

United States Senate

WASHINGTON, DC 20510

February 16, 2023

Cecile M. Fraser
Acting Chair
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Dear Chair Fraser:

We write to express our concerns about and to ask that you take action to address the high electricity rates that Massachusetts residents are paying this winter. The Department of Public Utilities (DPU, the Department) is responsible for reviewing and approving municipal aggregation plans, under which municipalities purchase electricity in bulk as a supply option that is potentially cheaper and more sustainable for residents and businesses, who otherwise pay utilities' retail rates.¹ However, DPU under the previous Administration demonstrated a troubling pattern of delaying approvals – sometimes up to almost three years – when communities sought to establish aggregation plans.² We request additional information regarding the Department's procedures for reviewing and approving municipal aggregation plans and also urge the Department and its new leadership to approve pending municipal aggregation plans in a timely manner.

The Department's delays in acting on municipal aggregation plans are especially alarming given DPU's role in approving hikes in energy distribution rates proposed by utility companies for this winter.³ In September 2022, DPU allowed National Grid, a major provider of electricity service for hundreds of thousands of households in Massachusetts, to nearly triple the rates it was previously charging customers, raising rates from 11.5 cents/kWh to 33.9 cents/kWh for the period from November 2022 through April 2023.⁴ DPU stamp-approved its decision within four business days of receiving National Grid's filing for their proposed rates,⁵ despite requests that DPU extend the review period and allow for public comment.⁶

¹ Commonwealth of Massachusetts, "Municipal aggregation," <https://www.mass.gov/info-details/municipal-aggregation>.

² Boston Globe, "How the DPU is preventing communities from lowering utility bills – and carbon emissions," Sabrina Shankman, October 16, 2022, <https://www.bostonglobe.com/2022/10/16/science/these-communities-want-lower-residents-electric-bills-carbon-emissions-heres-whats-stopping-them/>.

³ Commonwealth of Massachusetts, "Section 94: Schedule of rates, prices and charges; contracts; filing; proposed changes; notices; investigations; hearings," <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter164/Section94>.

⁴ Initial Filing from National Grid to Department of Public Utilities, September 21, 2022, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/15514881>.

⁵ Initial Filing from National Grid to the Department of Public Utilities, September 21, 2022, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/15514880>; Stamp-Approval from the Department of Public Utilities to National Grid, September 27, 2022, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/15538129>.

While National Grid cited “global conflict, inflationary pressures, and high demand,” for raising rates,⁷ reports in October 2022 and January 2023 indicated that natural gas prices have plunged due to “record domestic production and gas-storage facilities that have filled up fast”⁸ and “unseasonably warm weather,”⁹ further raising questions about whether these rate hikes were necessary at all and how much profit this will now translate into for companies that rely on natural gas for electricity generation. One of your first actions as Acting Chair was to approve reductions in natural gas supply rates for many customers in Massachusetts, in response to these lower-than-anticipated market prices for natural gas this winter.¹⁰ I hope you will soon take similar action to reduce the electricity cost increases that were approved by DPU in September 2022.

In contrast, at least 30 communities have been waiting nearly two years for DPU to review and approve their municipal aggregation plans.¹¹ These aggregation plans allow communities to choose their own supplier and buy electricity in bulk, which can potentially offer lower rates and provide an electricity supply not reliant on fossil fuels.¹² Instead of empowering communities with the ability to negotiate prices and create more energy supply options, DPU dragged its feet on issuing decisions, neglecting its mission to provide affordable energy.¹³ Based on public reporting, the Department’s pattern of inaction during the previous Administration continues to affect multiple Massachusetts communities:

- Scituate, Cohasset, Uxbridge, and Westwood filed a municipal aggregation plan in February 2020. After almost three years – over two of those years spent waiting for a response from DPU – and several follow up letters from city officials, DPU finally provided approvals near the end of 2022.¹⁴

⁶ Letter from the Office of the Attorney General to the Department of Public Utilities, September 21, 2022, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/15517839>.

⁷ National Grid, “To help customers address increasing energy supply prices, National Grid launches the Winter Customer Savings Initiative to provide options to manage costs and secure assistance,” press release, September 21, 2022, <https://www.nationalgridus.com/News/2022/09/To-help-customers-address-increasing-energy-supply-prices.-National-Grid-launches-the-Winter-Customer-Savings-Initiative-to-provide-options-to-manage-costs-and-secure-assistance/>.

⁸ Wall Street Journal, “Natural-Gas Prices Have Plunged Into Autumn,” Ryan Dezember, October 30, 2022, <https://www.wsj.com/articles/natural-gas-prices-have-plunged-into-autumn-11667084564>.

⁹ Wall Street Journal, “Natural-Gas Prices Plunge as Unseasonably Warm Weather is Forecast,” Ryan Dezember, January 4, 2023, <https://www.wsj.com/articles/natural-gas-prices-plunge-as-unseasonably-warm-weather-is-forecast-11672808996>.

¹⁰ Commonwealth of Massachusetts, Department of Public Utilities, “Department of Public Utilities Approves Reductions to Winter Gas Supply Rates,” press release, February 2, 2023, <https://www.mass.gov/news/departement-of-public-utilities-approves-reductions-to-winter-gas-supply-rates>.

¹¹ Boston Globe, “How the DPU is preventing communities from lowering utility bills – and carbon emissions,” Sabrina Shankman, October 16, 2022, <https://www.bostonglobe.com/2022/10/16/science/these-communities-want-lower-residents-electric-bills-carbon-emissions-heres-whats-stopping-them/>.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*; Scituate, “Scituate Announces Community Choice Electricity Program,” press release, December 21, 2022, <https://www.scituatema.gov/home/news/scituate-announces-community-choice-electricity-program>; Cohasset, “Town of Cohasset Weekly Update 12/30/22,” Taylor O’Neil, December 30, 2022, <https://cohassetmanews.com/2022/12/30/town-of-cohasset-weekly-update-12-30-22/>; Westwood, “Westwood Community Choice Electricity Plan Approved,” January 24, 2023, <https://www.townhall.westwood.ma.us/Home/Components/News/News/357/15>; Uxbridge, “Uxbridge Community

- Quincy submitted a municipal aggregation plan to DPU in January 2021.¹⁵ In October 2022, after National Grid’s approved rate increase, state legislators sent DPU a letter regarding the long delay and imploring the DPU complete their review, fearing that Quincy “does not have the opportunity to seek better rates for its residents and businesses.”¹⁶ The legislators emphasized that Quincy, which has “11.3% of its population living in poverty and 38.7% living in households that speak languages other than English” could benefit greatly from the potential economic and environmental benefits of the program. The approval is still pending.¹⁷
- Chelsea submitted a municipal aggregation plan to DPU in February 2021.¹⁸ In both November 2021¹⁹ and November 2022,²⁰ the City Manager requested a timely decision, expressing concern about “households overwhelmed by rising energy costs.” Chelsea is one of the most economically disadvantaged municipalities in the state, with 22.5 percent of the population living in poverty.²¹ The approval is still pending.
- Beverly submitted a municipal aggregation plan to DPU in March 2021.²² After over 18 months of waiting for an approval, Beverly sent DPU a letter in response to National Grid’s 2022 rate increase to request approval so they could “potentially provide some relief to the residents of Beverly” from hardships caused by the price increases.²³ The approval – “due to the DPU’s internal process and not due to any issue with Beverly’s aggregation plan” – is still pending.²⁴

This pattern of inaction and delay does not align with DPU’s stated mission to “ensure that consumers’ rights are protected, and that utility companies are providing the most reliable service at the lowest possible cost.”²⁵ While DPU approved National Grid’s rate increase

Electricity Program,” press release, December 21, 2022, <https://www.uxbridge-ma.gov/home/pages/uxbridge-community-electricity-program>.

¹⁵ Letter from the City of Quincy to the Department of Public Utilities, January 29, 2021, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/13111856>.

¹⁶ Letter from Senator Keenan, Speaker Mariano, and Representatives Ayers and Chan to the Department of Public Utilities, October 14, 2022, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/15654476>.

¹⁷ Quincy Community Electricity, “Program Status,” <https://quincycea.com/status/>.

¹⁸ Letter from the City of Chelsea to the Department of Public Utilities, February 26, 2021, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/13201852>.

¹⁹ Letter from City Manager Ambrosino to Secretary Theoharides and Chair Nelson, November 23, 2021, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/14229390>.

²⁰ Letter from City Manager Ambrosino to Secretary Theoharides and Chair Nelson, November 29, 2022, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/15869389>.

²¹ United States Census Bureau, “QuickFacts, Chelsea city, Massachusetts,” <https://www.census.gov/quickfacts/fact/table/chelseacitymassachusetts#>.

²² Letter from the City of Beverly to the Department of Public Utilities, March 17, 2021, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/13269863>.

²³ Letter from the City of Beverly to the Department of Public Utilities, September 27, 2022, <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/15545047>.

²⁴ Beverly Community Electric, “Welcome!” <https://www.masspowerchoice.com/beverly>.

²⁵ Commonwealth of Massachusetts, “Department of Public Utilities,” <https://www.mass.gov/orgs/departament-of-public-utilities>.

proposal in less than five days, the Department has taken over two years to approve requests that could “slash residents’ electricity bills.”²⁶ It is unclear why DPU has delayed approving these plans, especially when “the delays are harming Massachusetts communities.”²⁷ These actions raise questions about whether DPU under the previous Administration was ensuring that services are provided “at the lowest possible cost,” and whether it was using all its available tools to protect Commonwealth consumers’ rights,²⁸ and we hope that changes now that the organization is under new leadership.

We strongly encourage DPU to conduct a thorough review and take immediate action to process aggregation plans in a timely manner and mitigate price increases prior to any approval. We also ask that, given the unexpected changes in the natural gas market, you consider clawing back the electricity price increases that were approved in September 2022. We ask that you please provide, no later than February 28, responses to the following questions:

1. What is DPU’s process for reviewing and approving electricity rate proposals?
 - a. What information do you require utility companies to submit for a review?
 - b. What factors do you consider for review to decide approval? Are you also considering a company’s potential increases in executive pay and profit margins that could result from raising electricity rates, and whether they are necessary?
 - c. What is the average length of time you require to fully review a rate proposal?
 - d. How often do you collect public comment for proposed rate changes? What is the average length of time you accept public comments? How do you take public comments into consideration for your approval decisions?
 - e. How does DPU address changing circumstances in the electricity rate setting process? Reports now indicate that natural gas prices have dropped since National Grid set their initial electricity rates.²⁹ Does DPU have a process to look back and potentially eliminate rate increases if circumstances change such that they are not justified?
 - f. Moving forward, what changes will DPU put in place to better protect consumers from high electricity and natural gas costs?
2. What is DPU’s process for reviewing and approving municipal requests for aggregation plans?
 - a. What information do you require municipalities to submit for a review?

²⁶ Boston Globe, “How the DPU is preventing communities from lowering utility bills – and carbon emissions,” Sabrina Shankman, October 16, 2022, <https://www.bostonglobe.com/2022/10/16/science/these-communities-want-lower-residents-electric-bills-carbon-emissions-heres-whats-stopping-them/>.

²⁷ *Id.*


²⁸ Wall Street Journal, “Natural-Gas Prices Plunge as Unseasonably Warm Weather is Forecast,” Ryan Dezember, January 4, 2023, <https://www.wsj.com/articles/natural-gas-prices-plunge-as-unseasonably-warm-weather-is-forecast-11672808996>.

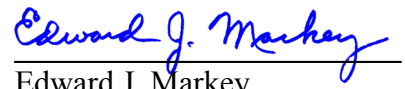
²⁹ Wall Street Journal, “Natural-Gas Prices Have Plunged Into Autumn,” Ryan Dezember, October 30, 2022, <https://www.wsj.com/articles/natural-gas-prices-have-plunged-into-autumn-11667084564>; Wall Street Journal, “Natural-Gas Prices Plunge as Unseasonably Warm Weather is Forecast,” Ryan Dezember, January 4, 2023, <https://www.wsj.com/articles/natural-gas-prices-plunge-as-unseasonably-warm-weather-is-forecast-11672808996>.

- b. What factors do you consider for review to decide approval? Do you consider the potential decrease in utility company customers once an aggregation plan is available?
- c. What is the average length of time you require to fully review a municipal aggregation plan?
- d. How many and which communities currently have a pending municipal aggregation plan that DPU is reviewing?
- e. What is the current status of the approval process for the communities that have a pending municipal aggregation plan?
- f. Moving forward, what changes will DPU put in place to speed up approvals of municipal aggregation requests?
- g. What changes will DPU put in place to better protect consumers from high electricity and natural gas costs?

Unaffordable energy costs, especially during the winter months, jeopardize public health and safety to a severity that we cannot ignore. We urge you to closely examine and revise your rate review process and finalize approvals for pending municipal aggregation plans. Thank you for your prompt attention to this matter.

Sincerely,


Elizabeth Warren
United States Senator


Edward J. Markey
United States Senator