's electricity demand to more than double by 2050 due to parallel efforts to electrify the transportation and building sectors. Distribution grid reliability becomes even more important as the state increases its reliance on renewable, yet intermittent, energy resources and because it will become heavily dependent on electricity as its primary energy source.

The CECP recognizes that a balanced portfolio of energy sources requires reliable distributed energy resources (DERs), such as energy storage. Despite this, the CECP does not include a concrete proposal to promote energy storage. Although the recently enacted climate bill (S.9) requires the Department of Energy Resources (DOER) to study the feasibility of new and existing long-duration energy storage systems, more must be done to enhance the grid's reliability. We strongly encourage the state to include in the CECP innovative ways to incentivize ways to advance energy storage technology.

The state's growing dependence on electricity also necessitates more reliable energy infrastructure. The CECP should commit to enhancing and expanding our energy infrastructure – including substations, transmission lines, and EV charging stations – so that residents and businesses can continue to benefit from a reliable and clean electric grid.

The Chamber appreciates the state's steadfast commitment to combating climate change and look forward to being a continued resource as you refine the Commonwealth's plan.

Sincerely,



James E. Rooney
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