EMT FAWG

RECOMMENDED PATHWAY

[DRAFT 1.28.2026]

1) Incorporate EMT dependency considerations into Integrated Energy Planning efforts, prioritizing demand reduction strategies.

What would it take to operate an evolving utility gas system reliably without EMT?

Since the March 29, 2018 announcement of the closure of the Mystic Generation Station, utility gas customers' reliance on the Everett Marine Terminal (EMT) has been subject to distinctive energy transition risks that will continue and evolve as the energy technology landscape changes. The FAWG has found that the four gas utilities that have executed contracts with EMT's owner, Constellation LNG LLC (Eversource Gas of MA, NSTAR, National Grid, and Unitil, together the "LDCs")[1] will remain reliant on EMT beyond 2030, to varying degrees, though the nature of the reliance will evolve by LDC. Currently, the LDCs rely on EMT both to meet customer demand and pressure support on the coldest days of the winter heating season (design days) and to maintain reliability during planned and unplanned outages of the interstate pipeline gas transmission system. While the electrification of heat is growing, these efforts have not scaled to the degree needed to eliminate reliance on EMT by 2030. Additionally, sufficient and feasible system alternatives have not been identified that could be implemented to eliminate reliance on EMT by 2030 both to meet design day requirements and to protect against gas transmission system outages.

In its review, the FAWG observes that the Commonwealth's climate policy efforts to reduce utility customers' gas use are foundational and complementary to reducing LDC reliance on EMT and could be deployed in ways that address the role EMT plays for each LDC. If targeted, such strategies increase optionality for future EMT utilization and reduce costs and risk for LDCs and their customers in the event of an unexpected EMT closure.

First, the FAWG recommends identifying options to accelerate strategic demand reduction that develop a clear pathway away from LDC reliance on EMT, recognizing that this may need to be accompanied by strategic, location-specific gas distribution system-related investment. This recommendation does not prescribe closure timelines or advocate specific supply-side alternatives. Instead, it focuses on demand-side strategies that create operational flexibility for multiple possible future outcomes while aligning with broader efforts to reduce gas use, recognizing that some limited targeted gas distribution system-related investments may be required.

[1] The LDCs' contracts with Constellation were approved by the Massachusetts Department of Public Utilities (DPU) in dockets 24-25 (National Grid), 24-26 (Eversource Gas of MA), 24-27 (NSTAR), and 24-28 (Unitil). The LDCs' contracts are currently Constellation's only EMT long-term contracts. Additional Massachusetts gas utilities purchase gas from EMT as needed in the spot market, and not pursuant to long-term contracts.

Second, to guide these efforts, the FAWG further recommends incorporating actions to reduce EMT dependency into comprehensive integrated energy planning (IEP) efforts. The FAWG recognizes that IEP is a component of the Electric Distribution Companies' (EDC) Electric Sector Modernization Plans (ESMPs) and that the EDCs are currently shaping the scope and goals of IEP. IEP is intended to take a system-wide perspective to deploy infrastructure investment more cost-effectively. Simultaneously, the LDCs have proposed a non-pipeline alternatives (NPA) assessment framework that considers how similar demand reduction strategies obviate the need for proposed gas capital investment projects. The draft NPA framework and the LDCs' proposed IEP engagement strategy are currently under review by the DPU in the Climate Compliance Plan proceeding. Incorporating EMT, a significant LDC-supported resource, into IEP would raise new coordination and procedural questions that the IEP's emerging structure has yet to explore.

While the FAWG does not take a position on the ultimate design of IEP, it recommends that IEP-related efforts explicitly account for the reduction of EMT dependencies given the overlapping objectives and system considerations. Further, it recommends that the LDCs include this aim in their EMT 2026 annual update and commit to reporting on how IEP will incorporate the reduction of EMT dependency considerations in their 2027 annual update.

To support this incorporation, **the FAWG makes the following sub-recommendations**:

- **A. Demand-side priority:** Gas demand reduction should be the primary strategy for reducing EMT dependency to address design day requirements.
- **B. Targeted supply-side or gas distribution system-related interventions** could be considered to maintain system integrity and reliability and achieve risk reduction within acceptable timelines and costs.
- **C. Focus on commercial & industrial loads, while considering targeted residential opportunities:** Given the concentration of EMT-dependent gas demand in commercial and industrial accounts, strategies should prioritize engagement with large customers, potentially for greater gas demand reductions at lower costs while simultaneously building geographically targeted residential program capacity, with particular attention to under-resourced customers and communities.
- **D. Develop EMT and gas peaking metrics & reporting practices.** Such metrics could include:
    a. Large customer peak loads (reported with sufficient aggregation to address customer privacy concerns)
    b. Hours in which EMT provides marginal system supply (operational flow orders and in-season liquid take by LDCs)
    c. End of season use of trucked LNG for on-system refills
    d. Weather trends and normalization of the above metrics
    e. LDC-level design day planning assumptions for EMT reliance (Forecast and Supply Plans)
    f. Contract capacity held at EMT by LDC
    g. Modeled conditions such as pressure shortfalls, capacity deficiency, or energy shortfalls under "EMT unavailable" in the context of evolving resource conditions

E. **Identify IEP opportunities for Everett residents and businesses:** As an environmental justice community that has hosted EMT for decades, these customers should receive elevated consideration for beneficial IEP opportunities.

2) Develop policy recommendations that lead to cost mitigation to gas ratepayers.

How can policy ensure that EMT's costs are reasonable and are also allocated and managed appropriately during the energy transition?

The LDC supply contracts include charges that cover fixed and variable costs and a margin associated with maintaining EMT's continuing operations. Other entities are able to purchase LNG and vapor at a relative discount—closer to spot market prices—as fixed costs are largely covered by the LDCs. If any of the four LDCs with long-term contracts eliminate their reliance on EMT, the total amount of fixed costs needed to maintain EMT operations could be shifted to the customers of the LDCs that continue to remain reliant on EMT, meaning cost mitigations for one set of LDC ratepayers may result in increased costs for other LDC ratepayers, rather than achieving systemwide savings.

The FAWG recognizes that addressing these cost dynamics will require policy development beyond the LDCs' direct control. The FAWG recommends identifying and considering mechanisms to support cost reduction and the fair allocation of EMT operational expenses across all entities served by EMT, whether or not they purchase gas supply from EMT pursuant to long-term contracts. Such efforts should explore the following questions:

- How should EMT's fixed costs be allocated if LDC utilization patterns diverge, recognizing EMT is relied upon by other entities in addition to the LDCs and their customers? What mechanisms could prevent disproportionate cost burdens on some, but not all, of the ratepayer classes who are customers of entities taking supply from EMT?
- What policy or market mechanisms could enable EMT to receive compensation for regional reliability services (i.e. in addition to the delivery of supply) that benefit parties beyond the contracted LDCs?
- Are there rate design structures that better align EMT costs with the distinct services it provides?
- Could policy encourage additional customers—inside and outside of Massachusetts—to contract with EMT in ways that broaden the base over which fixed costs are spread?
- Are there alternative regulatory structures that could better align EMT's costs with the beneficiaries and potential beneficiaries of its services?
- What role should state regulators, ISO New England (ISO-NE), or other regional entities play in addressing cost allocation for assets that provide critical regional services for multiple sectors?

3) Develop additional clarity on the long-term role that gas storage will play in the energy transition.

What role will EMT and other storage assets play in the region's energy system over the next 10-30 years in addressing supply needs and system reliability?

The FAWG's mandate focused on the LDC reliance on EMT, but EMT's broader role in the regional energy system creates uncertainties that affect how that LDC reliance should evolve. EMT provides services—pressure support, system redundancy, and potential electric generator supply—that extend or could extend beyond the LDCs' direct long-term EMT-contracts. Without greater clarity on the dynamics of these broader regional dependencies, it is difficult to assess the full implications of reducing or eliminating LDC reliance on EMT, or to determine who should bear the costs of maintaining EMT's operations if LDC utilization declines.

Existing studies from ISO-NE, industry groups, researchers, and policy advocates can inform aspects of this question but are often limited in scope to a single sector or have only a near-term outlook.[2,3,4,5] The FAWG recommends additional research and analysis, conducted prior to the 2030 contract renewal.

[2] Lander, Greg, and Peter Weigand. Solving New England's Gas Deliverability Problem Using LNG Storage and Market Incentives. Conservation Law Foundation, 2015. https://www.clf.org/wp-content/uploads/2016/03/Solving-New-Englands-Gas-Deliverability-Problem.pdf

[3] Levitan & Associates, Inc. Northeast Gas/Electric System Study. Northeast Power Coordinating Council, 21 Jan. 2025. https://cdn.prod.website-files.com/67229043316834b1a60feba3/678fee912264907c381a0f68_NPCC%20Northeast%20Gas%20Electric%20System%20Study.pdf

[4] ISO New England. *Operational Fuel-Security Analysis*. ISO New England, 17 Jan. 2018. https://www.iso-ne.com/static-assets/documents/2018/01/20180117_operational_fuel-security_analysis.pdf

[5] Schatzki, Todd. *Analysis of Winter Supplies from Gas-Fired Generators*. Analysis Group, 13 Nov. 2025. Presentation to ISO-NE Markets Committee.