

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) D.P.U. 20-75
Costs for the Interconnection of Distributed)
Generation)

Zero-Point Development thanks the Department for leading this effort and would also like to thank the EDCs' for their efforts and forward thinking on this urgent topic.

Respectfully submitted.

Zero-Point Development.

Request: 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?

Response:

Yes. Zero-Point Development has projects in multiple group studies. Many have been through the previous western MA cluster study and entered the group study since some developers were withdrawing their projects and if any developer withdrew a project, it was considered a major change to the study and all other projects would be required to withdraw and resubmit or enter the pending group study.

Request: 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?

Response:

With no definitive clarity on circuit adders, SMART declining block values, and excessively low ACP rates in the current program, determining the interconnection costs that can be tolerated is difficult. Notwithstanding, the high-level estimates provided in EDC 1-B are far in excess of the EDCs' data of \$133/kW to \$226/kW¹ and below \$500/kW² for a financeable interconnection cost which we can concur is an accurate assessment.

Referencing the above response to Stakeholder-1. If any developer in the current group study(s) are unable to finance their final interconnection costs the outcome could be similar. While a provisional system planning program is necessary in the larger scope. The urgency of a Departmental response to the cost allocation principle itself cannot be overstated.

¹ EDC-3 National Grid, at 1

² EDC-Eversource-3, at 1

Request: 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?

Response:

While Zero-Point Developments response substantially echo's the Northeast Clean Energy Council ("NECEC") response to Stakeholder-3, we would likely move forward with interconnection on a number of select projects. We also offer the following additional response.

A major barrier to tolerating an extended interconnection timeline is the lack of relief on ISA payments. While 25% of the ISA payment was once appropriate for the final engineering of the project, this is no longer the case without a more aggressive cost allocation methodology. For example, an area with 23MW and a cost of \$54,100,000³ would require the developers to pay \$13,500,000 within 60bd to begin EDC final design with the remainder of the \$54,100,000 being due years before the construction effort would begin. If only 40% of the cost was recovered under a reconciling charge as suggested in the EDC's response⁴ the cost would still be \$1,411/kW. The cost to carry the debt over many years is prohibitive. Without an immediate change to the cost allocation methodology that brings interconnection costs to within the costs referenced in Stakeholder-2 above, the rules and structure about how and when ISA payments are made would need to be radically changed to enable the majority of projects to remain viable over a 7-year interconnection timeline.

³ EDC-1 National Grid, Ayer-Clinton, table at 4

⁴ *i.d.* at 9

Request: 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?

Response:

The provisional planning program by the EDCs' should be submitted concurrently with the results of the group studies and the Departments response accelerated while ensuring stakeholder involvement in the final decision. We reiterate that a Departmental response to the cost allocation principle itself is urgent and should not wait for the completion of the group studies and provisional planning development.

Request: 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?

Response:

We would like to thank the EDCs' for their clear description of issues that could potentially impact cost allocation for FERC specific interconnections.

Preservation of Transmission capacity⁵ should not be an issue that prevents the immediate adoption of a new cost allocation methodology since these modifications would be built for projects that have decided to move forward and will use the capacity when it becomes available. For transmission upgrades associated with capacity built for the purpose of enabling planned or future DG and electrification of the grid, a mechanism would need to be proposed to ISO in the interest of serving public policy.

In the assignment of transmission level costs as envisioned in a new cost allocation we agree that the "lack of a FERC-approved tariff mechanism is not a bar to a state pursuing a unique cost recovery method for state-jurisdictional interconnection customers" as noted by Eversource⁶. Although a different application, FERC Order 1000 already contains mechanisms that assign costs based on public policy which might be leveraged along with new federal environmental policies that mandate infrastructure investment. Zero-Point Development would like to understand more detail around Eversource's proposed solution via a FERC-filing to approve the payment for the transmission asset through creation of a regulatory asset.

⁵ EDC-Eversource-5, at 2;

⁶ *i.d.*, at 1

Zero-Point Development appreciates the Departments willingness to lead the effort in the creation of a Cost Allocation method that is effective in recognizing the benefits of achieving the Commonwealths goals. We also respectfully submit that adopting a new proposal is time critical and are willing to commit whatever resources are necessary to facilitate an expedient process.

Respectfully,

Zero-Point Development.

