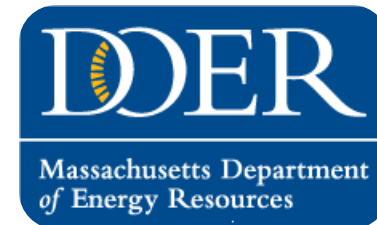


MASSACHUSETTS INTERAGENCY RATES WORKING GROUP

A Collaboration to Advance Near- and Long- Term Rate Designs that Align with the Commonwealth's Decarbonization Goals

LONG-TERM RATEMAKING DRAFT STUDY WORKSHOP

SYNTHESIS SESSION – NOV 13



AGENDA

- I. Introduction & Overview (5 minutes)
- II. Facilitated Discussion (45 minutes)
- III. Debrief and Close (10 minutes)



IRWG OBJECTIVES

- **Near-Term Rates Strategy** to address barriers to near-term electrification through rate design offerings available before electric consumers receive advanced metering infrastructure (AMI) meters.
- **Long-Term Ratemaking Study** to advise on recommendations for advancing ratemaking mechanisms and rates for a decarbonized energy system and the associated technologies and capabilities available.
 - **Regulatory and ratemaking mechanisms** that:
 - incentivize least-cost distribution system upgrades as the Commonwealth seeks to achieve its Clean Energy and Climate Plan targets through 2050;
 - incentivize improved grid reliability, communication, and resiliency; and
 - promote DER and generation for decarbonization;
 - **Rates** that:
 - accommodate transportation and building electrification, in addition to new loads
 - provide appropriate price signals, including to effectuate load management; and
 - minimize or mitigate impacts on ratepayers, especially low- and moderate-income ratepayers.



PURPOSE OF LONG-TERM RATEMAKING STUDY

- **Rate Design**

- Review of potential rate design options in Massachusetts with the deployment of advanced metering infrastructure (AMI)

- **Regulatory & Ratemaking Mechanisms**

- Review of existing regulatory and ratemaking mechanisms in the Commonwealth, with attention to barriers to decarbonization and affordable electrification
- The Long-Term Ratemaking Study and the IRWG's accompanying recommendations will provide a vision for advancing ratemaking to achieve a decarbonized energy system



STAKEHOLDER ENGAGEMENT OPPORTUNITIES

IRWG will release recommendations at the end of the year; please register for engagement opportunities at [IRWG's website](#)

OCTOBER

M	T	W	TH	F
	1	2	3	4
7	8	9	10	11
14 Indigenous Peoples Day	15	16	17	18
21	22	23	24	25
28 E3 Presentation of Draft Long-Term Ratemaking Study (LTRS)	29	30	31	

NOVEMBER

M	T	W	TH	F
				1 DG/DER Workshop (LTRS)
4	5 EDC/MLP/ Supplier Workshop (LTRS)	6	7 Consumer & Advocacy Workshop (LTRS)	8
11 Veterans Day	12	13 Synthesis Workshop (LTRS)	14	15 Public Comment Due on LTRS Deck
18	19	20	21	22
25	26	27	28 Thanksgiving Day	29



INTRODUCTION TO E3 PRESENTATION

- IRWG is requesting feedback on the **Long-Term Ratemaking Study Draft** presented by E3
- Feedback will inform the Long-Term Ratemaking Study prepared by E3
- The IRWG is hosting a workshop series to engage in dialogue with and between stakeholders on the draft Report
- **Written comments on the Long-Term Rate Strategy Draft Report are due by November 15, 2024** to give sufficient time for consideration and should be sent to Rates.WG@mass.gov

Stakeholder Feedback

Long-Term Ratemaking Study



Energy+Environmental Economics



Long-Term Recommendations



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Key research questions explored in this report

1. What are the anticipated drivers of electric system cost growth?
2. What is the range of rate options under “TVR” (time-varying rates), and what are best practices in designing TVR to reflect avoidable system costs?
3. How can TVR provide price signals to enable customer flexibility and efficient dispatch of distributed energy resources?
4. What are alternative regulatory approaches to traditional cost-of-service ratemaking that could supplement those already in place in the Commonwealth?
5. Could certain components of today’s electricity rates be shifted to non-ratepayer cost recovery to better support decarbonization and affordability?

Key takeaways

- + TVR covers a range of different rate design strategies with an inherent tradeoff between complexity and ability to reflect system conditions**
- + To provide customers with economically efficient price signals, TVR should ideally reflect changes in avoidable system costs over time**
 - Customers should anticipate that TVR rates will evolve year-to-year as system costs change
- + Many jurisdictions have taken the approach of implementing simpler TOU rates as default, with more complex TOU designs and/or CPP as opt-in rate options**
 - Affordability impacts for low-income customers should be considered prior to any TVR rate rollout
 - For real-time pricing (RTP), near- to mid-term potential is for highly flexible customers and end uses, likely not whole-home RTP
- + A winter-peaking grid will have high costs during the coldest hours of the year. A key challenge will be maintaining affordable building electrification while providing efficient price signals**
 - Key roles for TVR, non-bypassable charges, alternative ratemaking (PBR), and changes to cost recovery
 - Also key roles for programs and technologies that reduce winter peak impacts such as building shell measures, ground-source heat pumps, networked geothermal systems, and nascent technologies like thermal storage

WHAT WE HEARD

DG/DER

- Concerned about embedded cost assumptions and structure of non-bypassable fixed charge
- Broader issue of aligning utility incentives with DG/DERs and load management (and may be out of scope here)

EDCs/MLPs/Suppliers

- Data sharing to support retail suppliers
- Importance of aligning rates offered by suppliers and municipal aggregations with delivery rates

Consumer & Advocacy

- Extent to which customers will care/be engaged and responsive; Need to consider access to equipment that enables responsiveness and avoid penalizing customers without adoption/access
- Need for customer protections, such as bill caps – building equity into the system from the beginning
- Critical need to consider role of utility rate of return and current PBR structure on affordability and aligning incentives

Common

- Critical importance of customer education
- Opt-in versus opt-out needs better assessment of benefits/savings based on levels of participation
- Impact on ratepayers of any reforms is still unclear; Need representative data to both design and measure impact of new rates



ADDITIONAL AREAS TO DISCUSS

- Is the summary of stakeholder takeaways accurate?
- What is the role of rate design, compared to other programs such as Connected Solutions and Clean Peak, in managing peak load?
- What types of time-varying rate designs can align with/preserve DG incentives?
- What key steps do we need to pursue on the pathway from where MA is today and having full-scale TVR look like, to enable a successful transition? E.g.:
 - Comprehensive approach to customer education, including well-designed pilots, informed by research on opt-in versus opt-out results, etc.
 - Begin collecting AMI data as soon as feasible, to build a baseline through which we can analyze rate design options and customer impacts
 - Intentionally build in equity, including identifying and ensuring access to technologies that will enable demand responsiveness, and ensuring that customer protections are systematic
- What are the top electric rate policy agenda items for Massachusetts to address?
 - Investigate and develop ratemaking method that aligns utility incentives with State policy goals
 - What else?



UPDATE ON PROCESS AND NEXT STEPS

- Final written comments are due to Rates.WG@mass.gov by **November 15**
- Expect meeting invitation for presentation of energy justice assessment with Dr. Destenie Nock
- Comment on IRWG Long-Term Recommendations
- Continued opportunities for engagement





THANK YOU!

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