

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

Investigation by the Department of Public Utilities,
on the Petition of the Department of Energy Resources,
into Time-Varying Rates

D.P.U. 26-62

JOINT COMMENTS OF CLIMATE ADVOCATES

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INTRODUCTION

On June 30, 2026, the Department of Public Utilities (“Department” or “DPU”) opened this investigation, D.P.U. Docket 26-62, into the design and implementation of time-varying

rates (“TVR”).¹ The undersigned organizations commend the Department for taking this critical step to modernize the electric system in Massachusetts and contain costs for customers. We also deeply appreciate the work of the Department of Energy Resources (“DOER”) to lead a stakeholder process with the Electric Rate Task Force—a process in which the undersigned were actively engaged—and file a petition² with the Department recommending an investigation into DOER’s TOU Rate Proposal.³ In response to the Department’s request for information from interested stakeholders, **Conservation Law Foundation, Vote Solar, Environmental League of Massachusetts, Acadia Center, Rewiring America, Newton Energy Commission, and the Planning Office for Urban Affairs** submit the following comments.

When designed and implemented appropriately, time-of-use (“TOU”) rates can offer significant public benefits. TOU rates provide more accurate price signals than flat rates, which embed hidden insurance premiums and subsidize on-peak consumption at the expense of off-peak users. The price signals that TOU rates provide can (1) give many customers more control over their energy bills; (2) ensure the benefits that demand-side resources like virtual power plants (“VPPs”) bring to the grid are properly valued and compensated; and (3) reduce increases to peak load and improve utilization of existing grid capacity. Additionally, TOU rates can help reduce greenhouse gas (“GHG”) emissions: TOU rates that shift demand away from peak times can reduce peak period generation, which, in New England, typically relies on resources that emit greater amounts of GHG emissions. TOU rates can also encourage electrification, particularly of vehicles, further reducing GHG emissions.

The peak reduction and grid utilization benefits of TOU rates are worth highlighting. First, because the electric grid is built to serve the peak demand period, shifting use away from peak periods can avoid or defer the need for costly distribution and transmission infrastructure upgrades that are paid for by customers in the long term. Shaving the peak can provide short-term affordability benefits, too—by reducing demand during peak times, consumers may avoid the need to dispatch more expensive peaker plants, reducing wholesale energy prices. This can translate directly into lower electric bills.

Second, increasing grid utilization through TOU rates can improve affordability. By providing lower prices during certain hours, TOU rates can attract flexible load into the grid’s underutilized hours. Using the grid more fully during these hours can have a rate-dampening effect, a benefit that becomes particularly valuable as electrification adds new flexible loads (especially those that are automated) to the system. In light of rising electric bills, and with

¹ Inquiry by the Department of Public Utilities on its own Motion into the Design and Implementation of Time-Varying Rates, D.P.U. 26-62, Vote and Order Opening Inquiry (June 30, 2026).

² D.P.U. 26-62, Petition of the Massachusetts Department of Energy Resources Requesting the Department of Public Utilities Open an Investigation into Time-Varying Rates (April 2, 2026) (“DOER Petition”).

³ DOER Petition, Exh. A.

unprecedented load growth ahead, TOU rates can provide an important tool for containing energy costs for Massachusetts ratepayers in the short and long term.

Critically, though, TOU rates must be designed with customer acceptance in mind; paired with targeted protections for customers who cannot safely shift their electricity consumption; and implemented alongside robust marketing, education, and outreach (“MEO”). When default TOU rates are not designed to allow customers to adjust, and when they are implemented without adequate customer education, they risk both harming customers and facing significant backlash, which can defeat the rate.⁴ Targeted protections are also necessary to prevent harm to customers who cannot safely shift their load. For example, protections should exist for customers with critical medical equipment requiring electricity and low-income customers who are less likely to have electric vehicles (“EVs”) and smart appliances and, therefore, have fewer opportunities to shift their load.

The sequencing of TVR implementation matters. Deploying TOU price signals before ensuring customers have the technology to respond asks customers with the least access to the technology to bear the burden of adjustment. Equitable access to load-shifting technology—paired with customer education and outreach that ensures customers can safely modify their behavior to benefit from the rate—should be prioritized before TOU rates are rolled out. Relying solely on protections that require enrollment (e.g., in the low-income discount rate) is not enough.

The undersigned support many elements of DOER’s TOU Rate Proposal but urge the Department to consider several modifications and additional measures.⁵ Our recommendations, summarized below, are organized by the topics raised in the Department’s request for information.

Customer Protections: First, we are pleased that DOER suggests that the EDCs use load profile data to file detailed bill impact analyses for a range of customer profile types. As discussed below in Section I, granular bill impact analyses should inform the design of customer protections to ensure that vulnerable customers are not harmed under TOU rates.

The undersigned support default, opt-out TOU rates with specific measures to protect vulnerable customers. One such measure is hold-harmless billing for low-income customers that ends only when (1) advanced metering infrastructure (“AMI”) and billing data show that eligible customers would not be structurally harmed under the default TOU rate and (2) low-income

⁴ DOER Petition, Exh. F at 372-373.

⁵ The Department indicated in its Opening Order that it may address other issues raised in DOER’s Petition later in this proceeding. D.P.U. 26-62, Vote and Order Opening Inquiry at 10. Therefore, these comments prioritize discussion of the topics raised in the Department’s questions and do not address every aspect of DOER’s TOU Proposal.

households have meaningful access to enabling technology. Targeted exemptions may be appropriate for low- and moderate-income bulk-metered accounts and customers with non-shiftable load due to medical necessity. Beyond targeted protections, the Department should explore whether and how AMI data and survey data can contribute to identification of customers exhibiting energy-limiting behavior and inform targeted outreach to those customers.

We also raise several other customer protection considerations for the Department. These include avoiding penalizing solar customers, sequencing TOU rate implementation ahead of any potential changes to fixed charges, and taking a careful approach to evolving existing heat pump rates.

Rebound Peaks: To better manage system demand and reduce the potential for unintended rebound peaks, we recommend in Section II that the Department consider (1) adopting a three-period time-varying rate structure consisting of peak, off-peak, and super off-peak periods; (2) leveraging existing managed charging programs; and (3) integrating a comprehensive grid services valuation scheme.

TOU Supply Rates: We support DOER's recommendation that the Department expeditiously conduct its investigation into load settlement (D.P.U. 26-44) to ensure that municipal aggregations and competitive suppliers can provide successful time-varied supply products (see Section III). The undersigned also recommend operational changes including standardized data access, rate-ready billing upgrades, and concurrent multi-scenario bill calculation. Beyond operational changes, the Department should develop a model opt-out time-varying aggregation product to accelerate adoption by municipalities.

Implementation and MEO: The undersigned support DOER's recommendation that the Department direct the EDCs to develop a joint MEO plan with stakeholder input. Robust MEO is key to ensuring a TOU rate achieves the desired outcomes for customers. This need is heightened by DOER's proposal to shift public benefits charges from volumetric to the fixed component of customer bills at the same time that TOU rates become the default rate for all customers.⁶ That combination removes an existing source of low-income bill relief from the volumetric charge as low-income customers are being defaulted to a rate structure with a materially different bill outcome.

In Section IV, we discuss several considerations and recommendations for conducting effective MEO, including prioritizing increased access to load-shifting technology, accessible and extensive outreach, rollout schedules that minimize rate shock, and shadow billing. We also

⁶ DOER Petition, Exh. A at 55–56. For a discussion of some of the risks posed by higher fixed charges, see Investigation by the Department of Public Utilities on Its Own Motion into Gas and Electric Delivery Charges and Bill Redesign, D.P.U. 25-200, Joint Comments of Climate, Energy Efficiency, and Consumer Advocates at 10.

emphasize the need for sufficient billing and customer information system functionality to fully support the approved rate design and avoid circumstances in which limitations of legacy systems effectively constrain or narrow the rate structure authorized by the Department.

Peak Window Definition: DOER’s proposal for a single, consolidated peak period from 4:00 p.m. to 8:00 p.m. rests on sound economic logic and, for the most part, is supported by the record. As discussed in Section V, the peak window strikes a reasonable balance between cost-reflectivity and bill simplicity, at least for transitioning to TOU rates. We recommend, however, that the Department consider excluding weekends from the peak period definition, or leave open a path to a non-holiday-weekday peak for future TOU rate offerings.

Critical Peak Pricing: The undersigned support critical peak pricing as a supplement to default, opt-out TOU rates, as long as the rate is opt-in, as discussed in Section VI.

Demand Elasticity Analysis: We recommend that any demand elasticity estimates include both own-price and cross-price elasticities for different customer classes and end uses. The Department should account for energy-limiting behavior when using elasticity estimates in any benefit-cost analysis (see Section VII).

Process Recommendations: The undersigned request that the Department provide stakeholders with the opportunity to review and comment on the EDC filings due on August 31, 2026. We also encourage the Department to take a coordinated and transparent approach to the instant proceeding and several other closely-related proceedings (see Section VIII).

Massachusetts ratepayers have made a significant investment in AMI, and we encourage the Department to be expeditious in conducting this investigation so that customers can reap the benefits of that investment. At the same time, we urge the Department to be thorough in its consideration of the potential harms to vulnerable customers and in its directives for customer protections, implementation, and MEO. With the right protections and thoughtful implementation, TVR can advance the Commonwealth’s affordability and electrification goals and support the Department’s mandate to prioritize equity, affordability, reliability, and GHG emissions reductions.

I. Targeted Customer Protections Informed by Granular Bill Impact Analyses Are Necessary for the Successful Design and Implementation of TOU Rates in Massachusetts. (DPU Question 1)

A. Bill-impact analysis by customer type should precede a broad TOU rate rollout.

As soon as practicable, the Department should direct the EDCs to collect load research data to enable an analysis of the potential bill impacts of a TOU rate across a range of customer types, including income level, usage profile, geography, and enrollment in existing discount rates and the seasonal heat pump rates. We defer to the Department as to whether such an analysis should be conducted by the EDCs or another entity such as DOER. A broad TOU rate rollout should not proceed without this analysis and findings that (1) the proposed rate design will deliver benefits across customer types, and (2) structural non-benefiters will be adequately protected.

In directing and reviewing an analysis of potential bill impacts for different customer types, we urge the Department to avoid relying on aggregate findings that a TOU rate benefits customers on average. Averages can obscure a meaningful losing minority: a rate design that saves money for most customers can still leave a substantial share of customers worse-off, particularly those whose usage patterns are least flexible. The Department should identify any vulnerable customer groups (e.g., low- and moderate-income customers; customers who rely on medical devices) who would be structural non-benefiters under the proposed TOU rate design. This information should then inform the development of targeted protections for those customers, discussed in greater detail below. This process should occur expeditiously and concurrently with implementation planning so that the initial bill impacts analysis informs, rather than delays, the broad TOU rate rollout.

While we recommend using available AMI data to predict bill impacts and inform targeted customer protections, we highlight the need for more information about the data and to what extent the data reflect a representative sample of customers. We request that the Department require the EDCs to report their current AMI deployment status (e.g., meter counts, geographic distribution, customer-class distribution) so that the Department and stakeholders can assess the adequacy of available AMI data. To the extent the data do not reflect a representative customer sample, the Department should account for those limitations. For example, in the short term, bill impacts analyses can provide directional guidance—e.g., underscoring the need for an exemption for a certain customer type—but should not be relied upon for long-term decision-making regarding customer protections. Bill impact analyses should be revisited periodically as AMI deployment progresses across Eversource and National Grid’s service territories over roughly the next 16 months.⁷ The Department should require periodic reporting by the EDCs, with updated AMI data and/or bill impact analyses.

B. An opt-out right protects customers without undermining the purpose of a TOU rate.

⁷ Until completed AMI deployment in 2025. DOER Petition, Exh. F at 427.

We support default, opt-out TOU rates⁸ so long as there are targeted protections for low-income and other vulnerable customers (discussed in greater detail below). Compared to opt-in TOU rates, opt-out rates result in significantly higher rate enrollment—92 percent, compared to 15 percent for opt-in—with similar rate retention in the second year.⁹ As DOER states, maximizing customer participation maximizes the total load exposed to the price signal, making reduced system costs more likely.¹⁰ However, while high retention may maximize system benefits, it does not guarantee more affordable or healthy outcomes for all households (and, in fact, may contribute to worse outcomes on both measures for some). For this reason, it is critical that the Department take steps to ensure customers are adequately informed about how TOU rates will impact them and how to opt out if they are not equipped to respond to the TOU price signal.

While an opt-out design does not preserve the price signal as well as a mandatory TOU rate (with no opt-out right), providing customers the option to exit the TOU rate is necessary for building customer trust and protecting customers who fall just above income-qualification thresholds and have relatively inflexible loads. While these customers may not qualify for income-based protections, the opt-out design paired with shadow billing and targeted MEO enables them to remove themselves from participation if they would not benefit under the TOU rate. It is important that customers be given the opportunity to exercise their opt-out right before they are automatically enrolled in the TOU rate.

C. The Department should require targeted protections for low-income customers.

Consistent with its equity and affordability goals, the Department should establish targeted protections for low-income customers to ensure they are not harmed by the Commonwealth's transition to TOU rates. We recommend implementing hold-harmless billing—where the customer pays the lower of the flat rate bill and the TOU rate bill each month¹¹—for customers enrolled on the low-income discount rate, with a sunset date to be determined by the Department.

Before the protection is sunset, the Department should direct the EDCs—and work with DOER—to ensure that there is targeted deployment of enabling technology (e.g., smart thermostats, storage) to low-income customers. Analysis has shown that the Commonwealth's energy storage-incentivizing programs, while groundbreaking in many ways, largely lack equity

⁸ DOER Petition, Exh. A at 44.

⁹ *Id.* at 45 (citing DOE study).

¹⁰ *Id.*

¹¹ DOER terms this practice “bill stabilization.” Because “stabilization” is sometimes used to describe other types of bill protections, we recommend the Department adopt an alternative term to minimize confusion, such as “bill protection” or “hold-harmless billing.”

provisions.¹² ConnectedSolutions, specifically, has had low rates of low-income customer participation in its direct load control offering.¹³ Addressing these gaps and providing equitable access to enabling technology (e.g., fully subsidized thermostats and storage for income-eligible customers) should occur before the Department ends hold-harmless billing for low-income customers.

Targeted outreach to customers whose AMI and billing data show that they would be harmed without the hold-harmless billing protection should also occur well ahead of any sunset date. The Department could require the EDCs to identify such customers, conduct multi-channel outreach, and facilitate the opt-out process for those customers.

We suggest that the Department determine an appropriate sunset date based on (1) AMI and billing data showing that low-income customers who are still enrolled on the TOU rate (i.e., have not opted out, as described above) would not be structurally harmed under the rate once hold-harmless billing ends, and (2) evidence showing that the necessary support is in place to help low-income households participate meaningfully (e.g., state programs offering equitable access to smart thermostats and storage). The hold-harmless billing protection should not be sunset earlier than one year after it begins.

This approach ensures that TOU rates do not financially harm low-income customers, some of whom will have recently experienced a reduction in the low-income discount under the new tiered discount rate structure.¹⁴ The monthly hold-harmless billing approach also addresses two concerns that an alternative protection, a low-income customer exemption with an opt-in right, raises. First, hold-harmless billing allows those low-income customers who would benefit under a TOU rate to see those bill savings immediately without needing to take action to enroll in the rate. A categorical exemption, while it would protect low-income customers who are structural non-benefiters, would make it harder for structural benefiters to access bill savings.

Second, hold-harmless billing with an evidence-based end date can help alleviate information overload for customers. Low-income customers are already adjusting to the restructuring of the low-income discount rate; receiving information about seasonal heat pump

¹² See Applied Economics Clinic, *Energy Storage Equity: An Assessment of Three Massachusetts Programs*, prepared for Clean Energy Group (Oct. 2024), <https://www.cleaneconomy.org/wp-content/uploads/Energy-Storage-Equity-An-Assessment-of-Three-Massachusetts-Programs.pdf>.

¹³ See Applied Economics Clinic, *ConnectedSolutions: A Program Assessment for Massachusetts*, prepared for Clean Energy Group (Sept. 2021), <https://www.cleaneconomy.org/wp-content/uploads/ConnectedSolutions-An-Assessment-for-Massachusetts.pdf>.

¹⁴ *Inquiry by the Department of Public Utilities on its own Motion into Energy Burden with a Focus on Energy Affordability for Residential Ratepayers*, D.P.U. 24-15-B, Phase I Order on Tiered Discount Rates at 2 (Feb. 17, 2026) (directing the distribution companies to phase in new tiered discount rates for “those low-income rate class customers who will receive a reduced discount from current levels,” with such customers held at their current discount rate for six months before reductions of up to five percentage points every six months thereafter).

rates; receiving information about rate increases from base distribution rate cases; and may be navigating changes in income-eligibility status as household circumstances fluctuate. In this context, additional information about a choice to make in the near term (whether to opt into a TOU rate) may be less likely to reach the customer. For similar reasons, the evidence-based sunset date is highly preferable to hold-harmless billing with a pre-determined one-year expiration, where customers would need to understand whether their bills would be lower under the flat rate or TOU rate and, if the former is true, take action to opt out of the TOU rate.

If the Department does not adopt hold-harmless billing as described above or decides not to include income-eligible customers on a default TOU rate, we recommend, in the alternative, a low-income exemption with the option to opt in.¹⁵ With a categorical exemption, it is imperative that the EDCs develop a robust MEO plan focused on ensuring that low-income customers who would benefit under the TOU rate receive (1) household-specific information about the potential benefits, and (2) assistance enrolling in the rate within the first six months of rollout. Such a plan should include detailed schedules and reporting requirements.

In California, PG&E exempted income-eligible customers living in hot climate zones.¹⁶ If the Department determines that a more targeted income-eligible exemption, like PG&E's, is appropriate for Massachusetts (e.g., an exemption for income-eligible customers with electric resistance heating), additional protections such as hold-harmless billing for all low-income customers for at least 12 months are especially important to safeguard those customers who may not qualify for the exemption.¹⁷

D. The Department should consider an exemption for customers with non-shiftable load due to medical necessity, and an exemption for low- and moderate-income bulk-metered accounts.

Default, opt-out TOU rates raise concerns for customers who cannot shift their load due to medical necessity (e.g., reliance on a medical device that uses electricity). For these customers, we recommend that the Department consider a targeted exemption, depending on the extent of modeled bill impacts. For example, when California rolled out default TOU rates, it

¹⁵ We recommend that the Department consider the results of the bill impacts analysis (discussed earlier in this Section) before seriously considering a categorical exemption for income-eligible customers. If that analysis indicates that most low-income households would benefit under a TOU rate without shifting their electricity usage, we strongly urge the Department to adopt the hold-harmless billing proposal outlined above.

¹⁶ PG&E, Time-of-Use Residential Transition Frequently Asked Questions at 2, <https://www.pge.com/assets/pge/docs/account/billing-and-assistance/TOU-Transition-FAQs.pdf>.

¹⁷ PG&E offered all customers automatic Bill Protection for the first 12 months. If a customer paid more than they would have on the standard rate plan during that period, PG&E automatically credited the customer the difference at the end of the year. *Id.* at 3-4. We recommend a slightly different approach to hold-harmless billing: applying the protection only to income-eligible customers, and providing bill protection on a monthly, rather than annual, basis.

exempted customers enrolled in the state’s pre-existing Medical Baseline program,¹⁸ which provides energy bill assistance for customers who rely on a qualifying medical device or have a qualifying medical condition.¹⁹ Massachusetts does not have a comparable program with eligible customers already enrolled, so any planning and preparation required to administer a medical necessity exemption should start soon to avoid delaying TOU rate rollout.

Bulk-metered properties, common in multifamily and affordable housing, also warrant attention because individual tenants behind a master (bulk) meter cannot respond to a TOU price signal or exercise an individual opt-out. The Department should direct the EDCs to identify low- and moderate-income bulk-metered accounts and consider exempting them from default TOU enrollment (or develop an alternative protection in coordination with stakeholders). Any exemption for bulk-metered accounts should be paired with near-term, targeted MEO focused on ensuring that buildings that would benefit under the TOU rate are encouraged to opt into it.

E. The Department should explore whether AMI data can contribute to identification of customers exhibiting energy-limiting behavior.

We recommend that the Department direct the EDCs to explore methods of identifying customers exhibiting what has been described in utility rate-design as “energy-limiting behavior.” Energy-limiting behavior is the practice of reducing energy usage significantly below the level needed to maintain a safe and comfortable home because a household cannot afford to pay for it.²⁰ It is often invisible in aggregate usage data because it reflects suppressed rather than shifted demand, and there is a meaningful risk that a shift to TOU pricing could worsen it for customers who are financially or physically unable to move usage out of the peak window.

Dr. Destinie Nock’s recommendations to the Interagency Rates Working Group included a recommendation to use AMI data to identify customers exhibiting energy-limiting behavior and then target outreach and assistance to those households.²¹ We support exploring this recommendation and urge the Department to require the EDCs to begin this effort now. That way, by the time AMI deployment is complete, the EDCs will have better insight into any limitations of this approach (e.g., to what extent AMI may not be capable of distinguishing economic price-response from income-induced demand suppression) and best practices for

¹⁸ DOER Petition, Exh. F at 377; PG&E, Time-of-Use Residential Transition Frequently Asked Questions at 1, <https://www.pge.com/assets/pge/docs/account/billing-and-assistance/TOU-Transition-FAQs.pdf>.

¹⁹ See Cal. Pub. Utils. Comm’n, Medical Baseline, <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/medical-baseline>; PG&E, Medical Baseline Program, <https://www.pge.com/en/account/billing-and-assistance/financial-assistance/medical-baseline-program.html>.

²⁰ See Shuchen Cong, Arthur Lin Ku, Destinie Nock, Charlotte Ng & Yueming Lucy Qiu, *Comfort or cash? Lessons from the COVID-19 pandemic’s impact on energy insecurity and energy limiting behavior in households*, Energy Research & Social Science 113 (2024).

²¹ DOER Petition Exh. H, Mass. Interagency Rates Working Grp., Long-Term Ratemaking Recommendations Report at 54-57 (2025).

routing identified customers toward the protections and assistance discussed above and in Section IV.

The EDCs should also explore other data sources, such as survey data, and not rely exclusively on AMI data to identify customers engaging in energy-limiting behavior.

F. The opt-out right should not be converted into a penalty for solar customers.

DOER's TOU Rate Proposal would allow the EDCs to file a monthly minimum reliability contribution ("MMRC") for net-metering customers who opt out of TOU, on the theory that opt-out customers are avoiding contribution to fixed distribution costs.²² This risks distorting the opt-out right, which we consider a consumer protection, into a penalty for solar customers. If the Department allows an MMRC, it should require that the charge be sized strictly to the incremental fixed cost the customer is actually avoiding, supported by the same average and marginal cost-of-service data DOER references. The Department should also review the charge against actual bill impacts before approval and revisit approval if the charge turns out to be suppressing opt-out participation rather than recovering cost. No customer, solar or not, should face a materially different cost of exercising the opt-out right than what the record shows they are actually avoiding in fixed costs.

G. The Department should sequence TOU implementation ahead of any fixed-charge changes under consideration in D.P.U. 25-200.

TOU rates give customers an incentive to adjust their electricity consumption, whereas a fixed-charge increase, which is under consideration in D.P.U. 25-200, asks customers to pay more with no corresponding incentive to adjust consumption based on price changes.²³ Because the instant docket and D.P.U. 25-200 are attempting to solve overlapping problems, namely recovering fixed costs fairly and containing bill growth, the Department should treat TOU implementation as the higher-value, higher-priority tool from a sequencing standpoint. The Department should also be cautious about layering a fixed-charge increase on top of TOU rollout in a way that blunts the very price signal TOU rates are designed to send.

H. The Department should be intentional about the evolution of heat pump rates.

²² DOER Petition, Exh. A at 59.

²³ For a discussion of some of the risks posed by higher fixed charges, see D.P.U. 25-200, Joint Comments of Climate, Energy Efficiency, and Consumer Advocates at 10.

We agree with the Department and DOER that existing seasonal heat pump rates are an interim measure that should be reassessed in the broader context of TVR.²⁴ We emphasize, however, that a transition away from heat pump rates should be intentional and informed by bill impacts analysis, so that customers enrolled on heat pump rates do not experience price shocks. Initial TOU rates should stack with existing heat pump rates; once TOU rate rollout is complete, there may be an opportunity to evolve heat pump rates, at least for non-income-eligible customers. The Department should consider making seasonal heat pump rates permanent for customers enrolled in the low-income discount rate.

II. Implementing Three-Period TOU Rates, Leveraging Managed Charging Programs, and Integrating a Grid Services Valuation Scheme Offer Promising Strategies for Avoiding Rebound Peaks. (DPU Question 2)

A strategy for avoiding a “rebound peak” is to provide incentives for deferrable load to shift to a specific time period. The undersigned recommend that the Department consider a three-period TOU rate—with a peak, off-peak, and super-off peak period—as proposed by the Comments of Philip Hanser (“Hanser Comments”) filed in the instant docket.²⁵ A three-period rate helps to move shiftable load—primarily from EVs—into overnight hours where the grid is least-utilized, rather than concentrating that load at the peak/off-peak boundary. This mitigates rebound peaks and maximizes the grid utilization benefits of TVR. The Department and EDCs should consider any learnings from the recent implementation of Concord Municipal Light Plant’s three-period TOU rate (1:00-5:00 p.m. super-off-peak period).²⁶

While we recommend considering a three-period rate, this approach should be balanced with the need for reasonable price differentials. TVR implementation in other jurisdictions supports beginning with mild price differentials (e.g., a peak/off-peak ratio of 2:1 or slightly less) that avoid rate shock and allow customers to acclimate while still providing an effective price signal.²⁷ The Department should assess whether a three-period TOU rate would be compatible with an appropriate price differential for the transition period. If the three-period rate would be challenging as the default rate, the Department could consider offering it as an opt-in rate or preserve a path to a three-period rate for the future.

Beyond rate structure, a second strategy for mitigating rebound peaks is to incorporate staggered or randomized off-peak starts for automated loads into the EDCs’ managed charging

²⁴ See Petition of Massachusetts Department of Energy Resources for Requesting the Department of Public Utilities Open an Investigation into a Seasonal Heat Pump Rate, D.P.U. 25-08, Vote and Order Opening Inquiry at 6-10; DOER Petition, Exh. A at 54.

²⁵ D.P.U. 26-62, Comments of Philip Hanser § III.2 (Aug. 31, 2026) (“Hanser Comments”).

²⁶ See DOER Petition, Exh. A at 62 (App.). See also Concord Municipal Light Plant, Time-of-Day Electric Rates, <https://concordma.gov/4060/Time-of-Day-Electric-Rates>.

²⁷ See DOER Petition, Exh. F at 378.

and automation programs. This approach applies staggered starts at the automated device level, rather than in the rate design, avoiding the need to compromise on the simplicity (e.g., a common peak window start time across service territories) that drives customer understanding and participation.²⁸ More broadly, as DOER states in its TOU Rate Proposal, the EDCs have operational insight through their current EV managed charging programs,²⁹ and they should use that insight, as well as AMI data, to monitor for rebound peaks and adjust the programs accordingly. They should also incorporate their findings into the annual peak-period review that DOER recommends.

Additionally, the Department should direct the EDCs to develop an accurate, location-specific value for grid services informed by grid constraints. The MassCEC Grid Services Study and its accompanying roadmap demonstrate that an effective way to reduce distribution and transmission expenditure is to make better use of distributed energy resources (“DERs”) as providers of grid services.³⁰ This strategy requires a location value methodology that credits DERs, demand response, and storage for the infrastructure they defer, together with mechanisms integrating DERs into utility planning. TOU rates provide some, but not all, of the necessary dispatch signals. The Department should direct the EDCs to integrate the planning and design of a comprehensive grid services valuation scheme, and to use AMI 2.0 to open direct pathways for third parties to provide grid services in constrained areas, rather than channeling all DER value through utility-administered programs.

That scheme requires the EDCs to monitor, in near-real time, their feeders, substations, distribution lines, and transformers. This data will inform both dispatch and development of grid services, including the targeted, staggered responses that prevent a new grid pocket peak from forming at the peak period boundary.

III. Enabling TVR Supply Rates for Non-Demand Customers Who Receive Supply from Competitive Suppliers or Municipal Aggregation Providers Requires Wholesale Load Settlement on Interval Data, Standardized Data Access, Rate-Ready Billing Upgrades, and Concurrent Multi-Scenario Bill Calculation. (DPU Question 3)

Advanced metering infrastructure, and the functionality it enables, not only supports TVR supply rates offered by third parties but unlocks new market opportunities that can deliver demand reductions beyond supply-side peak pricing. Maximizing the benefits of AMI 2.0 requires the EDCs to communicate with competitive suppliers and municipal aggregation

²⁸ See Hanser Comments § III.2 (discussing other advantages of this approach).

²⁹ DOER Petition, Exh. A at 57.

³⁰ See generally E3, DER-ing Local Value: Distribution Grid Services in the Commonwealth of Massachusetts (Sep. 2025), prepared for MassCEC in partnership with the EDCs, DOER, and the Attorney General’s Office, https://www.masscec.com/sites/default/files/documents/masscec_grid_services_roadmap.pdf.

providers in near-real time regarding customer usage and grid constraints, providing the data necessary to support customer billing and demand flexibility. Operational changes can support supply-side TVR for non-demand customers receiving supply from competitive suppliers or municipal aggregation providers. Such changes include wholesale load settlement on actual interval data, standardized data access, rate-ready billing upgrades, and concurrent multi-scenario bill calculation. We also recommend the Department publish a model opt-out time-varying aggregation product to facilitate TVR adoption by municipalities.

A. Wholesale load settlement on actual interval data is a core operational requirement for supply-side TVR.

Load settlement at ISO-NE on actual interval data is the core operational requirement for supply-side TVR. In 2014, the Department identified advanced metering functionality as the basic technology platform necessary to address the Commonwealth's grid modernization objectives, and included wholesale load settlement as a definitional element.³¹

The undersigned support and incorporate Section III.3 of the Hanser Comments on wholesale load settlement.³² As those comments explain, interval data settlement is the mechanism that allows wholesale savings tied to customer behavior to flow to the responding supplier or aggregation provider. Under today's profile-based settlement, a supplier whose customers shift load away from high-cost hours receives no corresponding reduction in its assigned wholesale energy and capacity obligation, and cannot economically justify offering a time-varying product.³³

The Department should treat D.P.U. 26-44 as a gating item for supply-side TVR and resolve it on a timeline tied to AMI deployment milestones. The undersigned recommend that the Department require EDCs calculate capacity tags from actual interval data so that ISO-NE settlement recognizes and compensates customer behavior changes.

B. The Department should require standardized, near-real-time data access protocols for third parties to design and price time-varying products.

Settlement compensates a supplier accurately when its customers shift load. To design and price the products that incentivize that shift, the supplier needs the underlying data. The

³¹ Investigation by the Department of Public Utilities 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, Vote and Order Opening Inquiry at 2 (March 12, 2026) (citing D.P.U. 12-76-A at 12).

³² See Hanser Comments § III.3.

³³ See DOER Petition, Exh. A at 17, 36; see also D.P.U. 26-44, Comments of Cape Light Compact JPE at 5 (April 23, 2026) (noting the economic incentive to offer third-party TVR may be absent without settlement reflecting actual usage).

Department should direct the EDCs to develop standardized data access and meter data coordination protocols that allow competitive suppliers, municipal aggregation providers, and other third parties to access the metering data necessary for time-varying supply products. The Department is investigating the EDCs' centralized data repository proposal in D.P.U. 26-20/26-21/26-22, and the protocols developed there should be designed to serve TVR operational needs, not billing alone.

A latency standard for billing purposes may not be the same for operational uses, such as dispatching demand flexibility ahead of a peak event, verifying response, and adjusting near-real-time products—all of which may require accelerated data sharing that enables third parties to participate fully in TVR rates, services and products. Consistent with the locational strategies described in Section II above, those protocols should extend beyond customer usage data to feeder- and substation-level constraint data, allowing third parties to target demand flexibility where the grid is most constrained.

The Department should also require the EDCs to publish their rates in a standardized, machine-readable format—such as the format used by the Utility Rates Database—available to third parties via application programming interfaces (“APIs”). This would provide DER manufacturers, energy service providers, and researchers with rate design information necessary to develop load schedules that take advantage of TOU rate designs, or study the impact of available rate designs. Customers should be able to share their current rate code with authorized third parties by API through the centralized data repository being developed in D.P.U. 26-20/26-21/26-22. Access to a customer's rate code allows rate-aware devices—including smart thermostats, grid-interactive water heaters, and EV supply equipment—to schedule operations around the customer's TOU rate, automating load shifting and bill savings opportunities.

The same protocols are a prerequisite for the customer-facing data access and rate-comparison tools recommended in Section IV. Building these protocols once, for both operational and customer-facing use, avoids the cost of EDCs developing overlapping systems for the same underlying data.

C. The Department should direct the EDCs to deliver dynamic, rate-ready consolidated billing for competitive suppliers and municipal aggregators.

Rate-ready billing uses price and rate information provided by a third party supplier to calculate the supplier's charge and consolidates their distribution rates and pre-loaded rates onto one bill statement. Access to interval data lets third parties design time-varying products, and updated EDC billing capabilities ensures that those rate products can be accurately represented. The EDCs' current rate-ready proposals are limited to standardized parameters and cannot

support more complex products such as critical peak pricing.³⁴ The undersigned recommend the Department direct the EDCs to provide dynamic, rate-ready consolidated billing for competitive suppliers and municipal aggregators. Without that operational capacity, third parties cannot offer the products TVR enables, including the opt-in critical peak pricing discussed in Section VI, and will be limited to products the EDCs' systems are built to support.³⁵ The undersigned adopt and incorporate Appendix A § 1.2 of the Hanser Comments, which lists capabilities for a flexible tariff engine capable of the complex and dynamic products enabled by TVR.³⁶

Two system upgrades are required. First, the EDCs must complete meter data management system ("MDMS") upgrades capable of validating interval data at billing quality for suppliers and aggregation providers. Second, each EDC's customer information system ("CIS") must be able to apply time and locational specific rate structures to support dynamic, rate-ready consolidated billing of the rates that competitive suppliers and municipal aggregation providers design.³⁷ The record in D.P.U. 26-44 confirms the necessary scope of upgrades: Eversource identifies its MDMS, CIS, and load settlement systems as requiring replacement or modification, and Unitil is issuing an RFP to replace its legacy settlement systems.³⁸

Rate-ready billing supports accelerated supplier switching, so that a customer changing products may transition without delays between billing cycles.

D. The Department should direct the EDCs to build concurrent, multi-scenario billing calculations to support the customer protections recommended in Section I.

The consumer protections like shadow billing recommended in Sections I and IV depend on operational capabilities. These include the ability to calculate a customer's bill under multiple rate scenarios concurrently and apply the lower outcome. The Department should direct the EDCs to deliver that capability. Shadow billing calculations are often handled by stand-alone rate engines that manage complex computations at scale better than a CIS built for monthly,

³⁴ See D.P.U. 26-44, Comments of Retail Energy Supply Association at 15 (April 23, 2026).

³⁵ See Petition of NSTAR Electric Company d/b/a Eversource Energy for approval of its Grid Modernization Plan for calendar years 2022 to 2025, D.P.U. 21-80, Comments of Cape Light Compact JPE at 6-7 (April 15, 2025); D.P.U. 26-44, Comments of Cape Light Compact JPE at 4 (April 23, 2026).

³⁶ Hanser Comments App. A.

³⁷ See Grid Modernization Plans, D.P.U. 21-80/81/82, AMI Stakeholder Group Final Report at 11 (Aug. 1, 2024), <https://d3i1pflzzeh4ol.cloudfront.net/53e5bfd4-4cfb-40d8-b0e8-e64b1c0da3ea.pdf>.

³⁸ D.P.U. 26-44, Comments of Eversource at 5, 10-12 (Apr. 23, 2026); D.P.U. 26-44, Comments of Unitil at 6-7 (Apr. 23, 2026).

volumetric billing. The Department should specify the required output and hold the EDCs to deliver it, providing flexibility for an EDC's chosen approach.³⁹

E. The Department should publish a model opt-out time-varying aggregation product to accelerate adoption by municipalities.

The undersigned support the Hanser Comments' recommendation that the Department publish guidance and a model opt-out time-varying aggregation product, and incorporate the reasoning in the Hanser Comments here.⁴⁰ The undersigned emphasize one point in particular: because the majority of Massachusetts customers receive supply service from municipal aggregations, ensuring that these providers adopt time-varying supply rates is critical to ensuring an effective TOU price signal that customers will respond to. Therefore, the Department should take steps to encourage municipal aggregation providers to adopt TVR, including by publishing a model product. The model would lower the barrier for individual municipalities to offer time-varying supply without each separately litigating rate design, terms, and consumer protections. To preserve the price stability that aggregation customers value, the model should pair the time-varying energy charge with a hedged or collared commodity cost, carry the same shadow-billing comparison recommended in Section IV, and preserve an opt-out right.

Additionally, Appendix A of the Hanser Comments provides the billing and settlement capabilities recommended above, and the undersigned incorporate it by reference. The supply side peak window should be aligned with the delivery side window, so the customer sees one coherent price signal rather than a flat charge working against a time varying delivery charge.⁴¹

IV. The EDCs' Implementation and MEO Plans Should Prioritize Increased Access to Load-Shifting Technology, Robust Customer Outreach and Education, Strategic Billing and CIS Upgrades, and Schedules that Minimize Rate Shock. (DPU Question 4)

Experience in other jurisdictions has shown that successful rollout of TOU rates is not feasible without robust implementation planning and MEO efforts. In their implementation and MEO plans, the EDCs should prioritize increased and equitable access to load-shifting technology; accessible and extensive outreach through trusted messengers; actionable guidance for customers; mechanisms to ensure vulnerable customers understand the rate and their options; billing and CIS upgrades planned with an eye toward the future; rollout schedules that minimize

³⁹ See AMI Stakeholder Group Final Report at 11, <https://d3i1pflzzeh4ol.cloudfront.net/53e5bfd4-4cfb-40d8-b0e8-e64b1c0da3ea.pdf>; see also DOER Petition, Exh. E at 51 (Comments of Northeast Energy Efficiency Partnership on MA Ratemaking Straw Proposal).

⁴⁰ Hanser Comments § III.3.

⁴¹ *Id.*

rate shock; and shadow billing presented in ways that are useful for customers. Strategies should be consistent across service territories. To this end, we recommend that the EDCs draw common best practices from the MEO Working Group Report in D.P.U. 24-15 in developing their plans for MEO targeted at low-income customers.

A. Load-shifting technology and program access must be accessible and actively promoted.

The technology that enables customers to benefit from TOU rates, such as programmable and smart thermostats and similar no-cost or low-cost load-shifting tools, must be accessible to all ratepayers, not only those who can afford to invest in them independently. As part of their TVR MEO and implementation plans, the EDCs should leverage Mass Save outreach channels and infrastructure to connect customers with program offerings for load-shifting technology. The EDCs should prioritize electric resistance heating customers, in particular; many of these customers are low-income and are at the greatest risk of seeing higher bills under TOU rates. As discussed in Section I, the Department should ensure that there is targeted outreach and deployment of enabling technology to low-income customers prior to ending hold-harmless billing for those customers.

While programmable or smart thermostats are already included measures in Mass Save offerings for low-income customers (e.g., via the low-income single family and multifamily pathways), moderate-income customers (e.g., via the residential turnkey pathway), and renters in Designated Equity Communities (e.g., via the residential turnkey pathway), participation in these programs remains limited, in part because of Mass Save budget constraints. Expanding uptake of these offerings—and supporting equitable access to enabling technology outside of Mass Save—is increasingly critical as TOU rollout nears. This is especially important for moderate-income customers, who may fall just above income-qualification thresholds, face barriers to adopting load-shifting technologies, and have relatively inflexible loads. To rely solely on existing programs risks placing an unfair burden on the customers least able to shift load due to financial or physical barriers.

Efforts to improve equitable access to load-shifting technology should account for the difficulties that some households may face in maintaining and understanding how to use programmable or smart thermostats (e.g., replacing batteries, programming a device). Just as important as providing a device is the education and follow-up assistance to ensure customers can take advantage of the technology. As discussed in Section I, the EDCs should also develop strategies for detecting energy-limiting behavior—including in low-income households with programmable thermostats—and responding with targeted assistance. Additionally, MEO should account for the reality that some low-income households may be unable to participate in demand response programs like ConnectedSolutions because they do not have internet access.

B. Outreach must be accessible, multilingual, and delivered through trusted messengers with sufficient lead time.

Customer outreach and education should be written in plain language that avoids highly technical utility and rate design jargon, and should be available through multiple, low barrier channels, such as mail and phone—not only online portals, mobile apps, or accounts that require a login—so that customers without reliable internet access or a smartphone are not excluded. Materials should be offered in multiple languages and developed in partnership with Community Action Agencies and other trusted community organizations. Efforts must begin with sufficient lead time before rates take effect. The EDCs should reinforce plain-language explanations with graphics and short videos, as other utilities have done⁴² and, if the Department authorizes more than one TOU plan, should provide customers a clear comparison chart and accompanying explanation of the differences between plans.

C. Customers need concrete, actionable savings guidance and access to their own usage data.

The EDCs should provide customers with specific, actionable tips for saving money under TOU rates—for example, guidance tailored to season or weather—as other utilities have done.⁴³ The EDCs should also provide customers with detailed usage information and straightforward access to their own interval data, so customers can verify their own savings and adjust behavior with real feedback rather than relying on outreach materials alone.

D. The EDCs should confirm that all customers understand the rate and their protections.

Surveys should be used to confirm that all customers, and vulnerable customer groups in particular, understand TOU rates and the protections available to them, rather than treating distribution of outreach materials as sufficient in itself. Surveys should continue for at least the first few years of TOU rate implementation, and questions should assess customer understanding of their current rate design, confidence that they have the tools to manage their bills under the TOU rate, and satisfaction with the rate. The Department should consider setting targets for the EDCs to increase customer awareness to a defined threshold level.

⁴² See e.g., Arizona Public Service, *Time-of-Use 4pm-7pm Weekdays*, <https://www.aps.com/en/Residential/Service-Plans/Compare-Service-Plans/Time-of-Use-4pm-7pm-Weekdays>.

⁴³ See e.g., Pacific Gas & Electric, *Time-of-Use Rate Plans*, <https://www.pge.com/en/account/rate-plans/time-of-use-rate-plans.html>; Pacific Gas & Electric, *Summer Energy-Saving Tips*, <https://www.pge.com/en/save-energy-and-money/energy-usage-and-tips/residential-energy-savings-tips/summer-energy-savings-tips.html>.

Onboarding of new customers should be handled carefully, drawing on lessons learned from other jurisdictions' TOU rollouts, so that customers are not defaulted onto a new rate without a genuine opportunity to understand it and their options.⁴⁴

E. Billing and CIS capability requirements should be specified, verified, and scheduled.

The EDCs' billing and CIS are incumbent systems built for monthly, volumetric billing that can quietly cap what rate design is achievable regardless of what the Department approves on paper. The Department should specify the capabilities the billing and settlement systems must deliver, such as interval settlement at fifteen minutes or finer, support for an unbounded number of TOU periods, dynamic and real-time pricing capability, coincident-peak settlement, and standard programmatic export of interval data.⁴⁵ The Department should also require an independent readiness assessment of each EDC's CIS and meter-data-management capability with a milestone roadmap, and hold the EDCs to that schedule rather than accepting a general claim that legacy systems cannot support the design.⁴⁶

The Department should frame this billing and settlement work broadly enough to serve as the same infrastructure needed for broader future VPP deployment: multi-directional accounting for import, export, battery, and EV flows; event-based settlement; and API access for distributed energy resource management systems and aggregators. If the EDCs are required to build this capability now, framed as "what settles and compensates any customer-side flexibility" rather than narrowly as "what TOU needs," this docket can lay the groundwork for seamless VPP integration/participation later rather than requiring the EDCs to rebuild the same capability in a future proceeding. TOU is, in this sense, the entry-level version of the same price-responsive, flexibility-compensating system that VPPs need to scale.

F. Rollout should be sequenced to avoid the highest-bill months.

Rollout should be sequenced to avoid transitioning customers onto TOU rates during the highest-bill summer and winter months, when customers are least able to absorb the learning curve of a new rate structure without risk of bill shock.

Relatedly, the Comments of Advanced Energy United, The Alliance for Climate Transition, the Coalition for Community Solar Access, and the Solar Energy Industries Association filed in this docket raise important questions about the risks posed by the phased

⁴⁴ See DOER Petition, Exh. F at 392.

⁴⁵ The undersigned are not recommending such rates at this time, but we do not want to hinder future potential development of these options.

⁴⁶ Hanser Comments § III.4.

implementation timeline that DOER proposes.⁴⁷ For example, under DOER’s proposed timeline, customers may receive a muted price signal at first, and then be asked to adjust to a series of rate changes as the transmission and distribution rate components become time-varied. This may pose challenges for customer acceptance and understanding. We recommend that the Department require DOER and the EDCs to address these risks before approving any phased schedule.

G. Shadow billing should be explained to customers before it begins and reinforced after.

Before shadow billing begins, the EDCs should send customers a short, plain-language explainer, by mail or another low-barrier channel consistent with Section IV.B above, that: (1) defines shadow billing and why the customer is receiving it; (2) walks through a sample bill showing the side-by-side comparison, so customers know how to interpret the comparison before they see their own; (3) states plainly that shadow billing is informational only and that no action is required; and (4) tells customers where to go, and who to call, if they have questions.

We recommend that the Department require one year of pre-enrollment shadow billing for low-income customers. Because shadow billing requires interval data, low-income customers would not be enrolled on the default, opt-out TOU rate (with hold-harmless billing protections) until at least one year after full AMI deployment. For all other customers, one year of pre-enrollment shadow billing offers the advantage of helping customers understand their usage and bill impacts under a TOU rate over the course of all four seasons; however, the undersigned do not oppose a shorter period of pre-enrollment shadow billing if the Department adopts DOER’s proposed timeline for phasing in TVR and the EDCs execute robust MEO plans as recommended. Any pre-enrollment shadow billing should be supplemented with information about how the bill comparison would look if the customer made certain usage changes (e.g., shifting X percent of peak load to off-peak can result in a TOU bill that is lower than the flat rate bill) and how to make those changes.

Post-enrollment, shadow billing is valuable for all customers without an expiration date (as opposed to limiting shadow billing to low-income customers or to a 12-month period). Shadow billing should include a year-to-date comparison on bills. It should be available both on-demand via the customer portal and proactively sent to customers at least once per year to avoid issues with bill variability due to seasonality. Shadow billing can reinforce that a customer is on the right rate for their household and can also suggest alternative rates that could save the customer money. Importantly, the EDCs should provide additional information that corresponds to what a customer’s shadow bill demonstrates. A customer whose shadow bill indicates they would pay more under the TOU rate should receive a message, at that point, explaining their

⁴⁷ See D.P.U. 26-62, Comments of Advanced Energy United, The Alliance for Climate Transition, the Coalition for Community Solar Access, and the Solar Energy Industries Association (Aug. 31, 2026).

options, including the opt-out right described in Section I and the load-shifting tools and outreach described in Sections IV.A–C above, rather than only generic messaging identical to what customers who benefit from the TOU rate receive.

The EDCs’ customer service representatives should be trained to answer shadow-billing questions specifically, equipped with bill comparison modules and training to help walk customers through rate options, including integrating rate switching into the protocol for addressing high bill calls. Additionally, the EDCs should publish a plain-language shadow-billing FAQ and sample-bill walkthrough on their websites, since account-specific shadow-billing questions are likely to generate customer service calls once bills first arrive in the new format.

Other jurisdictions that have implemented shadow billing as part of a default time-of-use rate transition provide a useful model for the explainer materials, first-bill treatment, and FAQ content described above.⁴⁸

V. DOER’s Proposed Single, Consolidated Peak Window from 4:00 p.m. to 8:00 p.m. Is Appropriate but Future Flexibility Should Be Preserved. (DPU Question 5, Item 3)

We support DOER’s proposal for a four-hour, consolidated peak period from 4:00–8:00 p.m., applied across the three EDCs and across supply, transmission, and distribution. Designing a peak period inherently involves trade-offs between cost-reflectivity and bill simplicity and stability; DOER’s proposal strikes a reasonable balance, at least for transitioning to TOU rates. The 4:00–8:00 p.m. window captures most of the critical load hours in Massachusetts’ three wholesale load zones and would have captured 87 percent of the annual system peaks in each load zone that occurred over the last five years.⁴⁹ The four-hour length is appropriate because it aligns with the current typical battery discharge duration and customer demand response capabilities.⁵⁰ Applying the same peak period across all EDCs and across supply, transmission, and distribution is a reasonable approach, as it minimizes customer confusion and produces a price signal that more effectively shifts the volume and timing of customer consumption.⁵¹ Holding the window steady year-round, while varying price levels seasonally, also facilitates customer participation.⁵²

⁴⁸ See, e.g., Pacific Gas & Electric, *Time-of-Use Residential Transition – Frequently Asked Questions* (2020), <https://www.pge.com/assets/pge/docs/account/billing-and-assistance/TOU-Transition-FAQs.pdf>; San Diego Gas & Electric, *SDG&E Introduces New Default “Time-of-Use” (TOU) Plans*, <https://www.palomarsolar.com/sdge-introduces-new-default-time-of-use-plans/>.

⁴⁹ DOER Petition, Exh. A at 22.

⁵⁰ *Id.*

⁵¹ *Id.* at 18.

⁵² *Id.* at 34, 40.

The application of the peak period definition to all days, including weekends and holidays, is not cost-reflective: weekends and holidays have lower demand and lower wholesale prices. On one hand, applying the peak period to weekends creates a simpler rate for the EDCs to administer and for customers to understand and adapt to. Prioritizing simplicity over a sharper price signal may be reasonable, especially during the transition to TOU rates. On the other hand, a weekday-weekend distinction may be easy enough for customers to remember, and natural demand for weekend heating and cooling may be greater than on weekdays for low-income and other customers (customer load profile data would be useful here). We recommend that, depending on analysis of load profile data, the Department consider excluding weekends from the peak period definition, or at a minimum, leave open a path to a non-holiday-weekday peak for future TOU rate offerings. For example, as of March 1, 2026, PG&E in California offers two residential TOU rate options, including an optional rate with weekday-only peak pricing for customers interested and able to take advantage of the stronger price signal.⁵³

As DOER emphasizes in its Proposal, it is critical that the peak period evolves with changing load patterns and system needs. Increased behind-the-meter solar adoption has driven summer peaking hours later into the afternoon and evening, and growing heating electrification is expected to result in emergent winter morning peaks.⁵⁴ To ensure that TOU rates continue to align with system conditions, the Department should adopt DOER's recommendation for an annual review of the peak period.⁵⁵

As discussed above in Section II, we recommend that the Department explore whether a three-period TOU rate—including a peak, off-peak, and super-off-peak period—can help avoid rebound peaks and contain costs for all customers.

VI. Critical Peak Pricing for Distribution and Transmission Can Provide Additional Peak-Shaving Benefits but Should Be Opt-In. (DPU Question 5, Item 5)

The undersigned support the use of opt-in critical peak pricing (“CPP”) as a supplement to default, opt-out TOU rates. CPP helps to capture the high demand peak hours that set capacity costs and drive investment in expanding transmission and distribution facilities but that are not fully captured by the TOU rate's peak window. A peak-shaving tool, CPP can lower on- and off-peak rates for all other hours.⁵⁶

⁵³ Pacific Gas & Electric, *Residential rate plan pricing*, <https://www.pge.com/assets/pge/docs/account/rate-plans/residential-electric-rate-plan-pricing.pdf>

⁵⁴ DOER Petition, Exh. A at 23.

⁵⁵ *Id.*

⁵⁶ DOER Petition, Exh. F at 152.

Across 15 surveyed utility programs, critical peak pricing reduced peak demand by 13 percent to 20 percent, rising to 27 percent to 44 percent when rate design was paired with enabling technologies such as smart thermostats and water heaters.⁵⁷ As discussed in the Hanser Comments, recent evidence from the UK further supports CPP's peak demand reduction potential and highlights the importance of enabling technology, event compensation levels, and application to a small number of genuinely critical hours for effective CPP.⁵⁸

We emphasize, however, that CPP risks severely penalizing customers with inflexible load—due to technological, financial, medical, work schedule, or other constraints—and, therefore, should be an opt-in rate.⁵⁹ Even with an opt-in structure, education and communication with participating customers requires considerable care.

VII. Demand Elasticity Estimates Should Include Own-Price and Cross-Price Elasticities and Account for Energy-Limiting Behavior. (DPU Question 5, Item 6)

The undersigned support the Hanser Comments' recommendation that the Department direct the EDCs to use Massachusetts-specific AMI load research to estimate both own-price elasticity (i.e., how much a customer reduces on-peak usage as the on-peak price rises, which measures peak-shaving) and cross-price elasticity (i.e., how much load a customer relocates from peak to off-peak, which measures valley-filling) for different customer classes and end uses.⁶⁰ The affordability benefits of a TOU rate flow from both peak-shaving and valley-filling, so measuring both benefits of the rate is critical. These elasticity estimates should be reported alongside the requested pricing-ratio analysis at the 25th, 50th, and 75th percentile and mean usage levels, and broken out by customer group and season, so the Department can assess whether proposed peak/off-peak price ratios are calibrated to actual customer responsiveness.

As the Hanser Comments discuss, elasticity analyses should be revisited as electrification and automation grows, more customers gain access to enabling technology, and the EDCs refine and improve MEO efforts. Importantly, the Department should treat elasticity estimates for customers enrolled in the low-income discount rate separately in any benefit-cost analysis, accounting for the likelihood that reductions in income-constrained household consumption represent curtailments of essential heating and cooling.⁶¹

⁵⁷ Ahmad Faruqui & Sanem Sergici, *Household Response to Dynamic Pricing of Electricity - A Survey of the Empirical Evidence* (Feb. 2010), <https://ssrn.com/abstract=1134132>.

⁵⁸ Hanser Comments § III.6 (citing Louise Bernard, Robert D. Metcalfe & Andrew Schein, *Critical Peak Rewards: Evidence from a Nationwide Demand Response Program*, Nat'l Bureau of Econ. Rsch., Working Paper No. 35485 (July 2026)).

⁵⁹ See DOER Petition, Exh. F at 274.

⁶⁰ Hanser Comments § III.7. We note that demand elasticity research does not yield meaningful results if it does not include resulting non-energy losses, such as increased illness and lost productivity.

⁶¹ See *id.*

VIII. The Department Should Provide Opportunities for Stakeholder Comment on EDC Filings and Clarify Its Approach Across Related Dockets.

A. Opportunity for stakeholder comment on EDC 8/31 filings.

The undersigned parties respectfully request that the Department provide stakeholders with an opportunity to review and comment on the EDCs' filings due on August 31. Given the complexity of the issues under consideration by the Department, meaningful participation by stakeholders requires an opportunity to review and comment on how these filings may help inform the Department's overall evaluation of DOER's TOU Rate Proposal and related implementation issues.

B. Transparency and coordination requested across inter-related dockets.

We also encourage the Department to ensure robust coordination and transparency between the instant proceeding and several, closely-related proceedings currently pending before the Department, including but not limited to: D.P.U. 24-15, D.P.U. 25-08, D.P.U. 25-188, D.P.U. 25-189, D.P.U. 25-200, D.P.U. 26-44, D.P.U. 26-20, D.P.U. 26-21, and D.P.U. 26-22. Departmental decisions made within these dockets will have important implications for the design, administration, settlement, and customer experience of future time-varying rate products (e.g., clarification on how seasonal heat pump rates will interact with any future time-varying rate product offerings and whether customers participating in one rate structure will be eligible to participate in the other). Accordingly, the undersigned request that the Department clearly articulate the intended sequencing of all related proceedings and explain how key decisions in such dockets will inform, precede, or otherwise affect or impact the resolution of issues presented in this D.P.U. 26-62 docket. A coordinated approach by the Department will help avoid conflicting requirements, promote regulatory certainty, and ensure that stakeholders have a clear understanding of how each individual docket outcome fits within the Commonwealth's broader grid modernization and rate design frameworks. Such transparency will also enable stakeholders to participate more effectively within each proceeding.

We respectfully request that the Department clearly identify its policy objectives in each stage of this proceeding and in its adoption of any new rate design. DOER's petition and the Department's stated rate-design goals reference several objectives, including cost reflectivity, predictability and continuity of bills, reduction of bill volatility, equity, affordability, and reduction of GHG emissions. While all these objectives are important, they do not necessarily lead to the same policy outcome. For example, a rate structure may produce highly predictable bills while remaining unaffordable for many customers, and a proposal that reduces month-to-month bill volatility does not necessarily improve energy affordability or produce equitable

outcomes across income groups. Absent clearly defined policy objectives, the Department potentially risks approving a rate design that successfully achieves secondary goals while leaving the Commonwealth's most pressing affordability and equity challenges unaddressed.

CONCLUSION

We thank the Department for the opportunity to submit written comments on these important questions concerning TVR design and implementation. TVR offers the potential for significant public benefits, including containing system and ratepayer costs, encouraging electrification, and reducing GHG emissions. At the same time, it carries meaningful risks, especially for those customers with the least access to load-shifting technology and already facing high energy burdens. Our recommendations are aimed at reducing these risks and ensuring that the TVR that advances is durable and supports the Commonwealth's affordability, equity, electrification, reliability, and GHG emissions reduction goals. We look forward to continuing to engage with the Department, DOER, the EDCs, and other stakeholders in this proceeding.

Respectfully Submitted,

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