D.P.U. 26-62 – Petition of the Massachusetts Department of Energy Resources Requesting that the Department of Public Utilities Open an Investigation into Time-Varying Rates

Tier 1 Proceeding Plain Language Summary

On April 8, 2026, the Department of Energy Resources (DOER) filed a petition with the Department of Public Utilities (Department) requesting the Department open an investigation into the design and implementation of time-of-use (TOU) electric rates. Currently, customers pay the same amount for electricity no matter when they consume it. The actual cost of supplying and delivering electricity varies throughout the day and by season (*e.g.,* when the grid is stressed on a hot summer afternoon and additional electricity is needed for air conditioning). With TOU rates, the price of electricity can change at different times during the day. Typically, prices are higher during a defined "peak period" of a few hours when electricity is most expensive, and prices are lower during an "off-peak" period for the rest of the day. TOU rates will empower customers to choose whether they want to reduce electricity use during peak periods or shift electricity use to lower cost off-peak periods, thereby saving money on their monthly bills. Additionally, TOU rates will help reduce strain on the electric grid, which saves all ratepayers money by reducing overall electric grid costs. TOU rates, which are in widespread use in other states, are modern, common-sense rates that empower customers to manage their monthly electric bills and reduce overall electric system costs for all customers.

DOER filed its petition to ensure TOU rates are ready for customers when the three major electric distribution companies (*i.e.,* Eversource, National Grid, and Unitil) finish installing new "smart meters" for all customers (called Advanced Metering Infrastructure, or AMI). Alongside its petition, DOER filed supporting exhibits, including a plan for implementing default TOU rates for all customers in Massachusetts alongside other recommendations (*see*, Exhibit A). This exhibit is the result of nearly three years of close work with stakeholders through the Interagency Rates Working Group and Electric Rate Task Force, which included dozens of stakeholder sessions and several opportunities for written comments. DOER's recommendations are the outcome of an inclusive, multi-step policy development process with robust collaboration between stakeholders and the state energy office.

DOER's petition requests that the Department open an investigation that will result in the electric distribution companies:

1. Establishing TOU rates for customers, including all components of the electric bill--supply, transmission, and distribution components -- as appropriate;
2. Planning for TOU implementation to ensure rate offerings are available to ratepayers without delay;
3. Preparing marketing, education, and outreach plans in coordination with stakeholders; and
4. Reporting on enrollment, ratepayer outcomes, energy usage, and bill impacts.

DOER's petition requests the Department aim to issue a final Order no later than April 2027. DOER's proposed timeline provides the electric distribution companies with ample time to plan for the implementation of time-varied supply, transmission, and distribution rates ahead of full AMI deployment, which is anticipated to conclude by the end of 2027.

About electricity costs

Electric bills are composed of supply and delivery charges. Supply charges reflect the costs of generating electricity, and delivery charges reflect the costs of poles and wires that deliver electricity to customers via the distribution (local) and transmission (long-distance) grids. The costs of each of these aspects of the electric system change depending on the time of day and year. DOER recommends time-varying these components of the electric bill to maximize the opportunities for customers to save money by managing their electricity use.

About smart meters (AMI)

Massachusetts' electric distribution companies are in the process of installing smart meters, or AMI. AMI, with additional enabling technologies, can allow customers to see real-time information about when they use electricity during the day, and how much electricity different appliances use. This information allows customers to make decisions about their own electricity use and enables innovative technologies to capture savings on a customer's behalf by managing their loads. AMI with TOU rates allow customers to voluntarily reduce their usage during a defined peak period when electricity is most expensive, or to shift electricity use to lower cost periods of time (*e.g.,* running the dishwasher at 9pm instead of 5 pm). DOER's proposed timeline would allow time-varied rates, with customer education, by August 1, 2028, so that customers can reduce their electric bills as soon as possible.