SENATE DOCKET, NO. FILED ON: 1/13/2009

**SENATE . . . . . . . . . . . . . . No.**

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The Commonwealth of Massachusetts

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PRESENTED BY:

**Robert A. O'Leary**

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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General
 Court assembled:*

 The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to default service.

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PETITION OF:

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| --- | --- |
| Name: | District/Address: |
| Robert A. O'Leary | Cape and Islands |

The Commonwealth of Massachusetts

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**In the Year Two Thousand and Nine**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

An Act relative to default service.

 *Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

**Section 1.** Section 1B of chapter 164 of the general laws, as appearing in the 2006 official edition, is herebyamended by adding, after clause (f) the following new clause:

(g) Each distribution company shall charge a separate default service rate for each new england independent system operator zone it serves, reflecting the costs in that zone subject to competition, unless the department finds that (a) the costs in two zones do not differ significantly or (b) the utility’s load in one zone is de minimis; in which case the department may allow the distribution company to merge the rates for the zones for the purpose of setting default service rates.

**Section 2.** Section 1D of said chapter 164 of the general laws, as so appearing, is hereby amended by inserting , at the end thereof the following: -

The transmission charge for each distribution company shall include, in addition to charges described as transmission service, all reliability-related charges levied on load in the distribution company’s service territory by the new england independent system operator, except as provided in subsection (a). The department shall establish regulations and procedures for other entities serving load in the service territory to recover their reliability charges from the distribution company, and for the distribution company to collect a non-bypassable transmission charge from all delivery customers.

(a) The department may exclude reliability-related charges from the non-bypassable transmission charge only if it finds that such exclusion would be likely to provide useful price signals to consumers and reduce total costs for consumers in the commonwealth.

(b) The department may include in the non-bypassable transmission charge costs arising from sources other than the new england independent system operator, if it finds that collection of those costs in a non-bypassable charge is in the public interest.

(c) The transmission charges of each distribution company shall be uniform across the distribution company’s service territory.

**Section 3.** Said chapter 164 of the general laws, as so appearing, is hereby further amended by inserting, after section 1H the following new section:

Section 1I: Contingency

For each area within the commonwealth in which consumers incur significant additional costs in the form of uplift (or net commitment period compensation) payments to generators as assurance against second-contingency supply shortfalls, the department shall initiate an investigation of the feasibility of contracting for resources that could avoid or reduce the second-contingency uplift charges, including demand response to be activated only under second-contingency conditions, new fast-start generation capacity, transmission, and any other resources that may contribute to reducing second-contingency uplift charges.

If the department finds that one or more such resources is likely to be cost-effective for consumers in the commonwealth, including all financial, reliability and environmental benefits, the department may require the distribution company or companies serving the relevant area or areas to issue requests for proposals, establish standard offer prices and tariffs, enter into contracts, construct resources, seek enabling changes in the rules and procedures of the new england independent system operator, and take any other actions necessary to procure the resources and reduce total costs.

The department shall provide for the recovery of costs incurred to reduce uplift charges through the transmission charge of the affected distribution company or companies.