

**SENATE . . . . . No. 1526**

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**The Commonwealth of Massachusetts**

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**In the Year Two Thousand Nine**  
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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  
2 official edition, is 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  
4 new england independent system operator zone it serves, reflecting the costs in that zone subject  
5 to competition, unless the department finds that (a) the costs in two zones do not differ  
6 significantly or (b) the utility’s load in one zone is de minimis; in which case the department may  
7 allow the distribution company to merge the rates for the zones for the purpose of setting default  
8 service rates.

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

11           The transmission charge for each distribution company shall include, in addition to  
12 charges described as transmission service, all reliability-related charges levied on load in the  
13 distribution company’s service territory by the new england independent system operator, except

14 as provided in subsection (a). The department shall establish regulations and procedures for  
15 other entities serving load in the service territory to recover their reliability charges from the  
16 distribution company, and for the distribution company to collect a non-bypassable transmission  
17 charge from 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 collection  
23 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  
27 amended by inserting, after section 1H the following new section:

28 Section 1I: Contingency

29 For each area within the commonwealth in which consumers incur significant additional  
30 costs in the form of uplift (or net commitment period compensation) payments to generators as  
31 assurance against second-contingency supply shortfalls, the department shall initiate an  
32 investigation of the feasibility of contracting for resources that could avoid or reduce the second-  
33 contingency uplift charges, including demand response to be activated only under second-

34 contingency conditions, new fast-start generation capacity, transmission, and any other resources  
35 that may contribute to 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  
44 through the transmission charge of the affected distribution company or companies.