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November 14, 2025

VIA ELECTRONIC MAIL ONLY (dpu.efiling@mass.gov)

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 3rd Floor
Boston, Massachusetts 02110

Re: Cape Light Compact JPE, D.P.U. 25-107
2025-2027 Three Year Plan
Quarterly Budget Report for Q3 2025

Dear Secretary Marini:

On behalf of the Cape Light Compact JPE (the "Compact"), please find enclosed the Compact's Quarterly Budget Report for the third quarter of 2025 for the 2025-2027 Three Year Energy Efficiency and Decarbonization Plan. The Compact's Quarterly Budget Report includes a narrative enclosed herewith, as well as Appendix A (statewide quarterly budget report tables) and Appendix B (the U.S. Department of Energy cancellation letter) filed under separate cover by Rich May, P.C.

The Compact appreciated the opportunity to discuss the Quarterly Budget Report with the Department of Public Utilities ("Department") at the technical session held on October 17, 2025. The Program Administrators look forward to further feedback from the Department and would welcome the opportunity going forward for regular, informal check-ins with the Department on these Reports.

Thank you for your time and attention to this matter. If you have any questions, please do not hesitate to contact me.

Very truly yours,

Audrey Eidelman Kiernan

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AEK/drb
Enclosures

cc: Stephanie Mealey, Esq., DPU Hearing Officer (w/enc.) (via email only)
Rachel Graham Evans, Esq., Department of Energy Resources (w/enc.) (via email only)
Service List, D.P.U. 25-107 (w/enc.) (via email only)
Margaret T. Downey, Compact Administrator (w/enc.) (via email only)

Cape Light Compact JPE, D.P.U. 25-107
2025-2027 Three-Year Energy Efficiency and Decarbonization Plan
Quarterly Budget Report for the Third Quarter of 2025

I. Introduction

As directed by the Department of Public Utilities ("Department") in its Order D.P.U. 24-140 through D.P.U. 24-149 ("Order"), this report includes a description of efforts taken to pursue outside funding, including: (1) the status of any federal funding identified by the Program Administrators ("PAs")[1] to offset ratepayer funding, including Home Electrification Appliance Rebates ("HEAR"), Weatherization Assistance Program ("WAP"), and Heating System Repair and Replacement Program ("HEARTWAP") funds; (2) any activities undertaken by the Program Administrators individually and with the assistance of the focus group to pursue sources of other funding to offset ratepayer funding; and (3) the status of efforts to develop potential new funding sources to offset ratepayer funding that may be enabled by the forthcoming Clean Heat Standard ("CHS"). Order at 194-195. Additionally, this report: (1) details spending as a percentage of approved sector budget; (2) provides data on current and forecasted program participation; (3) forecasts whether spending is on track for the Program Administrators to stay within budget; and, if changes to budget are anticipated; and (4) provides information regarding how and why PAs think they may overspend. Order at 223-224.

II. Outside Funding

The PAs expect to receive a variety of funding sources to directly offset ratepayer funding through the energy efficiency surcharge, including:

- Proceeds from the Regional Greenhouse Gas Initiative ("RGGI") auctions, currently estimated at over $150 million over the Three-Year term;
- An estimated $100-$120 million in funding from the Independent System Operator of New England's Forward Capacity Market ("FCM");
- An estimated $71.8 million in federal Inflation Reduction Act ("IRA") funding for electrification of low- and moderate-income customers for HEAR; and
- Approximately $2-$3 million in revenue from minting Clean Peak Energy Certificates associated with dispatching residential devices participating in ConnectedSolutions.

[1] The PAs include: The Berkshire Gas Company, Eversource Gas Company of Massachusetts, d/b/a Eversource Energy, Fitchburg Gas and Electric Light Company, d/b/a Unitil (Gas Division), Liberty Utilities (New England Natural Gas Company) Corp., d/b/a Liberty, Boston Gas Company, d/b/a National Grid, NSTAR Gas Company, d/b/a Eversource Energy, Cape Light Compact JPE, Fitchburg Gas and Electric Light Company, d/b/a Unitil (Electric Division), Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid, NSTAR Electric Company, d/b/a Eversource Energy.

Additionally, the PAs are working with Community Action Program ("CAP") partners to leverage federal WAP and HEARTWAP, which is administered in Massachusetts by the Executive Office of Housing and Livable Communities ("EOHLC"), to support weatherization and emergency heating system repair and replacements for low-income customers.

The PAs are also collaborating with the Massachusetts Climate Bank to cross promote its Energy Saver Loan—including by providing information on the Energy Saver Loan to interested customers as part of the new Statewide Contact Center. The PAs hope that these efforts will eventually reduce the number of HEAT Loans, as some customers opt to take Energy Saver Loans rather than HEAT Loans to finance their energy efficiency improvements.

Unfortunately, on October 2, 2025, the U.S. Department of Energy ("DOE") cancelled the grant funding awarded to Generac as part of the Bipartisan Infrastructure Law. The cancellation letter is attached as Appendix B.

The PAs also note that the federal One Big Beautiful Bill Act accelerated the expiration of key residential tax incentives available under the IRA to the end of 2025 or the second quarter of 2026.[2] The PAs have revised the applicable MassSave.com pages to incorporate these changes. This was also communicated to contractors in the Heat Pump Installer Network via the Heating and Cooling Newsletter in July.

Further details are provided below on the status of federal and other funding designed to directly offset ratepayer funds.

1. The status of federal funding to offset ratepayer funding, including HEAR, WAP, and HEARTWAP funds

a. HEAR funding

As noted previously, the Department of Energy Resources ("DOER"), which administers HEAR funds in Massachusetts, applied for this funding in June of 2024. The application included a detailed proposal and statewide budget, and the PAs understand from DOER that this federal funding has been obligated as of September 2024. See D.P.U. 24-140 through D.P.U. 24-149, Exh. DPU-Common 22-2. Prior to deploying these funds, the PAs were required to work with DOER to submit subrecipient budgets, address a few remaining questions that DOER had deferred, as well as submit a State Implementation Blueprint to DOE for approval.

[2] The Energy Efficient Home Improvement Credit (IRC § 25C) and the Residential Clean Energy Credit (IRC § 25D) expire at the end of 2025 and the New Energy Efficient Home Credit (IRC § 45L) and the Energy Efficient Commercial Building Property Deduction (IRC § 179D) expire at the end of the second quarter of 2026.

The PAs and DOER provided a revised set of Deferred Application Questions and State Implementation Blueprint documents to DOE in August and October in response to several rounds of feedback from DOE, as well as a set of pre-launch checklist requirements. Completion of the Deferred Application Questions, State Implementation Blueprint Documents, and pre-launch checklist to the satisfaction of DOE is currently required for approval. The Trump Administration is now also requiring that states wait to launch the HEAR program until they receive formal approval from DOE, following completion of the above-mentioned documents to DOE's satisfaction. The PAs and DOER hope to secure approval to begin drawing down these funds as soon as possible.

b. WAP and HEARTWAP funds

As noted above, the PAs work with CAP partners, who leverage federal WAP and HEARTWAP funds for the benefit of low-income customers. EOHLC, which administers this funding in Massachusetts, is in the process of finalizing the WAP State Master Plan for Fiscal Year 2025.[3] Draft WAP Sub-Grantee information is available for Fiscal Year 2025, which indicates that over $8 million is expected to be allocated to CAP partners in Massachusetts.[4] The PAs do not have any further information regarding these programs beyond what is publicly available on EOHLC's website. With respect to HEARTWAP funds and according to the PAs' Community Action Agency partners, the recent federal government shutdown has resulted in a pause of HEARTWAP funding for emergency heating system replacements. The PAs hope that HEARTWAP funding will become available again once the federal government resumes normal operations and are in communication with their Community Action Agencies, who are monitoring the situation closely.

2. Activities undertaken by the PAs to pursue other sources of funding

In addition to the federal funding efforts noted above, the Cape Light Compact JPE ("Compact"), in coordination with the other PAs, is engaging with DOER, the Attorney General's Office ("AGO"), and stakeholders (including LEAN, Acadia Center, and the Energy Efficiency Advisory Council ("EEAC") Consultants) to explore potential opportunities for outside funding in order to offset energy efficiency and decarbonization program costs for customers as part of a newly-established focus group, as directed by the Department in its Order at 194-195. The group held its second meeting in November and is focused on: (i) categorizing existing funding sources, (ii) identifying whether there are opportunities to expand those sources, (iii) exploring new sources of funding, and (iv) looking for opportunities to partner with other organizations to access their existing sources of funding. The Compact has contractual commitments to secure revenue from minting Clean Peak Energy Certificates associated with dispatching residential devices participating in ConnectedSolutions during the 2025 summer season and expects to receive the

[3] See Plan Year 2025 State Plans and Grants, available at https://www.mass.gov/info-details/weatherization-assistance-program-wap.
[4] Id.

funds by the end of this year. Finally, the Compact has also started to receive proceeds from RGGI and FCM auctions, which has already exceeded current planned estimates for the term.

3. Efforts to develop potential new funding sources to offset ratepayer funding that may be enabled by the forthcoming Clean Heat Standard

The PAs are monitoring how the CHS is developing and are standing by to await any further information from the Massachusetts Department of Environmental Protection. As a result, the PAs are not working to develop new funding sources associated with the CHS at this time.

III. Budget Forecasting

The Budget Report Tables for the third quarter of 2025 for the PAs are attached as Appendix A. The Budget Report Tables provide the Compact's spending as a percentage of approved sector budget and forecast spending for the term. All forecasted numbers are estimates and do not represent actual future spending. They are based on the Compact's expectations when viewing past and current trends and are subject to change at any time.

The PAs note that it is still early in the term, and there is uncertainty associated with forecasting the next two years. Nevertheless, the PAs are monitoring key trends in production and are preparing to make, or have already made, program changes to manage term budgets where appropriate. The PAs are committed to managing to their approved budgets and will make program changes as needed throughout the term to do so. These program changes may differ depending on the offering. For example, the PAs may reduce incentives for residential and commercial and industrial ("C&I") measures. Conversely, low income incentives cover the full cost of the measure by design and, therefore, cannot be reduced. However, the PAs can implement caps on low income projects to limit the size and spending per project. Where these program changes are known, forecasts have been updated to reflect what the PAs believe their impact will be. Where program changes have not yet been finalized, forecasts may reflect spending that continues on the current trajectory, which may project spending over budget. As program changes are finalized, however, forecasts will be updated. Accordingly, the forecasts provided in the attached Quarterly Budget Report Tables and the below narrative are a snapshot in time and should not be considered anticipated, actual spending levels for the term.

1. Residential

The residential new construction program, a program only offered by electric PAs this term, is seeing strong participation throughout its portfolio. The PAs have adjusted the incentive structure for 2026 and 2027 for renovations and additions in order to stay within planned program budgets. The electric PAs are also monitoring the high-rise pathway closely to determine if any further program changes are needed, as this sector is seeing an uptick in participation.

The Residential Turnkey Solutions ("RTS") program, in which most spending is attributed to weatherization incentives, is experiencing sustained demand at levels generally consistent with those established in the latter half of the 2022-2024 term. The PAs have taken steps to align demand generation efforts with planned goals and observed trends in production. Individual PAs have adjusted their own marketing efforts to drive more demand where projections are trending behind plan. Eversource and National Grid have assigned weatherization production limits to Home Performance Contractors ("HPCs") (who drive roughly half of RTS program demand), at levels specific to each operating company, in order to align HPCs' efforts with trends in production relative to approved budget, in a manner similar to that of the PAs' own marketing efforts.

The PAs will closely monitor these trends and apply the necessary adjustments throughout the 2025-2027 Plan term in order to achieve planned production in all categories while remaining within approved budgets.

2. Low-Income

The PAs have continued to see extremely strong demand for low-income services in the 2025-2027 term and have made several significant changes to program policies and program delivery processes to ensure continued service to low-income customers throughout the term while managing within approved budgets.

As noted previously, the PAs released new program policy guidelines in February and August designed to further control spending and prioritize projects with the greatest impacts and for customers with the highest levels of need. More specifically, the new guidelines limited the cost of barrier repairs to no more than the total cost of the associated energy efficiency and electrification improvements and established a cap on the cost of pre-electrification barrier repairs. To ensure that as many new customers as possible are able to participate in the program, the guidelines also established tighter standards for when previously-served customers become eligible for appliance replacements, weatherization, and heat pump installation. As of August 11th, and in response to particularly strong demand in low-income gas programs, the PAs further limited gas-to-heat-pump conversions and gas in-kind upgrades to only situations where the existing heating system has failed or has reached end-of-life and began deferring gas-funded window projects.

To ensure adherence to assigned budgets by the HPCs operating under the Lead Vendor Implementation ("LVI") model, with those August 11th updates, Eversource and National Grid eliminated those HPCs' ability to preschedule home energy assessments. With this change, low-income customers may still participate in home energy assessments once the lead vendor screens customers for program eligibility and determines the most appropriate vendor or agency to provide that service considering time-to-serve and budget status. Also, HPCs who continue to drive demand after exceeding their assigned budget(s) may not be able to retain those customers, and those customers may be served by another vendor or agency with available budget.

The PAs have instructed their low-income implementation partners to cease proactive marketing of low-income offers and are working with Community First Partners to refocus their outreach efforts on non-low-income priority populations, such as small businesses, moderate income customers, renters, and customers that prefer to be served in a language other than English.

The PAs are in discussions with DOER and EOHLC regarding potential strategies to reduce the cost of weatherization jobs in the low-income programs, and are considering the adoption of lower-cost weatherization pricing that was developed for the residential programs in response to a recent RFQ conducted by Eversource and National Grid, as an alternative to the pricing that was developed by EOHLC for the WAP program. The PAs will continue to monitor the situation closely to identify opportunities for alignment as they arise.

3. Commercial & Industrial

Some PAs are seeing greater-than-expected interest in C&I electrification measures for custom electrification projects, in both the C&I New Buildings and Major Renovations core initiative and the Existing Buildings initiative. These projects tend to be very large and take several years to develop. They are also subject to change for reasons entirely outside PA control, such as changing interest rates, tariffs, and other global factors that can affect supply chains and project costs. The PAs are currently seeing shifts due to many of these factors.

These factors additionally make forecasting very challenging. Market conditions and project delays that shift project completion timelines are unpredictable and can move a project in and out of the term. In some cases, a project shifting in or out of a term is significant because their size can be large enough to affect entire term budgets, particularly for smaller PAs.

Despite forecasting uncertainties, the PAs are monitoring closely the project pipelines and budget exposure for this term and have made adjustments to electrification incentive rates in both new and existing buildings in order to manage spend within planned budgets. Additionally, the PAs have implemented a total project cap to keep overall incentive exposure down. Finally, the PAs have reduced incentives for lighting controls and for C&I New Building and Major Renovation efficiency projects (beyond electrification). Some PAs have also reallocated a portion of planned marketing budgets to cover incentives.

4. Statewide Prescriptive Heat Pump Pool

As approved by the Department in its Order, the PAs are aggregating and apportioning costs, savings, and benefits of prescriptive electrification projects. These costs include: (1) prescriptive electrification measure costs, including incentives; (2) HEAT Loan costs; and (3) certain STAT costs that relate to the delivery of prescriptive electrification measures. During the first two quarters of 2025, the PAs worked with external vendors to develop and implement a standardized process for the statewide prescriptive heat pump pool as the PAs awaited final

Department approval of the pool and residential budget. This process was substantially completed on July 21, 2025. As of that date, all related rebate processing costs are now paid and allocated through the pool.[5]

Prior to July 21, each PA independently covered these expenses within its respective service territory following the protocols in place for the 2022-2024 Plan. The attached Q3 Budget Report tables still reflect that prior accounting approach for completed projects. The PAs are currently in the process of reallocating those pre-July 21 costs and savings in accordance with the new pooled structure and expect to report fully pooled costs and savings prior to the end of the year.

By contrast, the projections provided for the heat pump pool and the Residential Rebates and C&I Equipment Rebates & Instant Incentive core initiatives reflect the proposed pooling methodology, including the reallocation of pre-July 21 spending and savings.

a. Residential

As of September 2025, residential prescriptive heat pumps are performing slightly above projections and remain on track to meet or exceed year-end goals. Nonetheless, due to a scheduled reduction in incentive amounts beginning in 2026, the PAs believe they will be able to manage within approved budgets and do not plan to further modify current program offerings at this time. The PAs will continue to monitor the situation closely and coordinate to address further changes as needed.

b. C&I

The PAs report that C&I prescriptive heat pump installations are currently on track to significantly exceed the planned budget for 2025. In response to strong demand, the PAs announced a 20% incentive reduction on September 15th, which will take effect on January 1st, 2026, and reduced the rebate commitment letter duration from 12 months to 6 months, effective immediately. A Rebate Commitment Letter is a way to indicate for a specific project what incentive it may receive at completion, assuming completion is within the term specified in the letter. While customers are not required to have a Rebate Commitment Letter to receive a rebate, it gives them assurance of their equipment eligibility and their specific incentive levels. By shortening the duration of the Rebate Commitment Letter, from 12 months to 6 months, the PAs can more effectively implement incentive reductions within the term. Customers had until October 27, 2025 to request a Rebate Commitment Letter at the current rates. The PAs will continue to monitor the impact of the incentive reduction on term forecasts and determine additional steps as needed.

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[5] Costs associated with prescriptive heat pump inspections are invoiced on a monthly basis. Accordingly, these costs began being funded through the pool starting August 1, 2025. Efforts to pool HEAT Loan costs are still in process. Until this process is completed, no costs are currently shown for the lines in the pool.

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Quarterly Budget Report of the Cape Light Compact JPE to the Department of Public Utilities for its 2025-2027 Three Year Energy Efficiency and Decarbonization Plan.	))))	D.P.U. 25-107

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon all parties of record in this proceeding in accordance with the requirements of 220 CMR 1.05(1) (Department's Rules of Practice and Procedure).

Dated this 14th day of November 2025.

Respectfully submitted,

CAPE LIGHT COMPACT JPE

By its attorney,

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