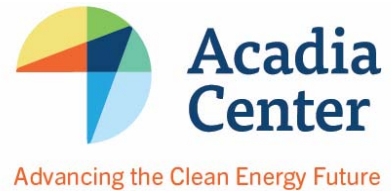


Massachusetts Electricity Rates

Review of National Grid's Proposed Changes

March 2016



Summary of National Grid's Proposed Changes

National Grid is proposing significant distribution rate increases and two major changes to rate design that would seriously impact residential ratepayers, small businesses, and a significant category of solar projects. The two major changes are (1) "tiered" customer charges for residential ratepayers and small businesses and (2) access fees for new stand-alone distributed generation projects, including solar and wind. National Grid withdrew a similar proposal in Rhode Island because of lack of support, but they are pressing ahead in Massachusetts.

The tiered customer charges introduce new levels of complexity for average ratepayers. The monthly starting bill, before taking into account consumption, for a given customer would be based on maximum kWh consumption over the previous twelve months. For residential customers, the tiers would be:

- Tier 1: \$6 per month if your maximum is 250 kWh or less,
- Tier 2: \$9 per month if your maximum is over 250 kWh but less than 601 kWh,
- Tier 3: \$15 per month if your maximum is over 600 kWh but less than 1,201 kWh, and
- Tier 4: \$20 per month if your maximum is over 1,200 kWh.

Proposals are Harmful to Consumers and Renewable Energy

Recently, Acadia Center filed testimony opposing these proposals, along with Northeast Clean Energy Council, Vote Solar, and the Energy Freedom Coalition of America. Tiered customer charges for residential ratepayers and small businesses are unfair and unjustified for four primary reasons:

- Everyone would be vulnerable to significant unexpected bill increases because no real-time information is available. For example, a residential customer going from 600 kWh to 601 kWh in a single month would lock in \$72 of increased bills for the next year.
- Customer control of bills would be decreased because a bigger portion of bills would be fixed and the per-kWh rates would go down.
- The value of net metering credits goes down without an analysis of the costs and benefits of solar.
- Large residential ratepayers benefit because monthly consumption over 1,200 kWh effectively has a lower price, and small and medium residential ratepayers bear a higher burden for the rate increases.

Access fees for new stand-alone distributed generation projects, including solar and wind, are unfair and unjustified for two primary reasons:

- The new fees are not based on an analysis of the costs and benefits of distributed generation to the electric system or even based on estimated costs to the distribution system.
- The new fees would arbitrarily discourage key types of distributed generation, including community shared solar and projects that benefit affordable housing projects and low-income ratepayers. This would restrict access for those who can't put solar on their own roof.

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