

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:

The significant majority of interconnecting customers have paid less than \$500/kW as shown in Figure 1. While the Company lacks comprehensive data on DER project economics, it expects interconnection costs approaching or above that point would be a financial barrier for many proposed DER facilities.

In the course of developing recommendations filed with the Department in DPU 19-55 Eversource and the other Massachusetts EDCs directed their consultant, ScottMadden, Inc., to assess the potential relationship between interconnection costs and estimated project returns. Results for Eversource' West and East service territories are presented in Figure 2 and Figure 3. They illustrated that facilities receiving only base compensation under the Massachusetts SMART Program could fail to achieve target rates of return of 10% at interconnection costs above \$100-\$300/kW. Variation in estimated thresholds were based on up differences in compensation rates between the Company's service territories under the initial launch of the SMART Program. Eversource recognizes there is a likely relationship between project revenues and interconnection cost thresholds. Facilities eligible for additional performance-based compensation through various adders under the SMART Program may support higher interconnection costs, as might larger facilities that achieve economies of scale or have other cost efficiencies.

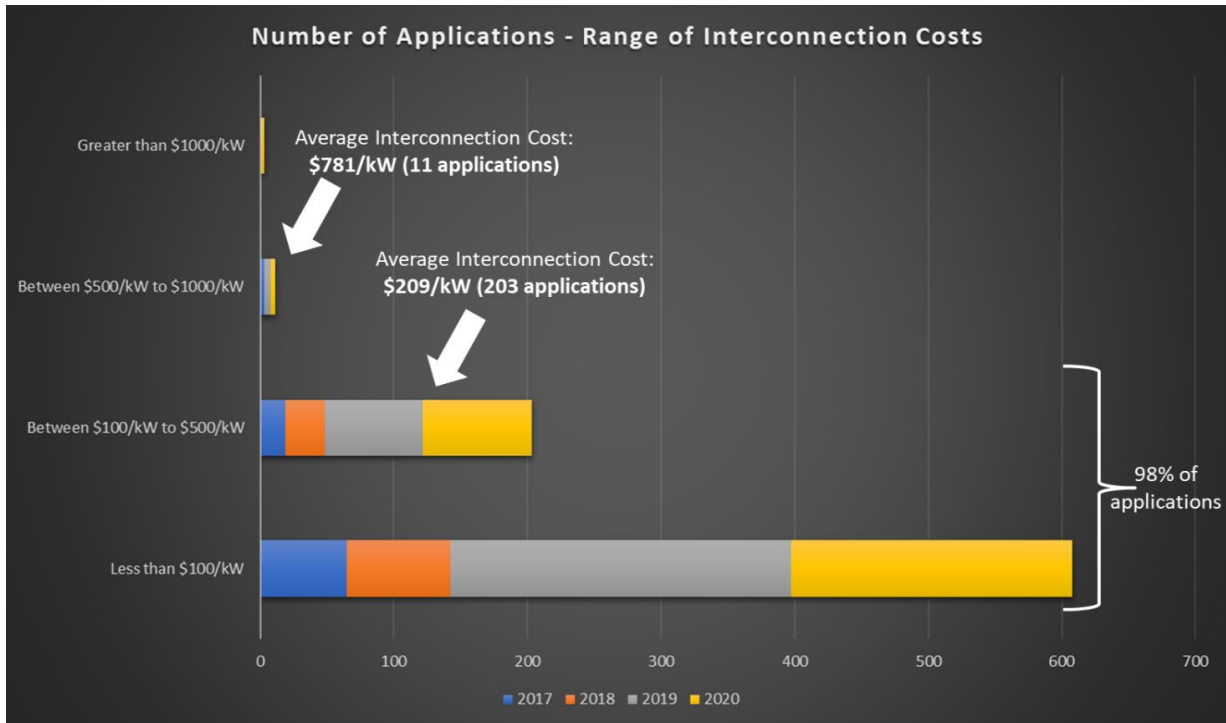


Figure 1. Range of interconnection costs for projects of various sizes from 2017 to 2020

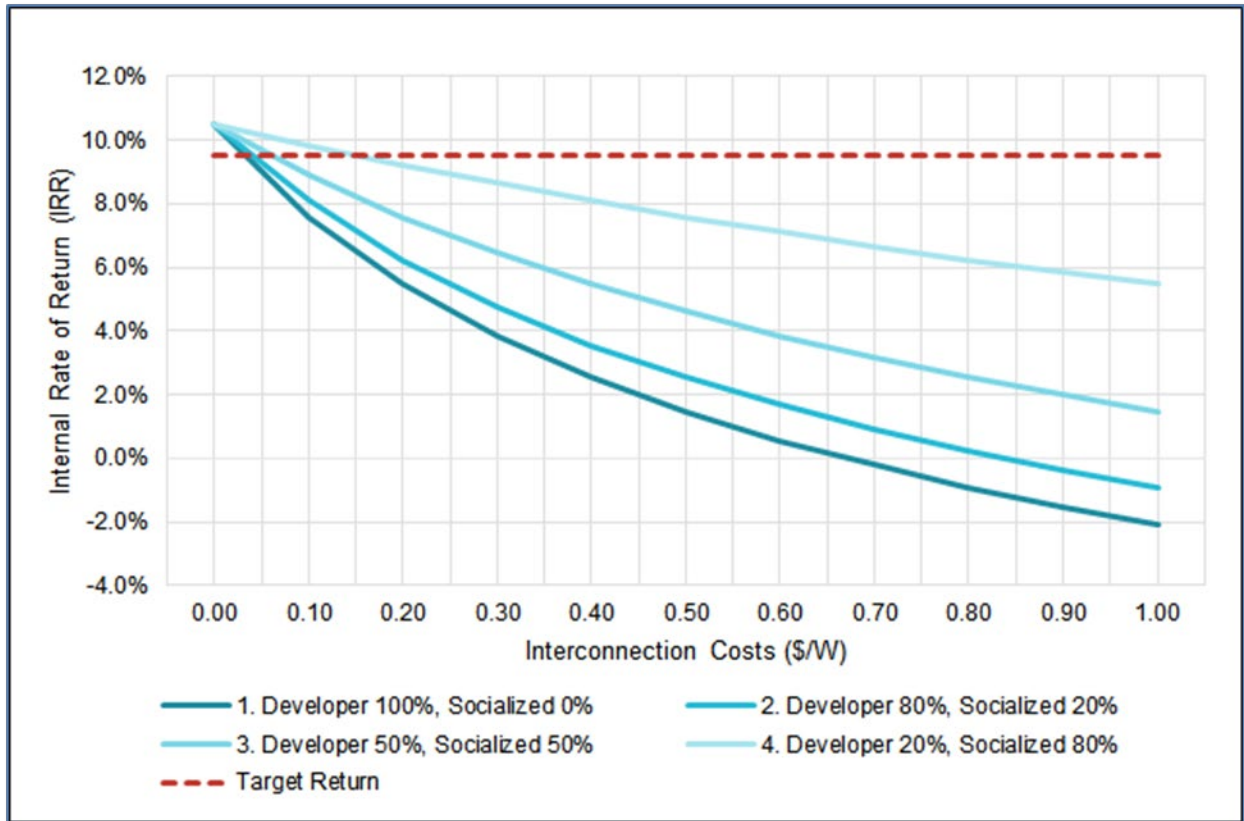


Figure 2. Eversource West Service Area DG Developer IRR Comparison

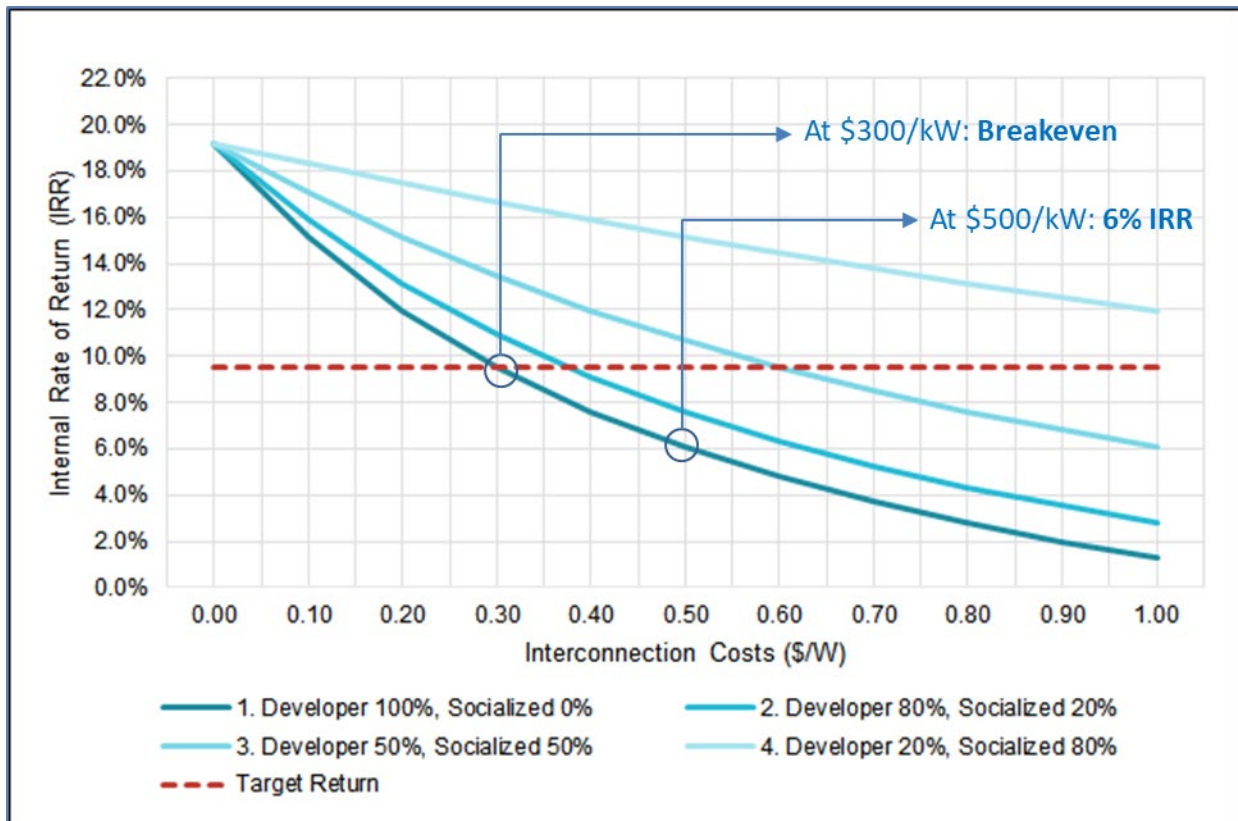


Figure 3. Eversource East Service Area DG Developer IRR Comparison (Illustrative)