



# Grid Modernization in Massachusetts

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# The Administration's Priorities for the Future of the Electric System

- Reliability
- Customer control of electricity use and costs
- Integration of clean energy
- Innovation
- Stable investment environment
- Stakeholder input



## Time Varying Rates (Anticipated Framework)

- Two basic service options:
  - (1) a default product with a time of use pricing structure that includes a critical peak pricing component
    - Time of use: price higher every day during certain hours of the day, lower during the remaining hours
    - Critical peak pricing: limited number of high-priced events per year, with multi-media notice
  - (2) a flat rate with a peak time rebate option
    - Peak time rebate: customer can earn rebate if usage is less than baseline for limited number of peak events per year, with multi-media notice



## Grid Modernization—Grid Modernization Plans

- Electric companies file ten-year grid modernization plans to address key grid modernization objectives. Plans to include:
  - Short-term investment plan, covering *capital investments* for first five years
  - Education and marketing
  - Research, development, and deployment proposal
  - Metrics
  - Stakeholder input



# Grid Modernization—Preferential Treatment

- Preferential treatment for short-term investment plan for
  - Advanced metering functionality (investments made within five years, but not necessarily used and useful by year for which seeking cost recovery)
  - Other grid modernization investments (but only if company also invests in advanced metering functionality, and must be used and useful by year for which seeking cost recovery)



## Grid Modernization—Timing

- Grid modernization plans filed within nine months of later of (1) final time varying rates order and (2) final directive to companies regarding their presentation of business case/analysis of benefits and costs
- Individual grid modernization plans subject to adjudication
- Five-year period for each plan commences with final order on adjudicated plan