

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES**

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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

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D.P.U. 20-75

**RESPONSE OF SOLAR ENERGY BUSINESS ASSOCIATION OF NEW ENGLAND TO THE DEPARTMENT OF PUBLIC UTILITIES  
SECOND SET OF INFORMATION REQUESTS TO STAKEHOLDERS**

Respectfully submitted,

**SOLAR ENERGY BUSINESS  
ASSOCIATION OF NEW ENGLAND**

Dated: May 21, 2021

Request: Stakeholder-2-1

Refer to National Grid's response to EDC-1, at 8-9. Please provide your perspective on National Grid's proposal to allocate up to 40 percent of the DG interconnection costs as system benefits to all customers.

Response:

SEBANE recalls that in EDC-1(f), the Department asked the EDCs "***Will the anticipated EPS upgrades for the group(s) provide benefits to ratepayers and the Commonwealth beyond enabling renewable energy to interconnect to the EPS?***" The implication of the question is whether any of the upgrade costs should be allocated across all ratepayers or citizens of the Commonwealth. In National Grid's reply to EDC-1(f), it closed by saying "***In recognition of all these mutual benefits, National Grid believes up to 40% of the DG interconnection costs should be allocated as system benefits to all customers, and recovered through the Reconciling Charge discussed in the Department's Straw Proposal.***"

SEBANE is confused by National Grid's closing statement because on one hand, the company appears to suggest that 40% of the upgrade costs triggered by DG should be allocated across all customers, but on the other hand, in the final clause, it suggests those costs should be recovered by a DG-specific Reconciling Charge as described in the Department's Straw Proposal shared last October. SEBANE also notes that the Department could have included National Grid's final clause, suggesting recovery through the DG-specific Reconciling Charge, but did not when it posed Stakeholder Information Request 2-1. SEBANE asked National Grid to clarify whether it was suggesting that approximately 40% of the DG interconnection costs should be allocated across all ratepayers, but the company replied that it could not comment beyond what it had submitted to the Department, which to SEBANE appeared to have conflated some of the issues/requests.

Given (a) the Department's Stakeholder 2-1 request did not include the final clause of National Grid's statement, and (b) that the EDC-1(f) request did not ask the EDCs to consider how DG customers might fund upgrades that benefit all ratepayers, but rather (c) asked about the extent of any upgrades that might benefit ratepayers ***beyond*** [emphasis added] enabling renewable energy to interconnect to the EPS, SEBANE believes that National Grid's 40% estimate reflects an attempt to evaluate the benefits that should be shared by all ratepayers due to their mutual benefits, and that the Department, in Stakeholders 2-1, was specifically asking us to comment on this notion and perhaps the 40% estimated share of the costs that might be allocated "as system benefits to all customers."

SEBANE agrees with National Grid that a large share of the proposed upgrade costs will provide benefits to all customers. There was not quantitative analysis provided by National Grid in its response to EDC-1(f) to indicate how it arrived at 40%, so SEBANE is not comfortable saying that the percent share should be higher or lower than the estimate

provided by National Grid. Categorically, however, SEBANE believes that certain upgrades, by their very nature, should be considered by default as mutually beneficial to all customers. For example, Transmission system upgrades provide benefits to all ratepayers, as do many upgrades to substation capacity. Some other upgrades are more clearly caused by the need to serve DG customers, such as 3V0 upgrades. And some may be specific to certain projects, such as express feeders, connecting those projects directly to a distribution substation.

Eversource and National Grid both offered conceptual descriptions of how upgrades triggered by DG might benefit all customers, but they did not attempt to categorize specific upgrade types to be allocated, at some percentage, across all ratepayers. SEBANE believes that some of the upgrade allocations could also vary by specific project(s)/situation, such as expected load growth or future DER development, making it difficult to arrive at a pre-defined allocation percentage for certain system upgrade types.

The Department, in Stakeholder 2-1, may have been asking Stakeholders to evaluate whether 40% seemed to be an appropriate share of all upgrade costs that should be allocated across all customers. In other words, if 40% of the proposed Study upgrade costs were allocated across all customers and not just the participating projects, would that be a reasonable provisional solution that would allow the projects currently in studies to proceed? SEBANE does not believe that is the best approach to allocating costs for the projects currently in study. Instead, SEBANE continues to advocate for a maximum \$/kW fee, consistent with historical levels, to be assigned to a project, with the balance assessed either to future DG projects or to all customers on an amortized basis given the expected useful lives of the upgrades employed.

A primary goal of the provisional process is to consider alternative cost allocation methods that might more fairly allocate upgrade costs and that would also allow most projects in Group Studies to proceed. SEBANE notes that the millions of dollars that those Group Study projects have already invested were spent with an expectation that interconnection costs would be consistent with historical levels. Due to the rapid pace of DG development, however, the EDCs and Transmission owners/operator have not been able to keep up with the upgrades to the EPS required to accommodate most of the projects currently in Group Studies.

Based on the nature of the proposed upgrades required for each Group Study, SEBANE suggests that the Provisional Plan for each Group include an allocation between future DG reconciling charges and costs that should be shared by all customers, according to the following approach:

- 1) Determine the \$/kW costs that should be allocated to DG customers base on the total DG capacity enabled by the proposed upgrades:

$$\frac{(\text{Total Approved Upgrade Costs}) - (\text{Upgrade Costs Beneficial to All Customers})}{(\text{kW DG Interconnection Capacity Enabled by Upgrades})}$$

2) Determine the \$/kW cost that should be recovered through future DG interconnection customers:

- Assess the capacity in the group and historically consistent \$/kW cost for interconnection until the long-term planning process is in place;
- If the actual \$/kW-dg cost (from Step 1 for the capacity in the group) exceeds the historical \$/kW fee established as a charge for Study Group participants, then the excess amount will be recovered through a DG reconciling charge amortized over the useful life of the upgrades
- If the actual \$/kW-dg cost (from Step 1 for the capacity in the group) is less than the historical \$/kW fee established as a charge for Study Group participants, then the excess amount will be credited to the reconciling account for DG

As part of the group study provisional planning process, the EDCs and Group participants will endeavor to determine the share of system upgrade costs that will be allocated to all customers and prepare an explanation for their recommendation to the Department for review and approval using pre-defined templates and analyses. The provisional plan will also provide the expected useful lives of the system upgrades, and account for the remaining useful value of replaced equipment, among other factors for consideration by the department. SEBANE believes that it may be helpful to use a technical session to review the design of the exhibits, analyses and templates that the Department would find helpful for these proceedings.

SEBANE's member companies have numerous projects at risk of failing if a cost-effective proposal is not found soon. There is also a sense of urgency regarding rapid decarbonization legislative mandates in the form of An Act Creating a Next Generation Roadmap for Massachusetts Climate Policy (2021), and also the Global Warming Solutions Act of 2008. In order for these state goals to be met, timely and dependable interconnection to the grid needs to be enabled.

Request: Stakeholder-2-2

Refer to Stakeholder responses to Stakeholder-4, which include recommendations for a 30-to-45-day Department review of an EDC's provisional system planning program proposal. Refer to (a) G.L. c. 30A, §§ 1(1), 10, 11, 12; and (b) 220 CMR 1.00. Considering the interests and issues involved in the review of an EDC's provisional system planning program proposal, the Department may be required to conduct the reviews of these proposals through an adjudicatory proceeding, which includes notice, intervention, discovery on petitioner's filing, opportunity for intervenors to file direct cases, discovery on intervenors' cases, opportunity to present rebuttal testimony, evidentiary hearings, briefs (initial and reply). Assume you are a party to an adjudicatory proceeding to review an EDC's provisional system planning program proposal, identify the time period you would request for each of these procedural steps.

Response:

SEBANE did not intend to suggest that Department rules and procedures for an adjudicatory proceeding should be bypassed, and apologizes for giving that impression. Rather, SEBANE was considering the historical context of Group Studies, which are essentially limited to the EDC and DG Study participants, and presumed that any provisional plans would propose to the Department would essentially represent a settlement agreement requiring a Department approval, which might be rendered quickly. SEBANE failed to consider that such provisional proposals will likely require the intervention of other parties to represent their interests—parties that are not typically included in Group Study agreements.

For example, SEBANE recognizes that a significant amount of the proposed upgrade costs, perhaps triggered by the Group Studies, will be beneficial to all customers, even though some may be accelerated given existing load growth and reliability investment plans. Those customers and organizations that represent them should be able to represent their interests in these proceedings.

SEBANE does believe that actions can be employed, such as pre-planning and use of exhibit templates, to expedite proceedings given that so many projects are at risk and in the interest of administrative efficiency. SEBANE suggests that a technical conference could be used to preview and comment on the information and the analyses that the Department believes will be required to make its decisions swiftly and confidently. At the same time, SEBANE wishes to respect DPU's Procedural Rules, as defined in 220 CMR 1.00, and we would like to make sure that all parties have sufficient confidence in the outcomes of these provisional plan proceedings, and that they have are given the time and information required for them to adequately participate and represent their interests.

SEBANE believes there is an opportunity to pilot the provisional planning process with Eversource's Group Studies this fall. The Department could target a definition of what will be required in the form of exhibits, analyses and procedures by the end of the summer.

The Department can review and improve the process in preparation for National Grid's Group Studies due next spring. Key considerations might include:

- Analyses supporting the infrastructure required
  - Consideration of alternative solutions (including scope, schedule and costs) and why the proposed solutions best meet the long-term and short-term interests of customers and was proposed by the EDC
- For infrastructure upgrades, the age and remaining useful life (value) of existing infrastructure
- Estimated schedules for each element of infrastructure upgrade including the identification of long-lead procurement and/or state/local permitting required to meet the timeline
- Identification of benefits attributable to DER, Load Customers or both
  - How much investment does the Group Study proposal intend to allocate to all customers?
  - How much investment does the Group Study proposal intend to allocate to future DG customers?
  - Should some upgrades be allocated to only certain classes of DG customers (e.g., Large, Small)?
  - What is the risk of stranded costs? How will the risks be mitigated?

SEBANE does not understand why any additional time is required for the EDCs to file the petitions once the Group Studies (and Area/Transmission Studies) have been completed and the Group has reached an agreement with the EDCs on cost allocation. And if the Department accepts SEBANE's proposal to assess an historically consistent \$/kW interconnection fee, then the cost allocation discussion is probably best conducted during the provisional planning proceeding. SEBANE asks the Department to direct the EDCs to file their provisional planning petitions very shortly after the Group Studies are completed—days or weeks, not months. SEBANE also notes that it is unreasonable for the Group Study participants to make any payments or commitments to proceed with their projects until after the provisional planning proceedings have completed.

Once the proceedings are concluded, SEBANE notes that there is a desperate need for rapid ISA execution upon Department Order (5 weeks). Many projects are at risk of failure. Each of these solar projects has significant carrying costs (in addition to the interest on funds invested). Costs can include ongoing legal counsel, site control options/lease payments, maintenance of organizational staff and operating cost, opportunity costs, and the decline in value of incentives (e.g., ITC, SMART blocks and tranches). Many project developers will hold on if they believe there is hope, through these proceedings, for their projects to advance. Many may be unable to withstand the schedules required to construct the system upgrades, but they will likely have something of value that they can sell to developers/investors with more patient capital. A provisional planning solution will help to sustain the Massachusetts solar industry. The failure to address the dire situation of these Group Studies, on the other hand, will cause even more developers to leave the Commonwealth for less risky and more attractive project opportunities elsewhere, setting back Massachusetts' clean energy goals for many years.

Massachusetts pace of solar installations has dropped roughly 40% over the last few years, and a third of the jobs created by the solar industry have been lost. At a moment when Massachusetts needs to dramatically ramp its clean energy development, we are grateful that the Department is seeking more efficient and cost effective ways to invest in the enabling system upgrades.

Request: Stakeholder-2-3

Refer to your response to Stakeholders-2-2. Explain how such a process would affect your decision to move forward with your DG project. a) Provide a response based on an adjudicatory proceeding timeline of 3 months; D.P.U. 20-75 Page 2 b) Provide a response based on an adjudicatory proceeding timeline of 6 months; and c) Provide a response based on an adjudicatory proceeding timeline of 9 months.

Response:

- a. Most projects have been awaiting a cost-effective proposal to move forward for years, and many are on the brink of collapse. Once an agreement has been reached between the Group Study participants and the EDC, it will be hard to wait even 90 days for an Order to proceed. SEBANE believes that with sufficient pre-planning and well-defined exhibits and analyses, it is possible to reach an order within 90 days when there are no major disputes over infrastructure upgrade requirements, costs and allocations.
- b. Six months should only be required if there are major items of dispute that the Group was unable to resolve with the EDCs as part of the Group Study provisional planning arrangement.
- c. Nine months should only be required if there are implications for upgrades or networks beyond the scope of the Group Study areas (e.g., ASO consequences or dependencies).