

Climate Compliance Plan

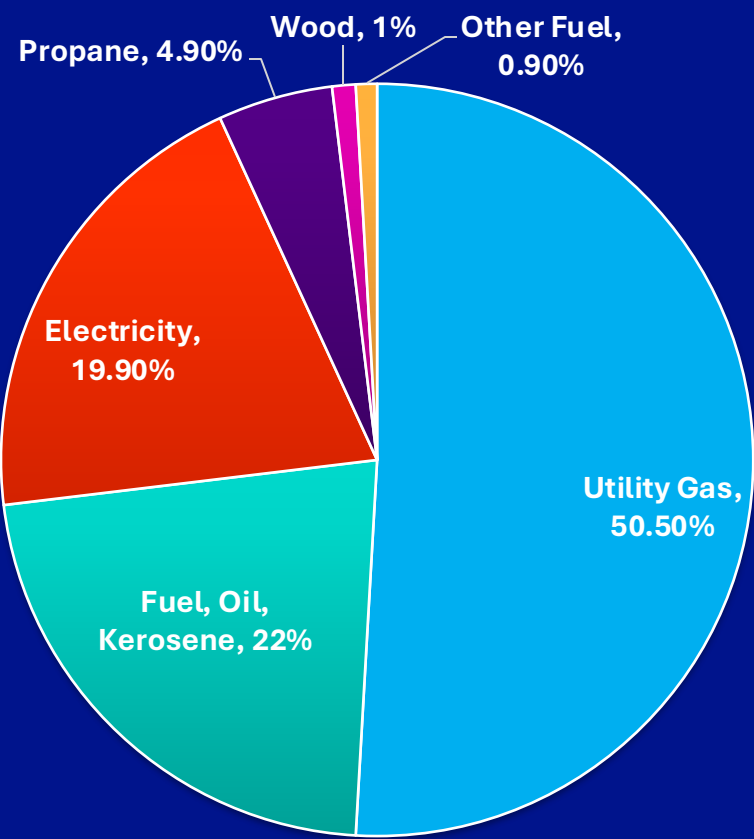
NE Restructuring Roundtable

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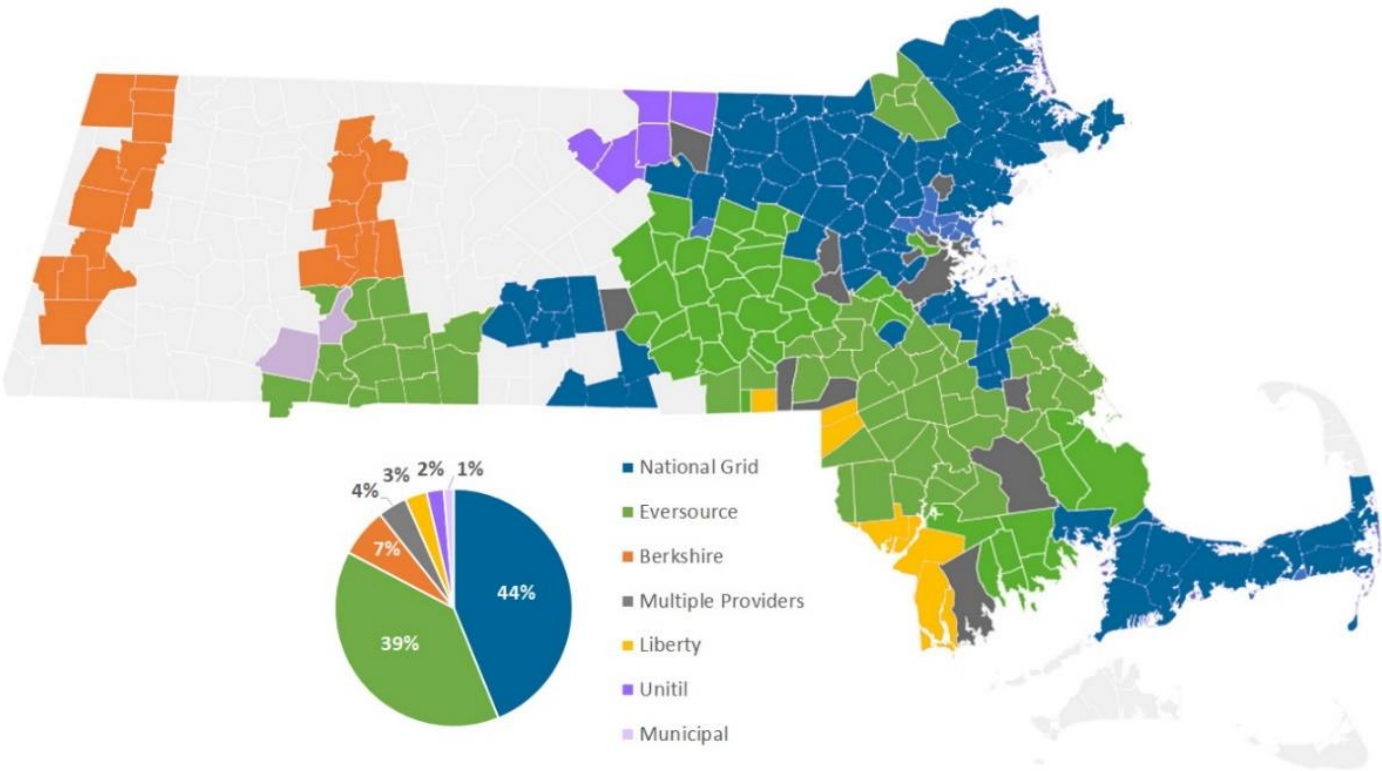
June 13, 2025



Massachusetts Household Heating by Fuel (2023)



The gas network must play a crucial role in the energy transition to meet customer energy needs in a safe, reliable, and efficient manner.



What is the Climate Compliance Plan?

CCPs are strategic plans or a “roadmap” to how LDCs will align with and contribute to the States’ decarbonization goals, where the focus is reducing greenhouse gas emissions from natural gas.

Regulatory Background

Legislated as part of 2022 Clean Energy Act and required by the D.P.U. 20-80-B Order. Each LDC must submit a CCP every 5 years.

What are key components of the CCP?



Strategic Plans to advance multiple strategies enabling decarbonization



Performance Metrics: LDCs developed and agreed upon metrics to report every five years with their CCPs



Regulatory and Policy Enablers: Progress against this strategic roadmap requires new policy and policy changes to enable the energy transition



Equity & Affordability: Action plans emphasize the importance of cost-effectiveness, learning-by-doing, and expanding internal capabilities

What are we seeking approval for in the CCP?

- ☒ The Strategic Roadmap
- ☒ NPA Framework
- ☒ CCP Tariff

CCP Strategic Plans

Non-Pipeline Alternatives (NPAs)

Strategies to assess alternatives to traditional gas infrastructure.

Integrated Energy Planning (IEP)

Coordination of gas and electric capital planning for optimal resource allocation.

Customer Connections

Policies encouraging electrification over new gas connections.

Networked Geothermal

Development of networked geothermal as a scalable, emissions-free heating solution and NPA.

Low Carbon Fuels

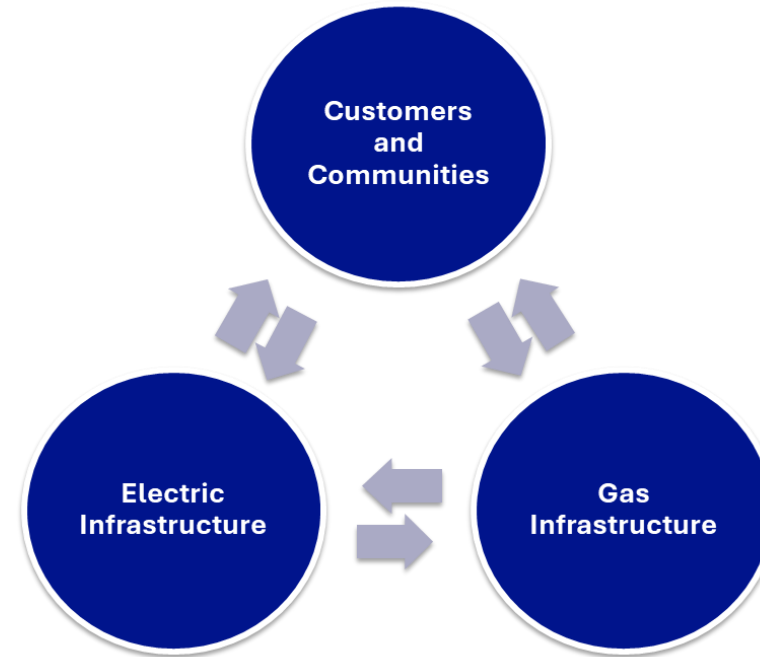
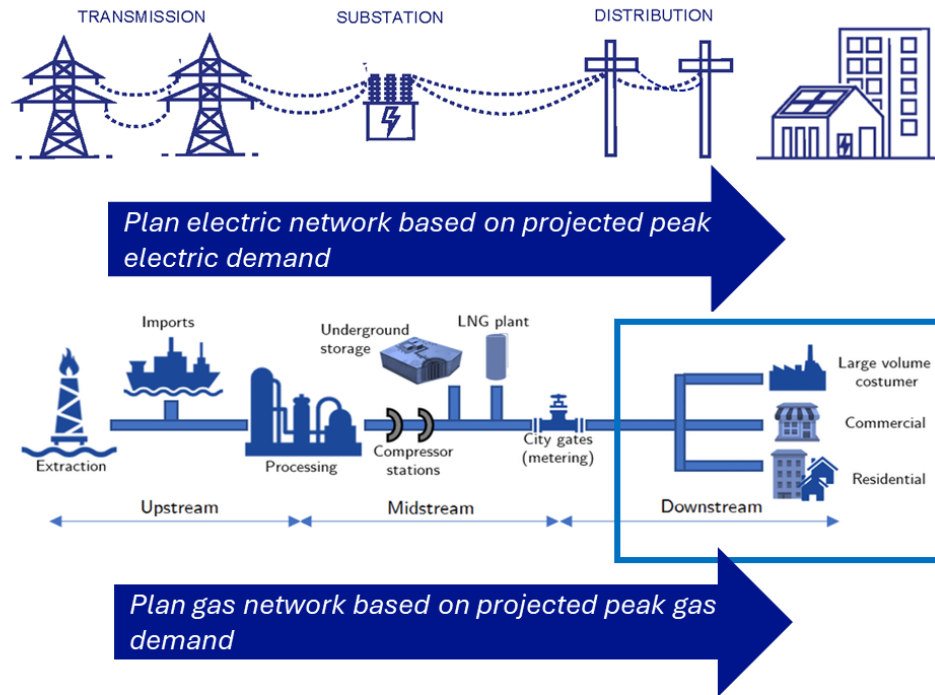
Exploration of RNG and hydrogen to support hard-to-electrify customers.

NPA Framework

- **DPU’s 20-80-B Order states that gas utilities must consider NPAs for all new gas investments**
 - NPAs could include **electrification, networked geothermal, demand response, behavior change, market transformation, and targeted energy efficiency**
- **The proposed NPA analysis framework principles (consistent with DPU orders 20-80-B and C):**
 - Safeguarding ratepayer interests and maintaining affordability for customers;
 - Ensuring safe, reliable, and cost-effective natural gas service;
 - Ensuring compliance with state and federal laws and regulations;
 - Minimizing the burden on low- and moderate-income households as the transition proceeds; and
 - Facilitating a just workforce and energy infrastructure transition.
- **With a consultant, the joint LDCs developed an NPA Working Group to solicit input from stakeholders on the NPA framework**
- **The NPA framework is a “gated” process that evaluates every capital investment against specifically defined requirements.**



Integrated Energy Planning



Key Ingredients for IEP Success

Community and Customer Partnership: Ensure strong, ongoing collaboration with customers and communities while acknowledging the boundaries of IEP and reinforcing the importance of preserving customer choice

Robust Data Sharing: Establish comprehensive, transparent data-sharing practices to support informed decision-making.

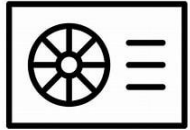
Regulatory Alignment: Evolve regulatory frameworks to enable and incentivize coordinated, cross-sector planning.

Coordinated, Cross-Sector Planning: Address historical fragmentation through collaboration across affiliated companies and planning teams, while improving visibility between gas and electric planning through aligned standards and shared objectives.

Sustainable Funding Mechanisms: Develop and implement funding models that support long-term, integrated infrastructure investments.

Unified Tools & Skillsets: Align planning tools and processes across teams to support shared capabilities and consistent outcomes.

Targeted Electrification Demonstration Program



National Grid's **Targeted Electrification Demonstration Program** (approval pending) will target 118 customers across 14 segments of leak-prone pipeline in Leominster and Winthrop, Massachusetts, with a focus on EJC's



Targeted electrification pilot will provide “**learning-by-doing**” for customer acceptance, practical challenges of localized and universal electrification and surface unknowns from real-world deployment that need to be addressed for successful NPAs and IEP (e.g., regulatory, process)

CCP Factor Tariff

The CCP factor tariff is designed to recover incremental costs associated with the development and implementation of National Grid's CCP. This includes costs related to NPAs and other climate compliance initiatives.

Incremental Costs

Costs incurred that are additional to current investment projects and not recovered through base distribution or other rates

Project Specific Costs

- Development and evaluation of NPAs
- Customer outreach and education costs
- Costs for decommissioning mains and services
- Administrative expenses

Allowed Operational & Maintenance Expenses

- Incremental O&M directly attributable to the CCP
- Costs for new hires and internal transfers for CCP-related roles
- Excludes pension and post-retirement benefits

Conclusion & Next Steps

While we execute on our CCP over the coming years, we recognize key regulatory enablers necessary to support the implementation of our strategic plans and enable the energy transition at scale.

Key Policy and Regulatory Enablers for a Successful Energy Transition



nationalgrid