

## THE BERKSHIRE GAS COMPANY

### Overview of Upcoming Future of Gas Report: D.P.U 20-80

#### A. Overview of Berkshire Gas

The Berkshire Gas Company is a local gas distribution company that provides natural gas service to approximately 40,000 customers in western Massachusetts. Berkshire fully embraces the Commonwealth's 2050 clean energy goals and looks forward to advancing clean energy solutions and providing additional choices for our customers. Berkshire also continues to emphasize its longstanding passion for reliability, safety and excellence in energy efficiency program design.

Berkshire's small size, low market share, gas-only business in the state, lower income customer base, high proportion of Environmental Justice block groups, high proportion of transportation throughput, and low system density may present unique considerations.

#### B. Berkshire's Observations

Berkshire recognizes the fundamental importance of customer and public safety needs for reliable energy service under all conditions, especially operating in a cold climate where loss of energy service can have dire consequences. In this light, it is important to continue to maintain the natural gas distribution system, including replacing aging infrastructure as necessary, appropriately planning for gas demand based upon actual observed customer behavior and forecasts, analyzing qualitative factors and observing various scenarios. It is also critical to ensure the integrated sectors of the power system are jointly capable of handling increased demands from clean energy changes in a reliable and timely manner by addressing feasibility, build out, timing, supply and other issues.

Berkshire is keenly aware of the economic challenges that the energy transition will bring to customers. The energy transition raises customer affordability and cost shifting issues.

From Berkshire's perspective, customer choice of fuel type is foundational and should be respected and preserved. Berkshire is committed to supporting customer education and applying approved incentives to promote customer decisions and address possible inequities.

Based on the E3/Scott Madden Report and the accompanying stakeholder process, Berkshire observes that all scenarios taken together, including qualitative and feasibility considerations, envision an important role for natural gas in the energy transition. However, it is too soon to definitively determine which scenario(s) represents the best approach. Therefore, it is important to embark on activities that will push the energy transition forward, while maintaining optionality for the longer term to balance cost and risk. Based on the results of the E3/Scott Madden analysis, Berkshire believes that the initial path to decarbonization should

include a combination of the following set of strategies:

- **Consumer Education** to help customers make fully informed decisions.
- **Energy Efficiency** with an aggressive focus, regardless of fuel.
- **Electrification**, including hybrid electrification, as a cost effective method determined by customer decisions.
- **Low-carbon fuel** growth (such as biomethane from landfill gases).
- **Renewable Electricity** growth through an unprecedented installation of offshore and onshore wind, significant amounts of solar, related storage, new transmission, all of which likely require the use of gas for balancing and support.
- **Hydrogen and RNG** applications in the buildings sector, for potential use in providing reliable fuel for the electric sector, and/or for use in medium and heavy-duty transportation.
- **Developing Technologies** will be monitored and tested to keep an eye on potentially impactful technologies, including carbon capture at customer locations.

For all decarbonization strategies, supporting regulatory and policy initiatives will be needed to spur customer investments, support development of decarbonized energy supply, and mitigate affordability and equity concerns on the gas system.

### **C. Berkshire's Proposals**

Berkshire proposes to embark on a customer centered de-carbonization program with periodic reviews that foundationally ensures safety and reliability, preserves and expands customer choice, and supports the Commonwealth's emissions goals. Berkshire proposes to undertake the following in the initial three-year phase while maintaining Berkshire's commitment to provide safe and reliable service:

- **Consumer Education:** Berkshire proposes to expand customer education, beyond energy efficiency, by providing new, transparent information regarding the benefits and disadvantages associated with various energy options. This education will include information necessary to compare reliability, use and applications, up-front and lifetime costs, emissions, and other factors. Berkshire will also provide information about any incentives available to help reduce up-front cost barriers. Because many households in Berkshire's service territory currently heat with oil, which has significantly higher

emissions than natural gas, Berkshire proposes to also conduct outreach that will provide information to non-gas customers in its territory.

- **Energy Efficiency:** Berkshire proposes to work with the other Massachusetts utilities and stakeholders to identify ways to further increase the scale and scope of energy efficiency for the three-year plan that will be filed in 2024 for implementation in 2025.
- **Electrification:** Berkshire proposes to explore several electrification options. First, Berkshire will work with heating experts to explore operational details, customer feasibility, and cost of hybrid electrification with gas as a complementary fuel and provide this information to consumers. In addition, Berkshire proposes to consider a pilot project to bring a district geothermal installation in the Eastern Division where there is currently a moratorium due to constraints on the distribution system. Berkshire will also investigate opportunities to install natural gas heat pumps. Lastly, Berkshire will consider converting a portion of its fleet to electric vehicles, as appropriate, to displace the use of gasoline.
- **Low-Carbon Fuels:** Berkshire proposes to start a pilot program which will allow for it to seek out and contract for differentiated gas, such as landfill gas.
- **Renewable Hydrogen and RNG:** Berkshire proposes to incorporate decarbonized gas supplies into its gas system (RNG and hydrogen) through pilot programs at injection sites to reduce the overall carbon content of system gas, and to develop a decarbonized tariff option for gas customers to purchase renewable natural gas. Further, Berkshire proposes to work with its commercial and industrial customers to develop pilot programs that could include the use of green hydrogen or other clean energy options.
- **Developing Technologies:** Berkshire proposes to monitor and evaluate new, low-carbon technologies and encourage adoption as appropriate.

Future phases of the energy transition will consider other potential regulatory initiatives based upon then current circumstances, which will be informed by items such as customer demand, technological advances, pace of change, safety and reliability considerations. Additional proposals could include one or more of the following, among others to be considered:

- New programs/tariffs (e.g., gas as backup fuel for hybrid electrification, carbon capture)
- Accelerating cost recovery of plant investment
- Modifying procedures for new service applications
- Cost recovery for embedded and shifted costs