
Subject: NPA Working Group Charter
From: NPA Stakeholder Facilitators
Date: October 22, 2024

Overview

The purpose of this document is to outline pertinent topics around the NPA Framework discussion in Massachusetts and highlight what will be “in scope” and “out of scope” for the NPA Working Group meetings. The group recognizes there is limited time and therefore cannot prioritize all topics during this NPA Stakeholder process.

Purpose of NPA Working Group

The goal of the NPA Working Group is to solicit input from a diverse set of stakeholders on the NPA framework and related considerations.

Working Group Objectives:

- Review LDC’s NPA Phase 1 (interim approach) for development of a final framework
- Provide constructive feedback on key elements for inclusion in LDC’s Phase 2 NPA framework
- The Working Group is not a forum to re-litigate 20-80 issues or issues from other cases

How feedback will be used:

- The LDCs will consider input and stakeholder feedback in the finalization of the NPA framework that will be filed with the DPU in April
- LDCs will be part of the Working Group so they can directly hear feedback and answer questions
- Working Group may offer input on the overall structure of the framework and the process flows

In-Scope Focus Areas:

1. Evaluation Criteria and Process:

- NPA evaluation criteria (e.g., safety, costs, avoided infrastructure, timing, customer interaction).

- What avoided infrastructure opportunities such as GSEP pipes will be considered
 - Based on the evaluation criteria, determining which capital projects meet the established criteria to be an NPA, and therefore are able to move forward to be considered for next steps in the NPA framework process.
 - Question: Do we want to discuss which types of NPA will be considered?
- 2. Cost-Effectiveness and Benefit-Cost Analysis (BCA):**
- Consideration of what benefits and costs should be included when evaluating NPAs.
 - Establish when benefits used in evaluation will be updated, if needed.
 - Comparison of relative costs and benefits between NPA scenarios vs. traditional infrastructure.
- 3. Application of the NPA Framework by Local Distribution Companies (LDCs):**
- How the NPA framework is applied, particularly in terms of expedited or full review.
 - Review of tools and data used by Utilities when analyzing NPAs.
- 4. Customer and Community Integration:**
- Ensuring customer and community interests are factored into NPA project evaluation.
 - Equity considerations integrated into the NPA framework.
- 5. Workforce Impacts:**
- Discussion of considerations to the workforce during transitions from traditional gas systems to NPAs, including potential job training or displacement concerns.
- 6. Timelines:**
- Establishing timelines for implementing NPAs instead of traditional infrastructure, especially in coordination with electric system planning
 - Discussion of challenges in MLP territories.

Potential Focus Areas:

1. Cost Recovery:

- a. *Once items above are discussed, the method of cost recovery may be discussed as part of the process, but it will not be an early stage element of this process.*

Out-of-Scope Focus Areas:

1. Gas System Policies and Programs:

- The 20-80 orders established the next steps for the future of the gas system. This process will not revisit the order's decisions including any litigations or broader policy discussions (e.g., GSEP program).
- General supply side resources for gas, and gas utility procedures such as procurement.

2. Financial Mechanisms and Rates:

- Specific rate mechanisms such as NPA cost recovery, performance incentive mechanisms (PIMs), or customer compensation mechanisms.
- *How these cost mechanisms will be implemented is deferred for later or separate discussions.*

3. Safety and Reliability Standards:

- Safety and reliability of the gas system outside of NPA considerations.
- Projects purely for safety or compliance with reliability standards.

4. Development of the IEP Process:

- The process for Integrated Electric Planning (IEP) and how it fits into the broader gas-electric transition.
- How electric system planning should be adjusted in response to gas system changes is out of scope for this working group but may be discussed in other forums.