

Information Request EDC-3

Request:

Based on historical data, estimate the threshold \$/kW at or below which interconnecting customers have agreed to pay to interconnect. Provide data by group, where possible.

Response:

Based on historical data, National Grid estimates that \$400/kW is the threshold at or below which interconnecting customers have agreed to pay to interconnect; however, as discussed in more detail below, \$/kW is only one indicator of DG project viability and interconnecting customers will pay more than \$400/kW depending on the value they place on other factors.

Please refer to D.P.U. 20-75 National Grid Comments on Straw Proposal, Attachment 1, showing the System Modification costs customers have paid over the past 10 years, with the customer data grouped by DG process track, i.e., over 25kW (Expedited and Standard process track) and less than or equal to 25 kW (as a proxy for Simplified process track). The historical data in Attachment 1 is the basis of the estimates below.

The table below shows the average \$/kW for applications submitted in recent years, grouped by applications that made their System Modification payment, applications that have withdrawn and applications that are yet to decide. The average acceptable range of \$/kW to interconnect in recent years appears to be \$133/kW to \$226/kW, as shown in the first column in the table below.

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April 6, 2021
 H.O. Katie Zilgme
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Table 1- Average \$/kW that customers have paid for System Modifications in recent years grouped by application status

Year Application Submitted	Applications that Moved Forward (Average \$/kW)	Applications that Canceled (Average \$/kW)	Applications that Are Yet to Make a Decision (Average \$/kW)
2017	\$189	\$601	\$1,431
2018	\$226	\$392	\$1,048
2019	\$145	\$371	\$335
2020	\$133	NA	\$238
Overall Average	\$194	\$486	\$870

Even if the average \$/kW is between \$133/kW and \$226/kW, the customers have made payments over \$400/kW for System Modifications, as shown in the table below, and the viability of a DG project depends not only on interconnection cost but also on other factors, such as installation cost, land cost, permitting cost, incentives, etc.

Table 2- Maximum \$/kW that customers have made paid for System Modifications in recent years grouped by size category

Year ISA Executed	Between 25kW & 450kW	Between 451kW & 2MW	Over 2MW
2017	\$202	\$564	\$414
2018	\$953	\$687	\$752
2019	\$1,009	\$366	\$829
2020	\$358	\$429	\$359

The histogram below shows a high number of customers paying interconnection costs up to \$400/kW. Based on the histogram distribution and the historical data referenced above, National Grid estimates \$400/kW for System Modifications to be the threshold at or below which interconnecting customers have agreed to pay to interconnect in recent years, subject to the caveat that \$/kW is only one factor customers consider in evaluating the viability of a DG project.

