



July 26, 2013

Mr. Mark D. Marini, Secretary
One South Station, 5th Floor
Boston, MA 02110

Subject: DPU 12-76 Massachusetts Electric Grid Modernization Stakeholder Working Group
Process: Report to the Department of Public Utilities from the Steering Committee

Dear Mr. Marini,

We commend the MA DPU, utilities and stakeholders for your excellent work in defining a comprehensive scope of work for developing a sustainable and customer focused grid modernization program. We greatly appreciate the opportunity to provide input and comments.

As you know, the Perfect Power Institute is an outgrowth of the Galvin Electricity Initiative. The 2003 Northeast Blackout was the driving force behind the creation of these organizations. We have been working with industry leaders including the MA DPU, utilities, and stakeholders to research and prototype new electricity system models that would dramatically improve performance including islanding capability.

Massachusetts is at a nexus where several electricity system issues now converge:

- Recurring long grid outages impacting significant numbers of customers
- T&D constraints and peak power prices
- Power quality, grid stability, and utility financial stability
- Limited rate-payer/utility resources

This presents a tremendous opportunity to rethink the way the grid is modernized and operated. The DPU and utilities should tap into private and municipal investment to limit the burden on rate-payers. This can be accomplished by providing customers access to a wide array of dynamic rates, ancillary service payments, and streamlined interconnect for the purpose of stimulating customers to invest in assets that enable islanding, provide grid services, lower peak prices, and operate in a way that minimizes utility lost revenue. In Illinois, Rider LGC enables municipalities to direct and invest in grid improvements.

The reference "Stakeholder Report" is a good framework for developing an effective grid modernization program. We suggest that the DPU supplement this report with a set of comprehensive smart grid metrics leveraging the work done by the California Commission and the PPI PEER program (see Attachment 1). We also suggest that you follow some or all of the recommendations from Section 1.2 of the PPI Grid Modernization report which can be downloaded at <http://www.perfectpowerinstitute.org/adopt-best-practices>.

Please call me at 630-464-7020 if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "John F. Kelly".

John F. Kelly, Executive Director
Perfect Power Institute, Executive Director