Wired Group

Synapse Energy Economics, Inc.

# Massachusetts Electric Sector Modernization Plans

## Summary of Reply Briefs in Dockets DPU 24-10/11/12

**GMAC Consultants**

**Synapse Energy Economics**

**July 12, 2024**

# Outline

- Scope of ESMPs
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- Net Benefit Analysis
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- Long-Term System Planning
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- Future ESMP Process
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These slides summarize the positions taken by parties in the reply briefs. Positions taken by parties in the initial briefs are not covered, unless the reply brief explicitly addressed them.

# Glossary of Acronyms

AMI: Advanced metering infrastructure

ASAP: Affordable solar access program

BCA: Benefit cost analysis

CBA: Community benefits agreement

CBO: Community-based organization

CESAG: Community engagement stakeholder advisory group

DERs: Distributed energy resources

DR: Demand response

DG: Distributed generation

DPU: Department of Public Utilities

EDCs: Electric distribution companies

EE: Energy efficiency

ESS: Energy storage system

EJ: Environmental justice

ESMPs: Electric sector modernization plans

EV: Electric vehicle

FNAP: Forecast and needs assessment process

GMAC: Grid modernization advisory council

HP: Heat pump

IEP: Integrated energy planning

NG: National grid

NWA: Non-wires alternative

PSP: Provisional system program

TVR: Time-varying rates

# List of Intervenors

| Intervenor | Abbreviation | GMAC Member | Filed Initial Brief | Filed Reply Brief |
|---|---|---|---|---|
| Department of Energy Resources | DOER | ✓ | ✓ | ✓ |
| Attorney General's Office | AGO | ✓ | ✓ | ✓ |
| Acadia Center | Acadia | ✓ | ✓ | ✓* |
| Green Energy Consumers Alliance | GECA | ✓ | ✓ | ✓* |
| Conservation Law Foundation | CLF | | ✓ | ✓* |
| Clean Energy Coalition | CEC | | ✓ | ✓ |
| Cape Light Compact | CLC | | ✓ | ✓ |
| NRG Retail Companies | NRG | | ✓ | |
| EVgo | EVgo | | ✓ | |
| Williams College | Williams College | | ✓ | ✓ |

* CLF, GECA, and Acadia filed a joint reply brief

# Scope of ESMPs (I) – Should the ESMPs be a central planning document?

## EDCs

No. The ESMPs should meet the objectives in G.L. c. 164§ 92B(a).

- "The statutory purpose of the ESMP is not to represent the entire distribution system planning scope for each EDC" (p. 5)
- The ESMPs include information about each EDCs "whole-of-business" strategic planning as context for the EDC's proposed incremental ESMP investments over the next five years (p. 5,10)
- The EDCs provide information about investments in other filings (p. 5)
- It would be impossible for the DPU to investigate every investment (p. 5)

## Intervenors

Yes.

- ESMP dockets should be "an efficient, centralized, comprehensive, strategic planning forum for achievement of climate law mandates" (CLF/Acadia/GECA, p. 7)
- ESMPs should be a centralized whole-of-business planning document (CLC, p. 6)

# Scope of ESMPs (II)

## EDCs

- Issues regarding timeline and processes for integrated energy planning to comply with D.P.U. 20-80-B, as well as general issues related to D.P.U. 20-80-B are not within the scope of these proceedings (p. 7)

## Intervenors

- DPU should require a compliance filing with standardized plan components, including a glossary of investments and purposes and a timeline of ongoing and future activities related to grid planning and investment (CLF/Acadia/GECA, p. 7)
- ESMPs dockets should provide a comprehensive forum for strategic planning, integrated energy planning, rate design, and ratepayer protection (CLF/Acadia/GECA, p. 7)

# Load Forecasts (I)

## EDCs

- Full standardization of forecasting methods and inputs across EDCs may result in less accurate forecasts (p.42)
  - The EDCs aligned their forecasts as much as practicable, and although the EDCs utilized different decarbonization pathways, they are very similar (pp. 40-41)
- Sensitivity analysis is not appropriate for five-and ten-year planning horizons (p. 43)
  - "Given many capital project timelines have longer lead times, the five- and ten-year planning horizons are not conducive to the introduction of increased uncertainty through sensitivity analyses." (p. 43)
  - "The five- and ten-year forecasts use data with high certainty such as customer applications and sensitivity of the underlying load and load growth to weather fluctuation is already addressed with the 90/10 weather adjustment."
    (p. 43)

## Intervenors

- Department should reject EDCs arguments for differences in load forecasting methods (AGO p. 12)
- DPU should order EDCs to utilize consistent approaches and reconcile fundamental forecasting differences (AGO pp. 12-14)
  - Not asking for EDCs to perform "on- size-fits-all" forecasting (AGO, p. 13)
- The DPU should direct EDCs to include sensitivities so that DPU and stakeholders can understand and evaluate the potential future investments that may occur (AGO, p. 14)
  - Inclusion of sensitivities acknowledges that "there are uncertainties regarding how EDCs will make ESMP investments" (AGO, p. 14)
  - EDCs ask for flexibility in how they make ESMP investments, and stakeholders should be able to analyze the implications (AGO, p. 14-15)

# Load Forecasts (II)

## EDCs

- ESMP forecasts fulfill statutory and DPU requirements (p. 39)
  - EDCs provided short term forecasts and a long-term demand assessment through 2050 which account for future trends and meet climate goals. (p. 39)
  - EDCs have been transparent and fully explained forecasting methodologies and assumptions (p. 40)
- EDCs should not be required to adopt GMAC forecasting recommendations (p. 38)
  - EDCs will try to align underling forecast assumptions across EDCs
  - Will take GMAC recommendations into consideration and work with GMAC to develop scenarios as sensitivities to base case long-term demand assessments (pp. 38-39)
  - Decisions to adopt the recommendations of others must be left to the EDCs, as forecasting utility systems is an integral part of the planning process to ensure safe, reliable service, and is not a matter of opinion or possible scenarios (pp. 38-39, 61)
- National Grid's forecasts are not generic, are tailored to its service territory, and its proposed investments proactively build capacity to prevent bottlenecks (p. 47)
- National Grid will not base forecasts and investments on expectation around customer behavior, and instead will respond to customer load requests as they are received and reprioritize its investments based on spot load proposals (p. 48-49).
- Eversource and Unitil's EV forecast models are directly matched to their territories whereas the NREL models are national models directed at being universally applicable, which is consistent with the AGO recommendation to use more state and EDC-specific data in forecasting (p. 45-46)

# ESMP Investment Categorization

## EDCs

- The proposed investments build on the current state of each EDC's system and pending CIPs and will proactively help enable achievement of clean energy goals (p. 10)
- The EDCs standardized the ESMP investment categories (p. 12).
  - Differences in proposed investments should be expected since each EDC's system needs are different (p. 13).
  - The EDCs appropriately categorized proposed investments, and differences in categorization do not impact review and approval proposed investments (p. 14)
  - DPU should reject DOER and CLC's request to require additional standardization of investments, because doing so could cause EDCs to forgo necessary investments because other EDCs do not have the same system needs (p. 14).
  - The AGO's suggested modifications to stakeholder input and standardization of the EDC's proposed grid services offerings would interfere with an ongoing MassCEC study and defeat the purpose of grid service offerings (p. 11-12)

## Intervenors

- EDCs categorized investments based on how they seek cost recovery, not based on the fundamental difference in investment type
  (AGO, p. 15)
- EDC approach to investment categorization clouds costs of the energy transition and prevents comparison of EDC proposals
  (AGO, p. 16)

# Net Benefits Analysis (I)

## EDCs

- The net benefit analysis methodology is standardized across EDCs and the inputs assumptions are reasonable (pp. 15-18)
- The ESMP investment categories are standardized (p. 12)
- Comparing net benefits across EDCs is not a statutory requirement and is not appropriate for determining for whether each EDC's ESMP provides net benefits (p. 16)
- Section 92B(d) requires a net benefit analysis based on the EDCs proposed plans (pp. 18- 20).
  - Net benefit analysis should not include multiple sensitivity analyses to account for hypothetical policy changes, adoption rates, or technologies (pp. 19-20).
  - Investments previously approved or reviewed or under consideration in separate proceedings should not be included in net benefits analysis (pp. 23-25).

## Intervenors

- DPU should require EDCs to make a compliance filing addressing inadequacies in net benefits analysis (AGO, p. 16; CLF/Acadia/GECA, p. 2)
- Net benefits analysis is inadequate because the analysis does not:
  - consistently categorize ESMP investments (AGO, p. 16; CLF/Acadia/GECA, p. 2);
  - include non-ESMP investments (CLF/Acadia/GECA, p. 2);
  - include previously approved investments on which ESMP investments rely (CLF/Acadia/GECA, p. 2); or
  - sufficiently consider alternatives to investments, such as NWA or EE (CLF/Acadia/GECA, p. 3).

# Bill Impacts (I)

## EDCs

- Bill impact analysis is consistent with DPU requirements and precedent. (p. 33)
- Potential mitigation of rates and bills should be addressed in net benefits analysis as an unquantified benefit (p. 36)
- A bill analysis that includes previously approved and potential future costs is complex and misleading (p. 34)
  - A bill impact analysis of future rate impacts from electrification would require assumptions regarding electrification adoption rates and customer behaviors and could mislead customers (pp. 35-36)

## Intervenors

- DPU should require next ESMP to include a comprehensive understanding of bill impacts of ESMP investments (CLC, p. 16)
- ESMPs do not provide sufficient information to assess rate impacts if DPU were to approve proposed cost recovery mechanisms (CLF/Acadia/GECA, p. 5)

# Cost Recovery (I)

## EDCs

- EDCs are not requesting preapproval or preauthorization of budgets (p. 25).
- Implementation of ESMP investments requires additional revenue support via a reconciling mechanism (p. 30)
- The ESMP is not a plan to meet the EDCs' core obligations, but rather is a plan to proactively improve the distribution system to achieve specific statutory objectives, which requires an accelerated level of investment incremental to the EDC's business-as-usual capital investment strategies (pp. 29-30)
- Base rates do not provide sufficient support for proactive ESMP investments (p. 27)
  - Customers could face delays in ability to adopt EVs or HPs if investments recovered though base rates (p. 32)

## Intervenors

- ESMP investments should be recovered through base rates (DOER, p. 17)
  - Will ensure ESMPs are focused on strategic planning rather than proposing incremental investments (DOER, p. 17)
- EDCs cost recovery proposal invites excessive expenditures (CLF/Acadia/GECA, p. 5)
- ESMPs do not provide sufficient information to assess rate impacts if DPU were to approve proposed cost recovery mechanisms (CLF/Acadia/GECA, p. 5)
- DPU order should emphasize that EDCs must demonstrate that deployment of investments was prudent (AGO, p. 5)

# Equity and Stakeholder Engagement (I) - CESAG

## EDCs

- CESAG should not be part of GMAC structure and will be co-chaired by a representative of the EDCs and of a CBO (pp. 50-51).
- CESAG is intended for the EDCs to partner directly with CBOs (p. 50)
- Nesting under GMAC structure could make the CESAG less agile which could hinder idea exchange and would result in GMAC members outnumbering CBOs which could result in diluting the CBOs feedback. (pp. 51-52)

## Intervenors

- CESAG should be under existing GMAC structure (DOER p.7)
  - Should be led by GMAC Equity Working Group (DOER p. 8)

# Equity and Stakeholder Engagement (II)

## EDCs

- No record evidence supports a requirement for the use of a distributional equity analysis (p. 20)
- The EDCs assessed impacts on EJ communities as part of net benefits analysis and found qualitative benefits resulting from reduced air pollution (p. 21)
- The final siting of potential projects will occur in the future, at which time the likely benefits and burdens of the project can be assessed and addressed through engagement with the community hosting the project (p. 20).
  - Assessing the full range of all benefits and burdens on specific communities is not within the scope of the ESMP as a strategic plan (p. 20)
- CBAs should be project specific and developed on an individual host community basis. Creating a uniform CBA presupposes the community's needs. (pp. 53-54)

## Intervenors

- The DPU should require the EDCs to perform distributional equity analysis for future ESMPs (DOER, p. 14)
- DPU should ensure equity is central to rate design aspects of ESMPs (CLF/Acadia/GECA, p. 8)

# Long-term System Planning (I)

## EDCs

- The EDCs propose a long-term proactive distribution planning process (p. 58)
  - Will expand stakeholder participation in ESMP planning process (p. 58)

**On July 3, 2024, the EDCs submitted a letter to the docket challenging the FNAP proposal and urging the DPU to disregard it. The DPU requested any parties to submit responses to the letter by July 11, 2024. DOER, AGO, and CEC submitted responses per the DPU's request.*

## Intervenors

- The DPU should direct the EDCs to conduct a Forecast and Needs Assessment Process (FNAP)* and follow a process with several elements: (DOER pp. 9-10; AGO p. 7)
  - Initial 18-month FNAP roadmap process between the GMAC and EDCs, which includes development of an expanded collaborative GMAC process
  - Annual review and update process of FNAP forecasts and planning inputs followed by adjustments to system investment plans
- DPU should order future processes related to grid operations, market operations, and data access (AGO, p. 9)

# Long-term System Planning (II) – DG Interconnection

## EDCs

- Proposed long-term proactive distribution planning process will include development of DG interconnection cost allocation framework (p. 59)
- Agree with CEC recommendation to extend the PSP while a long-term planning process is developed (p. 60)
- The DPU should defer consideration of potential rate design options, including DER interconnection cost allocation (pp. 57-58)

## Intervenors

- ESMPs do not include a long-term planning process for DG interconnection and therefore do not comply with G.L. c. 164, § 92B(a) (CEC, pp. 4-5)
- Flexible Interconnection options and process should be included in future ESMPs (DOER, p. 12)
- The DPU should direct the EDCs, within six months of the Department's order in the ESMP dockets (after working with stakeholders during such six-month period), a proposal for a uniform proactive long-term system planning analysis process for DG interconnection and a companion cost allocation methodology. This accelerated process could be included as part of the FNAP. (CEC, p. 11-13)
- DPU should investigate in a new proceeding an export tariff as the long-term cost allocation framework for DG (AGO, p. 8)
- DPU should direct EDCs to collaborate with GMAC to develop a long-term planning solution for renewable and DR connection (CLF/Acadia/GECA, p. 6)

# Future ESMP Process (I)

## EDCs

- DPU should not alter the statutory timelines for the ESMP because the forecast used to develop the ESMP would not capture the most up-to-date information at the time the ESMP is filed (p. 60-61).
- EDCs should not be required to standardize the content of the ESMPs (p. 55)
  - EDCs have already standardized the format of the ESMPS (p. 55)
- EDCs should not be required to file the AGO's request roadmaps for modernizing each utility function (p. 62)
  - ESMPs include a summary of non-ESMP investments which are reviewed in other proceedings and stakeholders can follow these other regulatory dockets to gain an understanding of the EDC's overall investment plans (p. 62).
- The public had ample opportunity to participate in the ESMP proceedings through two virtual workshops, public listening sessions, DPU hosted technical sessions, and public hearings (p. 63)

## Intervenors

- DPU should extend ESMP review period (DOER, pp. 5-7, CLF/Acadia/GECA, p. 5, CLC, p. 12)
- DPU should order the EDCs to participate in a GMAC-led structure for future ESMP development (DOER, p. 3, CLC, p. 12)
- Collaboration over time will be needed before concluding a longer GMAC review period is unnecessary (DOER, p. 4)
- GMAC consultant provided significant value and important technical expertise to GMAC and ESMP process and will continue to play an important role going forwards (DOER, p. 6, CLF/GECA/Acadia p. 7)

# Future ESMP Process (II)

## EDCs

- DOER's recommendations regarding biannual reporting content effectively require a summary of all activities, investments, and programs implemented by the EDCs (p. 65)
- Expansion in scope goes beyond the scope of the reporting requirements established by the legislature (p. 66)
- Providing too much information that is not relevant to the specific proposals at issue can lead to stakeholder confusion (p. 66)

## Intervenors

- EDCs should be able to participate in GMAC meetings, but with guardrails to allow sufficient time for other members to speak (CLF/Acadia/GECA, p. 7)
- Support for DOER's recommendations regarding biannual reporting and public webinars (CLC, p. 11)
- DPU should require Eversource to include in ESMP annual reporting a roadmap with timelines for dynamic and static TVR (CLC, p. 8)
- DPU should require progress on IEP in annual ESMP reporting (CLC, p. 15)

# Additional Issues (I)

## EDCs

- Williams College's future electrification needs are likely to be met by the proposed substation rebuild in National Grid's ESMP (p. 68).
  - If needs are not met, Williams College must submit a load request for National Grid to reprioritize investments (p. 68)
- Eversource is asking for guidance on whether it should pursue the Affordable Solar for All Program (ASAP).
  - If DPU supports the program, Eversource will submit a comprehensive program filing (p. 70)
- DER, ESS, other interconnection issues, EV managed charging, and load management programs should not be addressed in the ESMP proceeding. (pp. 70-72)

## Intervenors

- N.Grid does not proactively address spot loads associated with building electrification and therefore does not comply with Section 92B (Williams College, p. 4)
- DPU should require N. Grid to submit a compliance filing with proactive planning for building electrification spot loads and specific procedures to identify and serve customer needs (Williams College, p. 5)
- DPU should require Eversource and Unitil to collaborate with N.Grid in developing an active managed charging program for commercial fleet EVs (DOER p. 13)

# Additional Issues (II)

## EDCs

- EDCs already provide a significant amount of data on the state of the distribution system (pp. 55-56)
- Request for a system data portal is overly broad and likely to involve data that must be kept confidential (pp 55-56)

## Intervenors

- DPU should open a statewide data access proceeding (DOER p. 15, AGO p. 10)
  - Opportunity to align with the outcomes from the AMI stakeholder group (DOER pp. 15-16)
- DPU should order EDCs to develop a data platform that includes policy goals, system, modeling, and program data (AGO, p. 10)
- DOER is concerned with current lack of progress on a statewide data access strategy, and that without DPU direction EDCs will fail to implement AMI and TVRs in a timely manner (pp.15-16)
- DPU should require Eversource to propose a timeline for implementing third-party TVR (CLC, pp. 9-10)
- DPU should require a concrete timeline for the creation of an integrated energy planning working group (CLC, p. 14)