

February 8, 2001

D.T.E. 01-28

Investigation by the Department of Telecommunications and Energy on its own Motion into the Installation of Advanced Metering Equipment by Electric Distribution Companies at the Facilities and Homes of their Distribution Customers.

**NOTICE OF INQUIRY INTO THE TERMS AND CONDITIONS BY WHICH
DISTRIBUTION COMPANIES SHALL PROVIDE ADVANCED METERING
SERVICES TO THEIR DISTRIBUTION CUSTOMERS**

I. INTRODUCTION

The Department of Telecommunications and Energy ("Department") hereby opens an investigation designed to develop generic terms and conditions for the provision of advanced metering services by electric distribution companies. On December 29, 2000, pursuant to §312 of the Electric Restructuring Act, Chapter 164 of the Acts of 1997, the Department submitted its Report to the General Court ("Report") regarding our investigation into

issues relating to metering, meter maintenance and testing, customer billing and information services (collectively, "MBIS"), and the exclusivity of electric distribution company service territories.⁽¹⁾

Based on that investigation, the Department determined that metering-related services should not be unbundled and provided through a competitive market because introducing competition for metering-related services: (1) would be extremely complex to implement in the near term and would divert energy more productively devoted to promoting advanced metering by electric distribution companies; (2) would not produce added benefits otherwise realized through the existing regulatory framework; (3) may not result in cost savings to customers; and (4) would result in significant disruptions in distribution company employee staffing levels. Competitive Metering, Billing, and Information Services, D.T.E. 00-41, at 14-23 (2000). Instead, the Department stated that we would open a proceeding to establish terms and conditions by which distribution companies will install advanced metering equipment, stating that efforts along these lines will likely yield substantial benefits to electricity consumers sooner than would competition. Id.

II. ADVANCED METERING EQUIPMENT

For purposes of this proceeding, "advanced metering equipment" are those meters capable of recording customers' electricity usage at 15 minute intervals. The Department has stated that the installation of advanced metering equipment is essential for the development of a robust competitive generation market because it provides electricity consumers at the retail level with the information necessary to allow them to adjust their levels and patterns of electricity usage based on prevailing wholesale generation market prices. See Terms and Conditions, D.P.U./D.T.E. 97-65, at 59 (1997). Potential benefits associated with the installation of equipment that allows price-responsive demand include: (1) price reductions, both at the wholesale and retail levels; (2) improvements in the reliability of supply; (3) the development by suppliers of new products and services (e.g., multiple pricing options); (4) improvements in the wholesale financial settlement process administered by the Independent System Operator - New England; and (5) incentives for investment in energy efficiency measures.

These potential benefits are consistent with the Department's long-standing position that the installation of advanced metering equipment "is an essential component of having customers enjoy the full benefits of a competitive generation market. Only with the installation of such equipment would customers have the necessary information and the

proper incentives to adjust their consumption patterns based on price signals." See Terms and Conditions, D.P.U./D.T.E. 97-65, at 59 (1997).

III. PROCEDURAL ISSUES

Attachment 1 to this Order includes the Department's Proposed Terms and Conditions for the Provision of Advanced Metering Services by Distribution Companies. The Department shall hold a technical session on **MARCH 1, 2001**, at **10:30 AM** at the Department's offices, to discuss the proposed terms and conditions, and may hold further technical sessions, as appropriate. At the conclusion of the technical session process, the Department will solicit written comments on these matters. Following its review of these comments, the Department will issue Model Terms and Conditions for the Provision of Advanced Metering Services. The Department intends that these Model Terms and Conditions be adopted by all electric distribution companies.

Anyone interested in attending the technical session on **MARCH 1, 2001**, should notify Andrew O. Kaplan, the Hearing Officer assigned to this proceeding, either in writing at One South Station, Boston, Massachusetts 02110, or by e-mail at andrew.kaplan@dpu.state.ma.us.

IV. ORDER

Accordingly, the Department

VOTES: To open an investigation designed to develop generic terms and conditions for the installation and provision of advanced metering equipment by distribution companies; and

ORDERED: That the Secretary of the Commission issue this Notice Of Inquiry, including the attached Proposed Terms and Conditions, to all participants in the Department's study of metering and billing services, Competitive Metering, Billing, and Information Services, D.T.E. 00-41 (2000).

By Order of the Department,

James Connelly, Chairman

W. Robert Keating, Commissioner

Paul B. Vasington, Commissioner

Eugene J. Sullivan, Jr., Commissioner

Deirdre K. Manning, Commissioner

Attachment 1

PROPOSED TERMS AND CONDITIONS FOR THE PROVISION OF ADVANCED
METERING SERVICES

The [Company] shall provide advanced metering services to customers through the following three options:

Option 1 - Under this option, the [Company] will provide advanced metering services to a customer by purchasing and installing advanced metering equipment that will allow for the reading of the customer's electricity usage at 15-minute intervals. The [Company] will

own the metering equipment and will be responsible for maintaining and replacing such equipment, as necessary. The [Company] will select the metering equipment that may be used under this option. The [Company] will read the customer's usage data on a daily basis and will use the metered data in reporting the customer's hourly loads to the Independent System Operator -- New England. The fee for this service option is based on the cost of providing the service, and may be paid on a monthly basis or in one lump payment, as follows: [Company-specific fees].

Option 2 - Under this option, the [Company] will provide advanced metering services to a customer by installing advanced metering equipment (*i.e.*, metering equipment that will allow for the reading of the customers' electricity usage at 15-minute intervals) that is purchased and owned by the customer. The [Company] will be responsible for maintaining and replacing such equipment, as necessary. The [Company] will select for the customer the metering equipment that may be used under this option. The [Company] will read the customer's usage data on a daily basis and will use the metered data in reporting the customer's hourly loads to the Independent System Operator -- New England. Because the customer will be responsible for purchasing the metering equipment, there is no fee for this service option.

Option 3 - Under this option, the [Company] will provide advanced metering services to a customer by purchasing and installing a pulse interface device that will be attached to the customer's existing meter. The customer may purchase and install a modem-equipped recording device, to be connected to the pulse interface device, that is capable of recording the customer's electricity usage at 15-minute intervals. The [Company] will own the metering equipment and the pulse interface device, and will be responsible for maintaining and replacing such equipment and device, as necessary. The customer will own the recording device. The [Company] will read the customer's usage data on a daily basis and will use the metered data in reporting the customer's hourly loads to the Independent System Operator -- New England. The fee for this service option is based on the cost of providing the service, and may be paid on a monthly basis or in one lump payment, as follows: [Company-specific fees].

1. Competitive Metering, Billing, and Information Services, D.T.E. 00-41 (2000).