

Grid Modernization & Rate Case Briefing & Updates

Martha's Vineyard Sustainable Energy Committee

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Working Together Toward A Smarter Energy Future

Background



- Cape Light Compact (CLC) is involved as a full intervenor in two major proceedings in front of the Department of Public Utilities (DPU):
 - Eversource Grid Modernization Plan: plan to invest in grid modernization technology over the next 5 years to update the antiquated distribution grid
 - Eversource Rate Case: Petition from Eversource to increase base electric distribution rates
 - Includes some elements that were originally part of the grid modernization plan

Grid Modernization – Why?



- Our electric grid was designed to deliver power in one direction: from centralized generating plants to end users
- Increasing integration of distributed energy resources (DERs), need for increased grid stability and resiliency, and prevalence of information networks is necessitating and facilitating a shift toward a smarter, modernized grid that empowers consumers to better manage energy use (and production)!

Grid Modernization



- DPU recognized the need to modernize the grid, and held a grid modernization investigation in 2012
- Issued Orders 12-76-B & 12-76-C mandating electric distribution companies (EDCs) to file grid modernization plans that meet the following objectives:
 - Reducing effects of outages
 - Optimizing demand, including reducing system and customer costs
 - Integrating distributed resources
 - Improving workforce and asset management

Advanced Metering Functionality (AMF)



DPU made it a requirement that the EDCs achieve AMF* within 5 years of GMP approval, or else make a business case demonstrating that a longer timeframe is a superior approach.

AMF (smart metering) includes four elements:

1. Collection of customers' interval usage data, in near real time, usable for settlement in the ISO-NE energy and ancillary services markets.
2. Automated outage and restoration notification
3. Two-way communication between customers and the EDC
4. Communication with and control of household appliances (with customers' permission)

*AMF is a specific set of functions. AMI (Advanced Metering Infrastructure) is a specific technology to achieve AMF

Eversource's Plan



- Eversource filed its original grid modernization Short Term Investment Plan (STIP) on August 19, 2015.
 - Conservative, grid-facing approach that emphasizes incremental investments and focuses on improving reliability
 - Downplays benefits of giving consumers greater access to information and pricing transparency
 - Most apparent through their opt-in proposal for AMF & TVR
 - Claims most customers are uninterested in TVR

Incremental Grid Modernization Plan



- As part of their 1/17/17 rate case filing (17-05), Eversource included \$400 million in grid modernization investments as a “Grid Modernization Base Commitment” (GMBC), separate from their GMP.
- Eversource refiled their GMP STIP on 2/23/17 as an “Incremental Grid Modernization Plan” (IGMP) in 15-122. The IGMP now only includes the opt-in TVR proposal, cyber security and customer education enabling investments, and R&D.

CLC Position



- Rate case and grid modernization should have been kept separate
 - DPU ruled otherwise
- Eversource's plan does not meet the Department's requirements in 12-76-B and should be rejected, and Eversource should be required to refile compliant plan
 - DPU mandated opt-out AMI deployment
 - Eversource ignores potential value of opt-out AMI deployment
 - Disadvantages aggregation and competitive supply
 - Lack of consistency across service territories

Grid Modernization Timeline



- GMP filed 8/19/15
- IGMP filed 2/3/17
- Intervenor testimony filed 3/10/17
- Evidentiary hearings took place 5/17 – 5/31
- Intervenor initial briefs due 7/10
- Company's final reply brief due 8/18
- DPU does not have a deadline to issue the order

Eversource Rate Case



- On 1/1/17, Eversource filed a rate case petition with the DPU, docketed as 17-05
- This is NSTAR's first fully-litigated rate case since the 1980s
- Asking to raise base distribution rates to collect an additional \$96M per year from MA customers
- Includes:
 - Performance-based ratemaking mechanism (PBRM)
 - Decoupling mechanism
 - \$400M in grid modernization capital investments over 5 years
 - Rate design changes

CLC Concerns with Rate Case



- PBRM – is the revenue requirement formula appropriate?
- Monthly Minimum Reliability Charge (MMRC) for net-metered customers
- Increased flat customer charge
- Grid Modernization Base Commitment – lack of cost benefit analysis
- Customer bill impacts

Revised Rate Case Filing



- On 6/1, Eversource filed significant changes in rate design components of the case
- Consolidates revenue requirements for NSTAR and WMECo for rates effective 1/1/18 and 1/1/19
 - Rates effective 1/1/18: maintains existing rate classes, using legacy cost allocation studies
 - Rates effective 1/1/19: Same rate classes as in 1/17 filing, with separate rates for C&I customers in NSTAR & WMECo territories
 - Proposes to consolidate rate classes and rates for NSTAR & WMECo residential customers effective 1/1/19
- Modifications to the transmission revenue allocation and rate design, low-income discount (increased to 36%), and MMRC proposal filed initially

Revised Rate Case Filing (cont.)



- Eversource is not seeking a change to the total proposed revenue requirement (additional \$96M/year)
- Cost shift in revenue recovery between NSTAR & WMECo compared to initial filing

	Initial Filing	Alternative Filing
Greater recovery of costs through fixed charges	<ul style="list-style-type: none"> - Higher customer charge (\$3.73/mo to \$8.00/mo for R-1) - Demand charges on G-1 (small business customers) hit with proposed Transmission demand charge 	<ul style="list-style-type: none"> - Higher customer charge (\$3.73/mo to \$8.00/mo for R-1) - Demand charges <i>mitigated</i> for G-1 (small business customers) by change to volumetric (kWh) based Transmission charge
Consolidation and alignment of rate classes	<ul style="list-style-type: none"> - Elimination of all seasonal rates - Changes to availability of service - Mapping customers to new rate classes (e.g., G-7 eliminated and 516 (South) customers moved to G-1 DMD, G-2 or G-3) 	<ul style="list-style-type: none"> - Use of legacy rate-class cost of service for transition year 2018 creates new adverse bill impacts to some rate classes/customers - Same concerns as Initial Filing and different rate class bill impacts
Low-income customers	30% rate discount that resulted in an average decrease in bills of 4%	36% rate discount that results in an average decrease in bills of 11%
Cost Shift		EMA residential customers would subsidize all other WMA and EMA customers by an estimated \$17 million per year

Revised Rate Case Filing (cont.)



- Procedural Issues:
 - Filed after close of discovery and public comment and filing of initial and rebuttal testimony
 - Intervenors filed motions to reject the filing
 - DPU issued Order on 6/9/17 extending the timeline to consider rate design issues and phases rate design separate from the rest of the case. Rate design Order to issue 12/29/17. DPU ordered Eversource to propose a schedule that extended the public comment period and intervention period.
- Eversource estimated spending \$3,916,320 on the case as of 3/31/17 (prior to 6/1 filing)

Updated Rate Case Timeline



- 1/17/17: Eversource filed rate case
- 5/31/17: Public comment period on initial filing ended
- 6/1/17: Eversource filed new rate design
- 6/7/17 – 6/30/17: Evidentiary hearings
- 7/10/17: New intervenor deadline for rate design issues
- 8/31/17: Public comment period ends for new rate design issues
- July – Sept: Rate case briefing period
- 11/17/17: DPU Order to issue for non-rate design elements
- 12/29/17: DPU Order to issue for rate design elements

Questions?



CLC webpage for grid modernization:

<http://www.capelightcompact.org/advocacy/smartgrid>

CLC webpage for rate case:

<http://www.capelightcompact.org/advocacy/ratecase>

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