



ZeroCarbonMA



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Lower Bills, Cleaner Heat

How proposed heat pump rates can save Massachusetts residents hundreds of dollars on their heating bills

July 22, 2025

About Green Energy Consumers Alliance

A nonprofit organization based in Massachusetts and Rhode Island with a mission to empower consumers and communities to speed a just transition to a zero-carbon world.



Zoom Basics

- You will be muted throughout the webinar
- We will answer questions at the end of the presentation
- Use the **Q&A** function at the bottom of your screen to ask questions
- If you would like to use closed captions, click **CC** at the bottom of your screen
- We will share the slides and a recording after the webinar

Agenda



- Introduction to Heat Pump Rates and Affordability
- DOER Introduces Proposed Rate
- Switchbox Analysis & Findings
- Impacts & Benefits
- Q&A

Today's Guest Speakers



Austin Dawson

MA Dept. Of Energy Resources



Amanda Sachs

Rewiring America



Jollette Westbrook

Environmental Defense Fund



Juan-Pablo Velez

Switchbox



Kyle Murray

Acadia Center

A man in a light green t-shirt and a woman in a blue hard hat and safety vest are inspecting a white air conditioning unit mounted on a stone wall. The woman is pointing at the unit while the man looks on. The background shows a stone building with a dark roof.

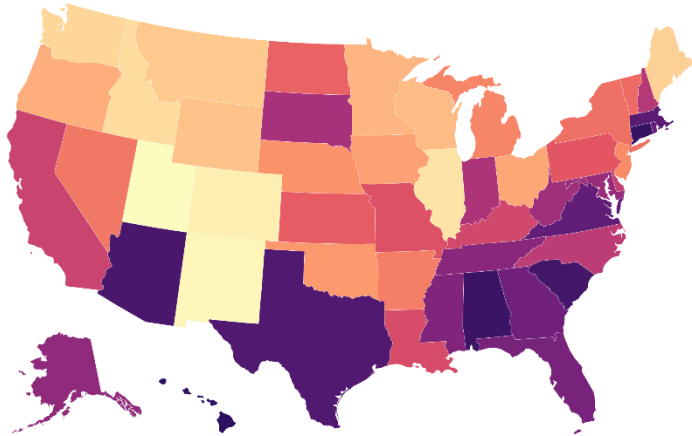
Unlocking Pathways to Energy Affordability in MA

Jollette Westbrook
Director & Senior Attorney, Regulatory Solutions



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Why we can't wait



- Residential gas & electric customers owed **\$832M+ in past due bills** in '24
 - Low-income customers owed ~\$1,500
 - Standard rate customers owed ~\$820
- In 2024, MA gas + & electricity prices were **well above the national average**
 - Gas ~60% & electricity ~40% higher
- **Main factors** include (not limited to):
 - Seasonal demand fluctuations
 - Infrastructure maintenance

What we can do

1. **Eliminate barriers** to heat pump adoption

- Get to the bottom of the hard but necessary questions
- Update antiquated electric rate design
 - Adoption of **heat pump 2.0 + tiered discount** rates
- Increase installation rate for low- and moderate-income households

2. **Coordinate and significantly increase customer education**

- Accelerate aligned, effective educational efforts
- Use New York's \$131M in lost savings as a wake-up call

How we can simplify



- **Coordinated messaging**
 - What is a heat pump?
 - Why should I install a heat pump?
 - How can I afford it?
- **Coordinated messengers**
 - Regulators
 - Policymakers
 - Utilities
 - Installers
 - Advocates

Which path will we take?

- Switchbox report identifies significant **2.0 rate cost savings**
- Massachusetts customers **need rate relief**
- Heat pumps are a **smart financial move** for most homeowners
 - Especially for **low- and moderate-income customers** that often face disproportionately high energy burdens
- **Innovative, cost-effective** clean tech that is easy to install
- Heat pumps provide **health & environmental benefits**

**We know this is a BIG opportunity –
which path will MA take?**

Thank You!



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MASSACHUSETTS
**DEPARTMENT OF
ENERGY RESOURCES**

Massachusetts Heat Pump Rates

Lower Bills, Cleaner Heat Webinar

July 22, 2025

Presented by

Austin Dawson

Deputy Director of Energy Supply & Rates



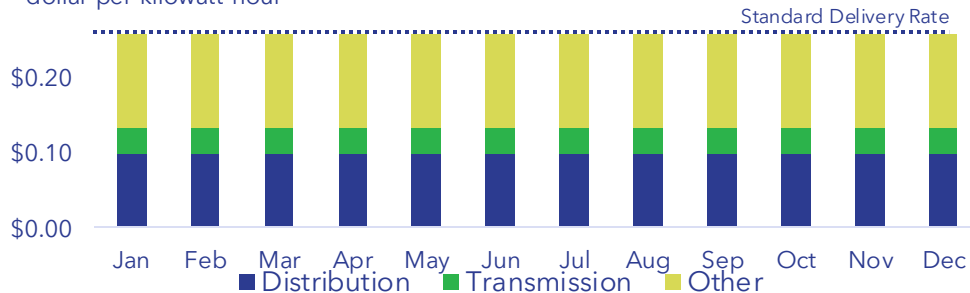
Interagency Rates Working Group

Purpose and Recommendation

- Established to advance near- and long-term electric rate designs and ratemaking that aligns with the Commonwealth's affordability priorities and decarbonization mandates by studying barriers and opportunities for electric ratemaking to support widespread electrification
- The IRWG recommended all electric distribution companies (EDCs) offer **heat pump rates as a near-term solution to address the disincentive for customers to transition to electric heat pumps** under existing electric rates

Illustrative Electric Delivery Rate

dollar per kilowatt-hour



Massachusetts Interagency Rates Working Group

- State-led, multi-agency collaborative
- Conducted robust stakeholder engagement strategy
- Recommendations were released and are publicly available below:
 - Near-Term:**
 - [Recommendations](#)
 - [Report](#)
 - Long-Term:**
 - [Recommendations](#)
 - [Study](#)

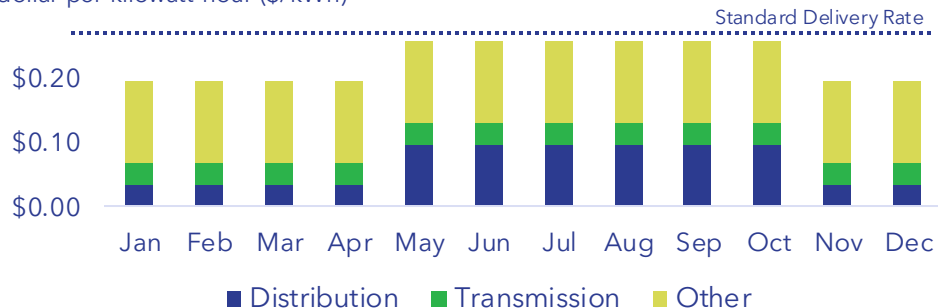
Heat Pump Rates

What is a heat pump rate?

- Provides a lower electricity rate during the winter for customers with a heat pump compared to a standard customer
- Distribution and transmission system costs are driven by peak demand, forecasted to occur in the summer through the mid-2030s
 - Incremental usage during the winter season doesn't drive additional costs in the system
- Many other costs, including policy charges, are not related to energy usage or seasonal consumption

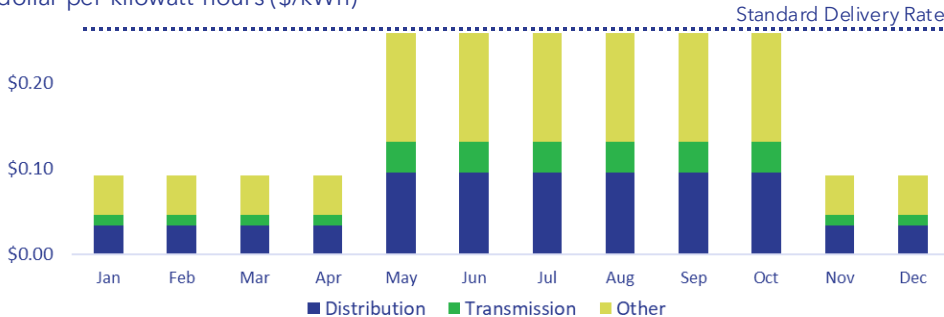
Heat Pump Rate 1.0 - Distribution-Adjusted (Illustrative)

dollar per kilowatt-hour (\$/kWh)



Heat Pump Rate 2.0 - Delivery-Adjusted (Illustrative)

dollar per kilowatt-hours (\$/kWh)



DOER Petition for Investigation

DOER Petition for Investigation

- DOER requested the DPU open an investigation on heat pump rates and direct the Massachusetts' electric distribution companies to:
 - Adopt "Heat Pump Rate 2.0" (delivery-adjusted)
 - Unitil and National Grid to update from the approved "Heat Pump Rate 1.0"
 - Eversource to develop a "Heat Pump Rate 2.0" as they didn't have a previously approved heat pump rate

Massachusetts Department of Public Utilities (DPU) Action

- DPU directed Eversource to file a proposed heat pump rate for the 2025-2026 heating season
 - Awaiting a decision from the DPU on proposed heat pump rate
- DPU initiated an investigation on whether all EDCs should implement the "Heat Pump Rate 2.0" as the IRWG recommended
 - Awaiting next steps from the DPU following public comment period



MASSACHUSETTS
**DEPARTMENT OF
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Thank You!

Heat pump rates: A national lens

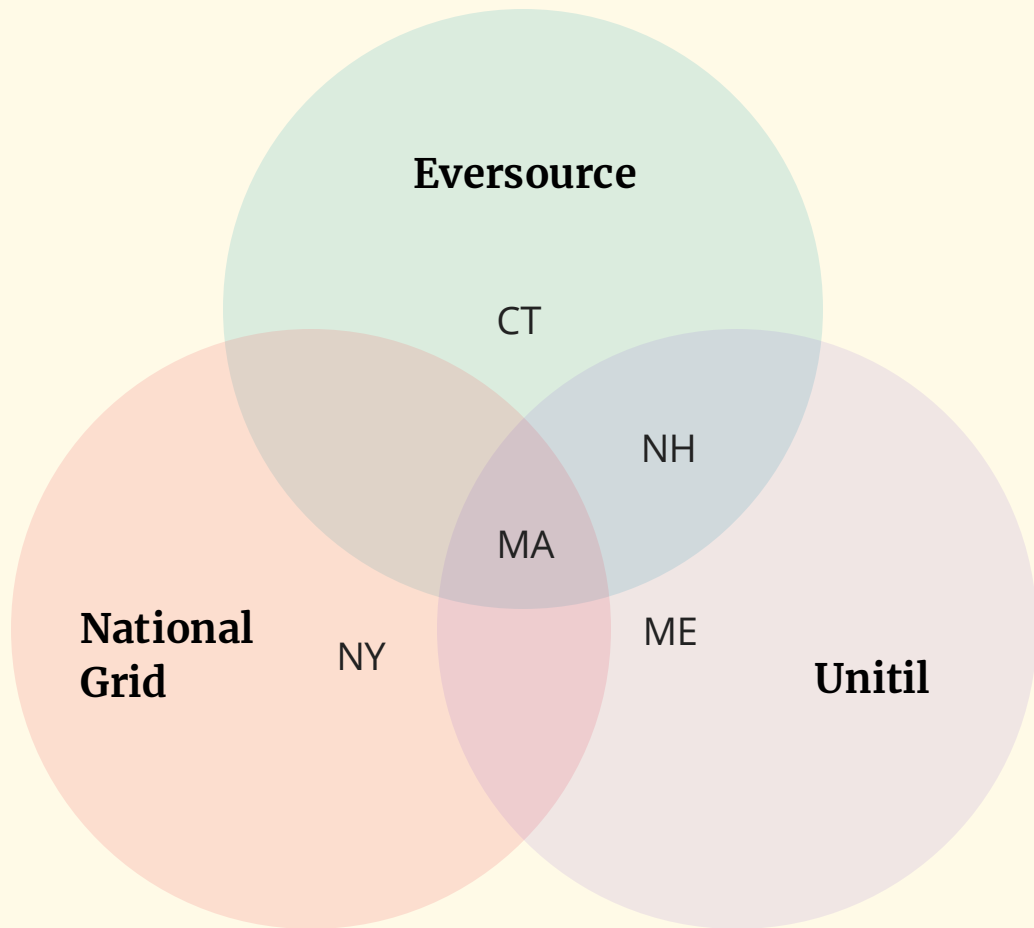
AMANDA SACHS | JULY 22, 2025



These utilities are not just Massachusetts actors

What works in MA can shape their filings, tariffs, and electrification strategy in other state regulatory environments.

- Eversource serves CT, NH, and MA
- National Grid operates in NY and MA
- Unitil serves NH, ME, and MA





Scaling heat pump
adoption could cut
residential sector
emissions **36–64%**

Source: Distributions of the costs and benefits of residential air-source heat pumps in the U.S., Joule 2024.

STATS



88

utilities offer electrified heating rates
(mostly municipal or co-ops, but including
investor-owned utilities)

20

percent of U.S. households are served
by a utility with such rates

12

of these 88 electric heating rates are
distinguished specifically for heat pumps



National heat pump
penetration stands at **~16 % of
homes,**
but needs a **~3× sales increase**
by 2032 to meet climate targets.

Source: Rewiring America, Pace of Progress 2023

Thank you!

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Advancing the Clean EnergyFuture

SEASONAL HEAT PUMP RATES

Fairness in Ratemaking

Kyle Murray, Director, State Program Implementation

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WHO IS ACADIA CENTER?



MISSION

Acadia Center's mission is to advance bold, effective, and equitable clean energy solutions for a livable climate and a stronger, more equitable economy.

PROGRAMS

Acadia Center focuses on six areas of climate and clean energy, within which we prioritize consumer benefits, public health, economic growth, and equitable distribution of benefits:

- Next Generation Energy Efficiency: Make Our Buildings Healthy, Efficient, and Climate Safe
- Beyond Gas: Phasing Out Our Dependence on Fossil Fuels
- Utility Innovation: Reform Utilities and Energy Systems
- Transportation Climate and Equity Investments
- Clean Energy and Climate Pathways
- Public Engagement and Communications

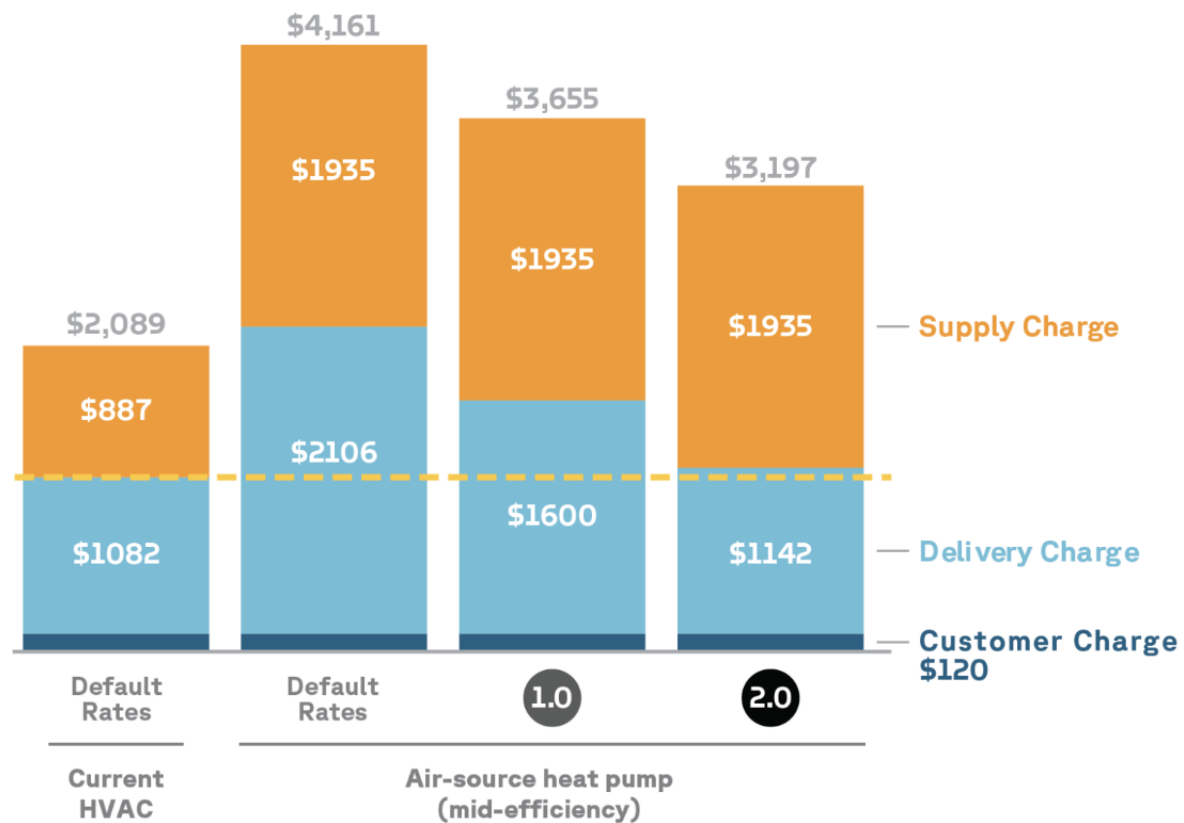
SUPPORT

Acadia Center is funded by foundation grants and individual donations. It does not accept corporate or government funding.



FAIRNESS IN RATEMAKING

- Heat pump rate does not represent a handout to heat pump owners
- Given that we are still a summer peaking system, heat pump owners using greater amounts of electricity does not put extra strain on the grid
- Therefore, under current volumetric ratemaking structures, heat pump owners are significantly overcharged for their contributions to grid maintenance





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FOR MORE INFORMATION:

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