

Eversource Rate Case Overview

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Cape Cod Technology Council Infrastructure Committee



**Cape Light
Compact**

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Working Together Toward A Smarter Energy Future

Agenda



- Overview of filing
- Primary components of the case
 - Rate changes
 - PBRM & Revenue Decoupling
 - Grid Modernization Base Commitment
- Compact concerns
- CLC involvement
- Timeline
- Next steps
- Questions

Acronyms & Definitions



- DPU – Massachusetts Department of Public Utilities
- Eversource – electric utility serving Cape Cod & Martha’s Vineyard. Comprised of NSTAR Electric Co. and Western Mass. Electric Co. (WMECo)
 - NSTAR is comprised of former Boston Edison Co., Cambridge Electric Co., and Commonwealth Electric Co. territories
- MMRC – Monthly Minimum Reliability Contribution
- GMBC – Grid Modernization Base Commitment
- PBRM – Performance-Based Ratemaking Mechanism
- Rate case – regulatory proceeding in which utilities file proposed changes to rates for approval by the DPU

The Filing



- Eversource filed a rate case with the DPU on 1/17/17
 - DPU docketed the case as 17-05
- First fully-litigated rate case since 1980s
 - 2012 legislation required filing every 5 years
- Case has ten volumes
 - Dozens of exhibits
 - 14 sets of pre-filed testimony from 18 witnesses
- Includes grid modernization elements
 - Eversource modified its 15-122/123 grid modernization plan to remove some parts it included in rate case

Primary Components



- Rate changes
 - General increase in rates
 - Alignment of rate classes between NSTAR and WMECo
 - Consolidation of NSTAR rates
 - Changes to rate structures, including MMRC for net-metered customers
- Performance-Based Ratemaking Mechanism (PBRM) & Revenue Decoupling
- \$400M Grid Modernization Base Commitment (GMBC)
- Corporate consolidation of NSTAR & WMECo

Rate Changes



- Eversource claims an annual revenue deficiency of ~\$96M
 - \$60.2M for NSTAR, \$35.7M for WMECo
 - General increase in rates to recover this deficiency
- Consolidation and alignment of rate classes
 - Reduction from over 63 rate classes to 10
 - Alignment of rate classes between NSTAR & WMECo
- Consolidation of NSTAR base rates
 - All customers in NSTAR service territory will pay the same rates
 - Eversource will propose total consolidation (between NSTAR & WMECo) in next rate case

Rate Changes (cont.)



- Increased fixed customer charges
 - From \$3.73 to \$8 for Commonwealth res. non-heat customer
- Increased low-income discount
 - Recovered from other customers
- Special treatment of net-metered (NM) customers
 - Introduction on MMRC for NM customers
 - Increased fixed customer charge (above non-NM customer)
 - Demand-based rate, even for residential customers
 - Reduced per-kWh rate reduced net metering credit value for excess kWhs sold back to grid

Rate Changes (cont.)



Total Charges for Electricity

Supplier (CONSOLIDATED EDISON SOLUTIONS, INC.)

Generation Service Charge	276 kWh X .09613	\$26.53
Subtotal Supplier Services		\$26.53

Delivery (Rate 32)

Customer Charge		\$3.73
Distribution Charge	276 kWh X .07923	\$21.87
Transition Charge	276 kWh X .01184	\$3.27
Transmission Charge	276 kWh X .02517	\$6.95
Renewable Energy Charge	276 kWh X .00050	\$0.14
Energy Conservation Charge	276 kWh X .00250	\$0.69
Subtotal Delivery Services		\$36.65

Total Cost of Electricity **\$63.18**

Total Current Charges **\$63.18**

Decoupling & PBRM



- Eversource proposes a performance-based ratemaking mechanism as a way to separate revenue from kWh sales (“decoupling”)
 - Decoupling proposal meant to comply with DPU Order 07-50-A
 - Better aligns utility interests with policy goals
 - Few volumetric-dependent costs
 - Moves away from more traditional capital-cost recovery
- PBRM works in tandem with decoupling, and would adjust rates annually in accordance with revenue-cap formula
- Formula takes in to account Eversource’s service performance against benchmarks, plus other factors (such as inflation)

Grid Modernization Base Commitment



- In conjunction with its PBRM proposal, Eversource requests pre-approval for its “Grid Modernization Base Commitment” of \$400M
- Includes many of the grid-facing improvements originally proposed in its grid modernization filing (DPU 15-122/123)
 - Primarily foundational investments in automation and sensing technology
- Also includes investments in grid-scale energy storage, DER customer portal, and EV charging infrastructure
- Proposes not to recover \$400M until next rate case
- “Customer engagement”, including TVR & smart meters, remains part of 15-122/123

GBMC (cont.)



Characteristics of a Modern Grid	Major Initiatives	Investments	Program Budget (\$, millions)
Distribution System Network Operations	Distribution System Network Operator	Distribution Management System Advanced system load flow Volt VAR Optimization	\$44
	Automation	Automated Feeder Reconfiguration Urban underground system automation Adaptive protection (DER integration)	\$84
	Foundational Technology for DMS and Automation	Advanced sensing technology (substation SCADA) Remote fault indicators (underground and overhead) Communications (middle mile and mesh)	\$111
	Energy Storage	Energy storage research & demonstrations	\$100
Customer Engagement & Enablement	Customer Tools for DER Integration	Customer portal Hosting capacity maps and tools Automated billing for improved customer service	\$15
	Electric Vehicles	EV infrastructure and vehicle conversions	\$45
TOTAL			\$400

Compact Concerns



- Rate design
 - Increase in flat customer charges
 - Demand-based rates for residential net-metered customers
 - Move to more demand-based rates for small commercial customers
- Bill impacts
- PBRM impacts
- Grid modernization investments
- Return on equity

CLC Involvement



- CLC Governing Board voted to intervene in rate case at their 1/11/17 meeting
- DPU granted CLC Intervenor status, meaning CLC can:
 - Ask discovery questions
 - Sponsor witness testimony
 - Cross-examine other witnesses
 - File briefs
- Intervenors include Attorney General, AIM, Conservation Law Foundation, Acadia Center, Retail Energy Suppliers Association, Mass Energy and Sierra Club, PowerOptions, National Clean Energy Council, among others

CLC Involvement (cont.)



- The Compact plans to sponsor witnesses to testify on:
 - PBRM
 - Rate consolidation, rate design, cost allocation
 - GMBC
 - Bill impacts

Case Timeline



- 1/17/17: Eversource filed case
- **4/3/17: DPU held public hearing in Barnstable**
- **4/23/17: DPU public hearing on MV (Tisbury)**
- 4/28/17: Intervenor pre-filed testimony due
- **5/31/17: Public comment period ends**
- 6/2/17 – 6/30/17: Evidentiary hearings
- **11/30/17 Statutory deadline for DPU Order (decision)**
- 1/1/18: New residential rates go in to effect
- 1/1/19 New C&I rates go in to effect

Next Steps



- CLC and expert witnesses continue to ask discovery questions and are in the process of developing testimony
- After testimony, CLC will participate in evidentiary hearings and will file briefs
- CLC encourages individuals to attend public hearings
- CLC encourages individuals and/or organizations to submit written comments to the DPU
 - Written comments become part of the case record upon which the DPU can base their decision
 - Be specific
 - For link to instructions, see rate case page on CLC website



Questions?

Contact us:

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See our webpage at www.capelightcompact.org/ratecase

All Eversource rate case docket filings can be found by visiting the DPU File Room Website, selecting “Dockets/Filings”, “Docket by Number”, and entering “17-05”