

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 26-62

June 30, 2026

Inquiry by the Department of Public Utilities on its own Motion into the Design and Implementation of Time-Varying Rates.

VOTE AND ORDER OPENING INQUIRY

I. INTRODUCTION

The Department of Public Utilities (“Department”) opens this inquiry into the design and implementation of time-varying rates (“TVR”). The design of TVRs, such as time-of-use (“TOU”) rates, critical peak pricing (“CPP”), peak-time rebates, and real-time pricing, recognizes differences in a utility’s cost of service and marginal costs at different times (e.g., hour, day, or season) and generally charges customers a higher price during peak hours and a lower price during off-peak hours. Modernization of the Electric Grid, D.P.U. 12-76-A at 34 (2013); NARUC Manual on Distributed Energy Resources Rate Design and Compensation at 26-27 (2016).¹ These forms of TVR generally require deployment of advanced metering functionality, such as advanced metering infrastructure (“AMI”). Time-Varying Rates, D.P.U. 14-04-C at 6 (2014). At a broader level, TVRs can also include seasonal rates, in which rates are different for winter and/or summer seasons. This inquiry will examine rate design considerations for the TVR framework that the Department approved in 2014, described below. Time-Varying Rates, D.P.U. 14-04-B at 8-12 (2014); D.P.U. 14-04-C at 2. In addition, the Department will examine the merits of incorporating transmission and distribution costs into the TVR framework; customer protections for vulnerable populations; the electric distribution companies’ (“EDCs”)² plans for the implementation of TVR; and marketing, education, and

¹ The NARUC Manual on Distributed Energy Resources Rate Design and Compensation is available at:
<https://pubs.naruc.org/pub/19FDF48B-AA57-5160-DBA1-BE2E9C2F7EA0>.

² The EDCs are NSTAR Electric Company d/b/a Eversource Energy (“NSTAR Electric”), Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid (“National Grid”), and Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”).

outreach (“MEO”) plans for the transition to TVR. The Department has docketed this investigation as D.P.U. 26-62.

On April 2, 2026, the Department of Energy Resources (“DOER”) filed a petition with the Department and recommended that the Department open an investigation into DOER’s TVR proposal regarding the implementation, design, customer experience, and integration of TVR (the “Petition”). DOER requested that, through this investigation, the Department direct the EDCs to do the following: (1) establish default TOU rates for customers, including supply, transmission, and distribution components, as appropriate; (2) plan for TOU implementation to ensure rate offerings are available to ratepayers expeditiously; (3) prepare MEO plans in coordination with stakeholders; and (4) report on enrollment, ratepayer outcomes, energy usage, and bill impacts (Petition at 1-2). The Petition builds on the work of the Massachusetts Electric Rate Task Force (“Rate Task Force”), which DOER convened to advance rate design and ratemaking that align with the Commonwealth’s decarbonization and energy affordability priorities (Petition at 3-4).³ DOER received comments from the Rate Task Force on a straw proposal and incorporated the participants’ feedback into its TVR proposal, which is discussed further below (Petition at 4). In support of its petition and TVR proposal, DOER also filed: (1) a report on the Rate Task Force stakeholder process and engagement; (2) an analysis of Massachusetts electric load and electricity prices; (3) DOER’s ratemaking straw proposal; (4) stakeholder comments on DOER’s ratemaking straw proposal;⁴ (5) Rate Task Force

³ <https://www.mass.gov/info-details/massachusetts-electric-rate-task-force>.

⁴ The following stakeholders submitted comments on DOER’s ratemaking straw proposal: Acadia Center; Environmental League of Massachusetts; Green Energy Consumers Alliance; the EDCs, jointly; the Massachusetts Institute of Technology; Low-Income

presentations; (6) the Interagency Rates Working Group's ("IRWG")⁵ Long-Term Ratemaking Study and Recommendations; and (7) public comments on the IRWG's Long-Term Ratemaking Study and Recommendations.

II. BACKGROUND

In 2014, the Department set forth a vision for and a path towards a modern electric system in Massachusetts, one that will be cleaner, more efficient and reliable, and will empower customers to manage and reduce their energy costs. Modernization of the Electric Grid, D.P.U. 12-76-B at 1 (2014). The Department previously identified advanced metering functionality as the basic technology platform necessary to furthering the Commonwealth's grid modernization objectives.⁶ D.P.U. 12-76-A at 12. Further, the Department determined that

Weatherization and Fuel Assistance Program Network, the Low-Income Energy Affordability Network, and the Massachusetts Energy Directors Association; Northeast Energy Efficiency Partnerships; NRG; Opower/Oracle; PowerOptions; Rewiring America; The Solar Energy Industries Association; The Energy Consortium; Valley Solar; and Vote Solar. The following stakeholders also submitted joint comments: Conservation Law Foundation; The Low-Income Weatherization and Fuel Assistance Program Network, the Low-Income Energy Affordability Network, and the Massachusetts Energy Directors Association; Planning Office for Urban Affairs; Acadia Center; Green Energy Consumers Alliance; Newton Energy Commission; Vote Solar; Sierra Club; Environmental League of Massachusetts; Environmental Defense Fund; American Council for an Energy-Efficient Economy; and Rewiring America.

⁵ In 2024, DOER partnered with the Massachusetts Clean Energy Center, the Attorney General of the Commonwealth of Massachusetts ("Attorney General"), and the Executive Office of Energy and Environmental Affairs to establish the IRWG, which was tasked with advancing near- and long-term rate solutions and innovations that promote affordability and decarbonization goals.
<https://www.mass.gov/info-details/interagency-rates-working-group>.

⁶ The Commonwealth's grid modernization objectives are to: (1) optimize system performance by attaining optimal levels of grid visibility, command and control, and self-healing; (2) optimize system demand by facilitating consumer price responsiveness and minimizing losses on the system; and (3) facilitate the interconnection of distributed

implementing TVR is critical to achieving the grid modernization objectives, noting TVR's potential to: (1) allow customers, assisted by new technologies (e.g., advanced meters, in-home displays, programmable thermostats, load control devices), to respond to the varying costs of electricity; (2) enable individual customers to save money by changing when they use electricity, based on price signals that reflect costs; (3) benefit all customers by reducing peak energy and capacity market costs; (4) increase system efficiencies and support the distribution system by reducing peak demand; and (5) provide appropriate incentives for consumers to install distributed resources such as solar photovoltaic generation, electricity storage, electric vehicles, and targeted energy efficiency and demand response. Time-Varying Rates, D.P.U. 14-04, Vote and Order Opening Inquiry at 1 (2014); D.P.U. 14-04-B at 1. Subsequently, the EDCs, with the Department's oversight and direction—and thanks to significant investments from ratepayers—have made substantial progress to lay the foundation for implementing TVR.

After investigating how to maximize the benefits of TVR, the Department finalized a TVR framework for basic service customers that included the following components: (1) a default TOU rate with a CPP component; and (2) an option to opt out of the default TOU rate in favor of a flat rate with a peak time rebate ("PTR") component. D.P.U. 14-04-C at 2; D.P.U. 14-04-B at 8-12. In its Order approving the TVR framework, the Department determined that it would resolve certain issues necessary to implement TVRs—including rate design considerations, customer protections, any necessary modifications to the basic service

energy resources and integrate these resources into the EDCs' planning and operations processes. Grid Modernization, D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 101-104, 106 (2018).

procurement process, and opt-out protocols—following the Department’s review and approval of the EDCs’ grid modernization plans. D.P.U. 14-04-C at 20.

After completing multiple comprehensive investigations into the EDCs’ grid modernization and strategic plans, the Department preauthorized AMI investment plans for each EDC, which targeted the complete deployment of AMI by 2028.

D.P.U. 15-120/D.P.U. 15-121/D.P.U. 15-122, at 133-134; Grid Modernization – Phase II, D.P.U. 20-69, Vote and Order Opening Investigation at 3 (2020); Grid Modernization – Phase II, D.P.U. 20-69-A, at 38-39 (2021); Grid Modernization Plans for Calendar Years 2022 to 2025, D.P.U. 21-80-B/D.P.U. 21-81-B/D.P.U. 21-82-B at 238, 258, 277, 290 (2022). In the Order approving the AMI investment plans, the Department required the EDCs to establish and moderate a statewide AMI Stakeholder Working Group to discuss certain issues related to AMI implementation, including TVR. D.P.U. 21-80-B/D.P.U. 21-81-B/D.P.U. 21-82-B at 325. The EDCs filed the AMI Stakeholder Working Group Final Report on August 1, 2024. Moreover, the Department already has implemented TVRs that do not rely on AMI, where appropriate, and has contemplated potential future uses. For example, over the past two years, the Department has approved seasonal, revenue-neutral heat pump rates for each of the EDCs. See, e.g., Fitchburg Gas and Electric Light Company, D.P.U. 23-80/D.P.U. 23-81, at 407 (2024); Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 23-150, at 512 (2024); NSTAR Electric Company, D.P.U. 25-55, at 28 (2025); Seasonal Heat Pump Rate, D.P.U. 25-08-A (June 1, 2026). Separately, the Department has recognized the potential for TVR paired with electric vehicles (“EVs”). See e.g., Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 18-150, at 387-392 (2019) (approving an off-peak charging

rebate program); see also, Electric Vehicle Time-of-Use Rates, D.P.U. 23-84/D.P.U. 23-85, at 20-21 (2025).

III. DOER'S PROPOSAL

A. Design and Implementation Recommendations

DOER recommends that the Department require the EDCs to implement a default TOU rate that reflects time-varying electric system costs across supply, transmission, and distribution service with a single, consolidated peak period from 4:00 p.m. to 8:00 p.m. (Petition, Exh. A at 1, 3, 17).⁷ DOER asserts that opt-out enrollment in TOU rates has the potential to deliver significantly greater benefits than opt-in rates (Petition, Exh. A at 17, 44-45). DOER also states that the Department should require the EDCs to file reports analyzing the coincidence of distribution system peak demand with ISO-New England system peaks to inform distribution rate design (Petition, Exh. A at 24-25). DOER further emphasizes the importance of peak to off-peak ratios and asks that the Department determine the appropriate ratio for each of supply, transmission, and distribution service by examining the underlying cost structure of each component (Petition, Exh. A at 25).

DOER offers specific recommendations for costs associated with supply, transmission, and distribution. For supply, DOER asserts the Department should determine the appropriate approach for the EDCs to solicit supplier bids between two alternatives: (1) uniform pricing that

⁷ DOER notes that its peak period recommendation is based on recent load patterns and system needs and stresses that peak periods should change as system needs evolve (Petition, Exh. A at 23-24). DOER recommends, therefore, that the Department require the EDCs to jointly prepare an annual report after the implementation of TVR that reviews and amends, if needed, the peak period to align with changes in energy prices and usage trends (Petition, Exh. A at 23-24).

the EDCs would use to calculate TOU pricing for basic service customers; or (2) separate on-peak and off-peak pricing (Petition, Exh. A at 32-33). DOER asks that the Department thereafter direct the EDCs to make all necessary revisions to their procurement processes, including revisions to their basic service tariffs and requests for proposals (Petition, Exh. A at 32-33). Next, for transmission, DOER recommends that the Department direct the EDCs to file proposed revenue-neutral, TOU transmission rates for any non-demand customers on or before June 18, 2027, for rates effective no later than May 1, 2028 (Petition, Exh. A at 39-40).⁸ DOER further suggests the Department should direct the EDCs to allocate transmission costs through a common approach to DOER's recommended peak period of 4:00 p.m. to 8:00 p.m. in all months, with higher transmission rates during the peak season (Petition, Exh. A at 39-40). Finally, for distribution, DOER asks that the Department direct the EDCs to propose distribution rates in their next rate cases that are informed by a marginal cost of service study and TOU analysis (Petition, Exh. A at 42-43).

DOER also recommends that each EDC file a report with the Department outlining all necessary actions it must take before it can enroll customers in a TOU rate (Petition, Exh. A at 16). DOER states that, at a minimum, the report should include the following information: (1) status of AMI deployment, including AMI meters and all associated processes and functionalities (e.g., customer information systems and meter data management systems); (2) a

⁸ "Revenue neutral" means a redesign or realignment of rates where a decrease in one rate component offsets an increase in another rate component, and all else equal, maintains the same level of revenues to the company before and after the changes in rates. See Joint Petition for Approval of Merger between NSTAR and Northeast Utilities, D.P.U. 10-170-B at 21-22 (2012).

schedule for implementation of TOU rates to customers based on DOER's recommendations; (3) identification of any additional changes to AMI functionalities or billing systems to implement TOU rates based on DOER's recommendations; and (4) a description of costs to implement TOU rates based on DOER's recommendations (Petition, Exh. A at 16). DOER contends that the report should also delineate all associated costs and anticipated timelines to implement TOU rates, including for basic service, competitive suppliers, transmission, and distribution rates (Petition, Exh. A at 16).

B. Customer Protections

DOER recommends that the Department include customer protections as part of its investigation, including bill protections such as opt-out, shadow billing,⁹ and bill stabilization measures (Petition, Exh. A at 44-46, 49). To inform such customer protections, DOER asserts that accurate bill impacts from TOU rates are necessary (Petition, Exh. A at 47-48). DOER asks the Department to direct the EDCs to conduct load research based on available AMI data to facilitate better bill impact analyses and report on the findings at a technical session (Petition, Exh. A at 47-48). To develop these bill impact analyses further, DOER recommends that the EDCs provide data and analysis to characterize the diversity of technology access and load profiles of their customers, which will allow the Department, EDCs, and other stakeholders to determine a set of representative customer profile types, develop approaches to identify

⁹ Shadow billing is an informational billing practice where a customer's actual usage is modeled against a different rate structure. Under shadow billing, customers get a utility bill with two sections: one part of the bill that shows what they currently owe; and a second that is for informational purposes only showing what the customer would have paid for the same electricity usage under a different rate structure.

vulnerable customers (e.g., customers with medical devices), and analyze their ability to shift load (Petition, Exh. A at 48). DOER suggests that the EDCs file detailed bill impact analyses for those customer profile types when each EDC proposes transmission and distribution TOU rates (Petition, Exh. A at 48).

C. Customer Transition Plans

DOER also recommends that the Department direct the EDCs to prepare a plan to facilitate the transition for customers from flat rates to TOU rates. DOER proposes that EDC transition plans address the following elements: (1) implementation timeline; (2) sequencing of TOU roll-out; (3) customer opt-out process; (4) incremental implementation costs, including costs for MEO, a customer contact center, web application and app portal, billing system upgrades, and back-office customer account maintenance; and (5) associated tracking and reporting (Petition, Exh. A at 50). DOER suggests that the Department further direct the EDCs to develop, through stakeholder input, a joint MEO plan (Petition, Exh. A at 51-52). DOER requests that the EDCs submit quarterly progress reports with enrollment metrics, updates to the rollout plan, a timeline to completion; MEO plan adherence, cost, and issues encountered; opt-out rates and trends; bill impact metrics after enrollment, segmented by demographics and usage patterns; and changes in load shape and peak demand (Petition, Exh. A at 52).

IV. SCOPE OF THE PROCEEDING

The Department greatly appreciates the efforts of DOER, the IRWG, and the Rate Task Force to develop comprehensive recommendations for TVR.¹⁰ Consistent with our

¹⁰ DOER's proposal is notably robust and reflects extensive stakeholder engagement through both the IRWG and Rate Task Force processes.

superintendence authority under G.L. c. 164, § 76, on its own motion, the Department opens this inquiry into the design and implementation of TVR, including DOER's proposals.¹¹ The Department intends to conduct this investigation expeditiously and build on the work of the Rate Task Force's robust stakeholder process. The Department will begin this investigation by requesting information and data from the EDCs and interested stakeholders regarding TVR implementation and rate design considerations. The Department will determine the next procedural steps of this investigation after reviewing the information submitted by the EDCs and interested stakeholders, including when to solicit comments from the EDCs and other stakeholders on additional issues raised in DOER's petition.

V. REQUEST FOR INFORMATION FROM THE EDCS

The Department directs each EDC to submit the following information no later than

July 31, 2026:

1. empirical analyses of distribution system peak demand and transmission system peak demand that assess the coincidence with ISO-NE system peaks to inform distribution and transmission rate designs at the service company and load zone levels, and any additional level of granularity possible;
2. heat maps similar to those in DOER's petition at Appendix A, page 28, for distribution and transmission at the service territory level as well as load zones within each service territory;
3. empirical analyses and discussion of the appropriateness of a single four-hour peak window from 4:00 p.m. to 8:00 p.m. for each day (weekday, weekend, holiday) during summer, shoulder, and winter seasons, with definitions for each season;
4. a dataset in Microsoft Excel with the daily distribution peak kW noting season (summer, shoulder, and winter, as defined in item 3, above), day (Sunday through Saturday), date (1 through 31), month, peak hour ending (0:00-24:00), holiday as

¹¹ See 220 CMR 2.03 (providing that upon receipt of a petition, the Department may "take any [] action the Department deems appropriate" consistent with law).

defined in the relevant tariff (dummy variable), at the service territory level and, if possible, additional levels of geographic granularity, for each of the last five years;

5. a discussion of the appropriateness of CPP for distribution and transmission;
6. empirical analyses of demand elasticity across all customer groups and seasons, including discussion of appropriate pricing ratios given varying percentages of volumetric costs per customer bill at the 25th percentile, 50th percentile, 75th percentile, and mean usage;
7. empirical analyses of the amount of forecasted peak load reduction required to defer planned investment in the next five- and ten-year time periods; and
8. a report on all necessary actions each EDC must take before it can enroll customers in a TVR rate, including but not limited to:
 - a. a schedule for implementation of TVR rates to customers based on DOER's recommendations;
 - b. the sequencing of TVR roll-out;
 - c. the status of AMI deployment, including AMI meters and all associated processes and functionalities (e.g., customer information systems, meter data management systems, etc.);
 - d. identification of any additional changes to AMI functionalities, billing systems, or other operational functions to implement TVR rates based on DOER's recommendations;
 - e. identification of any additional changes to AMI functionalities, billing systems, or other operational functions to enable TVR supply rates for non-demand customers who receive supply from competitive suppliers or municipal aggregation providers;
 - f. a description of likely tracking and reporting; and
 - g. a description of costs to implement TVR rates based on DOER's recommendations, including:
 - i. potential incremental implementation costs, including for:
 1. MEO, including those investments identified by DOER such as a customer contact center, web application and app portal, development and dissemination of education

- materials, billing system upgrades, and back-office customer account maintenance;
- 2. any additional or alternative MEO investments contemplated by the EDCs; and
- 3. basic service, competitive suppliers, transmission, and distribution rates.

In addition, in the interest of ensuring the EDCs implement well-designed plans in a timely manner, the Department directs the EDCs to develop and submit a joint MEO plan, building off any forthcoming MEO directives in Energy Burden, D.P.U. 24-15, to the Department no later than **September 30, 2026** for Department review. Transitioning to TVR rates will require coordinated communications efforts across the EDCs to ensure that customers are aware of the new rate structures, understand how to adjust their behavior to benefit from the new rates, and are aware of customer protections and their options regarding participation in TVR rates. The Department expects the plan to be consistent across the EDCs and to build on the following recommendations, best practices, and Department directives:

1. recommendations for MEO as provided by DOER in its petition (Petition, Exh. A at 51-52);
2. the Rate Task Force's MEO expert presentation sessions, including best practices from other jurisdictions (Petition, Exh. B at 8);
3. best practices for MEO as identified by the Energy Burden Working Group (D.P.U. 24-15, Low-Income Discount Rate Process Report, Exh. 1, at 5-6 (May 14, 2026)); and
4. prior Department MEO directives and Department-approved plans in the context of heat pump rates and energy efficiency, where applicable (D.P.U. 25-08-A, at 31-39; 2025-2027 Three-Year Energy Efficiency Plans, D.P.U. 24-140 through D.P.U. 24-149, Statewide Plan, Exh. 1, at 298-304 (2025)).

To the extent that the EDCs' proposed MEO plan does not follow these recommendations, best practices, and Department directives, the EDCs should provide specific

justification, based on experience in other jurisdictions with TVR rates, and reasoning on why such changes are necessary to educate and/or protect ratepayers. Further, to ensure stakeholders can provide input on the MEO plan, the Department directs the EDCs to begin coordinating with interested stakeholders as soon as practicable.

VI. REQUEST FOR INFORMATION FROM ALL INTERESTED STAKEHOLDERS

The Department also solicits comments from all interested stakeholders in response to the following topics no later than **July 31, 2026**:

1. please identify and describe any consumer protections necessary for a successful design and implementation of TVR in Massachusetts;
2. please describe implementable strategies for guiding customer behavior to avoid creating a new system (or grid pocket) peak immediately following the end of a peak rate period;
3. please identify any additional changes to AMI functionalities, billing systems, or other operational functions required by the EDCs to enable TVR supply rates for non-demand customers who receive supply from competitive suppliers or municipal aggregation providers;
4. please identify and describe key elements for inclusion in the EDCs' implementation and MEO plans, discussed above; and
5. please provide information and analysis on items 3, 5, and 6 in the information request to the EDCs in Section V above.

VII. ORDER

Accordingly, the Department

VOTES: Consistent with our superintendence authority under G.L. c. 164, § 76, to open an investigation concerning the design and implementation of TVR; and it is

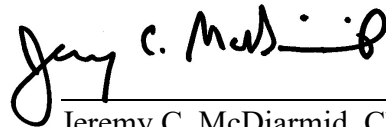
ORDERED: That the Secretary of the Department shall send a copy of this Order to each electric distribution company subject to the jurisdiction of the Department under G.L. c. 164; the Attorney General of the Commonwealth of Massachusetts; and the service and distribution lists

in: (1) D.P.U. 24-15; (2) Gas and Electric Delivery Charges and Bill Redesign, D.P.U. 25-200; (3) Investigation by the Department on Its Own Motion into the Use of Interval Data Collected by Advanced Metering Infrastructure to Settle Load with ISO New England Inc., D.P.U. 26-44; (4) D.P.U. 25-08; (5) D.P.U. 24-140 through D.P.U. 24-149; and (6) D.P.U. 23-84/D.P.U. 23-85; and it is

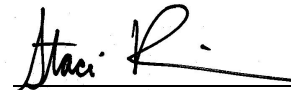
FURTHER ORDERED: That the Secretary of the Department shall serve a copy of this Order upon all persons on the Department's electronic distribution list; and it is

FURTHER ORDERED: That all participants shall comply with all directives contained in this Order.

By Order of the Department,



Jeremy C. McDiarmid, Chair



Staci Rubin, Commissioner



Elizabeth A. Anderson, Commissioner