



# Massachusetts Department of Public Utilities (“DPU”)

i2x DER Interconnection: Webinar 4  
Promoting Economic Efficiency through Cost  
Allocation

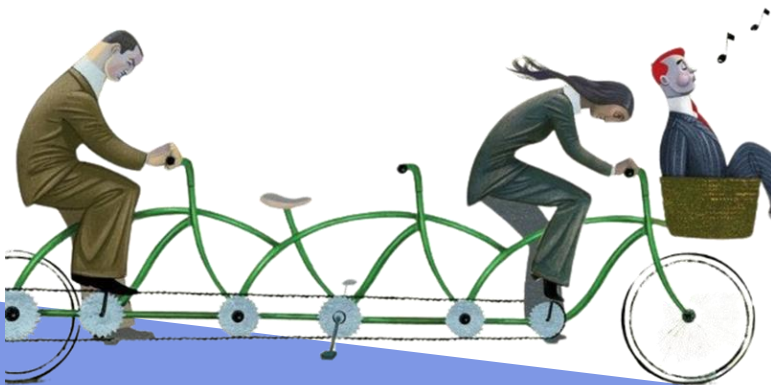
October 22, 2025



# Cost Allocation in Massachusetts

## Cost Causation

Interconnecting customers are solely responsible for covering the costs of the distribution system upgrades necessitated by their proposed projects, even if those upgrades benefit future interconnecting customers.



## Cost Sharing

**Group Study:** allows the impact studies of two or more proposed DG facilities in a common study area to be performed at the same time, instead of each application undergoing such study separately and for costs of distribution system upgrades to be shared among Group Study members.

Order: [D.P.U. 17-164](#)

**Provisional Program:** Group Study projects that execute ISAs prior to completion of distribution system upgrades pay pro rata share and ratepayers initially pay remaining costs of the upgrade. Then, each DG facility interconnecting following completion of construction pays a pro rata share of the upgrade costs. Those payments are returned to ratepayers through a credit on their electric bills.

Order: [D.P.U. 20-75-B](#)

See also, [DPU Provisional Program Webpage](#)



# Provisional Program

- In D.P.U. 20-75-B, the DPU established a new, provisional framework for planning and funding essential upgrades to the electric power system (“EPS”) to foster timely and cost-effective development and interconnection of DG.
- Allows the three electric distribution companies (“EDCs”) to file Capital Investment Project (“CIPs”) proposals with the DPU that limit the interconnection costs allocated to each DG facility enabled by a certain CIP.
- Ratepayers will fund a portion of the construction of the CIPs through a reconciling mechanism which will appear on customer bills beginning a year after the completion of the EDC EPS upgrades and which is recovered over the course of 20 years
- The DPU reviews each CIP on a case-by-case basis for approval, denial, or modification.
- For approved CIP projects, DPU directed the companies to notify DPU if more than 50 percent of the Group Study project capacity drops out of the interconnection queue before Interconnection Service Agreements are executed or the first 25 percent CIP fee payments are made. In this case, the EDCs must make a supplemental filing showing good cause in order to continue with the proposed cost recovery.
- The original Provisional Program was limited to the Affected Group Studies named in D.P.U. 20-75-B, through the Electric Sector Modernization Plans (“ESMP”) Phase I Order the DPU extended the Provisional Program until the establishment of a Long Term System Planning Process (“LTSP”) or otherwise directed.



# Provisional Program Eligibility Criteria

A Distribution Company may submit an EPS upgrade as part of a CIP only if the EDC:

- identifies the upgrade through a distribution or transmission impact study for an Affected Group Study;
- demonstrates that the upgrade will enable the interconnection of several DG facilities;
- ensures that the upgrade will result in a cost to Interconnecting Customers of \$500 per kilowatt or less;
- shows that it will interconnect the estimated DG facilities within the proposed rate recovery period; and
- shows that it can complete the aspects of the construction timeline within its control within 4 years from the conclusion of the DPU's adjudicatory process.



# Long Term System Planning Process (“LTSP”) ”

- In D.P.U. 20-75, the DPU investigated the possibility of establishing an optimal LTSP to serve the public interest, provide benefits to ratepayers, enable effective interconnection of DER, support the EDCs’ infrastructure investment in a safe, reliable, and resilient EPS, and promote Massachusetts’ energy policies.
- Upon passage of the 2022 Clean Energy Act, however, the Legislature enacted a new process and requirements for long-term system electric planning that effectively replaced the DPU’s investigation in D.P.U. 20-75-however, the EDCs did not include LTSP proposals within their ESMPs.
- Through the initial ESMP Order, the DPU directed a 6-month LTSP process which culminated in the filing of a joint LTSP proposal earlier this year.
- The LTSP is intended to replace the Provisional System Planning Program.
- Under the LTSP Framework, the EDCs propose a cost allocation methodology, modeled after the cost allocation framework established in D.P.U. 20-75, that includes a Proactive Hosting Capacity Fee (“PHC Fee”). .
- This proceeding is pending and is docketed as [D.P.U. 25-20](#)
- Order on scope of investigation is forthcoming



# Common System Modification Fee

- Due to DG saturation, it is now more common for smaller systems to trigger the need for Common System Modifications (“CSM”) such as transformers.
- Proposal for all systems seeking to interconnect via the Simplified Process to pay a fee (CSM Fee) at the time of interconnection regardless of whether the system triggers the need for CSM to the EDC’s EPS. These fees would then be pooled to cover the costs of CSMs.
- Currently under consideration in D.P.U. 25-48, the DPU’s investigation into the Interconnection Implementation Review Group’s (“IIRG”) proposed revisions to the DG Interconnection Tariff.



# Appendix

Pending proceedings before the DPU that involve alternative forms of cost allocation for the interconnection of DER.



# Electric Sector Modernization Plans (“ESMPs”)

- In 2022, the Massachusetts legislature enacted G.L. c. 164, §§ 92B-92C, requiring the Massachusetts EDCs to each submit an ESMP with the DPU every 5 years. The statute also required the EDCs to include a proactive LTSPP for the interconnection of DER.
- The purpose of the ESMPs is to proactively upgrade the grid to help the state meet its climate goals – through development of clean energy, electrification, and increased resilience, among other things.
- DPU’s initial ESMP order approved the inaugural ESMPs with modifications and identified next steps to implement the ESMPs
- DPU found that the ESMPs are strategic planning documents, or ‘roadmaps’, that outline how proposed ESMP investments will achieve the statutory objectives outlined in Section 92B(a) (e.g., transportation and building electrification, resiliency, etc.)
- DPU’s initial ESMP order did not pre-approve any costs or specific investments



# Pending CIPs

- National Grid: [D.P.U. 25-31](#) (Monson-Palmer-Longmeadow (NW))
  - Motion to dismiss filed by Intervenor ZP Battery; DPU to rule in the near term
- NSTAR Electric: [D.P.U. 25-30 \(Southwick-Granville\)](#), [D.P.U. 25-81 \(New Bedford\)](#), [D.P.U. 25-82 \(Dalton-Hinsdale\)](#), [D.P.U. 25-83 \(Gill-Montague\)](#)
  - Adjudicatory proceedings, Parties established, [Joint Procedural Schedule](#) established on September 25<sup>th</sup>



# National Grid Tariff Waiver Proposal

- Pending proceeding, Docketed as [D.P.U. 25-119](#).
- Waiver request from provisions of the DG Interconnection Tariff, M.D.P.U. No. 1599, and Provisional System Planning Tariff, M.D.P.U. No. 1577, applicable to the interconnecting customers in the Capital Investment Project (“CIPs”) in the Department’s Order in D.P.U. 22-170 (Monson-Palmer-Longmeadow), D.P.U. 23-06 (Gardner-Winchendon), D.P.U. 23-09 (Barre-Athol), and D.P.U. 23-12 (Spencer-Rutland).
- Per proposal, extended payments must be secured by an irrevocable letter of credit in a form satisfactory to the Company to protect the Company and distribution customers against the risk of nonpayment of any milestone payment.

- Option to pay 75% CIP Fee installments according to:

<u>Milestone</u>	<u>% Due</u>
Construction Start (Distribution line)	25%
Construction Start (Substation)	25%
Construction Midpoint	25%

\*Rather than 75% of CIP Fee payment due within 120 Business Days after the earlier of the Interconnecting Customer’s execution of their ISA or their first 25% installment payment.

- Comment period ended September 4th, DPU to issue next steps in the very near term.
- DPU approved tariff waiver on October 16th and the EDCs must now make their compliance filings.



# National Grid CIP Supplemental Filings

- D.P.U. 23-06 (Gardner-Winchendon) and D.P.U. 23-12 (Spencer-Rutland)
- Conditionally approved CIPs, adjudicatory proceeding, process limited to intervenors
- Supplemental filing made by National Grid on September 8<sup>th</sup> indicating >50% original Group Study capacity had withdrawn from the queue and arguing good cause to move forward.



# DPU Resources:

- [Who to contact about my renewable energy question or concern webpage](#)
- DG and Clean Energy Ombudsperson's Office: [dpu.ombudsperson@mass.gov](mailto:dpu.ombudsperson@mass.gov)
- Net Metering and DG Inquiries: [dpu.netmetering@mass.gov](mailto:dpu.netmetering@mass.gov)
- Electric Power Division ("EPD"): [epd.filing@mass.gov](mailto:epd.filing@mass.gov)
- Clean Energy and Resilience Engineering Division ("CERE"): [dpu.cere@mass.gov](mailto:dpu.cere@mass.gov)
- To be added to DPU's electronic DG service list, please contact Ombudsperson Katie Zilgme, [katie.zilgme@mass.gov](mailto:katie.zilgme@mass.gov), or Deputy Ombudsperson Robert Fitzpatrick, [Robert.J.Fitzpatrick@mass.gov](mailto:Robert.J.Fitzpatrick@mass.gov).