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July 24, 2013

Mark D. Marini, Secretary  
Department of Public Utilities  
One South Station – 5<sup>th</sup> Floor  
Boston, MA 02110

RE: D.P.U. 12-76, Investigation by the Department of Public Utilities on its own Motion into Modernization of the Electric Grid

Dear Secretary Marini:

Veolia Energy North America (“Veolia”) greatly appreciates the opportunity to comment on the “Report to the Department of Public Utilities from the Grid Modernization Steering Committee” (the “Report”), filed on July 2, 2013, in the Investigation by the Department of Public Utilities on its own Motion into Modernization of the Electric Grid, D.P.U. 12-76.

Veolia Energy, with its parent company Veolia Environnement, is a world class energy, water and environmental services company. The company focuses on district energy, building energy services, and operations and maintenance of energy assets for industrial, commercial and institutional customers. As part of this focus, Veolia Energy owns (or co-owns), operates and maintains three district energy (heating and cooling) networks in Boston and Cambridge, all of which are fed by cogenerated ‘green steam.’ The thermal energy is utilized by nearly 260 customers, including every major hospital in the area, biotechnology and pharmaceutical leaders, university facilities, hotels, and many of Boston’s tallest office towers, for space heating, space cooling, domestic hot water, and process use. Cogenerated power from combined heat and power (CHP) plants is utilized to meet the hospitals’ electric requirements. Veolia is a member of the New England Clean Energy Council.

Consistent with Veolia’s active involvement with privately owned district energy and CHP systems, Veolia strongly supports the Department’s goals for a modernized grid, particularly *enhancing the reliability of electricity services; reducing electricity costs; developing a more efficient electricity system; and promoting clean energy resources.* (Report on page 8.)

In order to achieve the Department's goals and take advantage of the opportunities it has described, Veolia recommends that the Department follow the principles and recommendations in Chapter 5 of the Report supported by the Clean Energy Caucus. Veolia also endorses the "Utility of the Future", the *comprehensive* regulatory framework described in Chapter 6, and the Clean Energy Caucus' business case approach to evaluating benefits and costs of grid modernization investments, described in Chapter 7.

In addition, Veolia supports the complementary regulatory model of Transparent Distribution Services Pricing – with an emphasis on breaking down regulatory barriers - so as to maximize "opportunities for customers to provide services to the distribution utility by offering their demand response, energy efficiency, generation output, VAR support and/or other services to allow deferral of investments by the utility that may be necessary to resolve short or long term reliability or stability issues on specific areas of the grid". (Report on page 71.)

Veolia urges the Department to act expeditiously to provide guidance "that will enable Massachusetts electric distribution companies and their customers to take advantage of grid modernization opportunities." Specifically, Veolia supports the recommendation of the Clean Energy Caucus, National Grid and the Department of Energy Resources that the Department provide this guidance by October 1, 2013, and encourage utilities, in the context of their next base rate proceeding, to include a grid modernization investment proposal consistent with the Department's directives.

Thank you very much for the opportunity to comment on the "Report to the Department of Public Utilities from the Grid Modernization Steering Committee." Veolia applauds the Department's leadership in opening D.P.U. 12-76 to investigate how to proceed so that the Commonwealth can reap the benefits of grid modernization for its citizens, businesses and industries.

Sincerely,

*L.W. Plitch*

Lawrence W. Plitch, Director  
Government Affairs  
Veolia Energy North America