

CAPE LIGHT COMPACT

Summary of Key Questions on the Eversource Grid Modernization Plan

A transformation of the electric system that serves Cape Cod and Martha's Vineyard into a "SmartGrid" is about to begin through Grid Modernization Plans filed by each utility with the Massachusetts Department of Public Utilities (DPU). These Plans will set the stage for how consumers pursue renewable energy, energy storage and other smart devices and appliances in their homes and businesses.

Consumers are the central piece in the new "SmartGrid" system, a point which Eversource's Grid Modernization Plan explicitly recognizes. The decisions made by the DPU about the role of consumers will have impacts that will persist far into the future.

This transformation of the electric grid is happening not only in Massachusetts, but across the nation. The first phase of the change will add digital intelligence and advanced communications (sensors, switches, software, and other equipment) to the transmission, distribution, and metering systems that now deliver electricity to us. It will automate a mechanical system that was originally designed for one-way power flows from the generator to the consumer, and make it a new interactive system in which consumers can also generate and sell power, create micro-grids, or time their power usage relative to high peak demand periods. It is a process being referred to by state regulators at the Massachusetts Department of Public Utilities (DPU) as "Grid Modernization."

In response to an order from the Massachusetts DPU, Eversource submitted plans and costs for the first phase of SmartGrid development on the Cape and Vineyard to the DPU in August 2015. The DPU will soon take up deliberation on the Eversource Grid Modernization Plan. It is vital that municipalities, businesses, organizations, and residential consumers become informed and take part as stakeholders.

The Cape Light Compact has prepared a white paper intended to spur discussion on this important topic. The paper explains the background and the issues at stake for the region and reviews Eversource's Grid Modernization Plan. It focuses on three key questions:

- 1) Should the region advocate for "smart meters" being universally installed for all customers, or an opt-in process in which individual consumers choose whether or not to participate?
 - The DPU has taken an initial position that "smart meters" be universally installed at homes and businesses by all utilities.
 - This issue rests on how new "time-varying-rates" are structured and whether they will deliver savings to consumers.
 - The question is whether this universal approach will be economically beneficial to those who cannot, or do not wish to, shift the schedule of

their electric use, during specific times or the year, and specific periods of the day.

- There is also a question on the requirement that those who want to have a “smart meter” participate in the Eversource power supply program, and not have supply from the Cape Light Compact, or any other independent power supplier.
- 2) What level of electric reliability do Cape and Vineyard consumers expect, and how much are they willing to pay for that reliability?
- This issue turns on the need to identify critical areas that are in need of upgrades.
 - It is important that inappropriate costs for standard maintenance and upgrades are not included.
 - Also critical is ensuring that cost allocation does not include projects aimed at benefitting areas outside the region (i.e. the City of Boston).
- 3) Should the region advocate policies that will continue to support a robust expansion of distributed generation (solar, wind, electric storage and other local and consumer installed electric generators)?
- What technological capacity is needed to accommodate more distributed generation, at what cost?
 - What is a fair rate structure to support distributed generation without shifting costs to other consumers who do not have distributed generation?

A fourth overriding question is cost: who pays for all of this, what does Eversource include in the charges, and how does Eversource plan to charge consumers?

- Under the plan, spending is pre-authorized, so what gets approved will appear on bills for a lengthy period.
- It’s imperative to know what the region wants and needs, and to make sure that certain inapplicable costs are not included.
- A budget for only five years of the ten-year plan is included. This spending will drive the need for future investment. What is the total cost?

Please note this is the start of deliberative process. The white paper and the questions it raises are not intended to be exhaustive. The Compact and other consumer advocates will raise additional questions at the DPU. This document is intended to spur discussion on some of the key questions prompted by Eversource’s Grid Modernization Plan. It is crucial for all consumers to consider and continue to discuss what the Eversource Plan will mean for the Cape and Vineyard.