

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

_____)
NSTAR Electric Company d/b/a)
Eversource Energy Marion-Fairhaven) D.P.U. 22-47
Capital Investment Project Proposal)
_____)

**INITIAL BRIEF OF THE NORTHEAST CLEAN ENERGY COUNCIL, INC.,
THE COALITION FOR COMMUNITY SOLAR ACCESS, INC. AND THE
MARION-FAIRHAVEN GROUP STUDY COALITION¹**

Respectfully submitted,

THE NORTHEAST CLEAN
ENERGY COUNCIL, INC., THE
COALITION FOR COMMUNITY
SOLAR ACCESS, INC. AND THE
MARION-FAIRHAVEN GROUP
STUDY COALITION

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¹ On May 17, 2022, the Hearing Officer granted full party intervention to the following entities: Benson Rock Road Solar Project 2020, LLC, BWC Branch Brook, LLC, BWC Snows Pond, LLC, Mendall Road Acushnet Solar 1, LLC, Morses Lane Solar 1, LLC, 510 PV Project Development, LLC., TJA 540R Main St. Acushnet, LLC, Fairhaven MA 2, LLC, NextGrid Catalpa LLC, Randall Lane Solar, LLC. Snipatuit Road Solar, LLC, Featherbed Lane South Solar, LLC, Cushman Road Solar, LLC, Braley Hill North Solar, LLC, and Syncarpha Solar, LLC. For the purposes of this Brief, the foregoing entities shall be defined collectively as the “Marion-Fairhaven Group Study Coalition,” or “MFGSC.”

TABLE OF CONTENTS

I. INTRODUCTION.....1

II. EVERSOURCE’S PROPOSED COST ALLOCATION6

A. Eversource’s Proposed Cost Between Interconnecting Customers and Distribution Customers is Fair and Equitable.....6

B. If the Department Does Not Approve Eversource’s Cost Allocation Between Interconnecting Customers and Distribution Customers, the Cost to Interconnect Will Exceed the Department’s Established Threshold at Which DG Projects Can Interconnect11

III. IF THE CIP PROPOSAL IS APPROVED, IT IS LIKELY THAT THE FULL AMOUNT OF THE 140 MW ENABLED BY THE CIP WILL INTERCONNECT13

IV. THE DEPARTMENT SHOULD INCLUDE THE FOLLOWING MODIFICATIONS TO THE CIP PROPOSAL17

V. CONCLUSION22

I. INTRODUCTION

Massachusetts has chosen to be among the worldwide leaders in addressing the impacts of climate change, as the Commonwealth's legislature has enacted a number of laws designed to address climate change and foster the large scale infusion of clean distributed generation ("DG") onto the electric grid.² As a result, Massachusetts has a legally binding mandate of achieving overall net zero GHG emissions by 2050 (with legally binding interim emissions reductions targets that must be met along the way to 2050), and the Massachusetts Department of Public Utilities ("Department") is now required to prioritize reductions in greenhouse gas emissions.³

This proceeding offers the Department only one clear choice that will fulfill its statutory responsibility in this regard. As discussed in more detail below, the record evidence is clear that approval of NSTAR Electric Company d/b/a Eversource Energy's ("Eversource") proposed Marion-Fairhaven Capital Investment Project Proposal ("CIP Proposal") as filed is essential to the continued development of DG in the Commonwealth. There is no dispute that the widespread implementation of DG, especially solar PV, is an integral part of the Commonwealth's plan to achieve its statutory decarbonization goals.⁴ Future deployment of DG will require comprehensive and costly upgrades to the Commonwealth's electric power system (EPS"). Under

² See, e.g., the *Green Communities Act* (ch. 169, 2008 Mass. Acts), the *Global Warming Solutions Act* (St. 2008, c. 298), the *An Act Relative to Solar Energy* (St. 2016, c. 75), the *Act Creating a Next-Generation Roadmap for Massachusetts* ("Climate Act") (St. 2021, c. 8), and the *Massachusetts 2050 Decarbonization Roadmap* and its supporting technical report -- *Energy Pathways to Deep Decarbonization* set forth at Exh. Attachment RR-DPU-5).

³ St. 2021, c. 8, codified at M.G.L. c. 25, § 1A.

⁴ See, *Massachusetts Clean Energy and Climate Plan for 2025 and 2030*.

current rules, the Interconnecting Customer⁵ whose interconnection first causes the need for the EPS upgrade is responsible for the full cost of the upgrade (“Cost Causation Principle”).⁶ Thus, if the Cost Causation Principle continues to be applied, individual Interconnecting Customers will be solely responsible for the massive costs of the EPS upgrades necessary for the Commonwealth to achieve its decarbonization objectives, even though numerous other parties will ultimately derive equal or greater benefit from the upgrades. However, as the Department is aware, Interconnecting Customers are simply unable to pay the full costs of these upgrade costs, nor should they.

In recognition of this harsh reality, the Department proactively began investigating DG interconnection cost assignment and recovery by opening *Distributed Generation Interconnection*, D.P.U. 19-55 (2019). The results of the Department’s D.P.U. 19-55 investigation led the Department to open a further cost allocation inquiry in October of 2020 -- *Distributed Energy Resource Planning and Cost Assignment*, D.P.U. 20-75 (2020) -- and issue a straw proposal containing a modified cost allocation methodology for both Interconnecting Customers and distribution customers (“*Straw Proposal*”).⁷ The Department received comments from stakeholders, issued multiple sets of information requests and held a technical conference.⁸ On November 24, 2021, based upon the results of its findings in D.P.U. 20-75, the Department issued its *Order on*

⁵ For purposes of this Brief, the term “Interconnecting Customer” shall have the meaning ascribed to it in the Standards for Interconnection of Distributed Generation Tariff (“DG Interconnection Tariff”), § 1.2 (Definitions).

⁶ See, e.g., *Aquarion Water Company of Massachusetts*, D.P.U. 08-27, at 167 (2009); DG Interconnection Tariff, §§ 3.10 (Table 6).

⁷ D.P.U. 20-75, Att. A.

⁸ D.P.U. 20-75, at 4.

Provisional System Planning Program, D.P.U. 20-75-B (2021) (“Provisional Program Order”).

In the *Provisional Program Order*, the Department concluded that development of properly sited renewable energy facilities is vital to achieving the Commonwealth’s greenhouse gas emission targets and clean energy goals.⁹ The Department is currently considering the establishment of a long-term framework for planning and funding upgrades to the EPS to foster development and interconnection of DG, but acknowledges that such framework, if established, is years away from implementation.¹⁰ In the meantime, there is almost a gigawatt (“GW”) (1,000 megawatts “MW”) in Group Studies¹¹ and in interconnection queues today. Given the unprecedented high level of EPS upgrade costs necessary to interconnect them, these projects would likely withdraw from the interconnection process and cease development if the application of the Cost Causation Principle were to continue.¹² For the same reason, it will also be difficult to interconnect any *new* DG facilities in the affected regions until the necessary EPS upgrades are constructed.¹³

Accordingly, in the *Provisional Program Order*, the Department found that applying the Cost Causation Principle to such projected high interconnection costs poses

⁹ *Provisional Program Order*, at 27-28 (noting that the Commonwealth’s Interim Clean Energy and Climate Plan for 2030 estimates that the Commonwealth will need to develop 5.2 gigawatts of additional solar capacity between 2021 and 2030).

¹⁰ *Provisional Program Order*, at 2, 26.

¹¹ As used herein, the term “Group Study” shall have the meaning ascribed to it in the DG Interconnection Tariff. *See, also, Provisional Program Order*, at 9, n.20.

¹² *Provisional Program Order*, at 27.

¹³ *Provisional Program Order*, at 27.

a significant barrier to short-term DG facility development and may deter future development of renewable energy facilities, thereby further frustrating the Commonwealth's increasingly ambitious clean energy objectives.¹⁴ As a result, the Department established a provisional framework ("Provisional Program") that moves beyond the traditional Cost Causation Principle in order to alleviate the onerous development barriers currently facing DG projects in the Group Studies while the Department continues its investigation on a long-term framework for DG interconnection.¹⁵ Under the Provisional Program, electric distribution companies may submit proposed capital investment projects¹⁶ setting forth EPS upgrades for the Department's review and approval, with the costs of such proposals being shared among the multiple beneficiaries of the CIP rather than solely the Interconnecting Customers whose projects were the initial impetus for the upgrades.¹⁷

Eversource's CIP Proposal will enable the interconnection of the projects included in the Marion-Fairhaven Group Study ("Group Study"), which consists of 17 projects from 9 applicants totaling 49 MW. In addition, as a result of the substation upgrades described therein, the CIP Proposal will also enable the interconnection of an additional 91 MW of DG (Exh. DPU 1-16; Tr. 1 at 174: 4-12).¹⁸

¹⁴ *Provisional Program Order*, at 28.

¹⁵ *Provisional Program Order*, at 2, 29.

¹⁶ A capital investment project is a project proposed for cost recovery by a Distribution Company under the proposed distribution system planning process for the assessment of the interconnection and integration of DG. *Provisional Program Order*, at 6.

¹⁷ *Provisional Program Order*, at 29.

¹⁸ As more particularly described in Section II. A herein, the CIP Proposal also provides significant benefits to distribution customers.

The Northeast Clean Energy Council, Inc. (“NECEC”) is a clean energy business, policy, and innovation organization whose membership includes many companies that own, operate, develop and implement distributed energy resources in Massachusetts. The Coalition for Community Solar Access, Inc. (“CCSA”) serves as the central voice for the community solar industry in developing vibrant and sustainable markets for community solar, and its members are actively engaged in Massachusetts’ community solar programs. NECEC and CCSA were granted full party intervention status because their members are substantially and specifically affected by the CIP Proposal. The Marion-Fairhaven Group Study Coalition (“MFGSC”) comprises the very projects that the CIP Proposal seeks to interconnect.¹⁹

After careful review and deliberation, NECEC, CCSA and the MFGSC (collectively the “DG Intervenors”) respectfully request the Department to approve Eversource’s CIP Proposal. The Eversource proposal, with certain modifications and additions detailed below, represents the best (and almost certainly the last) opportunity to alleviate the current, local barriers to DG facility development equitably while furthering the Commonwealth’s climate and clean energy objectives.²⁰

¹⁹ Specifically, the MFGSC comprises 15 of the 17 projects, 8 of the 9 applicants and 46 MW of the 49 MW included in the Marion-Fairhaven Group Study. The 15 projects are owned/controlled by the following companies: Blue Wave Solar, Borrego Solar Systems, Inc., Catalyze Holdings, LLC, Con Edison Clean Energy Businesses, Distributed Solar Development, LLC, NextGrid Inc., SunRaise Investments, LLC, and Syncarpha Capital, LLC.

²⁰ The evidentiary record demonstrates that the CIP Proposal satisfies the *Provisional Program Order*’s eligibility criteria required for Department approval, and the DG Intervenors trust that Eversource, the proponent, will specifically detail in its brief how the CIP Proposal satisfies each requirement of the *Provisional Program Order*. Accordingly, in order to streamline the Department’s review and avoid duplication, the DG Intervenors’ Brief will focus on the following two areas: (a) Eversource’s proposed allocation of CIP costs between Interconnecting Customers and distribution customers, and (b) modifications and additions that the Department should include in its order that will further increase the likelihood that the DG capacity enabled by the CIP Proposal will be fully subscribed.

Moreover, if the CIP Proposal is approved by the Department as filed (including the DG Intervenors' proposed modifications and additions), the developers who own/operate the projects in the MFGSC intend to sign interconnection service agreements and move forward with their respective projects (Exh. RR-DPU-8 (amended)).

II. EVERSOURCE'S PROPOSED COST ALLOCATION

A. Eversource's Proposed Cost Between Interconnecting Customers and Distribution Customers is Fair and Equitable

In determining whether Eversource's proposed cost allocation is fair and equitable, the analysis must start with the uncontested fact that the substations in Eversource's Marion-Fairhaven service territory are saturated, meaning that not even one more feeder can be added to the EPS in that area because the substation limits have been reached (Exh. DPU 1-33; Exh. AG-1-15; Tr. 1 at 64: 4-6, 65: 1-8).²¹ As a result, no additional DG can interconnect in the Marion-Fairhaven area until the EPS is upgraded. While Eversource's objective was to identify the technically optimal and viable solution that would enable such additional DG interconnection and maintain quality of service for both Interconnecting Customers and distribution customers (Exh. ES-Engineering Panel-1 (Revised), at 27: 12-15), Eversource designed the CIP Proposal only to interconnect the 49 MWs of DG in the Group Study (Exh. ES-Engineering Panel-1 (Revised), at 27: 16-20; Tr. 1, at 171: 9-15 "*all the upgrades that we have proposed are only to mitigate the constraints identified by the 49 MVA in aggregate.*"). However, the CIP Proposal will

²¹ The substation saturation is a recent phenomenon (Tr. 1 at 158: 19-21) that, not surprisingly, coincides with the legislature's enactment of laws over the past few years designed to address climate change and foster the large-scale infusion of DG onto the electric grid.

enable an additional 91 MWs of DG above and beyond the projects in the Group Study (Exh. ES-Engineering Panel-1 (Revised), at 28: 4-7; Exh. DPU 1-16) for a total enabled DG capacity of 140 MW. As discussed in more detail below, the proposed upgrades also provide substantial additional capacity that will be utilized solely by distribution customers.²²

Eversource estimates the cost of the CIP Proposal is \$119.7M (Exh. ES-Engineering Panel-1 (Revised), at 33: 8-9). If the estimated \$119.7M cost is allocated solely among the 140 MW of enabled DG capacity, the estimated CIP fee would be \$855/kW (Exh. NECEC-CCSA 2-2) -- a cost per-kW far in excess of the \$500/kW that the Department found to be the maximum cost that would likely result in DG enabled by a CIP to interconnect.²³ As a result, no new DG will interconnect in this area due to excessively high interconnection costs (Exhibit ES-Engineering- Rebuttal-1, at 42), thereby jeopardizing the Commonwealth's decarbonization efforts.

Moreover, the projects representing the 140 MW of enabled DG capacity will not be the only beneficiaries of the Proposed CIP, as distribution customers will also receive numerous benefits from the additional capacity produced by the CIP Proposal's upgrades. As a result, Eversource's CIP Proposal allocates that portion of the CIP's costs that exclusively benefit distribution customers to that class. Eversource's cost allocation proposal is fully consistent with the equitable cost allocation approach adopted by the

²² Eversource's practice of using standard size transformers produces distribution capacity beyond what is needed to interconnect DG. (Tr. 1, at 138-141).

²³ *Provisional Program Order*, at 37.

Department in the *Provisional Program Order*.²⁴ That is, costs should be allocated based on the benefits received.

More specifically, the CIP Proposal's cost allocation is based on a "capacity allocation principle," whereby the costs of substation and distribution line upgrades are allocated between distribution customers and Interconnecting Customers in proportion to the load and DG capacity entitlement (Exh. ES-Engineering Panel-1 (Revised), at 56: 1-5; Exh. DPU 1-33). The costs are allocated consistent with the operational benefits to distribution customers and Interconnecting Customers resulting from the capacity upgrade (Tr. 1 at 87: 18-22). Put more simply, each group pays for the cost of the capacity reserved for their exclusive use. Eversource's cost allocation approach is grounded upon principles of fairness (Exh. DPU 1-33 "cost should be 'fairly' allocated amongst all customers who benefit from comprehensive system upgrades"), and its implementation is firmly grounded in engineering principles (Tr. 1 at 87: 23-24, 88: 1-6) and is not based on future distribution customer load growth or electrification (Tr. 1, at 190: 14-19).

The record is replete with detailed evidence specifically describing the numerous benefits distribution customers will receive from the CIP upgrades.²⁵ These benefits can be succinctly summarized as follows: At the substation level, the operational capacity of the equivalent of one transformer is reserved to distribution customers in order to maintain safe, reliable service to such customers. Interconnecting Customers receive no

²⁴ *Provisional Program Order*, at 28-29.

²⁵ See, e.g., Exh. ES-Engineering Panel-1 (Revised), at 52 -80; Exh. Es Engineering Panel-2, Worksheet 6, Cost Allocation; Exh. ES-Engineering-Rebuttal-1, at 30-39; Exhs. DPU 1-12; 1-17; 1-33;1-34;1-36; 2-8; 3-14; 3-19; 4-1; AG-1-4; 1-5; 1-6; Tr. 1, *passim*; Tr. 2, at 203-239.

benefit from this capacity and hence, it is not equitable that they should be forced to pay for it. (Tr. 2, at 225-226). This reserved operational capacity will enhance the reliability of the distribution system for distribution customers and will provide capacity for future electrification. At the distribution feeder level, allocation to distribution customers is based on the feeder capacity reserved for maintaining headroom and for reliable operational switching (which ensures that distribution customers can still be served during planned or forced outage conditions using switching devices to reconfigure the system), with headroom to remain specifically available to the local townships and resulting customer load composition.

Overall, distribution customers receive the following benefits that will improve overall system reliability: (a) operational flexibility, (b) circuit customer count reduction and customer sectionalization, which will allow fewer customers experiencing an outage, and (c) additional capacity on the system that readies the system to allow for additional peak load growth. Finally, the upgrades further the Commonwealth's decarbonization and clean energy goals, which were designed to benefit the citizens of Massachusetts, including all distribution customers. Again, it must be emphasized that Interconnecting Customers will not receive any benefits from the capacity upgrades allocated to distribution customers. (Tr. 1, at 100: 15-23).²⁶

Accordingly, Eversource accurately allocated the CIP costs based on who benefited from them -- the cost allocation approach adopted in the *Provisional Program*

²⁶ Mr. Martinez testified as follows: "We are not allowing the system to be fully subscribed by generation. So in essence, we're actually taking that capacity away from the generation, from the DG, so that it is not fully subscribed. So, no, they're not benefiting from that capacity, actually, because in order to have a reliable system, we're taking that capacity away. We're not letting the system fully subscribe, of DG" ((Tr. 1, at 100: 15-23).

Order. Eversource provided undisputed engineering analysis that tracked specific CIP upgrades to either Interconnecting Customers or distribution customers, with Interconnecting Customers allocated all upgrade costs necessary to interconnect them safely and reliably and Distribution customers allocated only the costs of the upgrades reserved for them in order to enhance system reliability and allow for increased electrification.²⁷

Finally, it should be noted that absent the Provisional Program, it is highly likely that the substations and feeders that are the subject of the CIP Proposal would still need to be upgraded in the future (Exh. DOER-ES 1-3); (Tr. 1, at 127: 19-24 “*we’re 3 megawatts away from a substation capacity upgrade being triggered as part of our distribution capital.*”). In that event, all upgrade costs would be paid by distribution customers (Exh. DOER-ES 1-3 “*[w]ithout the proposed Marion-Fairhaven CIP Program upgrades, the Company would seek to recover these costs by funding such projects as Capital projects which would be recovered as a component of rate base in a future base distribution rate case proceeding*”) (Tr. 1, at 128: 4-8 “*[s]o that’s why we feel like this same cost allocation methodology that we’ve adopted is no different than any other distribution capital upgrade that we make, and with the costs and benefits accrued to the distribution customers*”).

Thus, it is clear that the upgrades contained in the CIP Proposal are the type of upgrades that would typically be funded by distribution customers through distribution capital proceedings, so having distribution customers pay for improving EPS capacity and reliability is not a new concept. What is new is the framework established by the

²⁷ At the hearing, Eversource witness Chatterjee testified that Eversource was “very conservative in how [it is] allocating the benefits to distribution customers” (Tr. 1, at 126: 21-22).

Department in its *Straw Proposal* and *Provisional Program Order*. Such framework moves beyond the Cost Causation Principle so that the EPS upgrades can be designed and constructed holistically, and the costs of EPS upgrades can be shared by multiple beneficiaries, *i.e.*, the costs of the CIP upgrades will be allocated to all those who benefit from them. Here, both sets of customers derive distinct benefits from the CIP Proposal. Eversource's cost allocation proposal fairly and equitably allocates the costs of the CIP commensurate with the benefits each receives and is therefore consistent with the *Provisional Program Order*.

B. If the Department Does Not Approve Eversource's Cost Allocation Between Interconnecting Customers and Distribution Customers, the Cost to Interconnect Will Exceed the Department's Established Threshold at Which DG Projects Can Interconnect

During the Department's investigation in D.P.U. 20-75, the electric distribution companies indicated, based on historical data, that the threshold at or which Interconnecting Customers have paid to interconnect is typically less than \$100/kW and that only a small handful of facilities have ever paid more than \$500/kW to interconnect.²⁸ In addition, DG stakeholders indicated that it would be difficult to keep their DG facilities viable if the cost for interconnection is higher than \$200/kW to \$300/kW.²⁹ Accordingly, based on its review of such cost information, the Department found that \$500/kW is the maximum cost-per-kW that likely would result in DG enabled by a CIP to interconnect and therefore required the electric distribution companies to only

²⁸ *Provisional Program Order*, at 36.

²⁹ *Provisional Program Order*, at 36.

submit proposed CIPs for Department review that would result in a cost to Interconnecting Customers of \$500/kW or less.³⁰

Eversource's proposed cost allocation between Interconnecting Customers and Distribution Customers results in a CIP Fee of \$385/kW (Exh. ES-Engineering Panel-1 (Revised), at 37: 1). However, the \$385/kW CIP Fee is subject to a cost envelope of plus or minus 25% (Tr. 3, at 462: 6-12). As a result, the CIP Fee that Interconnecting Customers would be responsible for could be as high as \$481/kW³¹ (Tr. 3, at 462: 15-18). Nevertheless, even at the highest end of the envelope, Eversource's proposed cost allocation results in a CIP Fee under the Department's \$500/kW threshold.³²

³⁰ *Provisional Program Order*, at 37.

³¹ DG developers interconnecting in the Marion-Fairhaven area will be paying Eversource additional interconnection costs that are not included in the CIP Fee. Specifically, the proposed CIP Fee does not include point of interconnection costs that projects seeking to interconnect will also have to pay to Eversource. For the projects in the Group Study, these costs range from \$171,708 to \$531,020 (Exh. DPU 1-28) and are also subject to the 25% plus or minus cost envelope (Tr. 3, at 470: 16-18). The proposed CIP Fee also does not include transmission upgrade costs in the approximate amount of \$27,000,000 that could be allocated to some or all of the projects in the Group Study (Exh. ES-Engineering Panel-1 (Revised), at 53: 9; Exh. MFG-1-11; Tr. 3, at 470:19-24, 471: 1). While Eversource believes that there is a very low likelihood that such costs will in fact be assessed to the Group Study members (Tr. 3, at 471: 10-15), it acknowledges that at the time Group Study members execute an interconnection service agreement, the Group Study members will not know for certain whether any of these transmission costs (which will increase overall interconnection costs) will be assessed to them (Tr. 3, at 471: 15-20).

³² Eversource proposes to treat the CIP Fee as a contribution in aid of construction ("CIAC") (Exhibit ES-ANB-1, at 6: 18-19). As a result, Eversource will be collecting a CIAC carrying charge with respect to the CIP Fee (Exh. NECEC-CCSA 1-13). Eversource's 2022 CIAC carrying charge factor is 1.1479, which, when applied to the CIP Fee of \$385 per kW, results in payments from Interconnecting Customers equaling \$442 per kW (Exh. NECEC-CCSA 1-13). In *Petition of NSTAR Electric Company and Western Massachusetts Electric Company, each doing business as Eversource Energy, Pursuant to G.L. c. 164, § 94 and 220 CMR 5.00 et seq., for Approval of General Increases in Base Distribution Rates for Electric Service and a Performance Based Ratemaking Mechanism, DPU 17-05-B*, the Department stated that it expected to open a generic proceeding to establish a uniform policy regarding the tax treatment of CIAC carrying charges and make determinations as to whether electric distribution companies should: (1) have collected CIAC carrying charges; (2) issue refunds to interconnected customers; and (3) exclude such charges for future interconnecting customers (*DPU 17-05-B*, at 260). The DG Intervenor respectfully request that the Department open such generic proceeding, as CIAC carrying charges continue to be a critical issue for Interconnecting Customers.

However, if the Department does not authorize Eversource to allocate any upgrade costs to distribution customers, the CIP Fee would be \$855/kW (Exh. NECEC-CCSA 2-2) and could be considerably higher under the plus/minus 25% cost envelope. Even if the Department adopted the Attorney General's proposed cost allocation (80% to 20% split between Interconnecting Customers and distribution customers, respectively) (Exh. AG-NACS-1, at 28: 14-16), the CIP Fee would be \$704/kW (and even higher accounting for the plus/minus 25% cost envelope). Both of these alternative CIP Fees³³ are well over the \$500/k/W maximum threshold set by the Department, and will result in DG projects withdrawing from the interconnection process (Exhibit ES-Engineering-Rebuttal-1, at 42), thereby jeopardizing the Commonwealth's ability to reach its legally mandated decarbonization targets.

Accordingly, Eversource's proposed cost allocation between Interconnection Customers and distribution customers resulting in a CIP Fee of \$385/kW is the only cost allocation proposal in the record that meets the \$500/kW CIP Fee threshold the Department established in the *Provisional Program Order*.

III. IF THE CIP PROPOSAL IS APPROVED, IT IS LIKELY THAT THE FULL AMOUNT OF THE 140 MW ENABLED BY THE CIP WILL INTERCONNECT

At the evidentiary hearings, Department staff asked whether it is likely that the full amount of the 140 MW enabled by the CIP Proposal will in fact interconnect (*See, e.g., Tr. 2, at 303:11-17*). The 140 MW can be separated into two parts -- the 49 MW in the Group Study and the 91 MW of additional enabled capacity (which includes the 32 MW immediately behind the Group Study members in the interconnection queue). For

³³ Eversource's CIAC carrying charge factor (1.1479 in 2022) would also be applied to these alternative CIP Fees.

the reasons set forth below, the DG Intervenors respectfully submit that it is likely that all 140 MW will interconnect.

49 MW in Group Study

It is clear that the 49 MW in the Group Study will move forward if the CIP Proposal as filed (with the DG Intervenors' recommendations described Section IV below) is approved by the Department. The MFGSC comprises 46 of the 49 MW in the Group Study. Approximately 60% of the projects have been in the interconnection queue since 2018, 30% since 2019, and the remainder since 2020 (Exh. RR-DPU-8). All the projects have been investing funds to develop and maintain the respective projects in addition to payments of costs for Eversource to conduct distribution and transmission group studies. Such development activities include items such as permitting, land costs and third party legal and consultant costs. The average expenditure for these third-party items varies considerably, but averages over \$100,000. The great majority of the investment is in the form of internal resources that are not tracked (Exh. RR-DPU-8).

These are non-refundable, at-risk investments that will generate no return if the projects are unable to interconnect. The members of the MFGSC intervened in this proceeding expressly due to their desire to move forward with their projects. As intervenors, they actively participated in both the discovery and hearing phase of this proceeding. If the CIP Proposal is approved by the Department as filed (with the DG Intervenors' proposed modifications and additions more particularly described below), the developers who own/operate the projects in the MFGSC intend to sign interconnection service agreements with Eversource and move forward with their respective projects (Exh. RR-DPU-8 (amended)).

Additional Enabled 91 MW

As described above, Massachusetts has a legally binding mandate of achieving overall net zero GHG emissions by 2050 (with legally binding interim emissions reductions targets that must be met along the way to 2050).³⁴ The Commonwealth's Decarbonization Pathways Report All-Options pathway calls for 16.23 GW of solar by 2050, but currently, there is only approximately 3 GW installed in Massachusetts (Exh. ES-Engineering-Rebuttal-1, at 41: 16-17). Simply put, the Commonwealth is nowhere near the needed capacity to achieve its objectives (Tr. 2, at 307: 23-24, 308: 1-2). Thus, there is no dispute that many more GW of solar energy must be installed in the Commonwealth.

However, there is only a limited area where ground-mounted solar can be installed. Specifically, in Eversource's system, areas with very little load have substantial DG penetration, while areas with heavy load (mostly urban locations) have very little DG penetration (Tr. 1, at 66: 5-7). This is a function of land availability and other siting issues, but it is also a function of the capability of Eversource's stations, as a number of them are urban stations, which do not have the capability to adopt large scale ground mounted solar (Tr. 2, at 307: 12-15).

One such area that can accommodate future ground-mounted solar is Eversource's southeastern Massachusetts territory, which includes the Marion-Fairhaven substations. However, the majority of these substations are saturated, including the Marion-Fairhaven substations (Exh. ES-Engineering-Rebuttal-1, at 41: 10-11). Once saturation limits are reached, interconnection costs skyrocket (Tr. 2, at 340: 1). The risk and uncertainty of

³⁴ *Climate Act* (St. 2021, c. 8)

interconnection costs is a primary barrier to solar development (Tr. 2, at 339: 8-13). The CIP Proposal, with its fixed interconnection fee and a maximum four-year construction timeline, critically changes the risk equation, as all future Interconnecting Customers will know exactly what their interconnection cost will be and when they can interconnect (Tr. 2, at 337: 18-23).

In contrast, as described above, interconnection costs at other locations outside of a CIP area, especially where solar saturation limits are reached, can be significant and cannot be fully estimated before an interconnection request is filed, and an impact study is performed (Exh. AG-2-18). This poses a significant project risk (Exh. AG-2-18). With a fixed CIP Fee, Interconnection Customers can optimize their project location to minimize risk and costs. Further, the fixed CIP Fee will likely reduce the time to interconnect, especially for projects where upgrades would be required, as all major upgrades needed to interconnect the project safely and reliably would already be constructed (Exh. AG-2-18). As a result, Interconnection Customers interconnecting within a CIP with a fixed \$/kW rate significantly de-risk their projects. They can build reliable project financial projections and do not need to bake risk assumptions into their plans to account for potential significant interconnection costs or unknown study and construction timelines that can lead to project termination (Exh. ES-Engineering-Rebuttal-1, at 41: 21-22, 42: 1-2).³⁵

³⁵ The 32 MW in the interconnection queue immediately behind the Group Study are “known projects” (Exh. DPU 1-2). These projects all entered the interconnection queue after the Group Study commenced (more than two years ago) and have remained in the queue despite the delay. Similar to the MFGSC members, the developers of the 32 MW group of projects also undoubtedly have made non-refundable, at-risk investments that will generate no return if the projects are unable to interconnect. Accordingly, these projects are in a generally similar situation as the Group Study projects (Tr. 2, at 334: 19-21) and therefore should be assessed a similar likelihood of interconnecting (Tr. 2, 336: 12-17).

Thus, approving a CIP with a fixed \$385/kW CIP Fee will provide forward visibility on interconnection costs and timeframe, making it much more likely that the 91 MW of enabled DG capacity will interconnect.³⁶

IV. THE DEPARTMENT SHOULD INCLUDE THE FOLLOWING MODIFICATIONS TO THE CIP PROPOSAL

CIP Fee Payments by Interconnecting Customers Should be More Closely Aligned with Eversource's CIP Cash Expenditures

In the event the Department approves the CIP Fee, Eversource recommends that the Group Study members subject to the CIP Fee make their first 50% payment within ten business days of executing their interconnection service agreement ("ISA") and submit the remaining 50% to Eversource within six months of executing their ISA (Exh. DPU-22-47). Thus, under this proposal, Group Study members will be paying 100% of the CIP Fee in 2023 (Tr. 3, at 472: 9-12), which would result in Eversource collecting \$18,865,000 (49 MW x \$385) from the Group Study Members in 2023 (Tr. 3, at 473: 21-23). However, Eversource estimates that its cash flow of CIP expenditures in 2023 will only be \$2,861,000 (Exh. RR-MFG-1). As a result, in 2023, Group Study members will be collectively paying Eversource \$16,004,000 more than Eversource will be expending on CIP work in that year.

This cash flow misalignment puts an unnecessary financial burden on Group Study members and is unreasonable. Accordingly, the DG Intervenors propose the following alternative CIP Fee payment timeline that better aligns the CIP payments with

³⁶ The Attorney General's witnesses contend, without any supporting evidence, that a CIP Fee of \$385/kW will dissuade Interconnecting Customers from interconnecting in the Marion-Fairhaven area and will instead incentivize interconnection in a non-CIP area where "they could be charged zero" (Tr. 3, at 538: 12-24, 539: 1-6). This is a flawed assumption that assumes there are other areas in Eversource's system where hosting capacity for large ground-mounted solar facilities is adequate and corresponding interconnection costs are minimal. The evidentiary record demonstrates that these areas simply don't exist in Eversource's EPS (Exh.ES-Engineering-Rebuttal-1, at 42: 7-9).

Eversource's CIP cash flows, while still ensuring that Eversource receives the bulk of the CIP Fee payments by 2025 -- the year that a significant portion of its cash flows will commence (Exh. MFG-1-8): Group Study members pay 25% of the CIP Fee within 30 business days of ISA execution; 25% of the CIP Fee by December 31, 2023; 25% by the earlier of December 1, 2024, or the commencement of long lead procurement in 2024; and 25% by the earlier of December 1, 2025 or the commencement of construction. A similar sequencing can be designed for the projects in the remaining enabled 91 MW (initial 25% is due within 30 business days of ISA execution and the balance of costs aligned with the timeline of Marion-Fairhaven CIP implementation if still ongoing and/or 75% due within the normal Tariff timeframes if the Marion-Fairhaven CIP is in-service). In addition, the DG Intervenors propose that individual Group Study members' Point of Interconnection costs be paid under the same schedule.

Issuance of ISAs

The DG Intervenors recommend that the Department require Eversource to issue ISAs within 10 days of Department approval of the CIP Proposal. The ISAs should be issued to all Group Study members simultaneously in order to provide for a fair and orderly process for the DG projects to obtain Preliminary Statements of Qualification for the SMART Program. The ISAs should include the currently anticipated CIP Schedule, including high-level milestones for engineering, procurement, construction and in-service dates. The DG Intervenors also recommend that Eversource issue conditional ISAs for those projects in the Group that are currently in an ASO study, or in the alternative, issue an ISA for those projects within ten days of ISO-NE Reliability Committee Approval.

Streamlined Process for Approving Changes to Projects in the Marion-Fairhaven Group Study

At the evidentiary hearing, Eversource's witness confirmed that, in the event the Department approves the CIP Proposal, Section 3.4.1(j) of its Interconnection Tariff (requiring all Group members to consent to certain changes to an individual member's project) would be irrelevant (Tr. 3, at 483: 18-24, 484: 1-3). Eversource's witnesses also agreed that given how long the projects in the Group Study have been in the interconnection queue, it is reasonable to expect that the projects will have undergone changes including (a) In-Kind Changes to Inverters, (b) Reductions in AC size, (c) Changes from AC to DC coupled solar + storage, and (d) Change in Point of Interconnection (Tr. 3, at 484: 4-19; Exh. MFG-3-8).³⁷

In Exh. MFG-3-8, Eversource described the process and criteria that it will use to evaluate such changes. At the evidentiary hearing, the Eversource witnesses agreed that the Company could establish a streamlined process to these project changes and asked the DG Intervenors to provide a suggested process (Tr. 3, at 485-487). Accordingly, the DG Intervenors propose that Eversource review a proposed project change from an Interconnecting Customer within 5 business days of receiving notice of such change and identify any additional information required to review the request, with all modification

³⁷In-Kind Changes to Inverters are necessary, as inverter manufacturers phase out models every few years and the project models that Eversource studied are likely not able to be acquired. Reductions in AC size are necessary because in many cases project size may have been reduced during the permitting process. Changes from AC to DC coupled solar + storage have no impact on the AC capacity of a project. AC coupled solar + storage requires several more poles than DC coupled solar + storage. The pole and metering design standards for SMART projects were only made available in 2021. Now that the AC coupled solar + storage pole design requirements are available, certain municipalities have requested solar developers to limit pole visibility and pole quantities, so the ability to change from AC to DC coupled solar + storage will assist solar developers during the local permitting process.

reviews and necessary updates to utility documentation taking place within 30 business days from receipt of such additional information.

Phased Project Interconnection

Eversource acknowledged that some DG projects might be able to interconnect before full completion of the CIP (“Phased Interconnection”) (Tr. 3, at 450: 15-19, 488-491). If the Department approves the CIP Proposal, the DG Intervenors request that the Department’s order include a requirement that Eversource, within 30 business days after the conclusion of the CIP’s detailed design and engineering, (i) make an assessment as to which projects, if any, can be interconnected prior to completion of the CIP (“Phased Projects”), and (ii) in coordination with the Group Study members, establish a schedule for such Phased Interconnection that will allow for an expedited PTO of the Phased Projects (Tr. 3, at 488-491).

SMART Incentive Block Reservations

Under the SMART Program’s Statement of Reservation Period Guideline, a project that reserves a SMART Program incentive block by obtaining a Preliminary Statement of Qualification (“SOQ”) has twelve months to implement its project (i.e., completion of project construction and authorization to interconnect) or its Preliminary SOQ is revoked. Projects can purchase a six-month extension and can be further extended for an additional twelve months for “good cause.” In the event the Department approves the CIP, the Group Study projects will commence the process of obtaining Preliminary SOQs. However, due to the CIP construction timeline, the projects will not be able to interconnect for several years, thereby jeopardizing their incentive block reservations. Accordingly, in the event the Department approves the CIP Proposal, the DG Intervenors request that the Department’s order request that the Department of

Energy Resources (“DOER”), an intervenor in this proceeding, amend its SOQ Reservation Guideline and establish a procedure that will allow projects interconnecting in a CIP area that have obtained a Preliminary SOQ to have their reservation periods extended indefinitely pending the completion of the CIP.

Process for Additional Group Studies in Marion-Fairhaven Area

Finally, in the event the Department approves the CIP, the DG Intervenors request that the order require Eversource to establish a process for additional projects to be studied in a future Marion Fairhaven Group Study, if necessary, such that the enabled MVA can be subscribed and utilized as quickly as expeditiously as possible. In that regard, in the event that Eversource continues to utilize group studies in the Marion-Fairhaven area, Eversource should be required to identify an annual window for such Marion-Fairhaven group study applications and proceed expeditiously with those studies subject to the requirements in Eversource’s Interconnection Tariff.

V. **CONCLUSION**

For the reasons set forth above, the Department should approve Eversource's Marion-Fairhaven CIP Proposal with the modifications and recommendations as set forth in this brief.

Respectfully submitted,

THE NORTHEAST CLEAN
ENERGY COUNCIL, INC., THE
COALITION FOR COMMUNITY
SOLAR ACCESS, INC. AND THE
MARION-FAIRHAVEN GROUP
STUDY COALITION

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COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

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NSTAR Electric Company d/b/a)
Eversource Energy Marion-Fairhaven)
Capital Investment Project Proposal)
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding in accordance with the requirements of 220 C.M.R. 1.05(1).

Respectfully submitted,



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Dated: September 7, 2022