



Date: December 19, 2025

Submitted electronically via email to: Austin.dawson@mass.gov

Austin Dawson
Deputy Director of Energy Supply and Rates
Massachusetts Department of Energy Resources (DOER)
100 Cambridge Street, 9th Floor
Boston, MA 02114

Re: Massachusetts DOER Ratemaking Straw Proposal

Dear Mr. Dawson,

On behalf of Northeast Energy Efficiency Partnerships (NEEP),¹ we are pleased to submit comments relative to the Massachusetts Department of Energy Resources (DOER)'s [Ratemaking Straw Proposal](#). NEEP is a non-profit whose mission is to accelerate regional collaboration to promote advanced energy efficiency and related solutions in homes, buildings, industry, and communities. NEEP recognizes the importance of rate design as one of the [crucial ways to address energy affordability](#) as many states struggle to keep energy costs affordable for customers. Rate design is one of many tools to address affordability concerns and align customer and grid costs.

We thank DOER for the opportunity to provide input on this rate design proposal. We commend DOER for its work so far in advancing cutting-edge rate design practices through its Interagency Rates Working Group and associated research studies, Rate Task Force, and regulatory petitions. The following comments are intended to provide technical assistance and resources relating to rate design. In addition to the recommendations below, NEEP has tools and resources available and can offer direct technical assistance.

In these comments, NEEP outlines four key considerations:

- NEEP supports DOER's proposal to implement default seasonal TOU rates for residential customers.
- NEEP recommends DOER consider additional customer engagement and affordability measures.
- NEEP recommends DOER encourage the continued use of revenue decoupling with performance incentives to drive efficiency and electrification.
- If converting the efficiency charge into a fixed charge, NEEP encourages DOER to consider income-graduated fixed charges.

¹ These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors, or partners. NEEP is a 501 (c)(3) non-profit organization that does not lobby or litigate.



NEEP supports DOER's proposal to implement default seasonal TOU rates for residential customers.

DOER's proposal to implement default seasonal TOU rates for supply, distribution, and transmission is based on foundational principles of rate design and strategies that will align rates with grid costs and follow the principles of economic efficiency. Implementing TOU as a default (i.e., opt-out) rate with a robust educational campaign will ensure high levels of participation and grid-level impact. Additionally, incorporating flexibility that can adjust peak hours, season definitions, and rates can ensure that this rate continues to reflect grid costs as energy usage and system cost drivers change over time.

NEEP supports the default enrollment method paired with strong consumer outreach and complemented by robust energy efficiency programs. First, implementing this new rate as the default option, paired with strong consumer outreach and education, is a best practice to ensure that the rate can lead to large-scale changes in electricity usage patterns and consumer behaviors. This is crucial to generating system-wide benefits because it ensures a high rate of customer adoption, which is needed to reduce statewide system peaks and drive significant cost reductions. Implementation of other similar advanced rates across the country and past research has shown that [opt-in rates do not generate significant enrollment](#) among a customer base. Also, implementing the rate in a phased manner as proposed (by introducing time variation into each rate component over time) will help introduce customers to the concept of time-varying electric rates more gradually, limiting potential adverse customer experiences before customer knowledge has a chance to develop. DOER's proposed marketing, education, and outreach plan (discussed further below) will be the ultimate key to driving customer understanding and meaningful behavior change. Additionally, DOER can look for synergy with efficiency programs to increase customer education and advance adoption of appliances that can make participation in the TOU rate easier.

NEEP supports the way DOER has proposed to structure the rate. Incorporating time-varying pricing in all three main rate components- supply, distribution, and transmission- and combining all of this into one unified peak period - is a best practice that will lead to larger variation between peak and off-peak pricing, which is likely to drive more meaningful behavioral changes across the customer base. Additionally, the use of a single peak period across all bill components will facilitate customer understanding of the new rate and make it easier to communicate the best way to save money by taking advantage of lower off-peak rates. NEEP agrees with DOER that this approach is likely to maximize customer load shifting behavior and capture the majority of daily, monthly, and annual system peaks, thus accounting for the cost drivers that impact rates. NEEP reminds DOER that consumers will also have an opportunity to save energy through conservation and efficiency when on TOU rates- not just to shift load.

To ensure successful implementation of these rates, it will be important for DOER to start engagement early and use lessons from states that have implemented or attempted to implement TOU supply rates with municipal



aggregators and competitive suppliers. California has managed coordination between regulated utilities and competitive electricity providers (CEPs), in orders ([Decision 19-07-004](#) and [Decision 18-12-004](#)). The joint strategy involved timelines for CEPs to decide whether they would offer supply TOU rates in line with the utilities' TOU framework and coordination between the utilities and CEPs to minimize potential customer confusion. It is also important to note that there are barriers to suppliers participating in these rates. For example, a report in the proceeding investigating [supply TOU rates in Maine](#) (Docket No. 2024-00231) noted that these rates only appear as a single line item on the customer's bill, which does not allow them to accurately communicate the time-varying nature of TOU billing and limits their ability to influence customer behavior. [Additionally, there are added costs for CEPs](#) to develop and implement modern rate structures, such as upgrades to meters and billing software. Because CEPs are regulated differently than distribution utilities, they do not have cost recovery for such upgrades as regulated utilities do.

Finally, NEEP supports DOER's proposed methods of adjusting the rate and incorporating feedback and lessons learned over time. Adjustments to the timing of peak hours and the definition of peak seasons will ensure that the rate continues to charge customers prices based on the true cost of service as the electric system evolves (e.g., as the grid shifts from summer to winter peaking as expected in the next decade). Also, the degree to which this new rate would allow for flexibility (e.g., to adjust to new circumstances, resolve mistakes, and implement lessons learned) will further boost the rate's effectiveness and lead to better outcomes for customers. These principles, along with the other items included in DOER's proposed strategic implementation and enrollment and marketing, education, and outreach (MEO) plans, will help introduce the rate to customers with minimal interruptions, adverse experiences, or confusion.

NEEP recommends DOER consider additional customer engagement and affordability measures.

NEEP appreciates the consideration and stakeholder feedback that informs DOER's plan for customer engagement and affordability measures. NEEP supports DOER's customer engagement plan of utilizing shadow billing, opt-out provisions, and existing low-income bill discount programs to mitigate potential energy burden impacts of TOU rates on low-income customers. We also appreciate DOER's MEO plan to drive proactive, stakeholder-informed coordination among utilities before the TOU rates are implemented to raise awareness of this new rate and limit adverse customer experiences. Customer engagement and education are crucial to ensure that rates are adopted and able to achieve their intended goals.

DOER's proposal to not categorically delay TOU roll-out to low-income customers or create special opt-in provisions for low-income customers is bolstered by the presented research on the [PG&E default TOU pilot](#), which found that TOU rates have a beneficial or neutral impact on low-income customers. This strategy also aligns with the concept that large-scale customer participation in the TOU rate is key to creating changes to system-level electricity usage.



NEEP also supports leveraging Advanced Metering Infrastructure (AMI) data to identify vulnerable customers who may exhibit energy-limiting behavior, customers with high energy burdens, or those who have non-shiftable loads. While AMI continues to roll out across the Commonwealth, there are existing utility and state data sources which could be used to identify vulnerable customers – such as those with chronic disconnections, high energy burdens, or users of [durable medical equipment](#) – for proactive outreach before default TOU rates are implemented.

In addition to the plan to connect these vulnerable customers with enabling technology and affordability measures highlighted in the proposal, NEEP encourages DOER to consider exemptions from TOU rates or [hold harmless billing](#) for these customers whose health and well-being may be more directly impacted by a bill increase. A step beyond shadow billing, hold harmless billing enrolls customers in both the standard flat rate and the TOU rate simultaneously and charges the customer at whichever rate yields the lower bill each month. It may also be appropriate to offer an opt-in TOU rate structure to this subset of particularly vulnerable customers in addition to low-income customers.

NEEP recommends DOER encourage the continued use of revenue decoupling with performance incentives to drive efficiency and electrification.

DOER recommends discontinuing decoupling on the premise that it is “not necessary to maintain commitment to demand-side resources” and that performance incentives and financial penalties are enough to encourage utilities to support demand-side resources. Decoupling has played an important role in aligning utility business models with efficiency and customer affordability because decoupling limits over-earning while still incentivizing utilities to electrify efficiently. Further, for efficiency, decoupling ensures that utilities are still made whole if energy usage lowers, removing the [disincentive to investment in both energy efficiency and distributed energy resources](#), as utilities experience lower revenues from efficiency investments and distributed energy resources lower the need for additional infrastructure spending. Finally, decoupling plus electrification still provides a pathway for utilities to earn financial incentives as they can earn returns through growing infrastructure costs and performance incentives as proposed by DOER.

Decoupling is an important mechanism to ensure affordability as states electrify because it ensures utilities do not over earn as electricity usage rises. Decoupling removes the link between utility revenues and electricity sales as it includes a true-up mechanism that distributes revenues or increase rates so that utilities’ earnings are in line with what was approved by regulators. This helps to maintain affordability for customers and secure earnings for utilities.

At a time of rising energy demand, revenue decoupling is more important than ever to protect customers and prevent utilities from over-earning. Since 2010, rates have increased 50% in Massachusetts. These higher electric costs are threatening electrification, as customers fear higher bills with adoption of electric devices. Decoupling helps to mitigate these impacts as it returns excess earnings to customers, pushing down rates. A [study](#) by Synapse Energy Economics found that because of revenue decoupling, EVs have the potential to reduce



rates as EV use results in more revenue than costs for utilities. In Massachusetts, EVs have had a net impact of an [additional \\$71.2 million dollars in excess revenues](#). Without decoupling, the excess revenues from use of electric appliances will flow to utilities.

NEEP recommends that DOER encourage the continued use of revenue decoupling with performance incentives. With the anticipated load growth from electrification, as well as other unknown factors, such as potential data center-driven load growth, it is important to keep decoupling in place to ensure there is not a risk of [excess profits flowing to utilities at the expense of ratepayers](#). Further with decoupling, utilities will still be incentivized to electrify through returns on additional capital investment that will be required for electrification. Additionally, as highlighted in the straw proposal, performance incentives provide a pathway to incentivize electrification as they align [electrification with utility shareholder incentives](#) and can be tied to state policies. This provides a more focused tool to financially incentivize utilities.

If converting the efficiency charge into a fixed charge, NEEP encourages DOER to consider income-graduated fixed charges.

NEEP is concerned about some of the potential consequences of converting the energy efficiency reconciliation factor (EERF) into a fixed charge, as this could increase fixed charges by \$16 - \$18 a month for households. While this could help mitigate seasonal fluctuations on customer bills, a higher fixed charge could result in disproportionately higher energy bills for low-income customers and low energy users. If DPU accepts DOER's recommendation to pursue this policy shift, NEEP encourages DOER to consider income-graduated fixed charges as part of the proposal.

Research has shown that the average residential fixed charge in the U.S. is [approximately \\$11 a month](#). Incorporating the EERF into the fixed charge would more than double this fee, putting Massachusetts utilities among the [highest fixed charges in the country](#) at nearly \$30 per month. This would disproportionately impact low-income customers, who pay a higher portion of their income on energy than wealthier households, and increase their energy burdens. Similarly, for smaller and/or efficient households with low energy use, a higher fixed charge will [disproportionately increase their energy bills](#).

[Income-graduated fixed charges](#) could provide an opportunity to ensure that at least low-income households are not disproportionately impacted. This mechanism would adjust the fixed charge of consumers' bills based on their incomes. This would make bills more equitable by reallocating a portion of fixed costs based on income level. This can remedy the disproportionately higher percentage of income that lower-income customers will pay into the proposed higher fixed fee. [California has implemented this rate design](#) with three tiers: low, moderate, and higher income. This helped the state lower volumetric rates across all classes and progressively distribute system costs through its fixed charge.



Conclusion

Overall, DOER's proposal is a significant step towards modernized ratemaking that aligns with goals for energy efficiency, electrification, and peak demand reductions, unlocking opportunities to lower bills and system costs. These comments are intended to support the work currently underway on DOER's Ratemaking Straw Proposal, and we appreciate the opportunity to provide input. In addition to the comments, NEEP is available to provide technical assistance and assist DOER in rate design best practices that accurately reflect electric system costs while promoting customer affordability, energy savings, and load shifting as Massachusetts continues to pursue [strong climate and energy goals](#).

Sincerely,

A handwritten signature in black ink that reads "Erin Cosgrove".

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