

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

Investigation by the Department of Public Utilities On its Own Motion into Electric Distribution Companies' (1) Distributed Energy Resource Planning and (2) Assignment and Recovery of Costs for the Interconnection of Distributed Generation

D.P.U. 20-75

**THE NORTHEAST CLEAN ENERGY COUNCIL INC.'S
REPLY COMMENTS ON THE DEPARTMENT'S STRAW PROPOSAL
REGARDING DISTRIBUTED ENERGY RESOURCE PLANNING AND
METHODS FOR THE ASSIGNMENT OF COSTS ASSOCIATED WITH
DISTRIBUTED GENERATION INTERCONNECTION**

Respectfully submitted,

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I. Introduction

The initial comments offered on the Department's Straw Proposal¹ in this proceeding are broad ranging and thoughtful. While perspectives vary, there appears to be general consensus that changes to the Commonwealth's DG interconnection process are urgently needed. Several commenters point out the complexity of developing and implementing a comprehensive planning process of the sort contemplated in the Straw Proposal. Views on the preferred way to assign costs vary from sharing costs amongst Interconnecting Customers² to more broad-based cost allocation rules that recognize the broadly recognized benefits and consequently share costs amongst ratepayers and developers.³

It remains critically important for NECEC and its members that the Department expeditiously address DG cost allocation. While improvements to the planning process are essential and promise benefits, implementation of a new DG cost allocation paradigm should not be contingent on the implementation of a new distribution system planning paradigm. Moreover, given the broad consensus that complete reformation of the planning process will take substantial effort and time, the Department should pursue a

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in NECEC's Initial Comments in this Docket (*Northeast Clean Energy Council Inc's Comments on the Department's Straw Proposal Regarding Distributed Energy Resource Planning and Methods for the Assignment of Costs Associated with Distributed Generation Interconnection* dated December 23, 2020).

² See, *National Grid Comments on Straw Proposal* dated December 23, 2020 ("National Grid Initial Comments").

³ See, e.g., NECEC Initial Comments; *Initial Comments of NSTAR Electric Company d/b/a Eversource Energy* dated December 23, 2020 ("Eversource Initial Comments").

plan to adopt incremental improvements, rather than waiting to implement a *big bang* approach all at once.

Accordingly, NECEC respectfully urges the Department to focus its efforts in this Docket as follows:

- Move forward expeditiously with a new cost allocation methodology based on NECEC's 70/30 ratepayer-Interconnecting Customer allocation proposal ("NECEC Cost Allocation Proposal") -- the existing approach, which renders the majority of DG projects uneconomic, is not sustainable and is quickly becoming the number one barrier to DG resource entry. In order to proceed expeditiously, NECEC respectfully suggests that the Department consider a pilot structure that can be immediately implemented in conjunction with the EDCs' ongoing Group Studies.
- Adopt an incremental approach to planning reform -- focus near term efforts on addressing outstanding queue issues and implement one or more pilot programs that leverage the existing Group Studies as part of the overall planning process.
- Adopt a long-term integrated planning framework and a cost allocation structure such as the NECEC Cost Allocation Proposal that recognizes all beneficiaries and allocates costs to all users of the distribution and transmission system.

II. Time is of the Essence and the Department Should Advance the Cost Assignment and Planning Processes Expeditiously.

Currently, projects representing more than 920 MW of solar and storage capacity are included in Eversource and National Grid Group Studies. However, few, if any, of these projects are likely to achieve interconnection without swift action by the Department that includes a reformed cost allocation process. Accordingly, the Department should apply the reformed interconnection and cost assignment process that emerges from this proceeding to all proposed projects that filed complete Interconnection

Applications before the issuance of the Department’s Straw Proposal (October 22, 2020) but have not received a fully executed Interconnection Service Agreement.⁴ In its comments, Eversource described a near-term opportunity to make comprehensive infrastructure upgrades in Eastern Massachusetts and identified several bulk transformers required to interconnect pending DG.⁵ Unfortunately, unless the Department acts before the completion of Eversource Group Studies (which are scheduled to occur, based on tariff timelines, as soon as June 8, 2021) then over 300 MW of studied projects in Eastern Massachusetts will be exposed to continued re-study risks and withdrawal based on uneconomical interconnection costs driven by the level of infrastructure required⁶ and may ultimately render the first set of Group Studies initiated as a result of Department’s Group Study Order ineffective.

As the Department has witnessed in D.P.U. 19-55 and in this docket, the DG interconnection process is a time-sensitive issue that needs action now. Hundreds of megawatts of clean energy projects are currently delayed because of an interconnection system that is not functioning efficiently. In short, the Department has the opportunity to make meaningful structural changes today that will have lasting impact. Moreover, as described in detail in NECEC’s Initial Comments, in order for the Commonwealth to

⁴ NECEC notes that there is increasing evidence that increased DER deployment is a cost-efficient strategy to achieving clean energy targets while providing grid benefits to all customers. See, e.g., Local Solar For All, “A New Roadmap for the Lowest Cost Grid,” at 21-25 (available [here](https://www.localsolarforall.org/roadmap) -- <https://www.localsolarforall.org/roadmap>)

⁵ See, Eversource Initial Comments, at 45-46.

⁶ As the Department is aware, many projects in Group Study have been awaiting completion of an interconnection study for several years.

meet its aggressive carbon reduction and clean energy mandates, the Commonwealth cannot afford to delay adoption of improvements to the planning process.⁷ Thus, the Department should immediately set strict and aggressive schedules for the distribution planning process to take place. While stakeholder input is critically important as the holistic planning processes move forward, it cannot be used as an excuse for continued delay of current projects. Accordingly, the Department should require the EDCs to leverage current regional studies underway, including those already initiated by the EDCs and financed by Interconnecting Customers, to begin the level of planning urgently required. Given the current backlog of projects in the interconnection queue and the benefits that a new cost assignment structure can deliver, the Department should apply its interconnection reform to current projects.

III. The Department Should Establish a Cost Assignment Process that Reflects a Holistic Vision of a Modern Grid.

The establishment of a cost-allocation structure that is simple to administer, clear to all participants, and fair to Interconnecting Customers, the EDCs and ratepayers should be the Department's priority. NECEC respectfully suggests that the Department acknowledge not only the inter-related nature of the benefits of transmission and distribution planning, but additionally the broad benefits of increased DG penetration and interconnection and expand the list of upgrades eligible for alternative cost assignment

⁷ In its comments, National Grid states that "the transition to and development of a comprehensive IDP of the entire system will take several years to fully execute." National Grid Initial Comments at 7. As set forth herein, NECEC respectfully urges the Department to reject such approach in favor of a more expeditious set of actions.

procedures accordingly. Other stakeholders recognize that there are broad benefits to a more holistic distribution system planning process and the system upgrades that the planning process would identify.⁸ Eversource identifies “Reliability, Resiliency and Operational Flexibility Benefits” as well as “Modernization Benefits” “to be some of the most essential [benefits] due to projects identified to enable incremental DG capacity .”⁹ It is essential that the EDCs be tasked with identifying transmission infrastructure required to meet the needs of the Massachusetts electric network due to the evolving impacts of DER and electrification. Omitting this facet of an integrated plan will expose Massachusetts ratepayers to increased costs in the future and continue to inhibit DG development in the state.

NECEC requests that the Department conclude the investigation in this Docket as soon as possible so not to delay the crucial development of DG in the Commonwealth and to optimize the active planning and interconnection analysis already underway. Should the Department be unable to conclude this investigation by May 2021, NECEC submits that the Department take the following interim steps:

a. The MA DPU should initiate a pilot program.

Given the broad alignment among stakeholders and significant customer need and benefit, the Department should establish an immediate pilot program that encompasses the Group Studies initiated Eversource and National Grid in order to begin an EDC

⁸ See, e.g., Eversource Initial Comments, at 7; Comments of the Interstate Renewable Energy Council, Inc. dated December 23, 2020 (“IREC Initial Comments”), at 2-3.

⁹ See, Eversource Comments at 9-10; see also, IREC Initial Comments, at 6 (identifying benefits that ratepayers will enjoy from modern and expansive grid infrastructure).

process to identify and expeditiously upgrade infrastructure needs triggered by Expedited and Standard Projects.

This program would provide a simplified structure that is inclusive of the distribution system needs identified through Group Study, identifies the infrastructure to interconnect the Group that also serves the needs of non-DG beneficiaries, and allows for the EDCs to present those infrastructure needs and calculated fees for the Department's approval in a streamlined process so as not to delay the already extensive study and interconnection timelines experienced by the projects. This initiative, with a localized focus, could be piloted should the implementation of the regional planning processes and broader CIP and CSM processes require additional stakeholder input and regulatory approvals.

b. The pilot program should include a cap on allocated upgrade costs

Based on the size and scope of anticipated system upgrades, the Department should assess the methodology suggested for the CIP fee, including associated reconciliation mechanisms and a reconciliation cap, but importantly establish a reasonable cap on interconnection costs assigned to Expedited and Standard projects. Without a reasonable cap, interconnection costs will become unbound and risk exceeding a level of affordability -- as has occurred in National Grid's Area Studies. This will have the adverse impact of forcing Interconnecting Customers to withdraw their Interconnection Applications. Capping the amount of interconnection costs assigned to any individual Interconnecting Customer does not eliminate economic signals, but in fact will ensure that any excess headroom associated with the infrastructure initiated as part of

the pilot program is fully leveraged by current and future Interconnection Customers. If set properly, less expensive interconnection costs will not hit the cap, preserving this important economic signal while ensuring a sufficient predictability for Interconnecting Customers.

c. Establish a modest fee for simplified projects

Many stakeholders in this docket support a “common system modification” fee for simplified projects.¹⁰ NECEC recommends that this fee initially be based on a modest \$per/kW basis and that the EDCs track and report on revenue collected from this fee and the eligible expenses incurred from simplified projects on an annual basis. Given the broad alignment among stakeholders and significant customer need and benefit, the Department should direct the EDCs to establish a pilot program that expeditiously upgrade infrastructure needs triggered by simplified projects. Where simplified projects trigger standard upgrades, there is little need for long deliberation; instead, there is a need to take immediate policy steps to align processes with State goals. Application of a simplified can be implemented now and should also be part of the long-term solution. As California has shown, these costs and programs can be easily administered through interconnection and distribution planning processes at a reasonable cost.¹¹

¹⁰ See, IREC Initial Comments, at 14; Eversource Initial Comments, at 23-24; National Grid Initial Comments, at 26-31.

¹¹ See, IREC Initial Comments, at 11-13. NECEC supports a \$/kW Common System Modification Fee for simplified projects, and not a straight dollar amount.

d. **Leverage their existing planning processes and DER interconnection experience**

To accelerate the adoption of a distribution planning process in line with the Straw Proposal, the Department should direct the EDCs to leverage their existing planning processes and forecasts for DG interconnection. The ongoing group studies, ASO Studies and grid modernization plans developed over the last few years have provided ample data and funding to inform and jump start a more comprehensive CIP planning process that can be subsequently refined by the Department. Indeed, the Department should initiate a streamlined process for the identification, review, and approval of upgrades identified by the EDCs, Interconnecting Customers, and other stakeholders that result from Group Study and future planning efforts.¹²

e. **Clarify the intent and expectations of the CSM process**

Finally, NECEC notes that many commenting stakeholders provided different interpretations to the Department's concept of Common System Modifications and Common System Modification Fees for the Expedited and Standard processes. Given this broad range of views, NECEC recommends that the Department clarify its expectations concerning how a CSM process would work for Expedited and Standard projects and, importantly, how such a process would intersect with the Capital Improvement Project process. By contrast, planning for and allocating costs to Capital

¹² See, Eversource Initial Comments, at 29 ("The Company supports the transparency that its recommended review of system upgrades provides, but also recognizes that prolonging the finalization of project fees and initiation of constructing activity also presents challenges to development of DG facilities that may be dependent on the outcome of the Department's review. The Company proposes that the uncertainty and timelines for such a review could be expedited by establishing clear guidelines for the content of EDC filings and appropriately focusing the scope of the Department's review in such proceedings").

Improvement Projects can be undertaken expeditiously. Therefore, as an immediate next step, NECEC recommends that the Department establish a policy for CIP planning and cost allocation consistent with the NECEC Cost Allocation Proposal. Once that process is firmly in place, the Department should consider whether to institute a Common System Modification Fee structure as a complement to the CIP process.

IV. The Department’s Approach to Distribution Planning and Cost Assignment Should Account for the Commonwealth’s Drive to a Net-Zero Emissions Economy

The Commonwealth has long led the nation in implementing policies to mitigate the impacts of climate change and to help transform all sectors of the economy toward net zero emissions. On December 30, 2020, the Commonwealth issued its 2050 Decarbonization Roadmap (“2050 Roadmap”) and an Interim Clean Energy and Climate Plan for 2030 (“2030 CECP”). Both contemplate a vision that includes dramatic increases in renewable energy between now and 2050. A significant portion of this new renewable energy is likely to come from DG, particularly solar PV.¹³ The 2030 CECP contemplates an additional 5.2 GW of solar deployed between now and 2030.¹⁴

Underlying the 2050 Roadmap is an analysis that shows a need to increase solar and wind resources by 1GW per year between 2030 and 2050 in order to reach net zero GHG emissions by 2050.¹⁵ The deployment of these resources is required not only to

¹³ See, 2030 CECP, at 37, 40-41).

¹⁴ See, 2030 CECP, at 37 (Table 5, referring to Strategy E1 and E4).

¹⁵ See, 2050 Roadmap, at 65.

support the continued decarbonization of the electric supply, but also to support the necessary broad electrification needed to support efforts across the transportation and building sectors. Expanded renewable energy resources is the key to unlocking significant decarbonization across all sectors. Distribution system planning to accommodate the expansion of those resources is imperative and critical to ensuring energy costs are contained for ratepayers as well as industry stakeholders.

The 2030 CECP identifies this proceeding and DPU 19-55 as forums in which to investigate issues associated with grid modernization and distribution planning. See, 2030 CECP, at 43 (“Incorporating GWSA compliance as a necessary parameter of planning processes would identify the cost savings that grid modernization would unlock in a deeply decarbonized and significantly electrified economy, avoiding or mitigating the need for system upgrades. This allows for greater investment to ensure that the net-zero emissions limit can be reached while maintaining a safe, cost-effective and reliable distribution grid”).

Fundamentally, the success of the 2030 CECP and the 2050 Roadmap depends upon a foundation that can support rapid development and deployment of clean, distributed resources. In order to meet these larger goals, the Department needs to enact

policies that can allow the EDCs and the industry to start building the grid of the future now.

Respectfully submitted,

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