



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

MEMORANDUM

TO: Electronic Distribution List in D.P.U. 19-55

FROM: Katie Zilgme, Hearing Officer

RE: D.P.U. 20-75, November 4th Question and Answer Zoom Conference Call

DATE: November 20, 2020

CC: Mark Marini, Secretary

I. Summary of Department Staff Responses to Stakeholder Questions¹

On November 4, 2020, the Department of Public Utilities (“Department”) held a question and answer conference call via Zoom for stakeholders interested in Distributed Energy Resource Planning and Assignment and Recovery of Costs for the Interconnection of Distributed Generation, D.P.U. 20-75. The call was an opportunity for stakeholders to pose clarifying questions to Department staff concerning the Department’s Straw Proposal. Stakeholders were given an opportunity to ask questions in advance of and during the call. Below is a summary of topics addressed during the call that Department staff believe may be useful to participants in D.P.U. 20-75 as they draft their initial comments.

¹ Responses were developed by Department staff and do not reflect Commission endorsement or approval.

a. Responses to questions regarding process

- i. **Next process steps:** Department staff will review the comments filed and will then decide next procedural steps. If stakeholders desire certain processes, they should make requests through comments.
 - ii. **Possible changes to the cost allocation structure:** While there is no guarantee that the Department will make changes to the current cost allocation structure, at this time, Department staff expects that the Department will issue at least one Order. Such an Order may include directed revisions to the Standards for Interconnection of Distributed Generation Tariff. It may be instructive to review the process applied by the Department for implementing a reconciling mechanism in prior dockets, for example, D.P.U. 17-140 (Solar Massachusetts Renewable Target Tariff); D.P.U. 17-161 (Solar Program Cost Adjustment Tariff); D.P.U. 18-41 (Solar Cost Adjustment Tariff); D.P.U. 18-93 (Solar Cost Adjustment Provision); D.P.U. 19-59 (Solar Expansion Cost Recovery Mechanism Tariff).
 - iii. **Timing:** Generally, the Department does not speak to the timing of the resolution of dockets. We expect that the comments will direct next process steps and timing. The Department recognizes the time-sensitive nature of this topic and we are planning to move this docket along as quickly as possible while maintaining the need to develop a full and accurate basis for the Department’s decisions. We are also considering interim solutions in the form of “potential Capital Investment Projects that could be constructed/installed in the near-term;” in other words, the possibility of pilot programs as evidenced in the questions accompanying the Straw Proposal (Att. A at 16 (3)(c)(i)).
- **Interaction of Group Study, High Volume Queues, and the Straw Proposal:** The intent of the Straw Proposal is to go above and beyond the current Group Study and Management of High-Volume Queues frameworks. We expect the Group Study, High Volume Queues directives and elements of the Straw Proposal to work in parallel as proposed. Commenters should identify elements of the Straw Proposal

that they consider may not work in parallel with pre-existing policy and offer any alternative proposals.

b. Responses to questions seeking clarification of the Department’s Straw Proposal

- i. The Department is considering interim solutions in the form of “potential Capital Investment Projects that could be constructed/installed in the near-term”, in other words, possible pilot programs, and is soliciting comments on the topic (Att. A at 16, (3)(c)(i)).
- ii. Interested participants may address transmission level upgrades in their comments (See, e.g., Att. A at 13 (1)(b)).
- iii. Capital Investment Projects and Common System Modification Fees:
 1. Both fees intentionally contemplate the same types of upgrades (Att. A, at 5 n.2; 9). However, Capital Investment Projects would be proposed by the Electric Distribution Companies (“Distribution Companies”) and the Capital Investment Project Fee is the associated cost recovery mechanism.
 2. The Capital Investment Project Fee would be based on the enabled capacity at a specific location and would only apply to the DG customers seeking to take advantage of the enabled capacity by interconnecting their facilities at that location. The Common System Modification Fee would apply to all interconnecting DG customers.
 3. The Capital Investment Project Fee would be designed such that if the full amount of capacity enabled by the Capital Investment Project was used by Distributed Generation (“DG”) Facilities interconnecting within the ten-year period, ratepayers would experience a net zero increase. However, there remains a possibility that the capacity would not be fully subscribed over the ten-year period, which would result in some portion of the Capital Investment Project being socialized (Att. A at 6 n.5). To further clarify, some proposals submitted in D.P.U. 19 55

included a percentage allocation to ratepayers, which is not what the Department's Straw Proposal contemplates.

4. Department staff recognize that the issues pertaining to Common System Modification Fees may differ between types of facilities because unlike larger facilities, Simplified Facilities (1) generally are not assessed interconnection costs under the current interconnection rules, (2) do not have Group Study procedures that apply to them, and (3) may trigger smaller scale upgrades that could impose significant costs on an interconnecting facility, but would not likely be among upgrades proposed by a Company as part of a Capital Investment Project. For these reasons, Department staff has developed separate proposals for the Common System Modification Fee as it relates to Simplified versus Expedited and Standard Facilities and we seek comments from stakeholders on the different types of Common System Modification Fees that should or should not apply to each.
 5. In sum, the Capital Investment Project Fee and the Common System Modification Fee are different ways of sharing costs. At this time, as evidenced by our Straw Proposal, the Department endorses the Capital Investment Fee.
- iv. Department staff recognize there is a level of detail that still needs to be explored beyond what is included in the Straw Proposal. While the Straw Proposal speaks for itself, the Department proposed the Revenue Requirement Cap to facilitate quality comments. Commenters are invited to address the structure of the Revenue Requirement Cap, including such issues as the element to be included in the Revenue Requirement Cap, whether it should be higher or lower, and/or whether non-wire considerations should be included in the ten-year scenario.
 - v. While the Department found it premature to solidify a stakeholder review process for the ten-year distribution assessment through the Straw Proposal, we welcome comments on how this process should play out. We have specifically asked the Distribution Companies to address an optimal format for the ten-year distribution assessment at

Att. A at 13 (1)(e)(i); we invite stakeholders to respond in their reply comments. Furthermore, depending on the comments, there may be opportunity for additional process.

- vi. At this time, the Department is not providing for discovery to be served on the Distribution Companies to establish a baseline of information before establishing planning criteria required of the ten-year distribution assessment. After we receive and review comments, the Department will decide next process steps and will take into consideration the Attorney General’s statement regarding discovery.
- vii. The Department use of the term “New Bulk Station.” We invite comments on whether “Bulk” is needed in this term.
- viii. The Department received the following question at the end of the call that staff was not able to address during the call:
 - 1. Question: Does the straw proposal take into consideration rate basing the remaining life of assets that are upgraded? For example, when a component is replaced or upgraded that is at or near end of life or near its limit due to normal load growth, the cost of replacement or upgrade of those assets without DG planning would be subtracted from the total cost of the capital planning upgrade before being allocated to DG.
 - 2. Department staff response: Participants in this docket are invited to address this topic in their comments.

II. Electric Distribution Companies' Response to Discovery Timing Question

During the call, I asked the Distribution Companies to explore if, prior to the initial comment deadline, December 17, 2020, they could provide the Department and stakeholders with several data points that are listed in the Department's Straw Proposal including:

1. For illustrative purposes, please provide an estimated annual cap on the Reconciling Fee for the last five calendar years (based on its description in the Straw Proposal).
2. For each of the last ten years, provide estimates of the following:
 - a. The minimum, maximum, median, and average system modification cost for Facilities using the expedited and standard interconnection processes. Please also provide the total number and capacity of Facilities using the expedited and standard interconnection process that have applied by year and the cumulative total system modification costs charged to Facilities in each year.
 - b. The minimum, maximum, median, and average system modification cost for Facilities using the simplified interconnection process. Please also provide the total number and capacity of Facilities using the simplified interconnection process that have applied by year and the cumulative total system modification costs charged to Facilities in each year.

In an email response to my inquiry, the Distribution Companies indicated that providing information included in Data Request 2 will take the most time and effort, but that they believe that they can provide most of the requested information to both data requests by December 3, 2020. The Distribution Companies further indicated that for Data Request 2, they will prioritize distribution-related system modification costs, as requested on the call. Furthermore, they will update me closer to December 3rd if the deadline will be challenging to meet, but that they intend to file responsive information by December 3rd, though it may not be the full set of data requested.

For further information regarding this Memorandum, please contact Katie Zilgme, Hearing Officer, Department of Public Utilities, katie.zilgme@mass.gov.