MASSACHUSETTS INTERAGENCY RATES WORKING GROUP

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

NEAR-TERM RATE STRATEGY REPORT DRAFT WORKSHOPS

EDC/MLP/SUPPLIER – AUG 19
CONSUMER & ADVOCACY – AUG 22
DG/DER – AUG 23
SYNTHESIS – SEP 4

Executive Office of Energy and Environmental Affairs

MASSACHUSETTS CLEAN ENERGY CENTER®

DOER Massachusetts Department of Energy Resources

Office of the Attorney General Commonwealth of Massachusetts

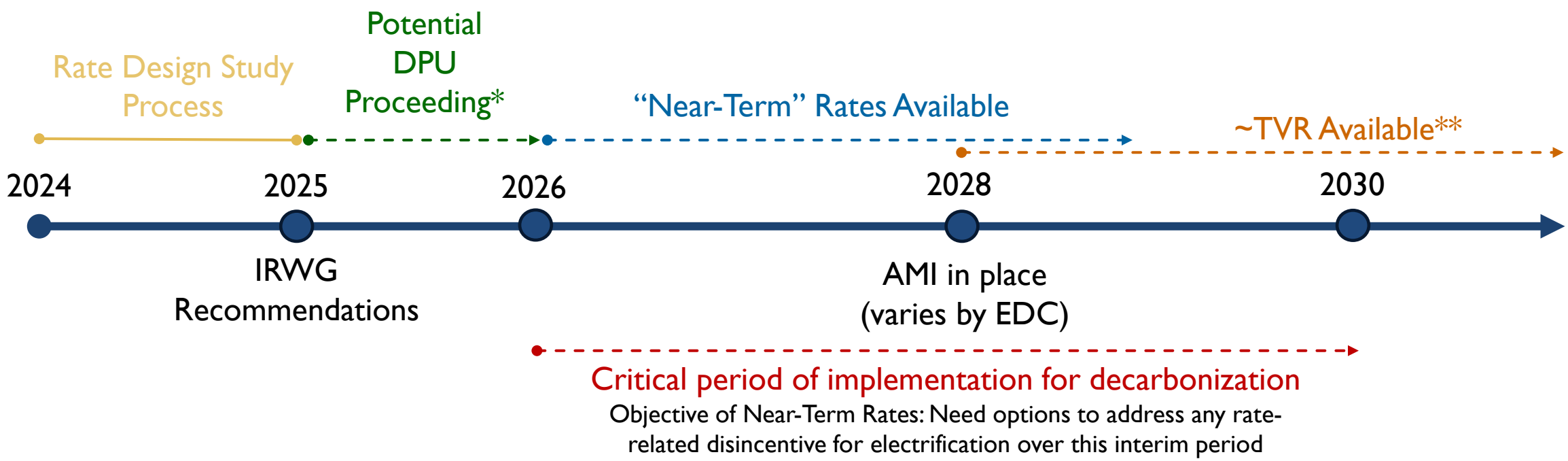
AGENDA

I. Introduction & Overview (5 minutes)

II. Guided Discussion Break Out (45 minutes)

III. Debrief and Close (10 minutes)

WHAT IS THE "NEAR TERM"?



* All timelines shown are informed by prior processes and public information (e.g., D.P.U. 21-80/81/82, 23-84/85 dockets), however, should be considered illustrative only. They are not intended to indicate actual or planned process. Any period could be longer or shorter than shown here.

** After AMI is in place, there will likely be a period during which EDCs are testing systems, preparing functionality, and engaging in DPU proceedings on TVR structure and implementation.

STAKEHOLDER ENGAGEMENT OPPORTUNITIES

IRWG will release recommendations at the end of the year; please register for engagement opportunities at IRWG's website

AUGUST

M	T	W	TH	F
			1	2
5	6	7	8	9
12 E3 Presentation of Draft Near-Term Rate Strategy Report (NTRSR)	13	14	15	16
19 EDC/MLP/ Supplier Workshop (NTRSR)	20	21	22 Consumer & Advocacy Workshop (NTRSR)	23 DG/DER Workshop (NTRSR)
26	27	28	29	30

SEPTEMBER

M	T	W	TH	F
2 Labor Day	3	4 Synthesis Workshop (NTRSR)	5	6 Public Comment Due on NTRSR Deck
9	10	11	12	13
16	17	18	19 At-Large Long-Term Ratemaking Study Workshop (LTRS)	20
23	24 Consumer & Advocacy Workshop (LTRS)	25	26	27 EDC/MLP/ Supplier Workshop (LTRS)
30 DG/DER Workshop (LTRS)				

STAKEHOLDER ENGAGEMENT OPPORTUNITIES

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OCTOBER

M	T	W	TH	F
	1	2	3	4 Synthesis Workshop (LTRS)
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

STAKEHOLDER FEEDBACK

- IRWG is requesting feedback on the **Near-Term Rate Strategy Draft Report** presented by E3
- Feedback will inform the Near-Term Rate Strategy Report 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 Near-Term Rate Strategy Draft Report are due by September 6, 2024 to give sufficient time for consideration and should be sent to Rates.WG@mass.gov**

Key takeaways – electrification and affordability

Current rates

+ **Customers currently heating with electric resistance are guaranteed to see bill savings upon installing a heat pump – often up to $150 per month**
  - This is a common heating arrangement for low-income residents in multifamily buildings, where electrification could reduce energy burden by ~3%
+ **Customers currently heating with oil tend to see bills decrease slightly upon installing a heat pump**
+ **Customers currently heating with gas tend to see bill increases upon installing a heat pump – often up to $100 per month**
  - This is a common heating arrangement for low-income households, where electrification could increase energy burden by ~2%
+ **Vehicle electrification tends to reduce customer bills, but not enough to offset bill increases for gas customer electrification**
  - Limited access to at-home charging for multifamily residents could push them to using higher cost public charging options however
  - Existing rebates for managed charging provide relatively small savings
+ **Increased access to cooling will benefit residents who electrify, though this may contribute a small amount to bill increases**
  - This is especially relevant for low-income households, most of which tend to not have central air conditioning today
+ **Shell improvements reduce heating and cooling demand, and can offset bill increases for gas customer electrification currently living in older homes**

Key takeaways – electrification and affordability

Near-term rate alternatives

+ **Higher fixed charges, seasonal variation, and declining block structures better align rates with utility costs of service compared to existing flat volumetric retail rates**
+ **Changing delivery rates for all customers is limited by a desire for gradualism and minimizing bill increases for non-electrifying customers**
  - Volumetric rate reductions of less than 5¢/kWh reduce electric heating bills meaningfully, but cannot overcome the bill increase of electrifying a gas household
  - Impacts on electrification bill savings could be improved by combining mechanisms: The suppression of volumetric charges by a high fixed charge can create headroom for shifting more costs from winter into summer
    - This can mitigate impacts on low-income customers who already struggle with high summer bills
  - Higher fixed charges and seasonal rates can also combine with incentive programs and future time-varying rates to create improved electrification incentives
  - Impacts of high fixed charges on low usage customers can be mitigated with income-graduated fixed charges
+ **Technology-specific rates allow for larger changes to volumetric rates and significant bill savings under electrification, but come with their own challenges**
  - A seasonal rate with cheaper winter prices would need to be phased out as a winter peak arises
  - A declining block rate provides a reduced conservation signal during the summer when the system is most stressed

BREAK-OUT SESSIONS

THANK YOU!

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