



# OFFICE OF ENERGY TRANSFORMATION: WEBINAR ON FINANCING THE TRANSITION

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**To join the Financing the Transition webinar on October 21st from 2pm to 3:30am, please register [here](#)**

## **Background on the Office of Energy Transformation**

The [Office of Energy Transformation for the Commonwealth of Massachusetts \(OET\)](#) launched on May 1, 2024.

On July 3, 2024, the OET announced it was establishing an [Energy Transformation Advisory Board](#) (Advisory Board) to provide strategic advice and counsel to the work of OET and govern the work of three Focus Area Work Groups: [1\) Decarbonizing the peak, 2\) Transitioning away from reliance on the Everett Marine Terminal Liquefied Natural Gas facility, and 3\) Financing the transition.](#)

The Focus Area Work Groups will formally launch beginning October 2024. Each Focus Area Work Group will be open to and comprised of parties interested in engaging in efforts to enable and accelerate a just and equitable clean energy transition.

## **Overview of Financing the Transition**

There are three investor-owned electric distribution companies (EDCs) and 41 municipal utilities, known as Municipal Light Plants, in Massachusetts, with the EDCs serving approximately 90% of electricity consumers.

EDCs build, maintain, and operate the electric grid to serve their customers, including, transmission and distribution lines, substations, poles, and transformers. The way electricity is produced, delivered and consumed is changing, requiring investment in the grid to connect more clean energy, including solar, wind, and storage; support increasing amounts of electrification from heating and transportation; and make it more resilient.

In January 2024, the EDCs filed Electric Sector Modernization Plans (ESMPs) with the Department of Public Utilities (DPU). These ESMPs serve as strategic plans establishing the investments the EDCs deem necessary to enable Massachusetts to meet its climate and other public-service mandates. The DPU approved the ESMPs with modification on August 29, 2024, and will conduct further proceedings on cost recovery associated with the investments anticipated in those plans.

The DPU regulates the prices and other terms and conditions of the rates EDCs charge for building, operating and maintaining the local electric distribution system. EDCs may not adjust revenue or rates without approval by the DPU. Currently, the primary financing mechanism for these electric distribution infrastructure investments is collecting revenue via electricity rates. Energy efficiency and other programs have helped to avoid the need for some grid investments in the past and, in so doing, to mitigate bill impacts. The pace of needed investment growth over the coming decades, however, is expected to increase as part of the energy transition and to outpace



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the ability of efficiency and other programs to offset bill impacts under traditional forms of investment recovery through customers' electricity bills.

The Financing the Transition Focus Area Work Group will identify alternative mechanisms to finance/fund EDC distribution system infrastructure upgrades necessary to achieve the Commonwealth's clean energy and climate mandates. The goal will be to explore non-traditional means (i.e., besides electricity rates) that mitigate the cost impacts of the energy transition on consumers' electricity bills, and provide affordable, sustainable, and timely sources of revenue to support needed investment.

### **Financing the Transition Focus Area Work Group Timing, Process and Participation**

The Financing the Transition Focus Area Work Group is launching with an informational webinar that will provide an overview of:

- The function and purview of the Focus Area Work Group and its relationship to OET, the Advisory Board, and the other focus areas.
- The scope of work this Focus Area Work Group will undertake.
- How organizations and individuals can participate in this Focus Area Work Group.
- The expectations of Focus Area Work Group participants.
- How the Focus Area Work Group recommendations will be shared with the OET and Advisory Board.

The webinar will be **conducted virtually. Those interested in participating in the Financing the Transition webinar can register [here](#).** Registrants will receive information on participation logistics.

Recordings of the Financing the Transition webinar will be posted on the OET's website within seven days of the webinar.

The days and times of the other two Focus Area Work Group webinars will be posted on the OET website. For questions about the Focus Area Work Group webinar series or other efforts of the OET, please email [energytransformation@mass.gov](mailto:energytransformation@mass.gov)