

Grid Modernization Advisory Council (GMAC)

MEETING MINUTES

Thursday, January 30, 2025, 1:00 p.m.– 3:00 p.m.

Hybrid meeting

- Councilors Present:** Deputy Commissioner Joanna Troy, Chris Modlish, Larry Chretien (virtual), Sarah Cullinan, Kate Tohme (virtual), JS Rancourt (virtual), Andy Sun (virtual), Alex Worsley (virtual), Julie Curti, Amy McGuire (virtual), Sarah Bresolin Silver, Alex Worsley, Kathryn Wright, Heather Takle (designee for Jonathan Stout; virtual), Kyle Murray (virtual; arrived at 2:15PM)
- Councilors Absent:** Marybeth Campbell
- Non-voting Councilors:** Andrew Schneller (National Grid), Kevin Sprague (Unitil, virtual), Jen Schilling (designee for Digaunto Chatterjee; Eversource)
- DOER Staff Present:** Aurora Edington, Julia Fox (virtual), Colin Carroll, Josh Ryor (EEA)
- Consultants Present:** Tim Woolf, Kyle Schultz
- Others Present:** Ashley Botelho (Eversource), Andrew Gumbus (National Grid), Chris Goulding (Unitil), Nancy Israel (National Grid)
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1. Call to Order

Deputy Commissioner Joanna Troy Department of Energy Resources (DOER), as designated Chair, called the meeting to order at 1:02 p.m.

2. Welcome, Roll Call, Agenda

Deputy Commissioner Joanna Troy welcomed all participants to the GMAC meeting and took roll call for voting and non-voting members.

3. Public Comment

There were no public comments.

4. Meeting Minutes Review and Voting

Deputy Commissioner Joanna Troy asked if there were any corrections or additions to the December 17, 2024, GMAC minutes. None were offered.

Councilor Sarah Cullinan moved to approve the December 17, 2024, GMAC meeting minutes. Councilor Kathryn Wright seconded. The motion carried.

5. Updates on GMAC Summer Stakeholder Session

Deputy Commissioner Joanna Troy gave a planning update on the GMAC Summer Stakeholder Session. She provided a summary of a mapping on the ways in which the public interacts with grid planning in various forums and asked GMAC members to send her a note if they have additional ideas.

6. ESMP Activities Updates

a. ESMP Phase II

Aurora Edington, DOER: There was a technical session last week. Testimony is due today (January 30, 2025) and evidentiary hearings are scheduled in March, if requested.

b. LTSP

Councilor Kate Tohme, New Leaf Energy, representing the distributed generation renewable energy industry: During last Tuesday's LTSP meeting, the procedural schedule was discussed to make sure they can meet filing deadlines. The EDCs filed a draft report with the working group and will provide the agreed upon procedural schedule in their report, and if not there, on the LTSP website. The EDCs provided a draft framework on January 14, 2025. Last meeting covered cost allocation. Can email Ashley Marton amarton@keeganwerlin.com if you want to be part of LTSP working group. Can also reach out to Kate with questions.

c. Other

Aurora Edington, DOER: The DPU opened an inquiry to investigate utility pole attachments last week. (D.P.U. 25-10/D.T.C. 25-1)

7. Electric Distribution Cost Recovery

a. Introduction

Deputy Commissioner Joanna Troy: Purpose of GMAC meetings for the next few months is level setting. There are consultant office hours, feel free to sign up for the next one.

Tim Woolf (Synapse) delivered a presentation on the basics of EDC cost recovery.

Ashley Botelho (Eversource): Added that in Massachusetts, there is regulatory lag built into some of the reconciling factors. Regulatory lag is the time between when the utility spends costs, and department approves rates for allowance in rates. Important for major changes in capital spend.

Tim Woolf: Clarification that the regulatory lag associated with recovery factors is a different sort of regulatory lag involved in base rates. In base rates, there is a possibility that EDCs won't recover all the costs, whereas in reconciling factors, there is a lag in the timing, but EDCs recover their capital (minus interest).

Councilor Larry Chretien, Green Energy Consumers Alliance, representing low- and middle-income residential customers: Highlighted the long list of reconciling factors. Also pointed out they are volumetric. Opens question of whether they should/can be restructured. They are different from base rates meant to recover cost of service.

Councilor Sarah Cullinan, Massachusetts Clean Energy Center, representing the Massachusetts Clean Energy Center: IRWG (Interagency Rates Working Group) put a resource on their website that calculates out how much of electricity bill is going to each program. Can send around a link. Also noted that each of the recovery factors go through a separate filing and analytical and administrative process. On electric bill itself, some of the line items are called out separately and some are not. The bill doesn't tell customers where their money is going to.

Josh Ryor, EEA: Are the recovery factors statutory or DPU approved? Asking because if the factors are statutorily required, can be put in base rates.

Councilor Andrew Schneller (National Grid): Wanted to highlight difference between Grid Mod factor and ESMP factor. Noted that pension adjustment factor is now in base rates.

Councilor Chris Modlish, Massachusetts Office of the Attorney General, Representing the Attorney General: Sounds like we're coming to a consensus that one isn't necessarily better than the other (i.e., base rates versus reconciling factors). There are negative consequences to having so many reconciling factors. Clear that it is on the DPU's mind.

b. EDC Update on ESMP Phase II Cost Recovery

The EDCs gave a presentation on their ESMP cost recovery mechanisms. Ashley Botelho provided background on the ESMP Phase II proceeding.

Councilor Sarah Cullinan: Clarified what a tariff is – the “map of the road” for what costs go into each cost recovery mechanism.

Andrew Gumbus (National Grid): Discussed what costs they are proposing to go into the tariff (ESMP O&M and capital expenses). Proposing to spend costs ahead of time, then go through regulatory review and recover costs the next year.

Councilor Sarah Bresolin Silver, ENGIE North America, Representing the energy storage industry: Do EDCs anticipate there could be a problem with not building enough ESMP investments because of the cost cap?

Councilor Andrew Schneller: Feel that they'll be able to live with in cap. Build them with enough flexibility.

Deputy Commissioner Joanna Troy: Revenue cap – what is it capping?

Andrew Gumbus (National Grid): Annual revenue cap is a cap in the annual increase in the ESMP costs recovered.

Councilor Alex Worsley, Enel North America, representing the transmission-scale renewable energy industry: Can EDCs explain the distinction between capital versus operation and maintenance (O&M) costs?

Jennifer Schilling (Eversource): Capital costs include the poles, the assets, etc. If we are going to inspect it or maintain it, it is an O&M cost.

Andrew Schneller (National Grid): Grid compensation services are O&M – National Grid isn't building anything. Also notes that capital costs recovered over the lifetime of the investment.

Councilor Sarah Cullinan: Are costs spending caps? Can you go over in spending and then defer the cost?

Andrew Gumbus (National Grid): Both. The first cap is referring to total amount of capital spend (different from capital in service, which has a lag). Any amount of overspend to cap would be eligible for prudence review and could be rolled into base rates during next rate case. The other cap [cap on increase in spending] is meant to prevent rate shock. Anything in excess would be deferred.

Ashley Botelho (Eversource): For annual revenue cap, could defer costs from one year to the other. The amount over the term cap would be deferred and potentially included in the next base rates case.

Councilor Amy McGuire, Highland Electric Fleets, Representing the electric vehicle industry
Federal grants – scale and finalized?

Councilor Andrew Schneller (National Grid): Some grants are secured – e.g., spend on FLISR and DERMS. Lots of uncertainty.

Chris Goulding (Unitil): Discussed the annual filings and prudence reviews.

Councilor Sarah Cullinan: Another point to consider regarding prudency reviews – it's the Department's job to determine if the investments make sense. Department has limited staff and resources. How can Department do a review that they can say is within ratepayer interests without overburdening EDCs or department staff. Balancing oversight and burden and staff.

Ashley Botelho: Agrees. It's burdensome on EDCs as well. The biannual reports provide a lot of information. Gets into weeds of how EDCs have executed on investments and their investments.

Councilor Chris Modlish: Echoes comments, AGO also has limited resources. Want to set up processes to allow EDCs to do their job and allow oversight.

Tim Woolf: Prudence also covers whether decision to implement was a good one. But DPU has been clear that prudency in this context is in the implementation of the investments.

Councilor Andrew Schneller: Difference between Grid Mod (pre-approved) prudency is it's all about execution, whereas ESMP is not pre-approved, so prudency reviews are meant to consider whether the EDCs made a decision that was prudent given the information available to them at the time of the decision.

Jennifer Schilling (Eversource) gave a summary of Eversource's ESMP investments. The categories of distributions are consistent across EDCs.

Andrew Schneller (National Grid) gave a summary of National Grid's ESMP investments.

Kevin Sprague (Unitil) gave an overview of Unitil's ESMP investments. They haven't changed since the initial ESMP filing.

c. Facilitated Cost Recovery Discussion

Counselor Sarah Cullinan (MassCEC) and Chris Modlish (AGO) led a facilitated discussion about cost recovery generally and about the ESMP cost recovery proposals.

Councilor Kathryn Wright, Barr Foundation, representing the environmental justice community: Its helpful to see how cost recovery and metrics/reporting all nest together.

Jennifer Schilling (Eversource): Is there a way for us to better articulate how, for example, a platform investment opens up the opportunity to create other investments. Is the group interested in EDCs telling the story about how they opened up an opportunity?

Councilor Sarah Cullinan: Do we really need to break out benefits and costs by every device and every investment? Probably not, but we want to get there in the least cost way.

Councilor Alex Worsley: Narrative in how we consider benefits - consideration of alternatives is important. Creating a narrative explaining how you got to decision, what alternatives were considered is important.

Councilor Larry Chretien (Green Energy Consumers Alliance): With amount of money being spent, obvious that job of reducing GHGs can get done. But there's a range of how to get there. EE – depending a lot on consultants doing EM&V – they were looking at costs and benefits. When thinking about EE costs, EM&V was a tiny slice of the total costs but was well worth it. Does this process for ESMPs allow GMAC to get the same sort of feedback from its consultant? Is that part of the feedback from Synapse, or any other consultant?

Councilor Andy Sun, Massachusetts Institute of Technology, representing engineering expertise in interconnecting clean energy: in terms of options of investments – Eversource mentions investments in integrated energy planning. Is that investment in tools, or saying that tools will be used to determine what options there are? Could that be something that consultants or utilities could present?

Jennifer Schilling (Eversource): Includes tools. E.g., their gas and electric GIS don't talk to each other. Investment is around tools and incremental labor.

Deputy Commissioner Joanna Troy: Sounds like GMAC would be interested in reporting out of how tools are being used.

Councilor Chris Modlish: Issue of costs and benefits, more transparency from EDCs. AGs office interested in decision making process of choosing between menu of options, but what about also screening out whether any investment is not a good decision. Something that could be described in reports.

d. Question on Consultant Support for ESMP Phase II

Deputy Commissioner Joanna Troy: Recognize that the GMAC is not an intervenor in the ongoing proceeding. Consultants have offered to produce a memo summarizing proceeding and also offering Synapse thoughts. Is the GMAC interested in that work?

Councilor Sarah Bresolin Silver: Yes.

Councilor Sarah Cullinan: Hesitant about bullet about Synapse thoughts. Would encourage Synapse to be as neutral as possible.

Deputy Commissioner Joanna Troy: Could be analysis, maybe not opinionated analysis.

Councilor Julie Curti, Metropolitan Area Planning Council, Representing municipal or regional interests: A hearty second.

8. Close and Next Steps

Deputy Commissioner Joanna Troy: Still strategically planning for after July. Please email with thoughts.

Deputy Commissioner Joanna Troy, as Chair, adjourned the meeting at 3:00 p.m.

Respectfully submitted,

Kyle Schultz

Synapse Energy Economics

Meeting Attachments

- Meeting Agenda
- Meeting Slide Deck
- GMAC Cost Recovery Fact Sheet
- January Activity Tracker