## Installer Update-2025 #1 2025-02-02

We highlight below the status of a few policy-related items and an update on key activities since our October 2024 update, including a summary of some of our 2024 accomplishments.

**Update on MA Building Codes and the EPA Refrigerant Phasedown:** In our last update, we discussed the need for the MA legislature to approve a stop-gap measure to permit the use of the mildly flammable (A2L) refrigerants that manufacturers are using to meet the requirements of the EPA-mandated phasedown of refrigerants having high global-warming potentials. If you haven't heard the good news, in November 2024, the House and Senate enacted, and the governor signed, MA S2967. Section 45 of MA S2967 supersedes the refrigerant restrictions in current MA building codes, thereby permitting installation of HVAC equipment containing these replacement refrigerants.

**The Energy-Cost Dilemma:** As you are well aware, MA electric rates are among the highest in the nation, and pose a significant barrier to growing the heat-pump market. Some relief may be coming through the Clean Heat Standard and through discounted electric rates for heat pumps. Here's what we've learned:

Clean Heat Standard: The Massachusetts Department of Environmental Protection (MA DEP) Clean Heat Standard (CHS) "is a regulatory program that applies to and requires heating energy suppliers (suppliers of fuel oil, propane, natural gas, and electricity) to provide increasing amounts of clean heat over time." "[H]eating energy suppliers that already provide clean heat services will be encouraged to expand these services to meet their own compliance obligations." Also, "companies that do not meet their entire compliance obligations by providing clean heat to their own customers will be required to purchase credits from clean heat providers such as heat pump installers, homeowners who operate heat pumps, and suppliers of liquid biofuel blends." [Quotes from Clean Heat Standard FAQs.] According to the MA DEP timeline, heating energy suppliers were required to register by January 31, 2025, and will be required by April 30, 2025 to begin reporting emissions associated with their energy sales. The MA DEP projects that 2026 will be the first compliance year for the CHS. While the MA DEP has the authority to establish the CHS, there is also a legislative process in motion to help ensure it happens–see H.3694. We encourage installers to contact their elected representatives to encourage rapid implementation of the CHS.

**Discounted Electric Rates for Heat Pumps:** While Eversource has historically offered a modest discount for homes heated primarily with electricity (their R1 vs. R3 rate), Unitil, National Grid, and Eversource are beginning to develop and implement new discounted electric rates for the heating season for residences heated specifically with heat pumps:

Unitil Discount: ~6.2 cents/kWh (from <u>Unitil</u>)

- National Grid Discount: ~5 cents/kWh (from Figure 4 of IRWG Recommendations)
- Eversource Discount: To be determined.

Unitil's discounts are expected to take effect in early 2025. We do not know the timeline for National Grid and Eversource discounts.

It gets even better—the Massachusetts <u>Interagency Rates Working Group</u> (IRWG) "was formed to advance near- and long-term electric rate designs that align with the Commonwealth's decarbonization goals." In its <u>Near-Term Rate Strategy</u> <u>Recommendations</u>, the IRWG recommends significantly deeper discounts for homes using heat pumps, which could be in the range of 12 to 17 cents/kWh during the heating season, and would apply to all home electricity use. On January 31, 2025, the MA Department of Energy Resources <u>petitioned the MA Department of Public Utilities to investigate</u> seasonal rates for heat pumps that provide deeper discounts.

**New Website**: In November 2024, we launched our <u>new website</u>, which is easier to navigate, more inviting to visitors, and easier to maintain. If you haven't seen it yet, please check it out—we are guite proud of it! We welcome any suggestions that you may have.

2024 in Review–What the HeatSmart Alliance achieved relative to our Goals: As the table below shows, we generally achieved our 2024 goals. While we are continuing our own coaching program, in 2024, we began to shift our focus to mentoring community-based organizations in developing and expanding their own coaching programs. While we have no hard data, we estimate that 800 to 1,200 homeowners received heat-pump coaching in 2024 through the HeatSmart Alliance and various local, community-based coaching programs. This does not include decarbonization consultations offered through the Mass Save® program. In 2025, we plan to offer two coach training programs to train a total of 60 new coaches. In addition, we plan to develop and offer a Heat Pump Sizing and Configuration course for 30 coaches.

Progress by the Numbers-2024 in Review and 2025 Goals

Description	2024 Start	2024 Actual	2024 Goal	2025 Goal
Grow No. of Members	109	151	150	200
Grow No. of Communities Represented	43	59	60	75
Present/Table at Events	_	34	35	35
Coach Homeowners*	_	135	200	200
Train/Mentor New Coaches**	_	50	30	60

<sup>\*</sup> Excludes homeowners coached through community-based coaching programs.

<sup>\*\*</sup> Includes coaches for community-based coaching programs—not just Alliance coaches.

Question to Installers–Please Reply with your Suggestions: You've probably seen some of the recent press talking about the high electricity expenses experienced by homeowners with heat pumps in MA–see, for example, Boston Globe articles/letters on 01/25/2025 and 01/17/2025). How frequently do you receive complaints from your customers who heat with heat pumps about high electricity costs? How do you address these complaints?

If you have any questions, comments, or suggestions, please do not hesitate to contact us.

Best regards,
Bob Zogg
Facilitator, HeatSmart Alliance
Facilitator@HeatSmartAlliance.org

**About us:** The <u>HeatSmart Alliance</u> is a volunteer organization whose mission is to accelerate the adoption of energy-efficient heat pumps in Massachusetts. We focus on air- and ground-source heat pumps, heat-pump water heaters, and weatherization. Our key organizational objectives are:

- Educate residents about heat pumps through community presentations, our website, and other channels
- Facilitate the growth of community-based heat-pump coaching programs
- Inform local, state, and federal government policies.

The Alliance does not accept donations or referral fees from manufacturers or installers.