

GMAC Consultants Questions to the EDCs

Set #1

October 17, 2023

Chapter 13: Conclusion

All Utilities

The conclusion states that the EDCs are “working to refine their customer benefit analysis to include a quantitative and qualitative net benefits assessment, including a quantification of the greenhouse gas emissions reductions resulting from the Company’s investments included in the ESMP.” And that this net benefits assessment will be included in the EDCs filing with the Department in January.

1. Please summarize any information that you have on the methods, assumptions, and inputs that you plan to use in these customer benefits analyses.

Joint EDC Response:

Pursuant to the August 7, 2023 Memorandum issued by the Department of Public Utilities (“Department Memorandum”) regarding the Electric Sector Modernization Plans (“ESMPs”), the Department identified the requirements to be provided for the January ESMP filings. Specifically:

- Pre-filed testimony and supporting documentation that addresses how the distribution and transmission upgrades identified in the ESMP impact safety, security, reliability of service, affordability, equity, and reductions in greenhouse gas emissions. See G.L. c. 25, § 1A. Such testimony and supporting documentation should clearly distinguish between distribution and transmission system upgrades and related costs.
- Pre-filed testimony and supporting documentation that addresses how the ESMP provides net benefits to customers. The net benefits analysis must identify the projected benefits and costs, explain the methodology used, identify all assumptions relied on in the analysis, and address whether, how, and why any factors were prioritized in the analysis.

As a starting point for meeting these requirements, the EDCs have jointly engaged with a third-party consultant experienced in the development of net benefits assessments and associated approaches, methodologies, and calculations to produce and provide said net benefits. This effort across the EDC’s was kicked off on October 16, 2023, and detailed plans and timelines for completing draft analyses and testimony are actively in development.

The EDCs and the consultant will use a coordinated approach to identify all qualitative and quantitative benefits for the portfolio of proposed incremental solutions, including the benefits currently referenced in the ESMPs as well as additional customer and societal benefits of proceeding as proposed. Joint EDC meetings with the consultant will be held over the coming weeks to continue alignment on a common approach.

The EDCs will also review and consider past stakeholder efforts to identify and qualify net benefits. These include:

- The stakeholder driven working group on Grid Modernization formed pursuant to D.P.U. 12-76. Including, benefit-cost analyses and net benefits assessments for similar and related proceedings in Massachusetts where applicable, (e.g., Grid Modernization, AMI).
- Energy Efficiency program stakeholder efforts around net benefits measurement and impacts.
- The Department of Energy (DOE) developed A Strategy and Implementation Planning Guidebook (DOE Guidebook) for grid modernization that has served as the foundation for grid modernization plans (GMP) and benefits assessments for several jurisdictions.
- Net benefits assessments and approaches pursued by other states and regulatory bodies, where applicable.
- The consultant's experience and prior work in supporting net benefits assessments for other clients.

The EDCs expect to have a draft framework and approach developed on or around November 9, 2023. This will identify the full suite of benefits categories and the proposed approaches or methodologies for valuing these benefits, in alignment with each respective EDC's proposed investment portfolios.

2. Please summarize any information that you have on the methods, assumptions, and inputs that you plan to use to demonstrate that your ESMPs will minimize or mitigate impacts on ratepayers.

Joint EDC Response:

In addition to the response provided to question 1, the EDCs will be exploring how the culmination of net benefits supports the Commonwealth's overall policy objectives and goals, which will in turn seek to mitigate or minimize customer impacts between 2025 and 2050.

The DPU memorandum also requires the EDCs to provide documentation on projected bill impacts with one-year, three-year, and five-year outlooks of implementing the ESMPs as proposed.