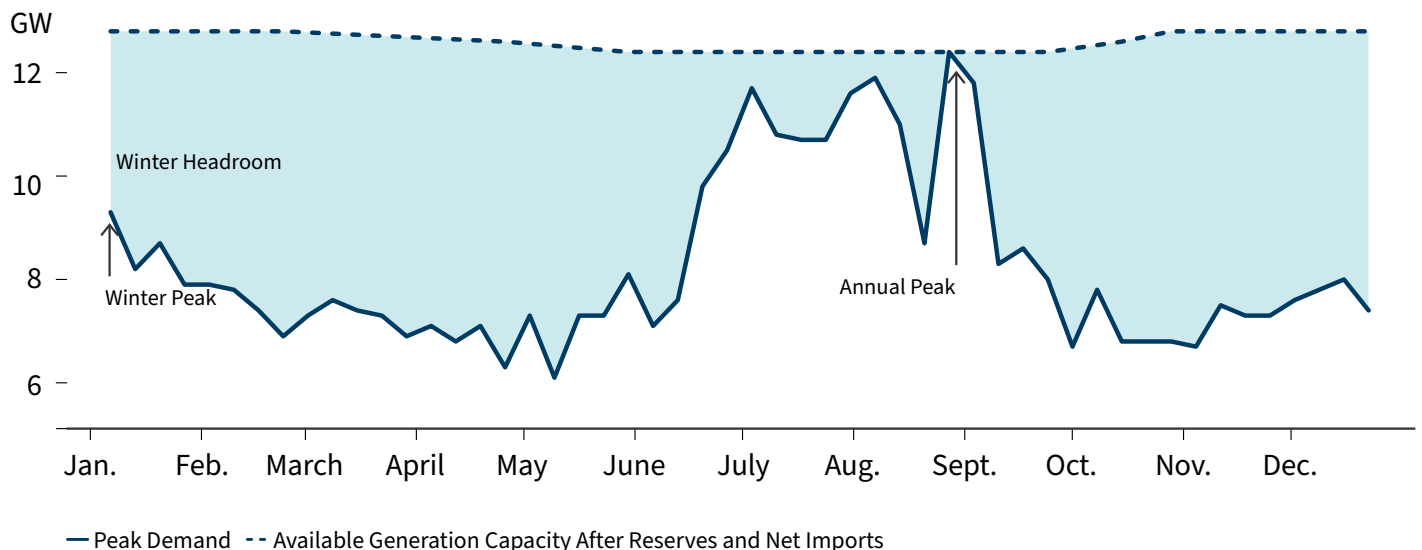


Massachusetts can put downward pressure on electricity rates by deploying heat pumps to better utilize the grid

Increase grid utilization



Massachusetts has roughly 3.5 gigawatts of winter headroom, resulting in underutilized winter grid capacity. This is enough room to add heat pumps in over 1 million homes — **9 times the number today** — within the current grid. This makes better use of Massachusetts's existing electric grid.

Reduce electricity rates

12% Heat pumps increase electricity sales across existing fixed grid costs, putting downward pressure on electricity rates. Upgrading all 1 million homes to a mix of all-electric and hybrid heat pumps could reduce electricity rates by 12% relative to what they would otherwise be, **saving customers \$240 annually, or \$692 million per year across all customers.**

Reduce emissions

30% Upgrading all 1 million homes to heat pumps could **cut Massachusetts' residential emissions by 30%, or 4.1 million tons of CO₂.**

Policy recommendations

- 1.** The governor should **reaffirm Massachusetts's goal of 500,000 homes with heat pumps by 2030** and make these targets an explicit part of the Commonwealth's electricity affordability plan to drive electricity rate improvements.
- 2.** The Department of Public Utilities (DPU) and Mass Save program administrators should **sustain and expand incentives for all-electric heat pumps**, while increasingly supporting well-designed hybrid systems as available winter headroom declines.
- 3.** The DPU should **continue improving seasonal heat-pump rates to better reflect the cost of serving heat pump load during off-peak periods**, building on the seasonal rates implemented by Eversource, National Grid, and Unitil.
- 4.** The Department of Energy Resources should **update the Stretch and Specialized Energy Codes to encourage heat pumps when central air conditioners are replaced**.
- 5.** Localities should **adopt the Specialized Energy Code**, supported by expanded state technical assistance and funding, to encourage heat pumps during new construction.

