COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 26-75

FIRST PROGRESS REPORT

OF

THE DEPARTMENT OF ENERGY RESOURCES,

NSTAR ELECTRIC COMPANY D/B/A EVERSOURCE ENERGY,

MASSACHUSETTS ELECTRIC COMPANY AND NANTUCKET ELECTRIC COMPANY, EACH D/B/A NATIONAL GRID,

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY D/B/A UNITIL,

AND

THE MASSACHUSETTS ATTORNEY GENERAL'S OFFICE

RE: DISCUSSIONS RELATED TO ENERGY SERVICES AND CONTRACTING MECHANISMS FOR ENERGY STORAGE SYSTEMS FOR 83E ROUND 3.

I. INTRODUCTION

The Department of Public Utilities ("Department"), in its July 27, 2026 order approving the Section 83E Round 2 request for proposals ("RFP"), directed the Department of Energy Resources ("DOER") and the Distribution Companies,[1] to undertake a "thorough, stakeholder-included exploration of an ISC [Index Storage Credit] or other mechanism for inclusion in a future solicitation that would enable procurement of energy services as soon as practicable so as not to delay drafting of the 2027 RFP." Section 83E – Second Solicitation, D.P.U. 26-75, at 38 (July 27, 2026). The Department also directed DOER and the Distribution Companies to provide joint

[1] The Distribution Companies include NSTAR Electric Company d/b/a Eversource Energy ("Eversource"), Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid ("National Grid"), and Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil").

progress reports on those discussions, which are due on October 30, 2026, January 29, 2027, and March 31, 2027. Id. at 39. This is the first of those joint progress reports.

II. SCHEDULE AND SCOPE

While the kickoff on these discussions was delayed due to scheduling conflicts, representatives from DOER, the Distribution Companies, the Massachusetts Attorney General's Office, and the Independent Evaluator (collectively, the "Working Group") initially met on September 15, 2026. During that meeting, the parties agreed to the initial cadence of the meeting schedule and broadly to the scope of the discussions.

A. Schedule

1. Meeting Schedule and Cadence

To explore the issues, the parties agreed to an initial meeting cadence of every two weeks and scheduled time every other Tuesday afternoon. To date, the Working Group met three times on September 15, September 29, and October 27.[2] The current schedule anticipates meeting six times prior to the second progress report, and five times between the second and third progress reports. All parties recognize that, depending on progress, more meetings may need to be added.

2. Stakeholder Inclusion

The Working Group recognizes the importance of receiving stakeholder input on the mechanisms under consideration but believes it is more appropriate to engage stakeholders after its initial review of the full list of potential contracting mechanisms is complete, and the Working Group has narrowed the list to a manageable number of remaining mechanisms or variations of mechanisms. It is too early to provide an exact date on which the Working Group will solicit

[2] A fourth meeting on October 13 was cancelled due to a scheduling conflict, and no replacement time worked for all parties.

stakeholder feedback, but a reasonable estimate would be no later than early January 2027. That timeline allows for the review of all mechanisms, and a more focused evaluation of a subset that the Working Group deems to be most promising for the Section 83E procurements, while still allowing time to solicit stakeholder feedback on that shortlist and incorporate that feedback into the Working Group's final report and decision.

B. Scope

Based on the filings related to Energy Services by the parties in the D.P.U. 26-75 proceeding, the Working Group agreed to address two issues during its discussions: (1) an evaluation of different potential storage contracting mechanisms to assess the best option for customers; and (2) discuss statutory change recommendations proposed by Eversource that the company finds may be necessary to address compliance issues raised by the Distribution Companies.

III. CONTRACTING MECHANISM REVIEW

Prior to the kickoff meeting on September 15, 2026, Eversource took the initial step of researching different mechanisms that are used in the United States and other countries to contract for storage. The resulting list of 37 mechanisms was reviewed by the Working Group, who agreed that the list would be a good starting point for a comprehensive review of potential contracting mechanisms.

To date, the Working Group has completed an initial review of 37 contracting mechanisms and has determined based on an initial assessment that 13 are appropriate for further examination. The excluded mechanisms include: merchant agreements that do not require a long-term contract, contracts solely or primarily for capacity that are not currently appropriate for a Distribution

Company counterparty to undertake, and regulated asset agreements that would require the Distribution Companies to take ownership of the asset and/or its operation.

IV. STATUTORY CHANGES

Prior to the second Working Group meeting on September 29, 2026, Eversource provided the other parties with a proposal that would adjust Section 83E to remove mention of the defined term "Energy Services." This would in essence change the statute from procuring Environmental Attributes and/or Energy Services for storage to just procuring storage. Eversource has determined that these changes would adequately address each party's concerns and could facilitate DOER and the Distribution Companies' use of one of the alternative contracting mechanisms currently being evaluated by the Working Group in future rounds. That proposal is under review by the other parties of the Working Group.

V. NEXT STEPS

Before the second progress report on January 29, 2027, the Working Group expects to: (1) continue its review of the short-listed mechanisms; (2) narrow the list to a reasonable number of mechanisms or variations and conduct a more focused evaluation of those mechanisms; (3) refine the plan to solicit stakeholder feedback on the shortlist of mechanisms; and (4) agree on any statutory changes to seek and engage each parties Legislative Affairs teams to jointly lobby lawmakers for those changes.

VI. CONCLUSION

In summary, the Working Group has kicked off discussions, established a schedule, agreed to a scope, and made progress on both issues it seeks to address. Although much work remains, the Working Group considers this a constructive start.