

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 15-120-D

May 12, 2020

Petition of Massachusetts Electric Company and Nantucket Electric Company, d/b/a National Grid for Approval by the Department of Public Utilities of its Grid Modernization Plan.

D.P.U. 15-121-D

Petition of Fitchburg Gas and Electric Light Company d/b/a Unitil for Approval by the Department of Public Utilities of its Grid Modernization Plan.

D.P.U. 15-122-D

Petition of NSTAR Electric Company and Western Massachusetts Electric Company, each d/b/a Eversource Energy, for Approval by the Department of Public Utilities of their Grid Modernization Plan

ORDER (1) EXTENDING CURRENT THREE-YEAR GRID MODERNIZATION PLAN INVESTMENT TERM; AND (2) ESTABLISHING REVISED FILING DATE FOR SUBSEQUENT GRID MODERNIZATION PLANS

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-and-

CHARGEPOINT, INC.
Limited Participant, D.P.U. 15-120, D.P.U. 15-121,
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-and-

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I. INTRODUCTION

On May 10, 2018, the Department of Public Utilities (“Department”) issued an Order approving grid modernization plans for Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid (together, “National Grid”); Fitchburg Gas and Electric Light Company, d/b/a Unitil (“Unitil”), and NSTAR Electric Company, d/b/a Eversource Energy (“Eversource”) (collectively, “Companies”). Grid Modernization, D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122 (2018). The Department preauthorized company-specific grid-facing investment categories, subject to a company-specific budget cap, for a three-year investment term from calendar years 2018 through 2020.

D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 107-108, 113-114. Further, the Department allowed targeted cost recovery of eligible preauthorized grid modernization investments within the budget cap. D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 220-226; Grid Modernization, D.P.U. 15-120-A/D.P.U. 15-121-A/D.P.U. 15-122-A at 8-9 (2019). Additionally, the Department directed each company to submit its next three-year grid modernization plan for calendar years 2021 to 2023, by July 1, 2020.¹

D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 115; D.P.U. 15-120-A/D.P.U. 15-121-A/D.P.U. 15-122-A at 8.

¹ Each grid modernization plan must include the following: (1) a three-year short term investment plan that the Department will review to determine which investments are eligible for preauthorization and (2) a five-year strategic plan outlining how the company intends to meet the Department’s grid modernization objectives (i.e., the three-year short-term investment plan plus two additional years). D.P.U. 15-120/D.P.U. 15-121/ D.P.U. 15-122, at 110-111.

For the reasons discussed below, the Department extends the current grid modernization plan investment term and allows the Companies to implement their approved grid modernization plans, subject to the company-specific budget caps, for an additional year through calendar year 2021. Each company shall submit its next grid modernization plan filing for calendar years 2022 to 2024, by July 1, 2021.

II. DISCUSSION

In D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 3-4, 140-141, 144, 152, 159, 169, the Department concluded that the grid-facing investments in each company's grid modernization plan would make measurable progress toward meeting our grid modernization objectives by reducing outages and optimizing distribution system performance, optimizing system demand, and integrating distributed energy resources. The Department found that these grid-facing investments would result in significant benefits to customers that outweigh the costs. D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 144.

In order to respond to an evolving landscape during the early stage of their grid modernization activities, the Department allowed the Companies flexibility to shift spending between preauthorized investment categories and investment years, subject to their respective budget caps. D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 107, 155, 164, 173.

Nonetheless, the Department's review of the Companies grid modernization annual reports for calendar years 2018 and 2019, as well as the grid modernization cost recovery filings made to date, show that the pace of preauthorized grid modernization investment has been slower than anticipated. In the seven months after the grid modernization plans were

approved in 2018, the Companies' grid-facing grid modernization investments were minimal² (National Grid 2018 Annual Report, App. at Tabs 5(a) and (b)); Unitil 2018 Annual Report, App. at Tab 5(a); Eversource 2018 Annual Report, App. at Tabs 5(a) and (b)). Actual deployment of grid modernization devices increased in 2019 but were still below initial projections (National Grid 2019 Annual Report, App. at Tab 5(b); Unitil 2019 Annual Report, App. at Tab 5(b); Eversource 2019 Annual Report, App. at Tab 5(b)).

In addition, it is likely and the Companies have recognized that the current state of emergency in the Commonwealth due to COVID-19 may have a negative effect on the Companies' deployment of grid modernization investments in 2020. More specifically, in their 2019 grid modernization annual reports, the Companies recognize the potential for disruption that COVID-19 may have on future deployment plans (see National Grid 2019 Annual Report at 41, n.8; Unitil 2019 Annual Report at 3, 57; Eversource 2019 Annual Report at 3, 108). While the magnitude of the effect COVID-19 will have on grid modernization is unknown, deployment delays seem inevitable and the achievement of projected deployment levels in calendar year 2020 is unlikely.

² The Department notes that grid modernization plans approved by the Department in D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122 were significantly different than the plans originally proposed by the Companies. The Companies, therefore, were required to review their deployment plans to determine what adjustments were warranted, likely contributing to delays in the deployment of grid-facing technologies during the abbreviated 2018 grid modernization plan year (see National Grid 2018 Annual Report at 3-4; Unitil 2018 Annual Report at 1-2; Eversource 2018 Annual Report at 2, 6).

Despite these delays, the Department remains convinced that full deployment of the grid-facing investments approved in D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122 is a crucial first step towards achievement of our grid modernization objectives, and we conclude that an extension of the current grid modernization plan investment term is warranted. Accordingly, the Department will allow the Companies to implement their approved grid modernization investment plans, subject to the company-specific budget caps, for an additional year through calendar year 2021 (for a total initial investment term of three years and seven months).³ During this modified investment term, the Companies will remain subject to the company-specific budget caps.⁴

The Department finds that extension of the current three-year investment term through calendar year 2021 will provide the Companies with enough flexibility to adjust their grid modernization deployment plans for the remainder of calendar year 2020 and to reschedule through 2021 any planned deployments that were delayed. Further, the modified investment term will allow the Companies more time to evaluate the effectiveness of the grid

³ Each company shall file (1) an annual grid modernization report for calendar year 2020 on or before April 1, 2021; and (2) a grid modernization term report for calendar years 2018 through 2021 on or before April 1, 2022.

⁴ Any spending over the cap is not preauthorized and will not be eligible for targeted cost recovery. D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 155, 164, 173. Each company continues to bear the burden to demonstrate that its actual expenditures are reasonable and prudently incurred at the time it seeks final cost recovery. D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 110, 157, 166, 221. Consistent with D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 110, the Department will conduct the final prudence review upon completion of the modified grid modernization investment plan term.

modernization technologies deployed to date and make informed adjustments to deployment plans to maximize benefits to customers.⁵ See D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 108-109.

Given spending levels to date, the Department does not expect the Companies to encounter any budget constraints as a result of the extension of the current grid modernization investment term.⁶ In particular, through calendar year 2019, National Grid, Unitil, and Eversource report total grid modernization spending of \$6.8 million, \$355,000, and \$70.6 million, respectively (National Grid 2019 Annual Report, App. at Tabs 5(a) and 5(b); Unitil 2019 Annual Report, App. at Tabs 5(a) and 5(b); Eversource 2019 Annual Report, App. at Tabs 5(a) and 5(b)). By comparison, the Department approved grid modernization budgets for National Grid, Unitil, and Eversource of \$82 million, \$4.4 million, and \$133 million, respectively. D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 154, 163, 172.

⁵ The Companies will file their grid modernization evaluation reports on the schedule outlined in the grid modernization evaluation plan (D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, Grid Modernization Evaluation Plan (Rev.) (April 1, 2020)).

⁶ Separately, in Eversource's most recent base distribution rate proceeding, the Department approved budgets of \$55 million for a battery energy storage demonstration program and \$45 million for electric vehicle charging infrastructure, with the recovery of program costs to be addressed in the grid modernization proceedings. NSTAR Electric Company and Western Electric Company, D.P.U.17-05, at 470-471, 501-502 (2017). In D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 186-187, the Department concluded that it is appropriate for Eversource to recover costs associated with its energy storage demonstration program and electric vehicle charging infrastructure through the grid modernization short term targeted cost recovery mechanism.

Extension of the current three-year investment term through calendar year 2021 requires a corresponding modification to the subsequent three-year grid modernization plan term to encompass calendar years 2022 through 2024. Accordingly, each company shall submit its next three-year grid modernization plan filing for calendar years 2022 to 2024, on or before July 1, 2021. Consistent with D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 110-111, this filing shall include (1) a three-year short-term investment plan for calendar years 2022 through 2024, and (2) a five-year strategic plan for calendar years 2022 through 2026. In conclusion, the Department finds that extension of the current three-year investment term through calendar year 2021 and corresponding modification to the subsequent three-year grid modernization plan term to encompass calendar years 2022 through 2024 is consistent with our grid modernization objectives, and is reasonable, appropriate, and in the public interest.

Finally, we note that the Department approved separate budgets for Eversource's energy storage demonstration program and for electric vehicle charging infrastructure, with cost recovery for these programs through its grid modernization plan (see n.5, above). D.P.U. 17-05, at 470-471; 501-502; D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 186-187. With our Order today, the Department also extends the preauthorized investment term for these programs through calendar year 2021. To the extent that Eversource requires additional funds for the Department-approved projects in 2021 or seeks to expand the

programs, it may petition the Department for an expansion of the applicable preauthorized budget cap and/or program.⁷

III. ORDER

Accordingly, after due consideration, it is

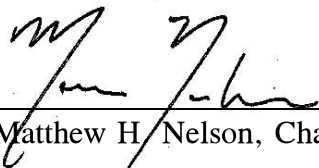
ORDERED: That Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid; Fitchburg Gas and Electric Light Company, d/b/a Unital; and NSTAR Electric Company, d/b/a Eversource Energy shall implement their approved grid modernization investment plans, subject to Department-approved budget caps, through calendar year 2021; and it is


FURTHER ORDERED: That Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid; Fitchburg Gas and Electric Light Company, d/b/a Unital; and NSTAR Electric Company, d/b/a Eversource Energy shall submit a grid modernization plan filing for calendar years 2022 to 2024, by July 1, 2021; and it is


⁷ As mentioned above, the Department does not expect the Companies to encounter any budget constraints on their other approved grid modernization projects as a result of the extension of the current grid modernization investment term. However, if the Companies encounter budget constraints related to those projects because of this extension, the Companies may petition the Department for an expansion of the Department approved grid modernization budgets.

FURTHER ORDERED: That Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid; Fitchburg Gas and Electric Light Company, d/b/a Until; and NSTAR Electric Company, d/b/a Eversource Energy shall comply with all other directives contained in this Order.

By Order of the Department,


Matthew H. Nelson, Chair


Robert E. Hayden, Commissioner


Cecile M. Fraser, Commissioner