

May 26, 2022

The Honorable Representative Jeffrey Roy, House Chair
 Joint Committee on Telecommunications, Utilities & Energy
 State House, Boston, MA 02133

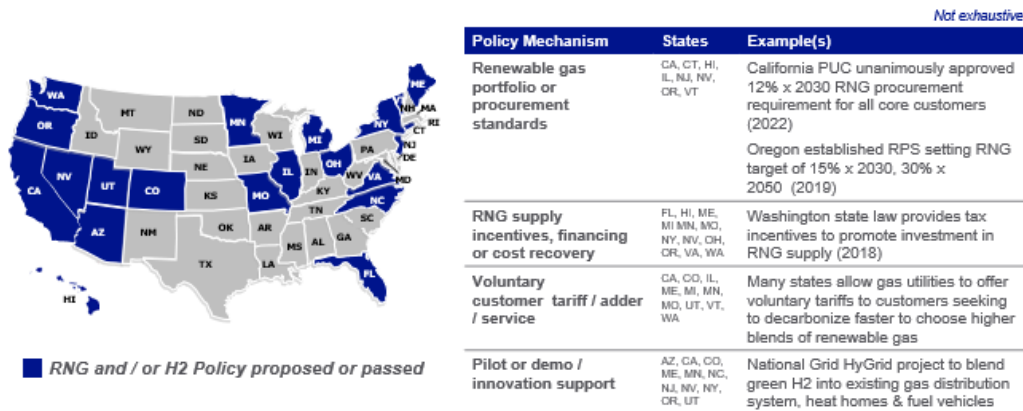
Chair Roy,

On behalf of National Grid, I offer the following written testimony as the conference committee works to reconcile the differences between H. 4524, *An Act advancing offshore wind and clean energy*, and S. 2842, *An Act Driving Climate Policy Forward*. National Grid shares the Legislature and Commonwealth’s goal of achieving net zero and is committed to continuing to work with stakeholders to implement S. 9, *An Act creating a next-generation roadmap*.

Renewable Heating Fuels Standard – Request Inclusion

The heating sector remains one of the largest sources of emissions in Massachusetts. Independent analysis from the ongoing Department of Public Utilities (DPU) 20-80 docket has shown that an “all-the-above” approach utilizing energy efficiency, geothermal, strategic electrification, and a decarbonized gas network would be the most prudent and cost-effective method to achieving net zero in the Commonwealth. We believe that establishing a renewable heating fuels standard (RHFS) is a policy, already in place in many other states, that would support the development of a renewable natural gas and green hydrogen industry in Massachusetts. To that end, we respectfully propose the attached language be inserted into the conference legislation to establish a RHFS in Massachusetts, which is similar to legislation introduced to and heard before the Joint Committee on Telecommunications, Utilities, and Energy, H. 4081, “*An Act concerning the expansion of renewable heating fuels and renewable thermal heating*.”

Additionally, here is a summary of where similar policies are in place or proposed across the country:



DPU 20-80 (Section 59) – Strike Section

National Grid opposes changing the established regulatory process for this docket proposed by Section 59 of the Senate legislation. The benefits of a notice of inquiry proceeding, such as DPU 20-80, is that it allows broad participation of any customers and stakeholders. In an adjudicatory proceeding, only parties that can show they are “**substantially and specifically affected**” by the outcome of the proceeding can participate. This narrows the participants to those with the means to engage counsel and make the requisite showing. By conducting the proceeding as an inquiry, the Department is allowing numerous points of participation by anyone interested, including individual customers and various organizations.

Using the current process, there have been the following key points where any interested person can participate: 14 stakeholder meetings; numerous 1:1 stakeholder interviews; 2 customer webinars; 2 DPU public hearings; an 8 month period to submit comments to the gas companies and consultants for inclusion in report development; a period for submission of written comments on the reports to the DPU; and 2 DPU technical sessions on the reports.

An adjudicatory proceeding would limit and slow the process that is in need of finality in order to enable the local distribution companies (LDCs) to start moving forward on achieving the Commonwealth’s net-zero by 2050 targets. The DPU’s process has afforded all stakeholders numerous opportunities to provide input to the independent consultants, the LDCs and most importantly the DPU; as well as the opportunity to question E3/ScottMadden and the LDCs even more than would have occurred in a typical adjudicatory proceeding.

Please find a brief summary of the high-level differences between the current DPU 20-80 proceeding and what is being proposed in Section 59 here:

	Notice of Inquiry (Current)	Adjudicatory Proceeding
Participants	Anyone, including individual customers and stakeholders	Only those substantially and specifically affected
Need legal counsel?	No	Yes
Discovery	Yes, by DPU. DPU has solicited input from certain environmental NGO’s on discovery issued on May 13	Yes, by DPU and full parties
Right to appeal DPU decision	No	Yes if full participant only --- is substantially and specifically affected and also meets the SJC’s standard for standing
Prescriptive process	No	Yes, including testimony, discovery, hearings, briefs, post-order motions

GSEP Working Group (Section 60) – Amend Senate Language

National Grid supports the concept of a stakeholder working group to develop recommendations on the future of the GSEP program, however we believe that **each** of the 4 natural gas local distribution company with a GSEP plan should have a representative in the group, not the **one** industry representative as currently drafted in the Senate legislation. We respectfully submit updated language for your consideration:

- SECTION 60. The department of public utilities shall convene a stakeholder working group to develop recommendations for regulatory and legislative changes that may be necessary to align gas system enhancement plans developed pursuant to section 145 of chapter of the General Laws with the applicable statewide greenhouse gas emission limits and sublimits established pursuant to chapter 21N of the General Laws and the commonwealth's emissions 31 of 35 strategies. The working group shall be convened not later than October 1, 2022 and shall include: the attorney general, or a designee; the commissioner of energy resources, or a designee; the chairman of the department of public utilities, or a designee; the commissioner of environmental protection, or a designee; the chairs of the joint committee on telecommunications, utilities and energy, or their designees; and **8** **1** members appointed by the secretary of energy and environmental affairs, ~~1 of whom shall be a~~ representative of a **each** natural gas local distribution company **with a gas system enhancement plan**, 1 of whom shall be an advocate for low-income residents of the commonwealth, 1 of whom shall be an advocate for middle-income residents of the commonwealth, 1 of whom shall be a representative of municipalities or groups of municipalities, 1 of whom shall be a representative of a labor union representing gas distribution workers, 1 of whom shall be a nonprofit organization with expertise in energy supply and demand, 1 of whom shall be a nonprofit organization with expertise in the transition to clean thermal energy and 1 of whom shall be a nonprofit environmental organization. The working group shall consider the gas system enhancement plans' impacts on, and implications for, public health, safety, equity, affordability, reliability, reductions in greenhouse gas emissions and cost recovery for repair and replacement of pipeline infrastructure including, but not limited to, embedded costs, potential stranded assets and opportunity costs and benefits; provided, however, that said working group shall evaluate opportunities to advance utility-scale renewable thermal energy under said section 145 of said chapter 164; and provided further, that any change recommended shall enable natural gas local distribution companies to maintain a safe and reliable gas distribution system during the commonwealth's transition to net zero emissions. The working group shall submit its report to the department of public utilities, the joint committee on telecommunications, utilities and energy, the senate and house committees on global warming 32 of 35 and climate change and the clerks of the senate and house of representatives not later than July 31, 2023.

Municipal Electrification Pilot (Section 65) - Amend Senate Language

National Grid is concerned that allowing cities and towns to mandate one pathway to decarbonization, when the independent analysis for the DPU-2080 docket shows that a dual fuels pathway is most efficient and cost-effective for customers. At a minimum, we believe that, should this provision progress, it should be amended to ensure that low-income customers aren't left behind with high costs of switching appliances, home improvements/renovations, and electric bills. We respectfully submit the following language for inclusion in this section to ensure an equitable transition for customers:

- (c) Any new construction or major renovation project taking place in a municipality that has enacted a municipal restriction of the use of natural gas in new construction or major renovation situations shall continue to have access to any program administrator or municipal light plant energy efficiency or building electrification programs and incentives supporting energy efficient and/or all electric construction efforts.
- (d) Any program administrator serving local program participants through these efforts shall continue to have the ability to claim all evaluated and verified savings and benefits linked to any participating energy efficiency project subject to municipal restrictions on the use of natural gas.

Offshore wind

Section 49

- National Grid supports the provisions in lines 535-537 (of S. 2842) that would allow our customers, who are financing the project, at a minimum to have a right of first refusal to the environmental attributes which will continue to be produced by these projects after the 15 to 20 year contract terms end.
- In subsection (b), National Grid would recommend the following amended language:
 - “The department of energy resources shall, in consultation with the independent evaluator **and electric distribution companies**, issue a final, binding determination of the winning bid; provided, however, that the final contract executed shall be subject to review by the department of public utilities.”
- In subsection (d), National Grid opposes the updated Senate remuneration language. We support amending the language to:
 - “(iii) provide for an annual remuneration for the contracting distribution company of **2.5** per cent of the annual payments under the contract to compensate the company for accepting the financial obligation of the long-term contract; provided, however, that such provision shall be acted upon by the department of public utilities at the time of contract approval;”

Section 50

- In subsection (a), National Grid supports the amended price cap language in this section of the Senate legislation.

Section 68

National Grid opposes increasing the number of megawatts of offshore wind the state must procure without establishing the method of solicitation. National Grid believes that a regional or multi-state competitive market mechanism or structure, as referenced in the bill, is the appropriate way to solicit additional capacity, rather than long-term electric distribution company contracts. To that end, we respectfully propose the following legislative language:

- **Existing statute: MGL 21N §7(b)**

b) The secretary may adopt regulations governing how market-based compliance mechanisms may be used by regulated entities subject to greenhouse gas emissions limits and mandatory emissions reporting requirements to achieve compliance with their greenhouse gas emissions limits.

Proposed Change:

(b) The secretary *or the department* may adopt regulations governing *the use of* market-based compliance mechanisms, *including such mechanisms that operate in cooperation with ISO-New England and states in the New England electricity control area, to achieve the statewide greenhouse gas emissions limits and sub-limits required by this chapter.*

- **Existing Statute: MGL 21N §1**

"Market-based compliance mechanism", (i) a system of market-based declining annual aggregate emissions limitations for sources or categories of sources that emit greenhouse gases; or (ii) greenhouse gas emissions exchanges, banking, credits and other transactions governed by rules and protocols established by the secretary or the regional greenhouse gas initiative, that result in the same greenhouse gas emissions reduction, over the same time period, as direct compliance with a greenhouse gas emissions limit or emission reduction measure adopted by the executive office pursuant to this chapter.

Proposed change:

"Market-based compliance mechanism", (i) a system of market-based declining annual aggregate emissions limitations for sources or categories of sources that emit greenhouse gases; or (ii) greenhouse gas emissions exchanges, banking, credits and other transactions governed by rules and protocols established by the secretary or the regional greenhouse gas initiative, that result in the same greenhouse gas emissions reduction, over the same time period, as direct compliance with a greenhouse gas emissions limit or emission reduction measure adopted by the executive office pursuant to this chapter, *or (iii) ISO-New England administered markets or any other such exchanges, banking, credits or electricity transactions governed by rules and protocols established by state regulation designed to achieve the statewide greenhouse gas emissions limits and sub-limits required by this chapter.*

Solar (Section 46) - Amend Senate Language

National Grid supports changes to the “single-parcel rule” but we don’t believe that net metering should be amended outside of the SMART program process. National Grid respectfully submits the following edits to the section:

- (l) A ~~Class I, Class II or Class III~~ solar ~~net metering~~ facility, ~~as defined in section 138 and this section,~~ shall be eligible to, or shall continue to receive ~~Class I, Class II or Class III net metering credits as otherwise provided by this section~~ payments for solar energy generated from an approved solar program if such system facility is on the same parcel as any number of other such solar systems ~~net metering facilities~~ if:
 1. the systems are placed on either a municipal- or government-owned parcel, provided that all systems on the single parcel do not exceed an aggregate limit of 2MW;
 2. the systems are placed on a single parcel of land where all buildings on that parcel comprise low or moderate income housing as defined in section 20 of chapter 40B and do not exceed an aggregate limit of 2MW;
 3. the systems are each placed on a separate and distinct rooftop, whereby no two systems occupy the same rooftop, and provided that all systems on the single parcel do not exceed an aggregate limit of 2MW; or
 4. the systems are installed no less than 1 year after any previously installed system was placed into service, provided that all systems on the single parcel do not exceed an aggregate limit of 2MW.

Electrifying Transportation/AMI (Section 58) – Oppose

Without DPU approval of utility AMI dockets and subsequent rollout of the technologies, Time of Use (TOU) rates are ineffective, especially when technology-specific. National Grid supports the development, through a DPU docket, of whole-facility TOU rates once the ongoing DPU 20-69 process is complete.

- **Can time of use rates even be implemented without smart meters/AMI?**
 - Yes, electric distribution companies (EDC) can implement TOU rates without Advanced Metering Infrastructure (AMI.) However, we would only have the ability to offer a simple TOU rate design, that does not offer the same benefits of an AMI metering solution, and also the AMR meters (which the vast majority of customers have at the moment) would need to be manually reprogrammed (e.g., any change to the on-peak, off-peak hours) to implement that rate, which would be costly.
- **What other technologies could benefit from a whole-facility time-varying rate as opposed to a technology-specific rate?**
 - Electric vehicles, battery storage, solar, heat pumps, pool pumps, and other smart-enabled devices that have the ability to utilize demand response, can all work in coordination to benefit from a whole-house/whole facility time-varying rate with AMI.

- **In National Grid’s comments in response to DPU 20-69 docket, we discuss the benefits of whole-house TOU rates and why we support them over a technology-specific rate design.**

- For additional information, please see [National Grid’s Comments](#) in response to DPU 20-69, page 5-6, filed on Sept 4, 2020. See below excerpt from National Grid’s Comments:

“The Company supports a whole-facility TVR (/TOU) that is optimized for EV customers and cautions against designing a technology-specific rate for EVs, which does not follow rate design principles. Some commenters, such as the Massachusetts Energy Directors Association and Low Income Energy Affordability Network (“MEDA/LEAN”), noted that that an EV-only TVR is preferable to a whole-facility TVR as it would better direct EV charging to off-peak times and provide clearer information about preferred time for EV charging. The Company asserts that a whole-facility TVR can be optimized with a super off-peak period, which would be attractive to EV customers due to the increased price differential among periods and the greater potential for customer bill savings. DOER highlighted several utilities (e.g., Con Edison in New York, Southern California Edison and PG&E in California, and Hawaiian Electric in Hawaii) that offer whole-facility EV TOU rates that operate under a single meter, encompassing a customer’s EV within the overall home load profile.

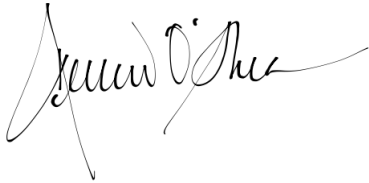
Other potential benefits of whole-facility TOU rate for customers, including EV customers, are:

- **Avoided Costs:** Implementing a separate TOU rate for EV charging load would require a separate metering configuration and associated costs, which could be a barrier to participation for eligible EV customers. DOER noted that a single meter for a site is often cheaper up front and in the long run because of reduced capital cost for the separate meter, administrative costs, and monthly customer charge for each meter.
 - **Distributed Generation Integration:** As behind-the-meter DG and energy storage integration increases, the Company recognizes the growing need for TOU rate design options that allow customers to optimize load and generation on the distribution system. DOER noted that price signals, such as TVR, should be applied to the entire customer load instead of individual loads, such as the EV-charging portion, in order to “optimize load between building and EV loads, charging optimization with onsite renewables production and energy storage, and the incentivization of EVs to charge from onsite renewables that would otherwise be exported to the grid.”
- **Is there any legislative action we would like to see to help the rollout of AMI?**
 - Not at this time. Our proposed AMI Plan (summary attached) is pending before the MA DPU. We have asked for a path for cost recovery based on DPU’s Order in 20-69-A that directed the electric utilities in MA to develop and file a proposal for full-deployment of AMI in Massachusetts. Once the deployment of AMI is

underway, the Company will evaluate the legislative or regulatory pathways necessary to implement whole-facility TOU rates.

Should the Committee have any questions about the issues outlined above, National Grid is happy to provide additional comment.

Best,

A handwritten signature in black ink, appearing to read "Kevin O'Shea". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kevin O'Shea

Director of Government Affairs – Massachusetts

Nationalgrid

781-907-1671