



COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF ENERGY RESOURCES

# Grid Modernization Advisory Council Equity Working Group

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March 5, 2024

# Agenda

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Item	Time
Welcome, Agenda, Roll Call	3:00 – 3:05
Review of 2024 GMAC Process	3:05 – 3:10
Discussion on 2024 EWG Process and Role	3:10 – 3:15
Presentation on ESMP Filings	3:15 – 3:35
Discussion on Equity Considerations in ESMPs	3:35 – 3:55
Close	3:55 – 4:00

# Roll Call

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## Equity Working Group membership

Kathryn Wright, Chair

Chris Modlish

Julia Fox

Erin Engstrom (non-voting)

Mary Wambui

Vernon Walker

Kyle Murray

Larry Chretien

Barr Foundation

Attorney General's Office

Department of Energy Resources

Eversource

Planning Office for Urban Affairs

Clean Water Action

Acadia Center

Green Energy Consumers Alliance

## Consultants

Jennifer Haugh

Chelsea Mattioda

Tim Woolf

GreenerU

Synapse

Synapse

# 2024 GMAC Meeting Schedule

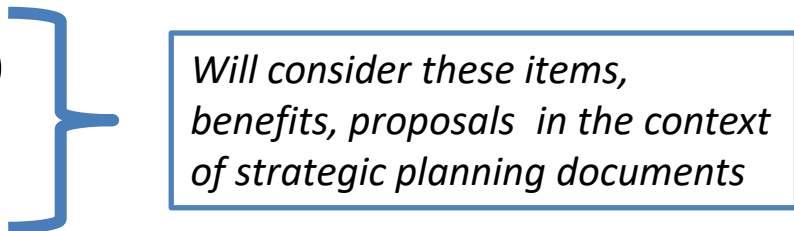
## GMAC Meeting Schedule

- **February 28, 2024**
    - DPU procedural recommendations discussion
    - Consultant presentation on initial ESMP filings
    - *Meeting materials can be found on the [GMAC website](#)*
  - **June/July 2024**
    - Consultant update on the ESMP docket process
  - **September 2024**
    - GMAC meeting after DPU ESMP Order
    - Discuss next steps for GMAC
- The Executive Committee will meet about three weeks ahead of each GMAC meeting.
  - We will discuss the Equity Working Group meeting cadence during this meeting.

Procedural Schedule for D.P.U. 24-10, 24-11, and 24-12	
Date	Action
1/29/2024	ESMP filings submitted to DPU
1/30/2024	Discovery (General Track) begins
2/20/2024	Pre-hearing statements (General Track) due
3/1/2024	EDCs' first discovery logs due
3/5/2024	Intervenor testimony due
3/5/2024 at 2:00 p.m.	Public Information Session on ESMPs
3/7/2024, at 7:00 p.m.	Virtual Public Hearings
3/12/2024, at 2:00 p.m.	
3/12/2024	<b>Written public comments due</b>
3/8/2024	Reserved for technical sessions
3/11/2024	
3/13/2024	
(All 10:00 a.m. – 5:00 p.m.)	
3/25/2024	Deadline to issue discovery
4/1/2024	EDC's updated discovery logs due
4/8/2024 – 4/26/2024	Evidentiary hearings
TBD	Briefing
8/29/2024	DPU Order deadline

Any questions or comments?

# DPU Interlocutory Order on Scope

- On February 20, 2024, the DPU released an [Interlocutory Order](#) that established what will and will not be adjudicated in the ESMP proceedings.
- The DPU is reviewing the current proceedings with a "strategic plan approach". The first ESMPs shall be evaluated as long-term, strategic planning documents that endeavor to meet the objectives of the Climate Law.
- The DPU will:
  - Review compliance with statutory requirements, forecasting methods and net benefits proposals, and consider appropriate cost recovery framework (i.e., base rates and/or annual reconciling mechanisms)
  - Establish standards of review for these and future ESMPs
  - Provide guidance on procedure for subsequent phases of the current ESMPs and for future ESMP filings
- The DPU will not adjudicate:
  - Budget pre-approval requests (incl. CIPs)
  - Cost allocation proposals
  - Rate design or rate redesign proposals

*Will consider these items, benefits, proposals in the context of strategic planning documents*
- The DPU will have a later phase of the current proceedings for performance metrics.

## Next Steps for Equity Working Group

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- Per the Charter, this group is focused on providing recommendations to the GMAC on equity in the draft Electric Sector Modernization Plans and its implementation, specifically issues related to:
  - Rate impacts to low-income ratepayers
  - Environmental justice populations
  - Metrics
- **This limits our direct participation as a group in public comment in the DPU docket, but we can still provide information for the public through our discussions.**

# Proposed Meeting Plan for the Year

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## Summer 2024:

- Review implications and next steps from the DPU affordability docket ([DPU 24-15](#)) on the ESMPs
- Updates on key equity-focused aspects of the Electric Sector Modernization Dockets
- Provide feedback to DOER on planned Grid Modernization Outreach (DOER has received \$50,000 in supplemental GMAC funding for engagement for 2024)

## Fall 2024:

- Review ESMP Order and discuss its implications
- Support rollout of DOER outreach materials and plans
- Determine next steps for Equity Working Group

There may be additional public sessions in later in 2024 which we can also support.

**Questions for Discussion: Is this the right set of topics? Given the context, how can we be most supportive to the public and the field?**

# Priority Areas of Discussion for Later This Meeting

**For supporting material:** Please review the utility responses to stakeholder/community engagement-related issues (see meeting attachment prepared by consultants). Within the ESMP text, the EDCs have adopted uniform definitions of equity in alignment with the group's suggestions and provided more detail on stakeholder engagement processes and procedures in Section 3 of the ESMPs. We will now receive a presentation from the consultants next on the new ESMP content filed at the DPU.

Topic – Organized per the initial Equity Working Group Comments on the ESMPs	Areas with Outstanding Concerns
Procedural	CESAG Other Related Working Groups
Distributional	Distributional Equity in Rates Prioritize addressing current and future service quality gaps
Recognition	Benefits of Grid Modernization Community Benefit Agreements



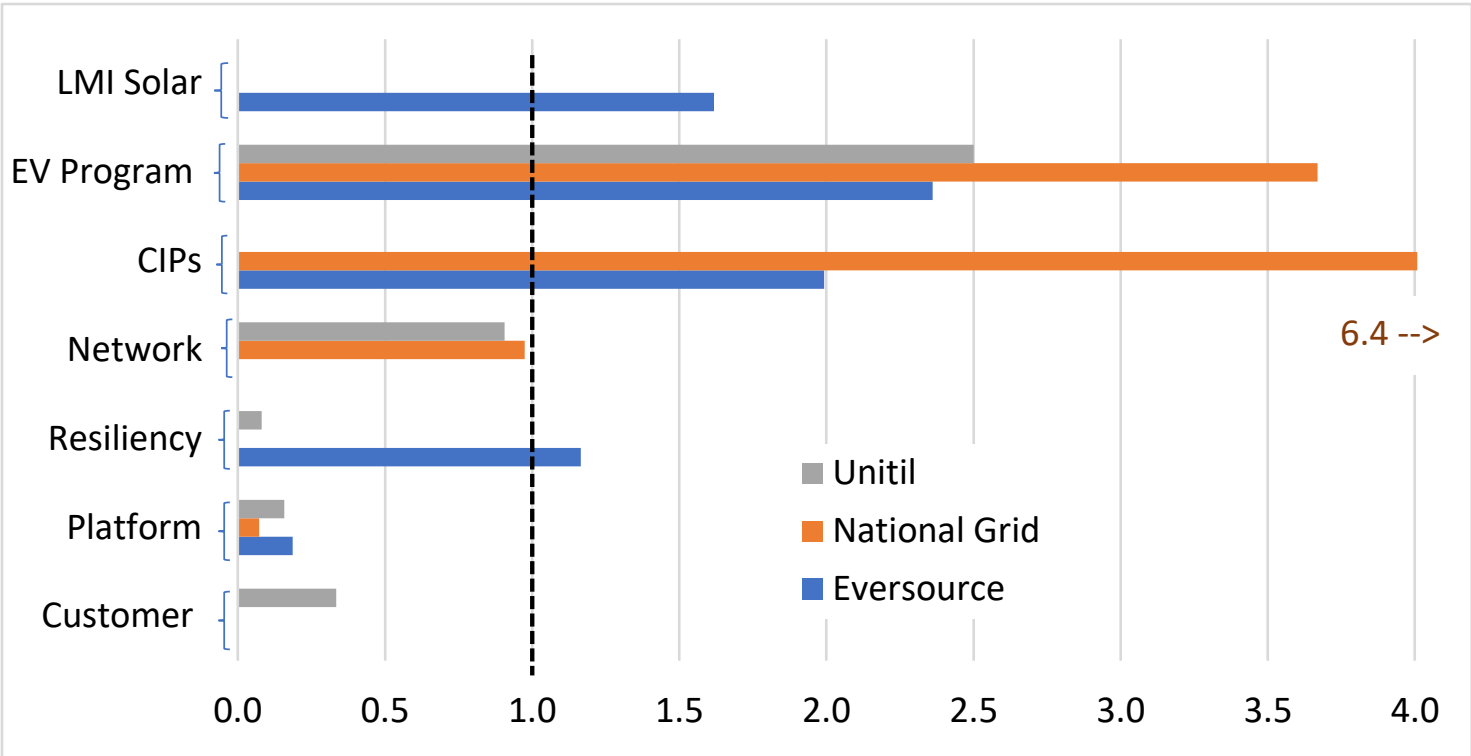
# Benefit-Cost Ratios: All EDCs

Table 7. Comparison of Benefit-Cost Ratios Across EDCs

Investment	Benefit-Cost Ratios		
	Eversource	National Grid	Unitil
Customer	0.0	0.0	0.3
Platform	0.2	0.1	0.2
Resiliency	1.2	--	0.1
Network	--	1.0	0.9
CIPs	2.0	6.4	--
EV Program	2.4	3.7	2.5
LMI Solar	1.6	--	--
ESMP Admin	--	0.0	0.0
<b>Total</b>	<b>1.5</b>	<b>1.2</b>	<b>0.8</b>

Aggregated results are greater than 1.0 for Eversource and National Grid, but less than 1.0 for Unitil.

Results by investment type vary by EDC and by type.



# Overview of Costs and Benefits

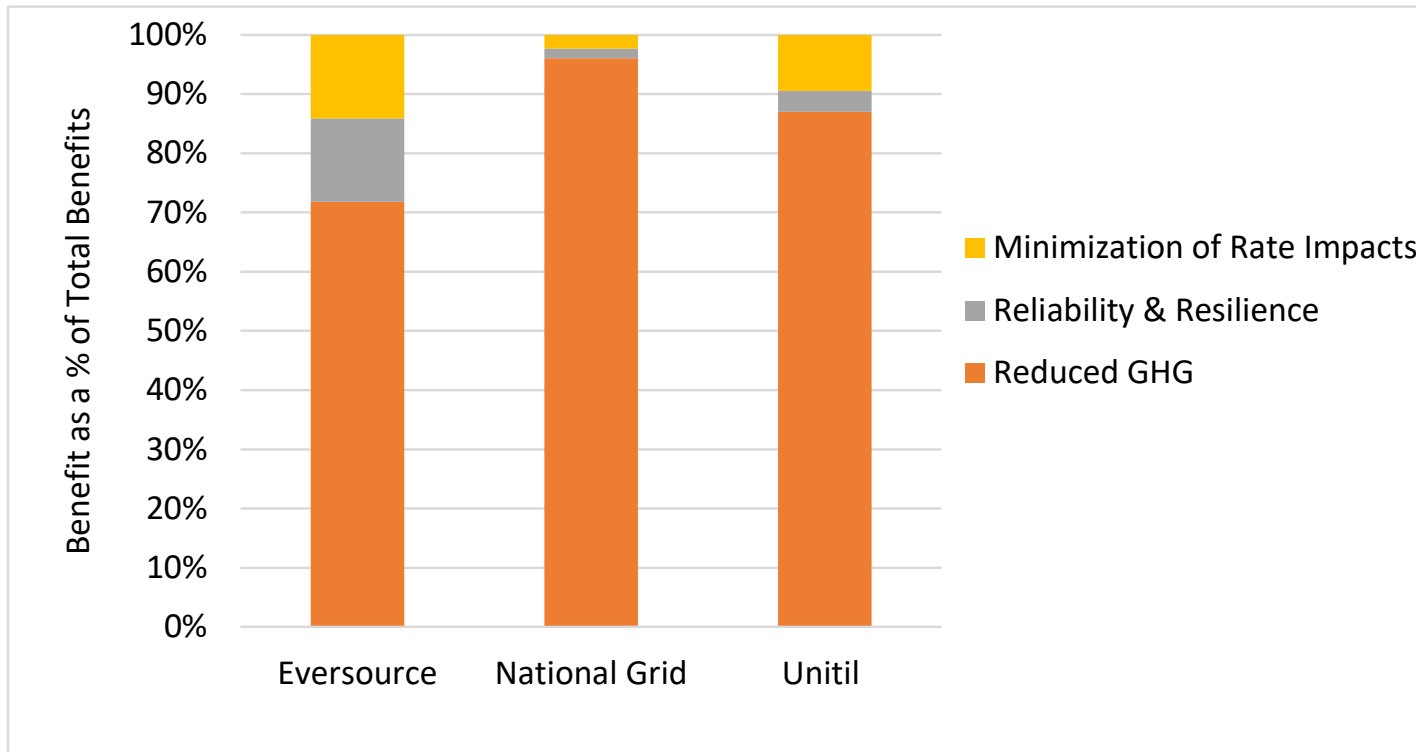
National Grid results are presented as an example

Table 10. Benefit-Cost Analysis of ESMP Investments (Mil PV\$): National Grid

Investment	Costs	Benefits				Results	
		Reduced GHG	Reliability & Resilience	Minimization of Rate Impacts	Total Benefits	Net Benefits	BCR
Customer	122	-	-	-	-	(122)	0.0
Platform	358	26	-	-	26	(332)	0.1
Network	1,343	1,213	40	55	1,308	(35)	1.0
CIPs	54	348	-	-	348	294	6.4
EV Program	221	809	-	3	811	590	3.7
ESMP Admin	38	-	-	-	-	(38)	0.0
<b>TOTAL</b>	<b>2,136</b>	<b>2,396</b>	<b>40</b>	<b>58</b>	<b>2,493</b>	<b>357</b>	<b>1.2</b>

*Exhibit-NG-Net Benefits-4-ESMP Net-Benefits, Model-workpapers, Summary Tab.*

# BCA Benefits by Type

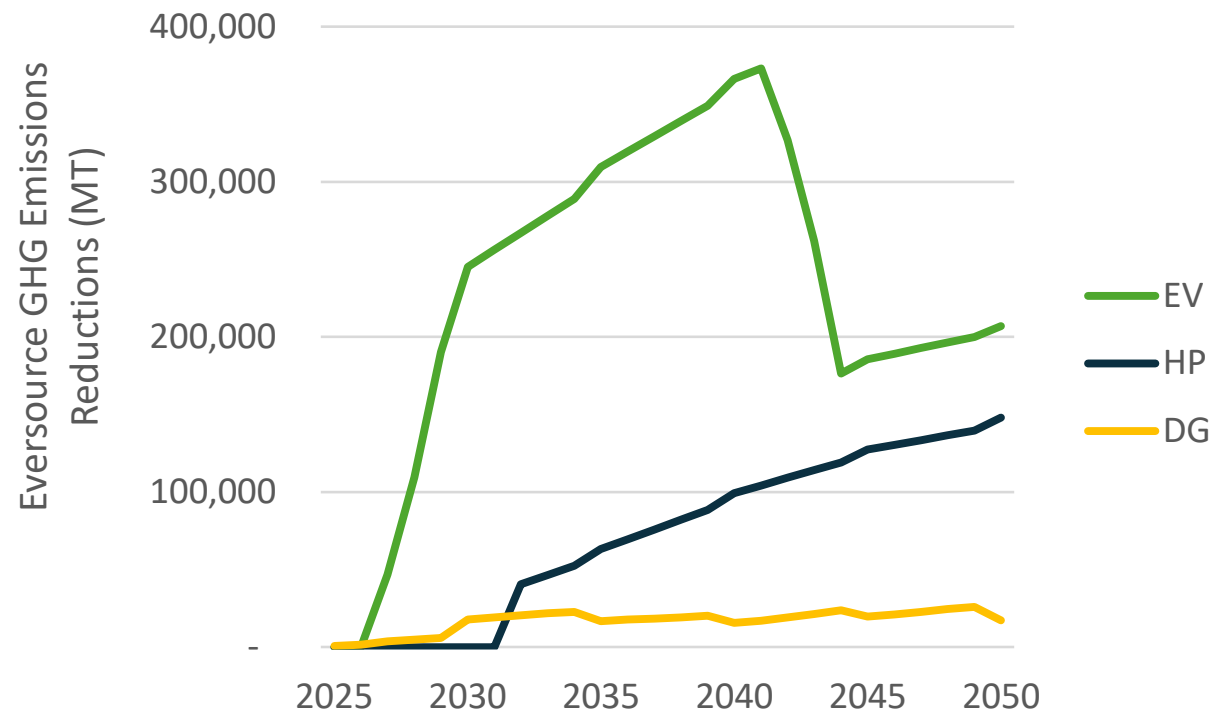


The vast majority of benefits are from the GHG emission reduction benefits.

Which are created by the new technologies (EVs, HPs, and DG).

Which are enabled by the ESMP investments.

# Key Technologies Driving the GHG Reductions



EVs provide the greatest GHG reductions by far.

The EV reductions drop in 2045 because the technology is assumed to have a 15-year measure life.

This chart is for Eversource. National Grid's chart has a similar shape, but the total amounts are much greater.

# Enabled Technologies Relative to CECP Goals

The information below does not include technologies installed to date or between now and 2025. Therefore, one would expect the ESMP values to be slightly below the CECP targets.

- Eversource is well below all the ESMP targets.
- National Grid is below the targets for DG and HPs.
- Unitil is well above all the targets.

	ESMP as % of CECP Targets			ESMP Technologies Enabled by 2030			2030 CECP Targets		
	DG (MW)	EVs (# units)	HPs (# units)	DG (MW)	EVs (# units)	HPs (# units)	DG (MW)	EVs (# units)	HPs (# units)
<b>Eversource</b>	<b>17%</b>	<b>27%</b>	<b>23%</b>	521	121,000	30,000	2,980	450,000	128,766
<b>National Grid</b>	<b>33%</b>	<b>98%</b>	<b>57%</b>	1,179	492,000	84,000	3,611	500,477	147,231
<b>Unitil</b>	<b>143%</b>	<b>358%</b>	<b>186%</b>	30	4,748	2,550	21	1,325	1,374

# Consultant Comments: BCA

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EDCs bifurcate investments into ESMP and non-ESMP.

- Not consistent with the Climate Act and does not allow for optimization across the two.

BCAs do not include a transparent or robust analysis of alternatives.

- Does not allow for optimization of either ESMP or non-ESMP investments.

Treatment of costs not appropriate.

- Capital costs are input as annual expenditures but should be in the form of revenue requirements.

BCAs do not account for utility system impacts associated with the enabled technologies.

- Yet the primary benefit of the ESMP investments is the benefit from enabled technologies.

Macroeconomic impacts do not account for impacts of changes in electricity rates.

Interrelated functions.

- ESMPs focus on aggregated investments, but disaggregated results are useful as well.

Discount rate.

- EDC weighted average cost of capital is not an appropriate discount rate.

Taken together, these concerns mean that we have little confidence in the BCA results.

- Some concerns suggest that costs and benefits are too high, and some suggest the opposite.

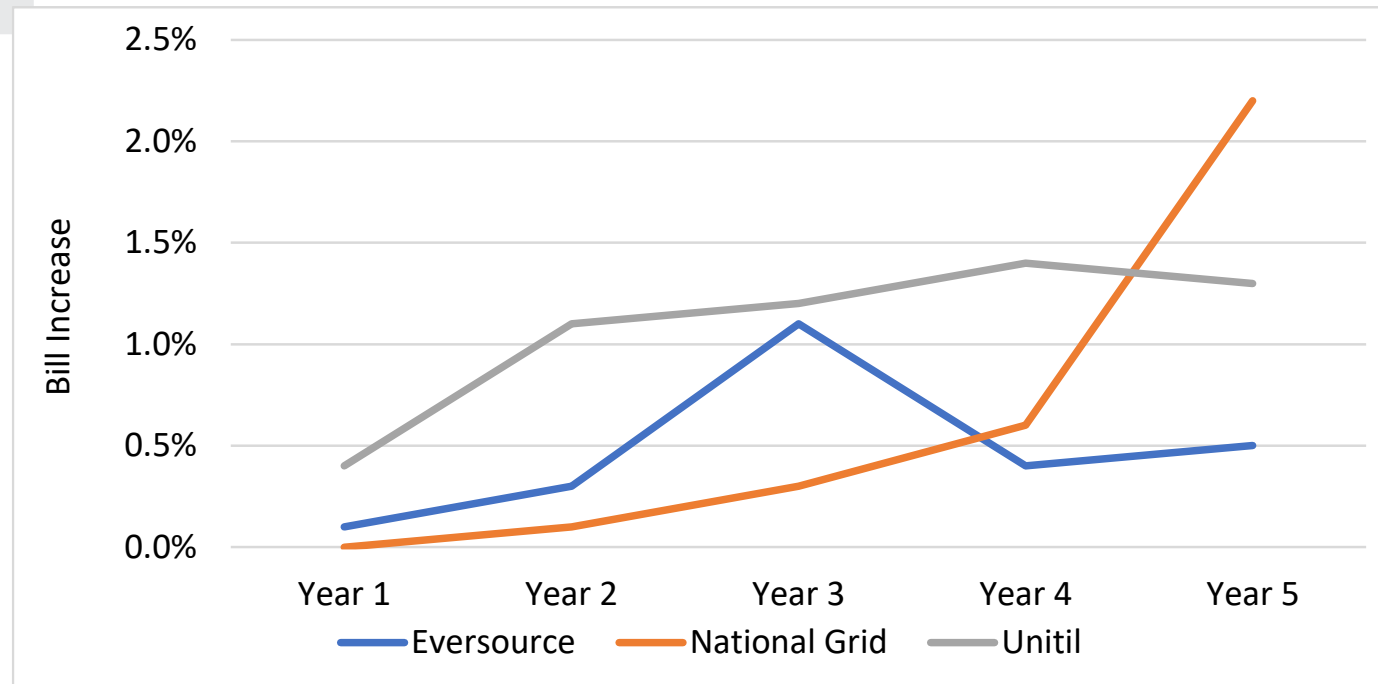
# Bill Impact Analysis: Summary of Results

Utility	Year 1	Year 2	Year 3	Year 4	Year 5
Eversource	\$0.27	\$0.51	\$2.12	\$0.83	\$0.91
	0.1%	0.3%	1.1%	0.4%	0.5%
National Grid	\$0.00	\$0.19	\$0.67	\$1.2	\$4.79
	0.0%	0.1%	0.3%	0.6%	2.2%
Unitil	\$1.03	\$3.03	\$3.12	\$3.78	\$3.48
	0.4%	1.1%	1.2%	1.4%	1.3%

*Eversource*: bill impacts are 1% or less

*National Grid*: bill impacts are 0.5% or less until year 5 when they exceed 2%

*Unitil*: bill impacts are roughly 0.5% to 1.5%



# Consultant Comments: Bill Impact Analysis

Bifurcation of ESMP and non-ESMP investments does not give a complete picture of bill impacts

- Bill impact analysis shows only impact of ESMP investments, which make up a small portion of proposed spending (see chart at right).
- Does not allow for optimization of investments across the two types of investments.

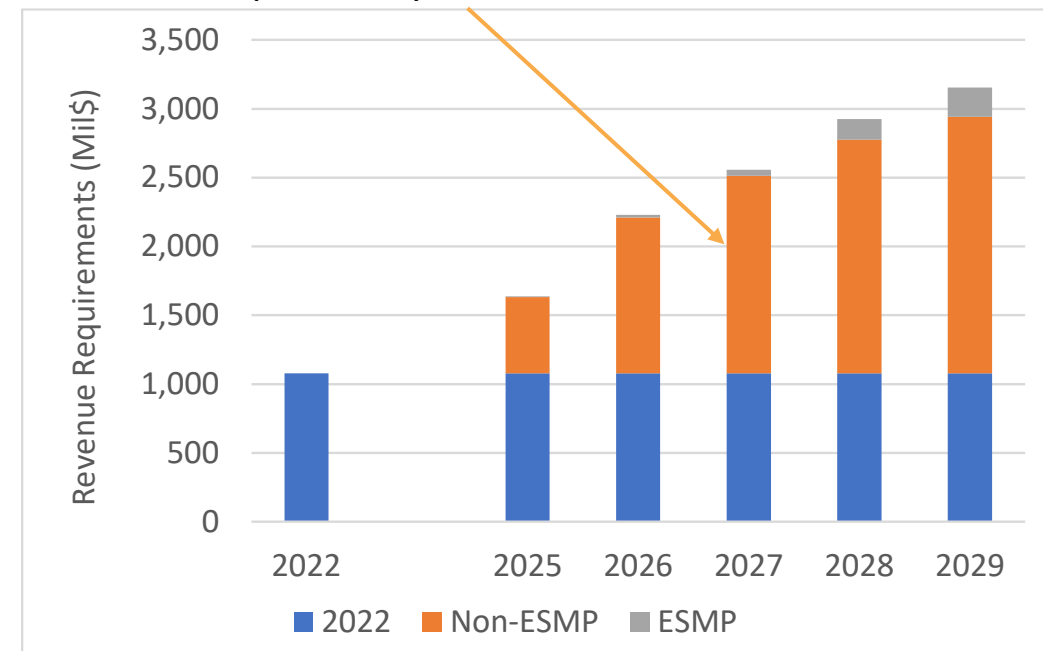
Analysis does not consider alternative investments

- Cannot determine if investments are optimized or if rate impacts are minimized

Changes in electricity sales on rates

- Eversource does not account for changes in sales.
- National Grid and Unitil use forecasts of sales, but it is not clear how much these account for changes in sales due to electrification or DERs.

Non-ESMP investments are not addressed in the bill impact analyses.



National Grid revenue requirements, from slide 29



# Review and Recovery of Proposed Investments

Category	Review and Cost Recovery Mechanism		
	Eversource	National Grid	Unitil
Core	Rate cases K-Bar mechanism	Rate cases ISRE mechanism	Rate cases
Planned Clean Energy / Active Regulatory / Pre-Authorized	Existing mechanisms	Existing mechanisms	Existing mechanisms
ESMP Investments	Grid Mod mechanism	ISRE mechanism	Grid Mod mechanism

# Consultant Comments: Review and Recovery of Investments

All the EDCs are asking for Department pre-authorization of future investments.

- The ESMP investments would be preauthorized here.
- The Active/Planned investments would be pre-authorized in separate filings.
- The Core investments would be pre-authorized in on-going or future rate cases (at least for National Grid).

Pre-authorization means that the Department “will not revisit whether the company should have proceeded with the investments as proposed.”

Pre-authorization creates the risk that utilities will propose future spending that is greater, earlier, and less cost-effective than otherwise.

For this reason, it is essential that investments be pre-authorized only after they have been fully documented, justified, and shown to be reasonable and prudent.

This creates a very high standard of review for the ESMP investments.

**Since the Consultant Comments report was prepared, the Department clarified that it will not review the ESMP investment proposals in the current dockets.**

# Consultant Comments: Summary

The Climate Law is clear that the ESMPs must demonstrate that they (a) provide net customer benefits, and (b) minimize or mitigate impacts on ratepayers.

The ESMPs do not demonstrate that they will meet these goals:

- The load forecasts are used to justify new ESMP and non-ESMP investments.
  - But they are not consistent with some CECP scenarios or the scenario consistent with DPU 20-80.
- Reliability, resilience, and aging infrastructure are used to justify new ESMP and non-ESMP investments.
  - But reliability needs and aging infrastructure costs appear to be overstated.
- The ESMPs bifurcate ESMP and non-ESMP investments, making it difficult to assess whether they have optimized across ESMP and non-ESMP investments.
- The ESMPs do not include a robust or transparent consideration of alternatives, making it difficult to assess whether they have optimized investments within ESMP or non-ESMP investments.
- The BCAs contain several fundamental flaws that, together, mean we have little confidence in them.
- The bill impact analyses also contain several flaws that, together, mean we have little confidence in them.
  - Especially because they consider only a small fraction of the likely increase in revenue requirements.
  - Given the large amount of spending proposed, the bill impacts will likely be very large.

# Discussion

Procedural	Areas with Outstanding Concerns
CESAG	<ul style="list-style-type: none"> <li>• Process for selection of community-based organizations is unclear</li> <li>• Opportunities for public input are not discussed</li> <li>• Since the utilities are currently moving forward independent of the GMAC, there is not an accountability mechanism for the results of the group on community engagement or community benefits agreements</li> <li>• Other concerns?</li> </ul>
Metrics	<ul style="list-style-type: none"> <li>• EDCs and DPU have postponed metrics discussion to later phase</li> </ul>
Other Related Working Efforts	<ul style="list-style-type: none"> <li>• It unclear how the CESAG will be coordinated with other related ongoing activities. Stakeholder fatigue remains unaddressed.</li> <li>• Other concerns?</li> </ul>

# Discussion

Distributional	Areas with Outstanding Concerns
Distributional Equity in Rates	<ul style="list-style-type: none"> <li>• The EDCs are open to discussing rates further in a generic rate proceeding or the affordability proceeding (DPU 24-15). DPU has limited rate design discussion.</li> <li>• The text of the ESMPs still references demand charges though there are multiple alternative rate designs being tested nationwide*</li> <li>• The bill impact analysis also excludes many of the grid modernization and capital costs for the energy transition in other dockets. It is still hard to assess affordability impacts on ratepayers with current analysis</li> <li>• Other concerns/comments?</li> </ul>
Distributional Equity in Technology Access and Incentives	<ul style="list-style-type: none"> <li>• The EDCs have suggested technology access discussions occur during the EEAC deliberations</li> </ul>
Prioritize current and future service quality gaps	<ul style="list-style-type: none"> <li>• The EDCs rejected the premise that there are differences in service quality</li> <li>• This is not responsive the rest of the comment which was to prioritize investments in climate vulnerability communities that are more likely to experience service disruption in the future.</li> <li>• Other concerns/comments?</li> </ul>

\*Example: Yim, E., and S. Subramanian. 2023. *Equity and Electrification-Driven Rate Policy Options*. Washington, DC: ACEEE. <https://www.aceee.org/white-paper/2023/09/equity-and-electrification-driven-rate-policy-options>.

# Discussion

Recognition	Areas with Outstanding Concerns
Benefits of Grid Modernization	<ul style="list-style-type: none"> <li>• The net benefits analysis does include positive impacts from grid modernization, but per Slide 19 there are gaps in this analysis, notably it does not include the impact of changes in rates.</li> <li>• Other concerns/comments?</li> </ul>
Community Benefits Agreements (CBAs)	<ul style="list-style-type: none"> <li>• EDCs have stated CBAs will be developed and executed on a host community basis</li> <li>• EDCs also stated CESAG will be the forum for lessons learned and next steps on CBAs, but per CESAG concerns on previous slide, public process for this group is unclear</li> <li>• Other concerns/comments?</li> </ul>

## Next Steps

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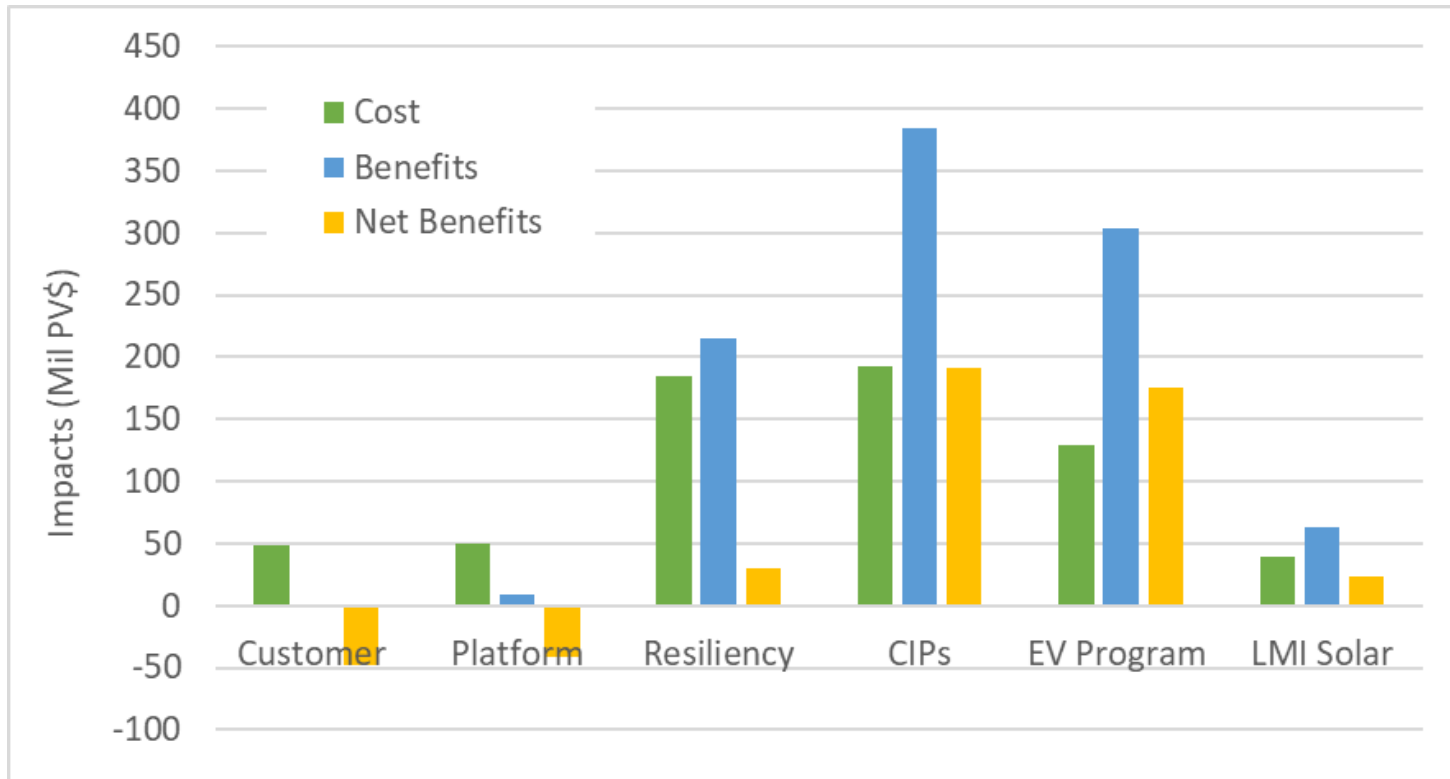
- We will schedule the summer EWG meeting closer to the date once the GMAC meeting dates have been established.
- The slides and materials from this conversation will be posted on GMAC website.
- Please send any other topical suggestions as they come up!

# Supplemental Slides – CESAG and Benefit Cost Analysis

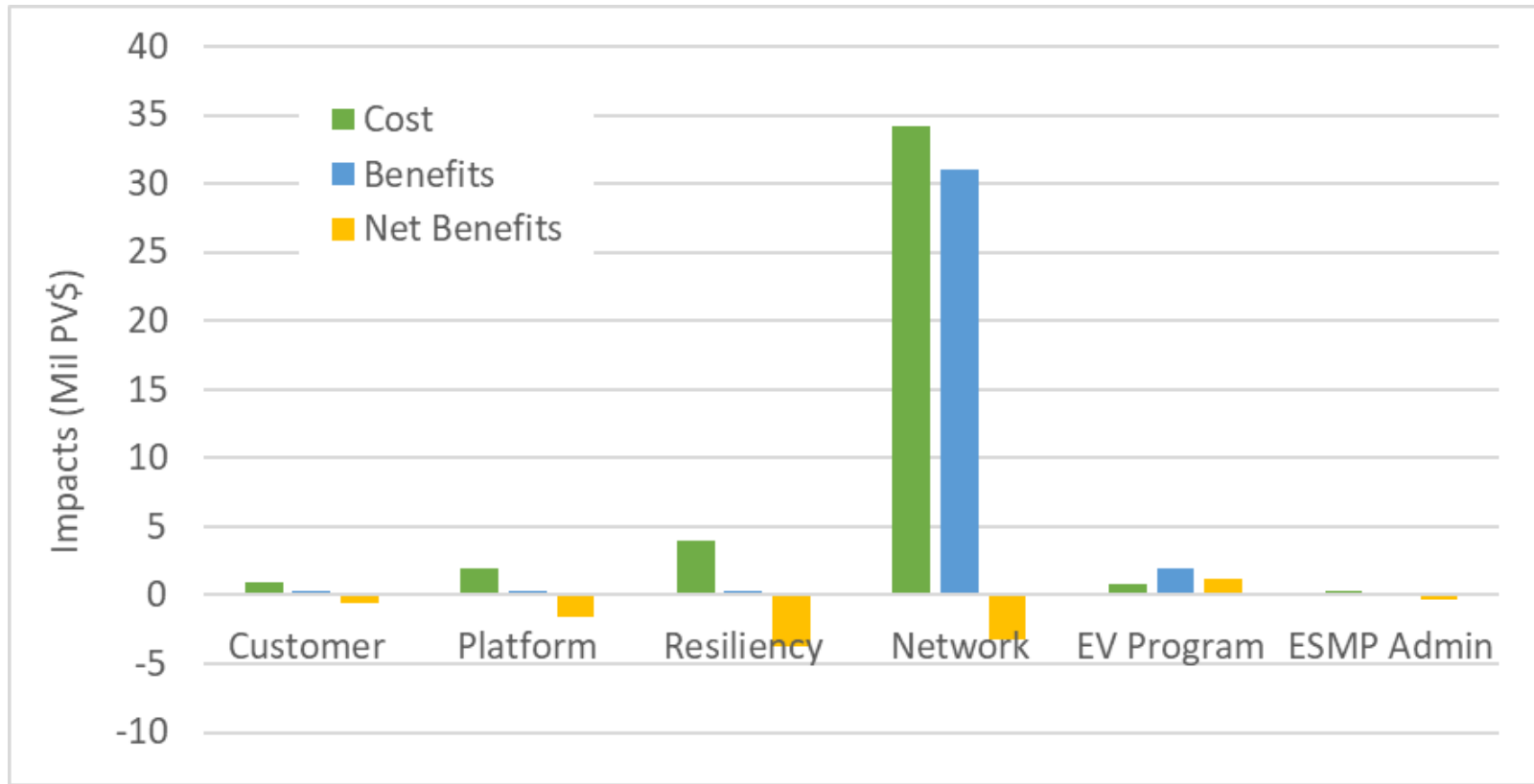
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# Detailed BCA Results: Eversource



# Detailed BCA Results: Unitil



# **Community Engagement Stakeholder Advisory Council (CESAG)**

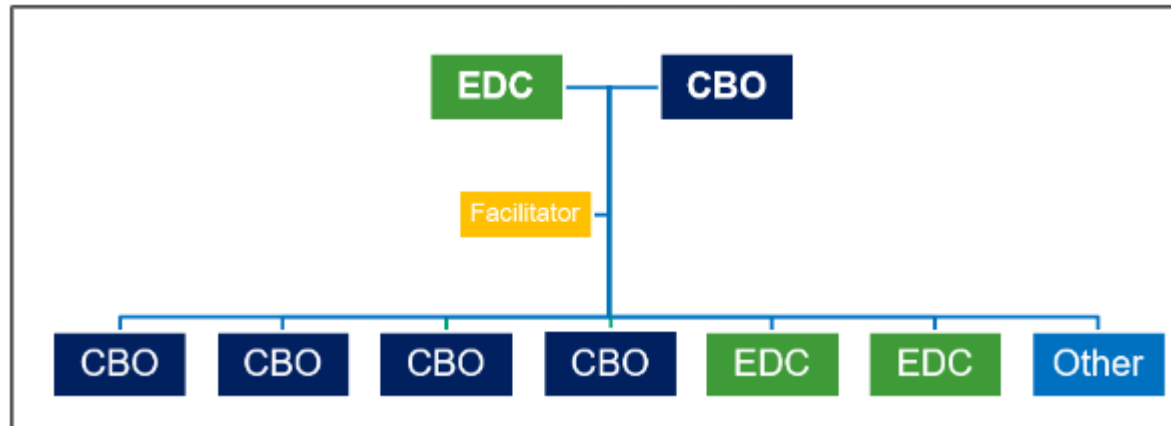
# CESAG – Issue Recap

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- Addressed in Chapter 3 of ESMPs (Stakeholder Engagement)
- EWG and GMAC concerns
  - Working group fatigue
  - Meaningful collaboration with communities and stakeholders
  - Ensuring community organization leadership in CESAG
  - Clarify goals of CESAG/definitions of equity and relevant terms

# ESMP Update: CESAG Membership Framework (Eversource)

- Co-chaired by an EDC and a community-based organization (CBO) (voted upon by CESAG members at the first meeting).
- Composition of nine (9) members with representatives from each of the three (3) EDCs, five (5) representatives from different CBOs across the Commonwealth, and one (1) environmental or equity advocate.
- CESAG charter and by-laws, including term limits will be co-developed by the EDCs and CBOs with input from the equity representative



Eversource ESMP 3-1

# ESMP Update: CESAG Meetings (Eversource)

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- CESAG will begin meeting in early 2024, meeting two (2) times per month for four (4) months to develop a statewide Community Engagement Framework that can be applied to large clean energy infrastructure projects outlined in Section 6.0.
- Once the frameworks are established, periodic review of these frameworks would be conducted as the EDCs implement them.
- Frequency of future meetings would be determined by the CESAG as applicable.
- The EDCs support discussing the potential for reasonable compensation to be paid to community-based organizations that are members of the CESAG through a Department generic proceeding.
- Meetings will be professionally facilitated.

# EDC Responses to GMAC/EWG Recommendations

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- The EDCS want EWG and CESAG to be separate because they serve different purposes and CESAG will provide continuous connection between communities and EDCs (against recommendation to consolidate and potentially nest CESAG within GMAC or CESAG)
- EDCs have defined equity in ESMPs, but have not created specific plans for stakeholder engagement or processes for community agreements, deferring that to CESAG discussions
- In response to recommendation on plain spoken language – a goal of CESAG is to ensure public-facing materials are understood and to elicit feedback
- EDCS want EWG and CESAG to be separate because they serve different purposes and CESAG will provide continuous connection between EDCs and communities

# Responses to EWG Recommendations

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- Response to request to consolidate stakeholder engagement areas when needed – EDCs can perform some stakeholder engagement together; others will need to happen separately by EDC. They also point to the CESAG as an opportunity for EDCs and community-based organizations to co-develop a single statewide comprehensive stakeholder engagement framework.
- The EDCs did not provide specifics on timelines or parameters for stakeholder engagement, saying they will begin some engagement earlier in the process for some projects pending DPU approval of 2025-2029 ESMPs. They defer specifics to engagement with CESAG to develop community engagement framework.
- Community-based organizations will have majority representation and co-leadership at CESAG (previous slides on ESMP updates)
- The EDCs partially accepted the recommendations to work with organizations in communities hosting distribution infrastructure to develop the community benefits agreements, and said they will work with communities and CESAG to process feedback



# CESAG Summary Points

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- The EDCs have put in some work to add detail to their stakeholder engagement process through CESAG
  - Commitment to community organization leadership
  - Development of membership framework
  - Some development of meeting frequency plan though still vague
- Concerns
  - Working group fatigue not addressed
  - No specific commitments for frequency of engagement
  - No identification of community organizations EDCs plan to work with or any outreach strategies