

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 STUDY – SEPTEMBER 19, 2024



AGENDA

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



CONTEXT

- Existing electric rates jeopardize the Commonwealth's clean energy goals as they remain a barrier to building and transportation electrification
- Massachusetts Interagency Rates Working Group (IRWG) was formed to **advance near- and long-term electric rate design and ratemaking that aligns with the Commonwealth's decarbonization goals** by prioritizing the reduction of energy burden while incentivizing transportation and building electrification
 - Includes representatives from the Executive Office of Energy & Environmental Affairs (EEA), the Massachusetts Clean Energy Center (MassCEC), the Department of Energy Resources (DOER), and the Attorney General's Office (AGO)



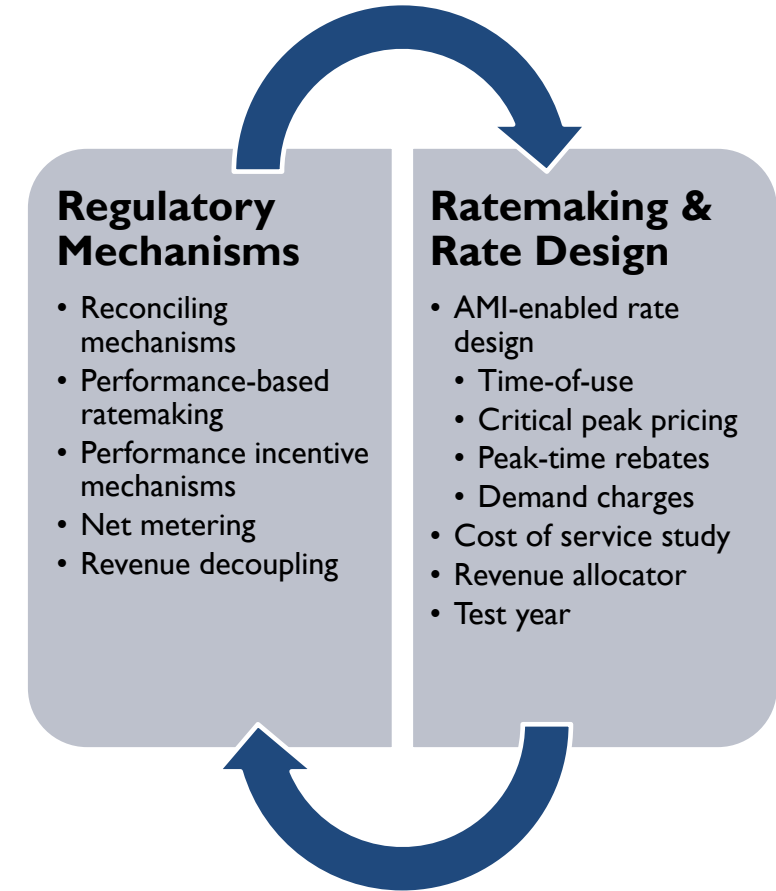
IRWG OBJECTIVES

- **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 present a vision and 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

- **Regulatory Mechanisms**
 - Review of existing regulatory and ratemaking mechanisms in the Commonwealth, with attention to barriers to decarbonization and affordable electrification
- **Ratemaking and Rate Design**
 - Review of ratemaking tools and potential rate design options in Massachusetts with the deployment of advanced metering infrastructure (AMI)
- The Long-Term Ratemaking Study, and the IRWG's accompanying recommendations will provide a vision for advancing ratemaking to achieve a decarbonized energy system.



FEEDBACK AND DISCUSSION QUESTIONS – GENERAL

- What are the biggest challenges Massachusetts faces in aligning electric ratemaking with long-term decarbonization mandates?
 - How should the state address these challenges in future ratemaking practices?
- How well do current ratemaking mechanisms and rate design accommodate new technologies like electric vehicles, heat pumps, and other distributed energy resources (DERs)?
- How can ratemaking help alleviate affordability concerns as Massachusetts transitions to a decarbonized grid?
- What are the most critical long-term goals that ratemaking needs to support in Massachusetts between 2030 and 2050?
 - What specific ratemaking changes would you prioritize to achieve these goals?
- What is the role for stakeholders (e.g., consumers, environmental groups, industry, utilities, etc.) in shaping electric ratemaking in Massachusetts?



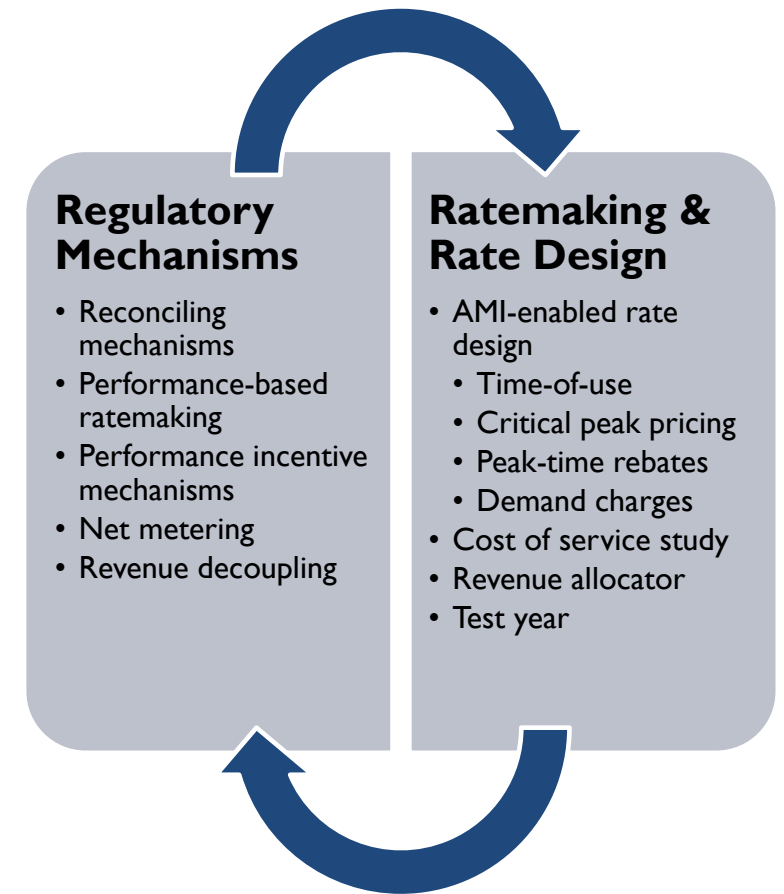
FEEDBACK AND DISCUSSION QUESTIONS

Regulatory and Ratemaking

- What changes to current regulatory and ratemaking frameworks (e.g., performance-based ratemaking, multi-year rate plans, etc.) could best support decarbonization and grid modernization?
- How can the state balance the need for cost recovery (for grid investments) with the goal of maintaining affordable rates for all customers?
 - Are there specific reforms or mechanisms that could help achieve this balance?

Rate Design

- What types of rate designs (e.g., time-of-use pricing, critical peak pricing, etc.) should we consider analyzing that can help manage peak demand, promote distributed generation, and accelerate electrification?
- How should advanced metering infrastructure (AMI) be leveraged to create new rate designs that reflect real-time grid conditions?



STAKEHOLDER ENGAGEMENT OPPORTUNITIES

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

- **Long-Term Ratemaking Study Kick-Off - September 19, 2-3:00pm**
 - Comment & Dialogue: Consumer and Advocacy Organizations: September 24, 2-3pm ([Registration](#))
 - Comment & Dialogue: Electric Distribution Companies, Municipal Light Plants, and Suppliers: September 27, 2-3pm ([Registration](#))
 - Comment & Dialogue: Distributed Energy Resources/Distributed Generation: September 30, 1-2pm ([Registration](#))
 - Synthesis Workshop: October 4, 1-2PM ([Registration](#))
- **Long-Term Ratemaking Draft Study – October 28, 11-12:30pm ([Registration](#))**
 - Comment & Dialogue: Distributed Energy Resources/Distributed Generation: November 1, 2-3pm ([Registration](#))
 - Comment & Dialogue: Electric Distribution Companies, Municipal Light Plants, and Suppliers: November 5, 2-3pm ([Registration](#))
 - Comment & Dialogue: Consumer and Advocacy Organizations: November 7, 3-4pm ([Registration](#))
 - Synthesis Workshop: November 13, 11-12PM ([Registration](#))





THANK YOU!

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