

Information Request EDC-3-4

Request:

Please explain in more detail how each Company proposes to recover through a provisional system planning program ("Provisional Program") costs of transmission related EPS upgrades from distribution customers and/or interconnecting customers.

Response:

As described during the Department's Technical Conference on June 3, 2021, for the Provisional Program National Grid proposes to recover 100 percent of costs associated with transmission line upgrades through the appropriate FERC-approved transmission rate. National Grid believes that the required transmission line upgrades would appropriately be included in the Local System Plan ("LSP") developed by its affiliate, New England Power Company, in accordance with Appendix 1 "Attachment K – Local, Local System Planning Process" to Attachment K of the ISO New England, Inc. ("ISO-NE") Open Access Transmission Tariff ("Attachment K – Local"). Attachment K – Local requires ISO-NE participating transmission owners<sup>1</sup> to develop needs analyses, including improvements needed to maintain system reliability, and to do so in a manner that ensures comparable treatment of similarly situated customers. The transmission line upgrades identified in the Western and Central MA area through National Grid's Provisional Program proposal seek to remedy transmission line asset conditions and improve system reliability by taking into consideration changes in area load. Cost recovery for projects in the LSP is achieved through the Local Network Service ("LNS") transmission rate charged by New England Power Company ("NEP") to all its wholesale transmission customers on a load share basis, of which Massachusetts Electric Company ("MECO") load constitutes the majority share.

As also described during the Department's Technical Conference on June 3, 2021, for the Provisional Planning process National Grid proposes to recover Substation Costs, as defined in the Company's Response to EDC-3-2, for equipment owned by NEP inside a substation proportionally between interconnecting DG customers and all electric distribution customers according to the benefits received. All costs, including operation and maintenance expenses and other on-going carrying charges associated with such Substation Costs for equipment owned by NEP, would be charged by NEP to MECO, as NEP's transmission customer, pursuant to Schedule 21-NEP of the ISO-NE Open Access Transmission Tariff. MECO proposes to then allocate these costs to DG interconnecting customers through their state jurisdictional

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<sup>1</sup> New England Power Company is a participating transmission owner in the ISO-NE control area.

interconnection service agreements and to all electric distribution customers through the reconciling charge described in the Department's Straw Proposal. The Company currently estimates approximately 40 percent to 60 percent of Substation Costs for equipment owned by NEP will be recovered through such reconciling charge, with the remainder paid for by DG interconnecting customers over time as part of the Capital Investment Project ("CIP") fees they would pay to connect. Any unpaid CIP fee portion payable by future DG interconnecting customers in that area during the term set by the Department would also be paid for through the reconciling charge as a revenue requirement until such time as a future DG interconnecting customer paid the associated CIP fee to connect in that area.