

The Social Cost of Carbon Promotes Equity in Mass Save Programs

Mass Save programs reduce greenhouse gas emissions, promote affordability, and advance equity. By reducing energy consumption, these energy efficiency programs lower participants' monthly bills and reduce wholesale electricity prices paid by everyone. Removing the social value of greenhouse gas (GHG) emissions, also known as the social cost of carbon (SCC), from cost-effectiveness testing would decrease equity and prevent progress towards affordability and 2030 climate goals.

From 2025 to 2027, the Massachusetts Program Administrators (PAs) plan to:

- Invest **\$1.9 billion** in reaching historically underserved customers (including low- and moderate-income customers, renters, and small businesses)
- Install heat pumps in **119,000 households**
- Avoid **1.0 million metric tons** of CO₂e emissions with many more reductions to come after 2027

Cost-effectiveness Testing and the SCC

- Massachusetts law requires PAs to pursue all cost-effective energy efficiency (G.L. c. 25, § 21) and to reduce GHG emissions by 50% by 2030
- Cost-effectiveness testing help PAs and policy makers determine whether the benefits of an energy efficiency (EE) program or offering exceed the costs.
- If programs are not cost-effective, the PAs cannot implement them.
- Accounting for SCC is one way to capture the benefits of many decarbonization measures, such as heat pumps.

Without the SCC, many offerings that provide equity benefits would not be cost effective, including:

- Energy efficiency and heat pumps for **low-income and multifamily** customers
- Energy efficiency and heat pumps for **small businesses**
- **Electrification of gas-heated homes** (the most common type of household in MA)

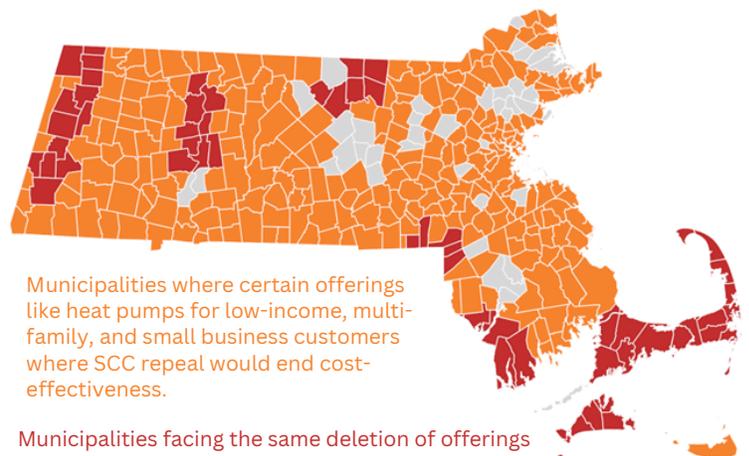
If SCC is removed from cost effectiveness tests, PAs may respond by re-designing programs to include fewer or none of these measures, thus disproportionately affecting hard-to reach customers already facing barriers to participation

Without the SCC, several energy efficiency and electrification offerings would no longer be identified as cost-effective.

These include:

- Cape Light Compact Low Income
- Unitil Electric Commercial & Industrial (C&I)
- Berkshire Gas Residential
- Liberty Gas Residential
- Liberty Gas C&I
- Unitil Gas C&I

Moreover, customers and business in the Unitil, Berkshire, and Liberty service territories are **disproportionately low-income or serve low-income communities**. The share of households in these territories that are low-income ranges from 39-40%, compared to a statewide average of 31%.



Municipalities where certain offerings like heat pumps for low-income, multi-family, and small business customers where SCC repeal would end cost-effectiveness.

Municipalities facing the same deletion of offerings as above, AND are also served by a PA where SCC repeal would end cost-effectiveness for at least one sector-wide program.

Municipalities not served by MassSave.