



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

MEMORANDUM

TO: Service Lists (e-mail only) in Electric Sector Modernization Plans, D.P.U. 24-10/
D.P.U. 24-11/D.P.U. 24-12

FROM: Kerri DeYoung Phillips and W. Jay Lee, Hearing Officers

RE: Technical Sessions

DATE: January 10, 2025

CC: Mark D. Marini, Department Secretary

I. INTRODUCTION

On November 21, 2024, the Department of Public Utilities ("Department") reserved multiple dates in January to conduct virtual technical sessions for discussion of issues involving an interim electric sector modernization plan cost recovery mechanism ("interim ESMP mechanism") and initial ESMP metrics and reporting requirements. D.P.U. 24-10/ D.P.U. 24-11/D.P.U. 24-12, Phase II Procedural Notice (November 21, 2024) ("Phase II Procedural Notice"). This memorandum: (1) limits the technical sessions to two dates within the reserved dates; (2) provides the public link for interested stakeholders to view the technical sessions; and (3) establishes the agenda for the technical sessions. Additionally, time permitting, the Department may begin preliminary discussions on considerations for longer-term cost recovery.

II. VIRTUAL TECHNICAL SESSION DATES AND PARTICIPATION DEADLINES

The Department reserved Tuesday, January 21, 2025, through Friday, January 24, 2025, for virtual technical session. Phase II Procedural Notice at 7. The Department also requested that the parties confirm by December 18, 2024, participant availability and scheduling limitations for the reserved dates. Phase II Procedural Notice at 6. No party provided such confirmation or identified scheduling limitations. The Department also established **Tuesday, January 14, 2025**, as the deadline for parties to submit technical session questions and final participant lists. Phase II Procedural Notice at 6.

Based on the topics to be addressed, the Department schedules the technical session for **Wednesday, January 22, 2025**, and reserves the morning of **Thursday, January 23, 2025**, through 1:00 p.m. for additional time, as needed. The technical session would commence at 10:00 a.m. each day, with participants logging in no later than 9:45 a.m.

As noted above, NSTAR Electric Company d/b/a Eversource Energy, Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid, and Fitchburg Gas and Electric Company d/b/a Unitil (together, “the Companies”), and participating intervenors shall provide to the Hearing Officers no later than **Tuesday, January 14, 2025**, the name, title, and e-mail address of the individual panelists that will participate in the technical sessions. The Department anticipates e-mailing dedicated links to the panelists by **Thursday, January 16, 2025**. By **Friday, January 17, 2025**, counsel for each participating party shall confirm via e-mail to the Hearing Officers that each designated panelist for the party has received an e-mail with a dedicated link. Additional guidelines for virtual technical sessions are provided in the Department’s February 23, 2024 Procedural Notice in these proceedings.

III. PUBLIC LINK AND DIAL-IN ACCESS

Members of the public and other interested stakeholders may view the technical session by accessing a publicly-available link from a computer, smartphone, or tablet, or by dialing in by phone. Public links and dial-in information will be posted to the Department’s website at the following location:

<https://eeaonline.eea.state.ma.us/DPU/Fileroom/Hearings/ByDate>.

IV. AGENDA

The Department provides a general agenda and preliminary questions to facilitate discussions at the technical sessions. **These questions are intended to inform and guide the discussions and do not reflect the official position or policy of the Department or of its Commission on the matters identified.** The Department will provide opportunities for Department staff and the parties to proffer additional questions and input relating to these items, in addition to any questions submitted by the January 14, 2025 deadline by the parties on these topics. The Department anticipates requesting input from both the Companies and participating parties on the questions raised.

- **Welcoming Remarks, Introductions, and Guidelines for Participation**
- **Topic 1: Interim ESMP Mechanism**
 - Should the Department limit the mechanism to the recovery of eligible capital investments, i.e., exclude operations and maintenance expenses?
 - Should the Department limit recovery of costs through the mechanism to particular ESMP investment categories and/or projects? In the alternative, should the Department prohibit the recovery of particular investment category and/or project costs through the mechanism, and/or should the Department require examination of particular ESMP investment categories and/or projects and programs through separate proceedings? For instance, how should the Department consider and address the recovery of costs for ESMP substation investments?
 - Should the Department pre-approve recovery of costs for particular ESMP investment categories and/or projects and programs? If so, would pre-approval require further process beyond June 30, 2025, in these or subsequent proceedings, and how could the Department limit the administrative burden of such an approach?
 - Should the Department apply different frameworks of review for different types of investments in establishing ESMP investments “eligible” for recovery through the mechanism, e.g., continuing grid modernization investments, projects/pilots to support projected electrification load growth, projects/pilots to explore non-wires alternatives (“NWAs”) and virtual power plants (“VPPs”), resiliency projects/pilots?
 - Discuss the pros and cons of different types of cost caps for the mechanism, e.g., spending and/or budget caps, revenue caps, revenue requirement caps, etc. As part of this discussion, address how initial baseline amounts should be calculated and/or established.
 - Should the Department consider cost recovery allocations other than through distribution revenue allocators?
 - What cost containment provisions other than those proposed by the Companies have been considered or should be considered?
 - What guardrails can be put in place to disincentivize potential overinvestment in infrastructure?
 - How can the mechanism be designed to best incentivize and balance investment in evolving and newer technologies and capabilities while also minimizing the

potential for stranded investments (both in physical infrastructure and newer software and information technology functionalities) and associated costs for ratepayers?

- At what point can or should reliance on NWAs and VPPs become permanent solutions in lieu of major infrastructure investments? How best can the Department incentivize these solutions during the ESMP term?

- **Topic 2: Near- and Longer-Term Reporting and Metrics**

- Should the Department refine and update ESMP reporting and metrics over time as the ESMP term progresses, consistent with the approach used for first and second term grid modernization investments?
- Summarize and discuss the proposed performance metrics detailed in the ESMPs and whether the Companies anticipate modifying those proposals for near-term reporting.
- *In consideration of the questions that follow for this topic*, discuss any metrics and/or data reporting that can or should be addressed in the September 30, 2025 ESMP report versus the March 31, 2026 report and subsequent reports.
- How can reporting on ESMP versus non-ESMP investments best be addressed and presented in the biannual ESMP reports?
- How can metrics and reporting best be addressed for ESMP investments submitted for recovery through the interim ESMP mechanism versus ESMP investments submitted for recovery through other avenues?
- Discuss whether any current grid modernization, electric vehicle, energy efficiency, or other program-specific performance metrics and reporting and/or formats (e.g., annual and cumulative reporting as provided for grid modernization investments) should be carried forward and applied to proposed ESMP investments. As part of this discussion, address considerations and limitations, including lessons learned, on these other metrics and approaches.
- Discuss potential approaches to assessing and reporting on qualitative benefits of ESMP investments (e.g., case studies) for particular projects or investment types.
- Discuss whether and, if so how, metrics and reporting can be established using the following data points, and identify potential sources, reliability, and availability of that data:
 - actual expenditures against budget estimates for investments, as well as corresponding variances;

- contribution of ESMP investments towards the outcomes identified in G.L. c. 164, § 92B(a), and based on benchmarks that may currently exist for these outcomes;
 - cost to achieve (e.g., \$ invested/greenhouse gas (“GHG”) reductions enabled);
 - quantified benefits identified in the Companies’ net benefits analyses (i.e., grid reliability and resiliency, reduced GHG emissions and air pollutants, and minimization or mitigation of impacts on the ratepayers of the Commonwealth);
 - customer benefits (if different than quantified benefits discussed above); and
 - distributional equity, especially regarding discrete investments that benefit environmental justice populations.
- Discuss potential processes for establishing target levels of performance against which actual performance can be measured, even if the target cannot be established initially. If possible, identify potential data sources that can be utilized to develop initial targets and consider whether and/or how targets should evolve over time (i.e., at what frequency should they be revisited/updated, if established).
 - Refer to Lawrence Berkeley National Laboratory (“LBNL”) Report, *Bridging the Gap on Data and Analysis for Distribution System Planning: Information that Utilities Can Provide Regulators, State Energy Offices and Other Stakeholders*, at 9 & Distribution System Planning Excel Data Tool (“Data Tool”) (January 2025). Discuss whether and how ESMP metrics and reporting should incorporate particular data points identified in the LBNL Report’s Data Tool.

• **Topic 3: Longer-Term Cost Recovery (time permitting)**

The Department intends to investigate in a separate proceeding how innovative approaches to cost recovery through base distribution rates can further the purpose of G.L. c. 164, § 92B, optimally balance our priorities, and promote efficiency. To help inform the subsequent proceeding(s), the Department requested informational comments from the parties to be submitted later this year on items and issues that should be considered. Phase II Procedural Notice at 8. Although longer-term cost recovery issues will be addressed outside these proceedings at a later date, due to the complexity of the issue and potential interplay with nearer-term solutions, the Department may begin preliminary discussions on the matter at the technical sessions. To the extent that interest and time permits, the Department encourages dialogue on this issue, including on the following questions:

- What are the necessary and appropriate modifications to recovery through base distribution rates, including but not limited to the use of a future test year and incentives to promote NWAs and VPPs, to accomplish the ESMP statutory goals

for electrification and clean energy? What would be necessary procedurally to make these modifications?

- **Closing Remarks and Next Steps**

V. CONCLUSION

For any questions regarding this memorandum or the technical sessions, please contact the Hearing Officers at kerri.phillips@mass.gov and w.jay.lee@mass.gov.