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DEPARTMENT OF PUBLIC UTILITIES

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June 25, 2025

The Honorable Michael D. Hurley
Senate Clerk
Office of the Clerk of the Senate
24 Beacon Street, Room 335
State House
Boston, Massachusetts 02133

The Honorable Timothy Carroll
House Clerk
Office of the Clerk of the House of Representatives
24 Beacon Street, Room 145
State House
Boston, Massachusetts 02133

RE: 2024 Annual Report Concerning Self-Generation

Dear Messrs. Hurley and Carroll:

Pursuant to Section 193 of the Electric Restructuring Act ("Act")¹, the Department of Public Utilities ("Department") hereby submits its report concerning installations of cogeneration, fuel cell, renewable energy, and on-site generation facilities (collectively, "self-generation") for the year 2024 ("2024 Annual Report"). This 2024 Annual Report evaluates the effects of self-generation on sales of electricity and recovery of transition costs by

¹ "An Act Relative To Restructuring The Electric Utility Industry In The Commonwealth, Regulating The Provision Of Electricity And Other Services, And Promoting Enhanced Consumer Protections Therein." Chapter 164 of the Acts of 1997. Among other things, Section 193 of the Act added G. L. c. 164, § 1G.

electric distribution companies (“EDCs”)² during the year 2024, with comparative information from 1998 (when the Department began reporting on self-generation).

I. INTRODUCTION

The Act recognizes that self-generation, if implemented at a significant level, may lead to the shifting of costs to non-generating customers. St. 1997, c. 164, § 193. Accordingly, the Act requires that the Department monitor and report on the cost effects attributable to self-generation.

General Laws, c. 164, § 1G(g) states, in pertinent part:

The [D]epartment shall issue a report on July 1, 1999 and every year thereafter, for the period of transition cost recovery, relative to [the] degree of impact on the aggregate reduction of the electricity and impact on transition charges due to implementation or use of cogeneration systems, fuel cell and renewable energy technologies.

Pursuant to G.L. c. 164, §§ 1G(a)(1) and 1G(e), EDCs collect their transition costs from customers through a non-bypassable charge, billed based on the amount of kilowatt-hours (“kWh”) of electricity used. To the extent that a customer uses less electricity from the EDC, that customer will pay a lower transition cost amount, and other customers will pay a larger share of the EDC’s transition costs. An example of lowered electricity usage is self-generation that operates with little or no use of power from an EDC’s power system.

In preparing this 2024 Annual Report, the Department relied on self-generation data from the following EDCs: NSTAR Electric Company d/b/a Eversource Energy (legacy Boston Edison Company, Commonwealth Electric Company, Cambridge Electric Light Company, and Western

² An EDC’s transition costs include the following: (1) unrecovered fixed costs for generation-related assets and obligations associated with producing electricity from generation facilities that were being collected by Department-approved rates on January 1, 1997, determined by the Department as prudently incurred and that became uneconomic as a result of the creation of the competitive generation market; (2) nuclear entitlements of an EDC that divested its non-nuclear generation facilities and liabilities for nuclear plant post-shutdown and decommissioning costs not recoverable from the authorized decommissioning fund; (3) unrecovered book-balance amounts of generation-related regulatory assets; and (4) amounts by which the cost of contractual commitments for purchased power exceeds the competitive market price for the power upon the restructuring, buyout, or termination of the contract. G.L. c. 164, § 1G(b)(1)(i)-(iv).

Massachusetts Electric Company) (“NSTAR”);³ Fitchburg Gas and Electric Light Company d/b/a Unitil (“Fitchburg”); and Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid (“National Grid”).

II. AGGREGATE REDUCTION OF ELECTRICITY SALES

EDCs reported a total of 24,535 self-generation facilities installed during 2024. Of this total, 23,516 installations (95.8 percent) were equal to or less than 60 kilowatts in size and were photovoltaic (solar) systems. Furthermore, 24,369 of the installations (99.3 percent) were eligible for net metering under the Department’s regulations at 220 CMR 18.00.

EDCs reported estimated reductions (combined reductions) in 2024 sales due to self-generation installations equal to 2.4 million megawatt-hours (“MWh”),⁴ an approximate 5.07 percent reduction of total EDC sales for the calendar year. The percent reduction in electricity sales for 2024 ranged from a low of 1.6 percent for NSTAR to a high of 12.1 percent for Fitchburg.

For the period March 1, 1998 (the beginning of self-generation reporting) through December 31, 2024, EDCs have reported an estimated cumulative reduction in electricity sales due to self-generation of approximately 116.9 million MWh, representing 9.54 percent of total EDCs’ sales since 1998, which were reportedly 1.2 billion MWh. The incremental reduction in electricity sales of approximately 2.4 million MWh from 2024 represents 2.1 percent of the total cumulative reduction in sales from self-generation installations over the past 26 years, since 1998.

III. IMPACT ON TRANSITION CHARGES

The EDCs have recovered nearly all of their transition costs through 2024.⁵ Currently, transition costs are primarily a result of the EDCs’ cost responsibilities associated with legacy

³ These legacy companies have been merged into NSTAR Electric Company, which operates within the Eversource Energy holding company system. For purposes of self-generation reporting to the Department, Boston Edison Company, Commonwealth Electric Company, and Cambridge Electric Light Company are grouped as “NSTAR” and Western Massachusetts Electric Company is reported as “WMECo.”

⁴ A megawatt-hour equals 1,000 kWh.

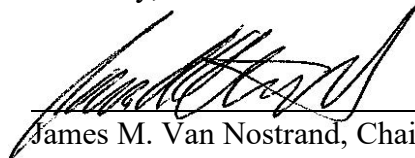

⁵ At the end of 2020, the Department approved Fitchburg’s proposal to terminate its transition charge. Fitchburg Gas and Electric Light Company, D.P.U. 20-134, at 4 (December 29, 2020). Transition charges for National Grid and NSTAR Electric are currently credits to ratepayers (Department of Public Utilities 2023 Annual Report at 88).

long-term power purchase agreements. The level of associated transition costs can vary from year to year based on the market value of the underlying power commitments. The EDCs' estimated cumulative impact on transition costs related to self-generation since 1998 is less than 1.5 percent for each company.

IV. CONCLUSION

Based upon the self-generation information that the EDCs reported, the Department concludes that for the period January 1, 2024 through December 31, 2024, self-generation did not have a significant effect on the transition cost recovery of the EDCs operating in Massachusetts. Regarding the impact of self-generation installations on electricity sales, the 2024 electricity sales reductions, in and of themselves, are relatively small.

Sincerely,


James M. Van Nostrand, Chair
Cecile M. Fraser, Commissioner
Staci Rubin, Commissioner

cc: Sen. Michael J. Rodrigues, Chair, Senate Committee on Ways and Means
Sen. Michael J. Barrett, Senate Chair, Joint Committee on Telecommunications, Utilities and Energy
Rep. Aaron Michlewitz, Chair, House Committee on Ways and Means
Rep. Mark J. Cusack, House Chair, Joint Committee on Telecommunications, Utilities and Energy

Therefore, the negative value for self-generation's impact on National Grid's recovery reflects credits that National Grid has not had to pay to customers with on-site generating facilities.