

June 16, 2021

By E-Filing

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Re: Distributed Energy Resource Planning and Assignment and Recovery of Costs for the Interconnection of Distributed Generation – D.P.U. 20-75

Dear Secretary Marini:

On behalf of Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid (“National Grid”), enclosed for filing in the above matter is National Grid Reply Comments Concerning its System Planning Analysis Proposal.

Thank you for your attention to this matter. Please contact me if you have any questions regarding this filing.

Sincerely,



Nancy D. Israel, Esq.

Enclosure

cc: Katie Zilgme, Hearing Officer

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) D.P.U. 20-75
(2) Assignment and Recovery of Costs for the)
Interconnection of Distributed Generation)

**NATIONAL GRID REPLY COMMENTS CONCERNING ITS SYSTEM PLANNING
ANALYSIS PROPOSAL**

Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid (“National Grid” or the “Company”), offers these reply comments to the Department of Public Utilities (the “Department”) in response to the Department’s March 23, 2021 Procedural Notice, Request for Comments, and Information Requests (“Memorandum”) directing the electric distribution companies¹ to develop system planning analysis proposals to implement a distribution system assessment process and providing an opportunity for stakeholder responses to those proposals and EDC replies to those responses.

I. INTRODUCTION AND PROCEDURAL HISTORY

Pursuant to its ratemaking authority under G.L. c. 164, § 94 and its superintendence authority under G.L. c. 164, § 76, on October 22, 2020 the Department issued a Vote and Order Opening Investigation (“Order”) requesting public comments on the Department’s Attachment A straw proposal (“Straw Proposal”) for a new distributed energy resource (“DER”) planning process

¹ National Grid, NSTAR Electric Company d/b/a Eversource Energy (“Eversource”) and Fitchburg Gas and Electric Light Company d/b/a Unitil, also referred to individually as an “EDC” and collectively as “EDCs.”

and methods for the assignment and recovery of costs associated with the distributed generation (“DG”) interconnection process and system modifications needed for interconnection.²

The Company filed its System Planning Analysis Proposal (“Proposal”) on April 23, 2021 in accordance with the Memorandum, as did Eversource and Unitil.³

The Office of the Attorney General (“AGO”), Department of Energy Resources (“DOER”), Northeast Clean Energy Council and Coalition for Community Solar Access (“NECEC+CCSA”), Interstate Renewable Energy Council, Inc. (“IREC”), Pope Energy, Solar Energy Business Association of New England (“SEBANE”), and Zero Point Development, Inc. (“ZPD”) each filed comments on May 28, 2021 responding to the EDCs’ respective system planning analysis proposals (individually identified as a particular commenter’s Response).

The Company submits these Reply Comments to the stakeholder Responses to the Company’s Proposal.⁴

II. REPLY TO RESPONSES

The Company offered a detailed Proposal for a staged system planning analysis with specified deliverables, which was well received by commenters. IREC, for example, recommends that overall the Department adopt a planning process similar to the Proposal. (IREC Response at 15) NECEC+CCSA consider National Grid’s Proposal to be thoughtful and comprehensive overall. (NECEC+CCSA Response at 7)

² Capitalized terms that are not defined in these reply comments are defined in the Order, the Straw Proposal or the Standards for Interconnection of Distributed Generation, M.D.P.U. No. 1320.

³ The Company filed comments on the Department’s Straw Proposal on December 23, 2020 and reply comments on February 5, 2021 (“Straw Proposal Reply Comments”).

⁴ The Department extended the due date in the Memorandum for the Response Comments from May 7, 2021 to May 28, 2021 and also extended the due date for the EDCs’ reply comments from May 14, 2021 to June 11, 2021 pursuant to a stakeholder extension request, and further extended the due date for the EDCs’ reply comments from June 11, 2021 to June 16, 2021 pursuant to the EDCs’ Motion for an Extension of Time. National Grid has not attempted to reply to every comment or proposal in the Responses with which it disagrees and the Company’s silence should not be interpreted as agreement with any such comment or proposal.

However, some Responses made certain recommendations concerning stakeholder engagement, a comprehensive planning process, mitigation measures, performance based ratemaking, and metrics, which the Company responds to below.

A. Stakeholder Engagement in the Planning Process

1. Stakeholder Input

The Proposal identified the three steps of the planning process where the EDCs anticipate external stakeholders could provide meaningful advice and feedback: forecast assumptions, plan development and a targeted review of the recommended plan.⁵ The Company has explained that the forecast step could engage a broad range of external stakeholders and that the plan development and targeted review of the recommended plan steps would also benefit from external stakeholder involvement provided such stakeholders are subject matter technical experts.⁶ The Company and the other EDCs oppose extending the stakeholder process to the development or review of system planning criteria because the EDCs have sole responsibility to provide safe and reliable electric service in their service territories.⁷

The Company agrees conceptually with DOER and NECEC+CCSA that advice and feedback from a wide variety of external stakeholders at the appropriate steps of the Company's

⁵ As the Company previously explained, each of the EDCs have their own planning criteria, which inform their respective planning processes, and may use different planning terminology. Conceptually, the EDCs agree on the parts of their respective planning processes where stakeholder input could be meaningful and conversely, where it would not be appropriate. (Straw Proposal Reply Comments at 5-11; Proposal at 30; Eversource Reply Comments on Straw Proposal at 24-26; Unitil Reply Comments on Straw Proposal at 2-4.) The Company disagrees with Stakeholder Responses recommending that the EDCs change their system planning cadences and conform to the same planning schedules for the reasons explained in its Proposal. (DOER Response at 11; IREC Response, Exhibit 2 at 14-15)

⁶ Straw Proposal Reply Comments at 6.

⁷ Straw Proposal Reply Comments at 5. See, also, Eversource System Planning Proposal at 1; Unitil Reply Comments on Straw Proposal at 2. ZPD supports the EDCs' position. (ZPD Response at 2) The Company disagrees with AGO's opinion that stakeholder discussions in D.P.U. 19-55 often stalled due to the EDCs' lack of current knowledge on technical issues. (AGO Response at 5, footnote 6) To the contrary, the EDCs repeatedly identified technical topics that are more appropriately addressed by TSRG and investments the EDCs will be seeking through their respective Grid Modernization dockets to enable functionality that is not currently available system-wide on their respective electric power systems.

system planning process process will be beneficial.⁸ To this end, the Company presented high-level overviews of robust stakeholder engagement tasks in the Proposal, one for the Load & DER Growth Forecasting (Stage 1), and one for the Area Planning Study Process, which includes plan development and recommended plan selection (Stage 3).⁹ As summarized in the Proposal, the “External Stakeholder Input on Forecast Assumptions” task (Task 1 of Stage 1) will include outreach to key stakeholder groups to better understand DER development plans, issues, challenges, and opportunities so the Company can incorporate a local perspective into the Company’s forecasting process.¹⁰ Stage 3 will include a robust stakeholder engagement process as described in Task 7: External Stakeholder Review of Planning Results. (Proposal at 26-27)

Illustrative examples of key stakeholder groups the Company would seek to engage include DG developers, DER developers more broadly, state agencies, municipalities, and local universities.

The Company provides more detail below about the Company’s proposed plans to reach out to various stakeholder groups to obtain inputs to its forecasting process.

AGO requests details about how environmental justice (“EJ”) communities will be involved in the planning process.¹¹ The Company believes input from EJ stakeholders is important for any new, forward looking plans for DER. For past filings, the Company has used ad hoc processes to think through the EJ communities impacted to gather feedback from relevant EJ stakeholders. Feedback processes have included public notifications and meetings; stakeholder

⁸ DOER Response at 5; NECEC+CCSA Response at 11.

⁹ Proposal at 7.

¹⁰ Proposal at 10.

¹¹ AGO Response at 6. An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy requires the Commonwealth to provide EJ communities with opportunities for meaningful public involvement in proposals that would affect their environment, health and safety. (Acts of 2021, Section 8, referred to herein as “Climate Legislation.”) For example, the Climate Legislation specifies additional measures the state shall take, as appropriate, to improve public participation by an EJ population. (Id. at Section 62J.)

working groups, workshops and webinars; and small group meetings and one-on-one conversations. The Company has solicited this feedback during the various stages of program design and regulatory procedures. As National Grid looks forward, the Company expects to continue to solicit EJ stakeholder feedback and hopes to establish more formal processes to ensure EJ stakeholders are a meaningful part of all of the Company’s forward looking plans. One such idea of formalizing EJ stakeholder feedback is to ensure that the appropriate EJ stakeholders are an active part of the stakeholder engagement described in the Proposal. Table 1 provides an illustrative list of potential stakeholder input that would be incorporated into Stage 1 (forecasting).¹²

Table 1: Illustrative External Stakeholder Input List

Potential Input	Description/Examples
DG Growth	10-year plans for DG development (e.g., which areas, project size)
DG Trends	Technology trends and willingness to adopt (e.g., ground-mount vs roof-mount, trackers, solar + storage,)
Environment	Environmentally sensitive areas and areas where there may be municipal resistance due to environmental issues
Non-Market	Non-market impacts of renewable generation development (other than Environment)
DER Scenarios	Customer DER adoption scenarios that can achieve the Commonwealth’s clean energy goals
Policies/Incentives	Potential future DER policies and incentives
DER Growth	Areas that may be good candidates for DER growth (e.g., identification of future EV charging station locations/need)
Municipal Perspective	Local siting ordinances, current municipal limitations/moratoriums, and the general willingness of specific municipalities to allow or encourage renewable generation development
Forecasting	DG and DER forecasting based on propensity models and current trends
EJ Issues	DER and utility infrastructure burdens; DER and network access challenges and opportunities

¹² These are illustrative examples, which the Company will develop further if the Department approves its Proposal.

The Company has put forth a meaningful proposal for external stakeholder engagement in the planning process that will provide advice and feedback on appropriate topics without delaying the timely delivery of Area Studies in accordance with the Company's system planning process.

2. Facilitator

DOER, IREC, NECEC+CCSA, and SEBANE¹³ reiterate recommendations for a third party facilitator for stakeholder engagement.

The Company acknowledges the potential benefits a facilitator with relevant expertise can bring to a stakeholder engagement process. The policies in D.P.U. 20-80 for retaining and using a stakeholder engagement facilitator are illustrative.

B. Comprehensive Planning Process

The Company agrees with AGO that over time, comprehensive system planning could evolve to include all potential system-related issues. (AGO Response at 2)

AGO identifies load forecasting as an area of improvement for the EDCs' system planning proposals. (AGO Response at 4-5) AGO asserts that load forecasting should account for load growth from future electrification, which has been identified as a necessary tool to help the Commonwealth meet its net zero 2050 goal. (ASO Response at 4) National Grid agrees with AGO that load growth from future electrification should be accounted for in load forecasting.

Contrary to AGO's assessment that the Company has not incorporated load growth from electrification into the proposed deliverables, load growth from beneficial electrification (e.g., EV charging, electric heat pumps) and other DER and evaluating this load growth is a key deliverable of Stage 1. (Proposal at 10-14) For example, Task 1 will include soliciting DER deployment assumptions (Proposal at 10), Task 2 will include consideration of expected future increased

¹³ DOER Response at 5; IREC Response at 12-13; NECEC+CCSA Response at 6; SEBANE Response at 3.

adoption of electric vehicles (“EVs”) and electric heat pumps (“EHPs”) (Proposal at 12) and Task 3 will develop hourly forecasts based on the baseline year actual system load plus economic load growth, energy efficiency (“EE”) impacts, and individual DER load forecasts, followed by scaling of each load component (baseline load, economic growth, EE, EV, EHP, DG) (Proposal at 13).

Although not explicitly stated in the Proposal, the Load & DER Growth Forecasting tasks also will include approved investments in the Company’s 2022-2024 EE three-year plan, and additional projections for longer-term EE performance based on discussions with internal and external stakeholders. In addition, the transition from gas to electrification contemplated in D.P.U. 20-80 will be incorporated into the Load & DER Growth Forecasting tasks over time as those plans are developed and approved.

Although also not stated explicitly in the Proposal, the Proposal will incorporate the Company’s authorized grid modernization investments during the Area Planning Study Process (Stage 3).¹⁴ The advanced field devices, along with robust communications systems and centralized operations and processing capabilities installed as part of the Company’s Grid Modernization Plan (“GMP”), will improve the planning process by providing granular feeder data for planning Area Studies. With the additional data and the functionality provided by GMP investments, over time planners will be able to move from recommendations focused on peak and light load periods to recommendations focused on all times of the year and for multiple DER scenarios.

The Company’s comprehensive system planning approach is responsive to AGO’s recommendation that the EDCs, “minimize ratepayer costs by avoiding unnecessary expenses with an overbuild of the system or charging for efforts already funded in another program.” (AGO

¹⁴ This refers to currently authorized grid modernization investments and additional investments the Company will propose in its upcoming filing for its next grid modernization plan.

Response at 3) The Company's Proposal is to develop comprehensive plans, as needed, to address multiple system drivers, such as asset condition, reliability, and system capacity and performance, in addition to state climate goals, to minimize the risk of advancing costly, redundant or inadequate investments. As discussed above, the Company will seek to leverage relevant efforts funded by other dockets in its proposed system planning process.

C. Mitigation Measures

AGO and DOER both comment on the need to include mitigation measures in the EDCs' system plans. AGO proposes that the system plans "include as many mitigation measures as possible" in considering interconnection upgrades. (AGO Response at 6) DOER recommends that the EDCs provide greater transparency about how they consider NWAs as part of their electric power system analysis. (DOER Response at 12)

In response to AGO's request for additional details on how National Grid considers non-wires alternatives, "non-wires alternative" ("NWA") is the inclusive term for any targeted electrical grid investment that is intended to defer or remove the need to construct or upgrade components of a distribution and/or transmission system, i.e., a "wires investment." As National Grid identifies system boundaries and concerns in an Area Study, both wire and NWA solutions, if feasible, are developed to address system needs. The Company determines an NWA to be feasible based on screening criteria that cover technical, economic, and timing factors. NWAs are required to be cost-effective compared to the traditional wires investment and are required to meet the specified electrical grid need.

While the Company will consider NWAs during Area Studies, NWAs typically are only suitable for system capacity and performance and reliability type projects. Projects which target asset condition are typically addressed with replacement in kind, upgrade, or retirement of

equipment and customer requests which require capital expenditures (such as line extensions) to meet customer needs for service that by nature cannot be addressed with an NWA.

D. Consideration of Performance Based Ratemaking and Recovery of Costs for Multi-Value Project Investments

AGO commented that the Department should consider the impact of the Planning Process in light of the existence of Performance Based Ratemaking (“PBR”) plans, as approved by the Department in Eversource’s and National Grid’s most recent general rate cases.¹⁵ Specifically, AGO noted, “Although Eversource and National Grid have the ratemaking treatments in place to address certain system upgrades to deal with interconnection or load growth, neither Proposal mentions the availability of PBR or how that interacts with the planning for interconnecting DG.” (AGO Response at 3)

National Grid emphasizes, as it did during the June 3, 2021 Technical Conference, that the revenue support provided by its PBR plan did not envision the Company’s Proposal in this docket for very substantial additional investment in system needs and the allocation of some of those costs to all customers, reflecting the benefits that would be created for all customers (“Multi-Value Improvements”). (Straw Proposal Reply Comments at 12-13) Nor did the Company’s PBR plan contemplate that such investments would result from new and more aggressive climate public policy and law, and a new set of considerations that did not exist when the PBR plans were established. System improvements identified under the Company’s traditional planning process are provided for in the capital plans and will continue to be paid for from the Company’s established capital budget and recovered through base rates, including the revenue support from the PBR plan. However, the Proposal (and the proposed Group Study provisional plan) would identify new system upgrades that are not in such capital plans and would bring into consideration

¹⁵ Order Establishing Eversource’s Revenue Requirement, D.P.U. 17-05; Final Order, D.P.U. 18-150.

state climate targets and other factors that are new to the planning process; this would accelerate capital investment materially for the Company. As a result, the Company proposes recovery of and return on the Multi-Value piece of such investments through the Reconciling Factor, alongside the revenue requirement associated with outstanding CIP fees. (Id.)

The acceleration of investments that were not envisioned when the PBR plan was established would fairly be resolved by including recovery for such investments in the Reconciling Charge.

E. Metrics

DOER suggests metrics on cost savings through deferral and avoidance of upgrades through mitigation and expanded hosting capacity and rate of capacity addition. (DOER Response at 4)

The Company agrees with the goal of cost conscious planning but disagrees with the need for a metric and notes that cost controls are built into the Straw Proposal. Quantifying and dividing out savings from mitigation rather than capital investment will be difficult, given the complexity of upgrades and mitigating strategies that would be necessary in planning expanded hosting capacity over a large geographic area. As discussed under “Mitigation Measures” above, the Company will develop NWA alternatives where feasible on the system. Also, before a proposed CIP can begin, the Straw Proposal requires Department pre-approval of the project for cost recovery, which will support cost conscious planning. (Straw Proposal at 5)

Moreover, as Unutil commented, performance metrics, “are not appropriate when the ‘performance’ to be measured is that of unregulated third parties over which the EDC has no control.” (Unutil Straw Proposal Reply Comments at 5; see, also, National Grid Straw Proposal Reply Comments at 21-22) The pre-approval process and stakeholder advice and feedback during

the designated stages of the planning process more appropriately will encourage necessary, location appropriate and reasonably sized CIP proposals based on the information available to the EDC at the time of planning. (Unitil Straw Proposal Reply Comments at 5)


III. CONCLUSION

National Grid appreciates the opportunity to submit reply comments in response to stakeholder responses to its System Planning Analysis Proposal and looks forward to continued engagement on the issues the Department raised.

Respectfully Submitted,

**MASSACHUSETTS ELECTRIC COMPANY
and NANTUCKET ELECTRIC COMPANY
d/b/a NATIONAL GRID**

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