

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
ELECTRIC VEHICLE PROGRAM PROVISION

The provisions of this tariff will govern the recovery of costs associated with the Company's (1) Electric Vehicle Market Development Program approved in D.P.U. 17-13 ("Phase I EV Program"); (2) Phase II Electric Vehicle Program approved in D.P.U. 18-150 ("Phase II EV Program"); and (3) Phase III Electric Vehicle Program approved in D.P.U. 21-91 ("Phase III EV Program") (together, "EV Programs"). The EV Programs collectively include Company facilitation of electric vehicle service equipment ("EVSE," also referred to as EV charging station) installations; a Marketing and Communications ("M&C") Plan, an Evaluation Plan, and a Research and Development ("R&D") Plan associated with the Phase I EV Program; a residential Off-Peak Charging Rebate Program, a Fleet Advisory Services Plan, and an R&D Plan associated with the Phase II EV Program; and Fleet Assessment Services, the extension of the residential Off-Peak Charging Rebate Program through 2026, an Off-Peak Charging Rebate Program for fleet vehicles, Customer Incentives for Co-located Energy Storage, Multi-Unit Dwelling ("MUD") Site Plans, and a Demand Charge Alternative Pricing Schedule, all associated with the Phase III EV Program.

The Company's rates for Retail Delivery Service are subject to EV Program Factors ("EVPFs") designed to recover incremental costs associated with the implementation and operation of the EV Programs. Incremental capital costs shall include those costs approved by the Department whose primary purpose is to accelerate progress in achieving the objectives of the EV Programs. Incremental Operation & Maintenance ("O&M") costs shall include those costs approved by the Department that are demonstrated to be: (1) incremental to the representative level of O&M expenses recovered through base distribution rates and (2) solely attributable to preauthorized EV Programs' expenses.

1.0 Phase I EV Program

The Company shall recover the first three categories of incremental costs identified below as long as Commercial and Industrial customers ("Site Hosts") commit to participate in the Phase I EV Program by the end of the first three years of the Phase I EV Program.

1.01 Costs Eligible for Recovery

Incremental costs to be recovered pursuant to Section 1.0 include:

- (1) costs incurred by the Company to install Company-owned electric distribution infrastructure necessary to provide service to an EVSE, and may include transformer upgrades/additions, service drops, labor and contractor costs, materials, hardware, and a new meter;
- (2) the Company's reimbursement of all qualifying costs incurred by the customer on the customer's side of the meter for the sole purpose of providing electrical energy to the charging station, including electrical panel installation, materials, labor, trenching, conduit, wiring, and associated site work, EVSE cement pads, and EVSE installation and activation;
- (3) EVSE Rebates paid by the Company to Site Hosts associated with Level 2 EVSE;
- (4) O&M costs incurred by the Company associated with (1) the M&C Plan during the first three years of the Phase I EV Program; (2) the R&D Plan during the first four years of the

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- (5) Phase I EV Program; (3) Program Management during the term of the Phase I EV Program, as approved by the Department; and (4) the Phase I EV Program Evaluation Plan during the first four years of the Phase I EV Program. O&M costs are defined as the actual monthly incremental O&M costs incurred through the prior 12-month period to support the Phase I EV Program, subject to the demonstration of incremental defined in Section 5.0 below, including such costs as:
- (a) Payroll and associated employee costs;
 - (b) Contractor costs;
 - (c) Amounts paid to advertising agencies, research firms, web services companies, EVSE equipment vendors and service providers, program evaluation consultants, and other vendors that provide services specifically associated with the Phase I EV Program;
 - (d) Costs associated with marketing, advertising and press coverage, including local print, broadcast, and digital media outlets;
 - (e) Materials and supplies;
 - (f) Information Systems and software costs; and
 - (g) Demand response communications systems.
- (6) A Performance Incentive (“PI”) in an amount not to exceed \$1.25 million, with the Company only eligible to receive such PI after demonstrating actual performance against a specific target as approved by the Department.

The level of PI awarded shall be based on the number of charging stations developed and activated by Site Hosts in the Phase I EV Program. Specifically, the Phase I EV Program’s EVSE charging station target and associated level of PI as compared to that target are as follows:

<u>EVSE Charging Stations Activated</u>	<u>PI Earned</u>
510 (Minimum)	\$750,000
680 (Target)	\$1,000,000
850 (Exemplary)	\$1,250,000

The PI shall be calculated as follows:

$$\text{PI} = \text{Number of EVSE Charging Station Activations} \div \text{Target} \times \$1,000,000$$

No PI is earned if EVSE charging station activations are below the Minimum quantity above. The PI shall be measured after the charging station activations committed to by Site Hosts within the first three years have been complete. Additional PI may be earned for charging stations that are activated in years four and five for which Site Hosts have made a commitment to proceed by the end of year three.

While the Company may incur costs associated with electric distribution infrastructure required to provide service to EVSE pursuant to Section 1.0(1) above, the Phase I EV Program will provide a contribution in aid of construction for the entire capital cost of any investment on behalf of a customer installing an EVSE, and that capital contribution shall be recovered in the following year similar to O&M costs incurred through the Phase I EV Program.

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2.0 Phase II EV Program

The Company shall recover the first two categories of incremental costs identified below as long as eligible residential customers and commercial and industrial customers commit to participate in the Phase II EV Program by the end of the first five years of the Phase II EV Program.

2.01 Costs Eligible for Recovery

Incremental costs to be recovered pursuant to Section 2.0 include:

- (1) O&M costs incurred by the Company and rebates through the residential Off-Peak Charging Rebate program during the first five years of the Phase II EV Program as set forth in Section 2.02;
- (2) O&M costs incurred by the Company during the first five years of the Phase II EV Program associated with the Fleet Advisory Services Plan available to public transit and government fleets, including school buses; and
- (3) O&M costs incurred by the Company during the first five years of the Phase II EV Program associated with DCFC R&D to research innovative solutions to mitigate the impact of DCFC charging to the electric distribution system by combining DCFC charging stations with energy storage and solar facilities.

O&M costs are defined as the actual monthly incremental O&M costs incurred through the prior 12-month period to support the Phase II EV Program, subject to the demonstration of incremental defined in Section 4.0 below, including such costs as:

- (a) Payroll and associated employee costs;
- (b) Contractor costs;
- (c) Amounts paid to service providers to assist with administering and implementing the Phase II EV Program, web services companies, and other vendors that provide services specifically associated with the Phase II EV Program;
- (d) Materials and supplies; and
- (e) Information Systems and software costs.

2.02 Residential Off-Peak Charging Rebate

The Residential Off-Peak Charging Rebate (“Off-Peak Rebate”) is available to a maximum of 11,000 residential customers on a first-come, first-served basis.

To participate, customers must have an eligible networked charging station and/or vehicle telematics enabled in their EV, subject to the Company identifying any such eligible technologies, and allow the Company to access data from the networked charging station or vehicle telematics.

Residential customers who are participating in any other overlapping demand reduction program offered by the Company are not eligible to participate in the Off-Peak Rebate program.

The Off-Peak Rebate shall pay customers a fixed per-kWh rate for charging their EV during the

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hours of 9 p.m. to 1 p.m. Monday through Friday, excluding all Federal holidays. All holidays will be the nationally observed day.

3.0 Phase III EV Program

The Company shall recover the first 12 categories of incremental costs identified below as long as eligible residential customers and commercial and industrial customers commit to participate in the Phase III EV Program by the end of the first four years of the Phase III EV Program.

3.01 Costs Eligible for Recovery

Incremental costs to be recovered pursuant to Section 3.0 include:

- (1) costs incurred by the Company to install Company-owned electric distribution infrastructure necessary to provide service to an EVSE, and may include transformer upgrades/additions, service drops, labor and contractor costs, materials, hardware, and a new meter;
- (2) the Company's payment of all qualifying costs incurred by the customer on the customer's side of the meter for the sole purpose of providing electrical energy to the charging station, including electrical panel installation, materials, labor, trenching, conduit, wiring, and associated site work including site plans, EVSE cement pads, and EVSE installation and activation;
- (3) A per-port stipend to support networking costs for Level 2 EVSE at publicly accessible sites and MUD sites;
- (4) Co-located energy storage incentives;
- (5) EVSE Rebates paid by the Company to (i) residential customers receiving service on the Company's Residential Low Income Residential Rate R-2 and enrolled in a managed charging program, and (ii) publicly accessible public and workplace Site Hosts and MUD and public fleet Site Hosts, associated with Level 2 and DCFC EVSE;
- (6) O&M costs incurred by the Company during the Phase III EV Program associated with the Fleet Assessment Services Plan;
- (7) O&M costs incurred by the Company in the preparation of MUD site plans;
- (8) O&M costs incurred by the Company and rebates through the residential Off-Peak Charging Rebate program during the period October 2024 through December 2026 as set forth in Section 3.02;
- (9) O&M costs incurred by the Company and rebates through the Off-Peak Charging Rebate program offered to fleet vehicles during the four years of the Phase III EV Program as set forth in Section 3.02;
- (10) Incremental O&M costs incurred by the Company associated with Marketing Plan;
- (11) Incremental O&M costs incurred by the Company associated with the Evaluation

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Plan; and

- (12) O&M costs are defined as the actual monthly incremental O&M costs incurred through the prior 12-month period to support the Phase III EV Program, subject to the demonstration of incremental defined in Section 5.0 below, including such costs as:
- a. Payroll and associated employee costs;
 - b. Contractor costs;
 - c. Amounts paid to service providers to assist with administering and implementing the Phase III EV Program, web services companies, and other vendors that provide services specifically associated with the Phase III EV Program;
 - d. Materials and supplies; and
 - e. Information Systems and software costs.

Publicly accessible, as reference in Sections 3.01(3) and 3.01(5), has the same definition as that used in the MassEVIP Public Access Charging Program, found in the MassEVIP Public Access Charging Requirements at:

<https://www.mass.gov/doc/massevip-public-access-charging-requirements/download>

3.02 Off-Peak Charging Rebate

The Phase III EV Off-Peak Charging Rebate is available to a maximum of 1,000 fleet EVs on a first-come, first-served basis.

The Residential Off-Peak Charging Rebate introduced in the Phase II EV Program pursuant to Section 2.02 shall be extended through 2026 as a component of the Phase III EV Program upon the end of the Residential Off-Peak Charging Rebate's term in the Phase II EV Program. The terms of Section 2.02 shall continue through 2026.

To participate, customers must have an eligible networked charging station and/or vehicle telematics enabled in their EV, subject to the Company identifying any such eligible technologies, and allow the Company to access data from the networked charging station or vehicle telematics.

Customers who are participating in any other overlapping demand reduction program offered by the Company are not eligible to participate in the Off-Peak Charging Rebate program.

The Off-Peak Charging Rebate shall pay customers a fixed per-kWh rate for charging their EV during the hours of 9 p.m. to 1 p.m. Monday through Friday, excluding all Federal holidays. All holidays will be the nationally observed day.

4.0 EVPF Formula

For purposes of calculating proposed EVPFs, the sum of the annual incremental Phase I, Phase II, and Phase III EV Program costs requested for recovery pursuant to Sections 1.0, 2.0, and 3.0, respectively, shall be allocated to the Company's rate classes by applying a Distribution Revenue Allocator shown below. The EVPFs shall be calculated as the allocated cost for each rate class divided

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by the estimated kilowatt-hours to be delivered by the Company to each rate class during the recovery period.

$$EVPFs_x = [(EVPR-I_{x-1} + EVPR-II_{x-1} + EVPR-III_{x-1} + PPRA_{x-2} + i) \times DRAs] \div FkWhs_x$$

Where

x = the 12 month recovery period during which the EVPF will be in effect.

s = Designates a separate factor for the following rate classes: R-1/R-2, G-1, G-2, G-3, and Streetlighting.

$EVPFs_x$ = Rate class-specific Electric Vehicle Program Factor for year x.

$EVPR-I_{x-1}$ = Actual Phase I EV Program Recovery for costs incurred as identified in Section 1.01.

$EVPR-II_{x-1}$ = Actual Phase II EV Program Recovery for costs incurred during year x-1, consisting of O&M expense incurred in implementing, operating, maintaining, and administering the Phase II EV Program, as identified in Section 2.01, plus annual amounts paid to customers under the Off-Peak Rebate.

$EVPR-III$ = $P3_O\&M_{x-1} + P3_RR_{x-1} + P3_C-RR_{x-1}$

$P3_O\&M_{x-1}$ = Actual Phase III EV Program Recovery for costs incurred during year x-1, consisting of O&M expense incurred in implementing, operating, maintaining, and administering the Phase III EV Program, as identified in Section 3.01, plus annual amounts paid to customers under the Off-Peak Rebate identified in Section 3.02.

$P3_RR_{x-1}$ = The Phase III EV Revenue Requirement associated with the Company-owned infrastructure under make-ready components recorded to plant-in-service for each Investment Year prior to the Recovery Year. The Phase III EV Revenue Requirement shall be calculated based upon the average of the beginning and ending calendar year balances. The Phase III EV Revenue Requirement will be calculated to recover (1) the average annual revenue requirement for Eligible Phase III EV Investments recorded as in-service in the Phase III EV Investment Year immediately prior to the Recovery Year; (2) the average annual revenue requirement for the calendar year ending December 31 of the Phase III EV Investment Year immediately prior to the Recovery Year, for cumulative Eligible Phase III EV Investments recorded as in-service in Phase III EV Investment Years two years prior to the Recovery Year; and (3) the annual revenue requirement for the Recovery Year on Eligible Investments recorded as in-service in the Investment Year immediately prior to the Recovery Year. The Phase III EV Revenue

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Requirement shall include depreciation expense, property taxes, cost of removal, and return on rate base calculated at the Company's after-tax weighted average cost of capital established by the Department in the Company's most recent base distribution rate case, adjusted to a pre-tax basis by using currently effective federal and state income tax rates applicable to the period for which the Phase III EV Revenue Requirement is calculated.

P3_C-RR_{x-1} = Amounts paid for costs to upgrade the electrical systems of participating customers identified in Section 3.01(2).

DRA = Distribution Revenue Allocator as derived from the Company's most recent base distribution rate case as approved by the Department and shall be as follows by rate class:

Rate R-1/R-2	60.6%
Rate G-1	12.0%
Rate G-2	10.7%
Rate G-3	16.3%
Streetlighting	0.4%

PPRA_{x-2} = Past Period Reconciliation Amount defined as the ending balance of the difference between (a) the sum of EVPE-I, EVPE-II, and EVPE-III for year x-2 and (b) the revenue billed through the EVPFs as approved by the Department for year x-1, including interest during the recovery period.

Investment Year = The annual period beginning on January 1 and ending on December 31.

Recovery Year = The calendar year in which the EVPF becomes effective.

i = interest at the customer deposit rate.

FkWh_{s_x} = Forecasted kWh deliveries for year x for each rate class, defined as the forecast of electricity to be delivered to the Company's retail delivery service customers.

For billing purposes, the EVPF will be shown on a separate line on customer's bills.

The Company shall also include in its annual filing a reconciliation of the annual EV Program costs approved for recovery by the Department in the prior year to the actual amount of revenue billed to customers through the EVPFs, and the excess or deficiency, including interest at the interest rate paid on customer deposits, shall be used to adjust the subsequent year's EVPFs.

Each adjustment of the prices under the Company's applicable rates shall be in accordance with a notice filed with the Department setting forth the amount of the increase or decrease and the EVPF amount. The notice shall further specify the effective date of such adjustment, which shall not be earlier than forty-five (45) days after the filing of the notice, or such other date as the Department may authorize.

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The EVPFs shall be effective July 1 each year or on a date otherwise determined by the Department.

5.0 Determination of Incremental Administrative Cost

To be eligible for inclusion as an incremental administrative cost recoverable through the EVPF, the Company shall demonstrate that all O&M expenses incurred in the performance of EV Program activities and proposed for recovery through the EVPF are:

- i. incremental to the representative level of O&M expenses recovered through all other rates billed by the Company to its customers; and
- ii. directly related to EV Program activities.

The Company shall apply these thresholds to all O&M expenses for which it seeks recovery, including third-party/contractors, as described below.

(1) Third-Party/Contractor Costs

The Company may contract with third parties and/or contractors to perform EV Program activities for the purpose of implementing elements of the EV Program. As part of the Annual EVPF filing, the Company will include appropriate documentation that any third-party and/or contractor costs are directly related to EV Program activities and are therefore not recovered in base distribution rates or through another cost recovery mechanism.

(2) Cost Tracking

The Company shall separately account for the cost of activities performed to implement its EV Program. The Company shall establish separate, unique accounting codes in its accounting system and/or plant asset system to identify all O&M expense incurred as a result of EV Program activities and to categorize the expenses into type of expenses, such as labor and categories of non-labor expenses. The Company shall also establish separate, unique accounting codes in its accounting system and/or plant asset system to identify all capital costs incurred to implement its EV Program for the purpose of documenting the cost requested for recovery pursuant to Sections 1.01, 2.01, and 3.01 above. The Company shall retain all supporting documentation to demonstrate that such costs were incurred as a direct result of EV Program activities.

6.0 EV Program Filing

The Company shall file annually with the Department on May 15 all incremental EV Program costs incurred to operate and administer the EV Programs during the prior 12-month period. As part of this annual filing, the Company shall also provide a report to the Department of the EV Programs' costs incurred and for which it is seeking recovery.

This provision is applicable to all Retail Delivery Service tariffs of the Company. The operation of this Electric Vehicle Program Provision is subject to Chapter 164 of the General Laws.