conEdison
Clean Energy Businesses

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Mark D. Marini, Secretary
Department of Public Utilities
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Boston MA 02110

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DPU 20-75 Attachment B: IRs to Stakeholders

Dear Secretary Marini,

ConEd Clean Energy Businesses (CEB) appreciates DPU's sustained efforts to facilitate a collaborative process in DPU 19-55, 20-75 and the related dockets, and submits these comments and responses to the Information Requests issued to stakeholders on March 23, 2021. With the passage of the Climate Law and the release of the 2050 Roadmap it is clear that a new and better path forward to expedite the long-term capital improvements that will be necessary for the Commonwealth to achieve its net zero emissions goals is required.

We appreciate the Department's proposed "provisional system plans" related to the Electric Distribution Companies' (EDCs) group studies and recognize that this is a step in the right direction; but submit that when one reviews the timing and costs in the EDCs' April 6, 2021 Responses to Information Requests EDC-1 through EDC-5, the only possible conclusion is that more will need to be done.

Before answering the Department's questions in the interrogatories the CEB believe it will be beneficial to provide some context around the costs and timing as well as our specific recommendations as to how Massachusetts could most efficiently and effectively create the conditions that will enable a flourishing DER industry in the Commonwealth to help achieve the GHG reduction targets in the Next Generation Roadmap Bill signed into law March 26, 2021.

Costs

As has been noted by various trade associations and solar developers in myriad previous proceedings, DG projects typically cannot absorb interconnection costs that are above $300/kW (with some stakeholders suggesting that a $200/kW threshold is more realistic). This fact is validated by the information provided by National Grid in their response, in which they provided the following table showing average $/kW costs that customers paid over the past four years, costs which resulted in projects cancelling over that time and costs for projects that have not yet made a decision:

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

As we can see, the 4-year average costs that projects determined they could bear was under that $200/kW number at $194. For the most recent year that data was provided (2019), projects that were assessed System Modification costs of $371/kW were not found to be economically viable, and developers cancelled their applications. National Grid's applications for 2020 which have yet to make a decision on moving forward seem to fall within the zone of reasonableness, and many of them may move forward; but the costs for undecided projects from the previous three years are unlikely to be workable.

The EDCs' estimated costs in their filings are orders of magnitude higher than historical project-killing interconnection costs. National Grid quoted costs ranging from $848/kW for MPL-Northwest to $4,608/kW for Spencer-Rutland. Eversource's estimates ranged from $1,977 - $3,913/kW under the current cost causation methodology and from $340 - $1,031/kW in a scenario in which there is a level of socialization of the interconnection costs which they deem to provide a system benefit.

Timing

The estimated construction completion dates filed by the EDCs are insufficient for the Commonwealth to reach its GHG reduction and electrification goals and will result in further project cancellations. Different companies have varying abilities to carry projects forward over time, but even the largest developers/projects have difficulty supporting 3, 4 (or more) year delays due to utility work.

The EDCs' estimated timelines in their filings are at a minimum 3 years, and in some cases 6 years. National Grid estimates that the EPS upgrades required due to interconnection impacts of all 9 of its clusters will not be completed until 2027. Eversource's estimates show completion dates of 2024 for 3 clusters, 2025 for 2 more and 2026 for the last two clusters; but their filing clearly states that those estimates "should in no way be considered a binding schedule" and industry's experience with EDCs over the past half decade indicates that any estimated schedules are likely to slip – especially in the absence of a strong enforcement mechanism.

The Climate Plan concluded that MA and the region need to install on average about 1 GW of offshore wind and ground-mounted solar each year from 2030 to 2050. The estimated completion timelines provided by the EDCs in their filings fall well short of the reaching a pace necessary for DG to sufficiently contribute to reaching those targets.

ConEd CEB Recommendation

The CEB reiterate their appreciation of the Department's consideration of both an interim solution in the form of a provisional system planning program to address the challenges projects are currently facing and a long-term system planning program.

We believe that it is critical that the Department develop an interconnection cost sharing mechanism which will appropriately recognize the fact that, as NECEC said in their initial comments "as the legislative commitments to achieve net-zero carbon benefit all citizens of the Commonwealth, everyone who benefits from these infrastructure improvements should participate in funding those upgrades in a fair and equitable manner."

Accordingly, the CEB submit that projects should be responsible only for those system upgrades necessary to connect to the point of common coupling. This would not only more equitably distribute the costs of creating a modern, bi-directional grid but would also likely reduce costs. Rate basing the costs of interconnection would impose DPU oversight on the EDCs' costs, likely resulting in lower overall costs.

Answers to Specific Questions

Stakeholder-1 Refer to the response to EDC-1. Do you currently have a distributed generation facility in the interconnection queue within one of the groups identified by the EDCs

The CEB have projects that are included in the following Group Studies:

- Marion/Fairhaven: 1 project of 2,000 MWac
- Cape Area: 1 project of 4,875 MWac
- New Bedford: 1 project of 4,000 MWac

The CEB have also participated in National Grid's Western/Central Massachusetts area studies which had distribution system upgrade costs ranging from ~$680kW to ~$850/kW which per the discussion above resulted in our withdrawal of affected projects from the interconnection queue.

Stakeholder-2 Refer to the response to EDC-1. Based on the high-level planning estimates for costs and timelines provided by the EDCs, would you move forward with interconnection under the currently applied cost causation methodology?

No. In the CEB's judgement the $/kW fees provided by the EDCs in their Information Requests in EDC-1 are higher than any DG project could bear, and when applied to our three projects render them economically nonviable.

Stakeholder-3 Refer to the response to EDC-1. If a provisional system planning program were implemented that decreased the cost to interconnect but did not alter the timeline for EPS upgrade construction, would you move forward with interconnection?

Yes. The CEB believes that if the provisional system planning program envisioned by the DPU results in a reasonable fee structure and schedule for the upgrades upon which our projects are

dependent that would provide the certainty that would be required for us to continue financing the projects.

Stakeholder-4 Refer to the response to EDC-4, how long following submittal of a provisional system planning program proposal by the EDCs would the Department need to make a determination on the proposal for you to move forward with interconnection?

As has been conveyed to the Department by industry stakeholders, many developers have already endured lengthy timelines from the time of their initial applications. In fact, many projects in the group studies originally applied for interconnection in 2018. Further delay must be avoided, to the extent possible.

The CEB respectfully request that the DPU not wait until the completion of the group studies process for the preparation of the provisional system plan, but instead order Eversource to conduct them in parallel. The CEB support calls for a technical conference and a robust stakeholder process to ensure advancement and process buy-in related to the costs, timelines, and content of the filings before the provisional system planning program is filed and believes that such an approach can help the Department to undertake an accelerated review and approval of the plan once it is filed.

Stakeholder-5 Are there any federal law implications that should be considered concerning sharing costs of EPS upgrades with interconnecting customers over an extended period of time and in particular after the EPS upgrade has been constructed?

The CEB have no opinion on this question.

Sincerely,

Ed Brolin
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