

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Robert A. O'Leary

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.

PETITION OF:

NAME:

Robert A. O'Leary

DISTRICT/ADDRESS:

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:

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

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

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

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

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

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

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

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

28 Section 1I: Contingency

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

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

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