



For a thriving New England

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Mark D. Marini, Secretary
Scott Seigal, Hearing Officer
Department of Public Utilities
One South Station
Boston, MA 02110

Via Email to dpu.efiling@state.ma.us, scott.seigal@mass.gov

Re: Comment on D.P.U. 23-55; Petition of National Grid for review and approval of a Performance-Based Ratemaking Plan for effect October 1, 2023

Dear Secretary Marini and Hearing Officer Seigal:

Conservation Law Foundation (“CLF”) respectfully submits these comments regarding National Grid’s petition for approval of its performance-based ratemaking plan. We urge the Department to deny National Grid’s request to recover costs associated with the exogenous storm event because its failure to assess its infrastructure’s readiness for foreseeable storm events was imprudent and thus it is unreasonable to pass these costs on to ratepayers. Given the magnitude of the issue of adapting electric infrastructure to climate change and the fact that it affects all investor-owned utility companies in the Commonwealth, not just National Grid, we urge the Department to separately require all electric utilities to undergo climate vulnerability and hazard mitigation planning and to invest in adapting their infrastructure for current and anticipated future impacts of climate change. Continuing to approve storm cost recovery requests in the absence of forward-looking plans to adapt infrastructure is both an imprudent use of ratepayer dollars and a threat to the reliability of electric service across the Commonwealth.

Climate change poses a severe and increasing threat to the health and safety of Massachusetts residents and our economy. The Commonwealth is already experiencing warmer temperatures, increased storm intensity, rising sea levels, and more extreme precipitation events, all of which are projected to get worse over the next century.¹ In recognition of the growing threat that climate change poses, the state has ramped up its climate adaptation efforts. This includes Governor Baker’s 2016 Executive Order 569 (E.O. 569), which requires, among other things, that all state agencies assess the vulnerability, adaptive capacity, and resiliency of

¹ EXECUTIVE OFFICE OF ENERGY AND ENVIRONMENTAL AFFAIRS AND EMERGENCY MANAGEMENT AGENCY, *Massachusetts State Hazard Mitigation and Climate Adaptation Plan* (Sept. 2018), <https://www.mass.gov/files/documents/2018/10/26/SHMCAP-September2018-Full-Plan-web.pdf>

infrastructure and other assets. To our knowledge, the Department has neither undertaken such an analysis itself nor required utility companies under its oversight to do so.

In 2019, as part of the last National Grid ratemaking proceeding D.P.U. 18-150, the Department examined the shortfalls of the Storm Cost Recovery program and attributed them in part to the unforeseeable nature of severity and frequency of storms. (“The frequency and severity of these storms could not have been anticipated when the Company’s storm fund mechanism was developed, or when it was most recently refined in D.P.U. 15-155.”) While the exact severity or number of storms each year cannot be predicted, the fact that storms have become more frequent and severe over the years, and will continue to in coming decades, is now unavoidable and undeniable. CLF submitted comments expressing this same concern in 2021 regarding storm cost recovery by National Grid for eight storms in 2019; these threats are not new and continue to grow.²

The failure of the current Storm Fund system should be obvious, with a balance, as of May 2023, of \$129,094,309, including \$13,967,642 in interest.³ Given the recovery cost for increasingly destructive storms, these values would be reasonable if they were positive. Unfortunately, they are negative; \$129 million is how much the fund has been underfunded in under five years. The total cost of storm recovery during this period was in excess of \$173 million and only \$58 million was funded. The balance of the Storm Fund will continue to be in the red unless the Department takes action.

National Grid now seeks to recover more than \$52 million spent to restore service in response to a single October 2021 nor’easter, as well as \$15 million in interest associated with that \$52 million.⁴ National Grid also wants to spread these reimbursements over the next five years, effectively indebting ratepayers to a company over the coming five-year rate period for electric service already provided. The Department should deny this recovery as the failure of National Grid to assess its infrastructure for readiness for anticipated storm events was imprudent, and thus it is unreasonable for a company to pass these costs on to customers. The Department should further deny this recover request as repeated and continual approval of recovery costs without any requirements for prevention or mitigation removes any incentive to adapt to changing climate and make infrastructure more resilient.

Especially for a company that is, in part, responsible for climate change, which is fueling increasingly severe and expensive storms, this petition for reimbursement is tantamount to National Grid pushing its failures with respect to climate mitigation and adaptation onto ratepayers. If reimbursements are approved, National Grid must, at a minimum, first be required to show that the costs are reasonable and could not have been avoided with more proactive

² CLF comments on DPU 21-03

³ Exhibit NG-2-E_P1, column u line 44, column s line 45

⁴ The Department should closely scrutinize the purported carrying costs of \$15 million associated with the \$52 million. Is this interest a cost the company actually incurred or is the company effectively charging ratepayers interest for the time between when the company spent the money and reimbursement? See Exhibit NG-5b

planning and adaptation measures. Absent a showing by the company that it assessed the vulnerability of the system to increasingly severe storms and determined that no hardening, undergrounding, or other adaptive or preventative measures were warranted, the Department should require the company to first do such an assessment. When such assessment is complete, the Department should closely scrutinize whether continuing to invest in repairing and replacing infrastructure that is not resilient to current and anticipated climate conditions is prudent and prohibit reimbursement for any such imprudent investments in the future.

National Grid does engage in Non-Wires Alternatives (NWA) analysis, but the screening criteria are so narrow that of 268 electric projects approved for development in calendar year 2022, only one passed screening criteria and none were deemed suitable as NWA projects. The Department should scrutinize the definition and categorization of reliability and load relief projects to ensure the screening process is not improperly removing projects from suitability assessment. Put differently, if only 13 of National Grid's 268 electric projects for a calendar year are for reliability and load relief, the company is either underinvesting in reliability or incorrectly defining reliability projects as something else.⁵

In 2021, the Department granted approval to National Grid to recover \$55 Million due to damage caused by eight storms in 2019 without requiring analysis of how much it would have cost to prevent that damage, or ways in which National Grid should invest to prevent similar levels of damage and necessary recovery in future years. CLF has repeatedly suggested ways in which the Department could work with utilities and other stakeholders to avoid storm cost recoveries like this from becoming an annual problem.⁶ As CLF has noted in the past, increasing frequency and intensity of storms poses a significant threat to the utility's energy distribution infrastructure, and the Department has an obligation to require utilities to address and plan for these threats and to avoid excessive recovery costs.

The Department, as the primary regulator of the state's investor-owned electric, gas, and water utilities, is charged with ensuring that safe and reliable service is provided by Massachusetts utilities, and with ensuring rates do not incorporate unreasonable costs. Specifically, the Department has general supervision authority with regard to public safety and convenience of the public:

The department shall have the general supervision of all gas and electric companies and shall make all necessary examination and inquires and keep itself informed as to the condition of the respective properties owned by such corporations and the manner in which they are conducted with reference to the safety and convenience of the

⁵ Exhibit NG-13; Non-Wires Alternative Guidelines And Solicitation Updates

⁶ See i.e. CLF Rulemaking Petition of May 3, 2023; CLF Comments on D.P.U. 20-ERP-09; CLF Comments on D.P.U. 21-03



public, and as to their compliance with the provisions of law and the orders, directions, and requirements of the department . . .

G.L. c. 164, § 76.

Given the clear impact of climate change on the frequency and intensity of emergency events, and the resulting costs and loss of service, utility planning must include consideration of and planning for climate change. The level of destruction of the nor'easter at issue and the scale of this recovery request are just the latest of several examples of how a lack of planning or analysis of system vulnerability contributes to higher costs and diminished system safety and reliability. We therefore respectfully urge the Department to deny National Grid's request for storm cost recovery and take this opportunity to consider CLF's above-referenced petition, as well as comments on utility ERPs to address and plan for the impacts of climate change.

Thank you for your consideration of these comments,

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