

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 22-47

December 30, 2022

Petition of NSTAR Electric Company d/b/a Eversource Energy for approval by the Department of Public Utilities of the Company's Marion-Fairhaven capital investment project proposal under the Provisional Program established by the Department in Provisional System Planning Program, D.P.U. 20-75-B (2021).

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TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	Background	1
B.	Procedural History	5
II.	DEFINITIONS	7
A.	Section 1.2	7
B.	Section 3.0	9
III.	COMPANY PROPOSAL	10
A.	Introduction	10
B.	Engineering Solution	11
C.	Proposed Cost Allocation and Cost Recovery.....	14
IV.	ATTORNEY GENERAL PROPOSAL.....	17
A.	Introduction	17
B.	Cost Allocation.....	18
C.	Metrics.....	20
D.	Long-Term Planning Framework.....	21
E.	Coordinated System Planning	22
V.	POSITIONS OF THE PARTIES	22
A.	Attorney General.....	22
B.	DG Intervenors.....	29
1.	Introduction	29
2.	Cost Allocation.....	30
3.	Utilization of Enabled DG	34
4.	DG Intervenors' Proposed Modifications to Company's M-F CIP Proposal	35
5.	Other Issues.....	39
C.	DOER.....	40
1.	Company's M-F CIP Proposal	40
2.	Company's Cost Allocation Proposal	41
3.	Long-Term Planning Framework.....	41
4.	DG Intervenors' Proposed Modifications to Company's M-F CIP Proposal	43
D.	Company	43
1.	Introduction	43
2.	Cost Allocation.....	43
3.	Utilization of Enabled DG	47
4.	Cost Overages	47
5.	Intervenor Proposals	49
6.	Other Issues.....	53
VI.	DEPARTMENT'S AUTHORITY.....	54

- VII. ANALYSIS AND FINDINGS57
 - A. Eligibility Criteria57
 - 1. Introduction57
 - 2. Analysis and Findings58
 - 3. Conclusion71
 - B. Proposed Infrastructure Upgrades and Cost Estimates72
 - C. Cost Assignment and Recovery Proposals73
 - 1. Introduction73
 - 2. Analysis and Findings76
 - D. Assignment of Cost Overages96
 - 1. Introduction96
 - 2. Analysis and Findings98
 - B. DG Intervenor’s Proposed Modifications 100
 - 1. Introduction 100
 - 2. CIP Fee Payment Schedule 101
 - 3. Issuance of ISAs 104
 - 4. Project Changes 107
 - 5. Phased Project Interconnection..... 110
 - 6. SMART Program Incentive Block Reservations..... 112
 - 7. Future Marion-Fairhaven Group Study..... 113
 - E. Reporting Metrics 114
 - F. Additional Considerations 116
 - 1. Community Outreach Plan 116
 - 2. Notification of CIP Fee to Enabled Interconnecting Customers 117
 - 3. Pre-Application Report and Hosting Capacity Maps 118
 - 4. Transparency and Communication of Provisional Program and Marion-Fairhaven CIP Process 119
- VIII. ORDER..... 120

I. INTRODUCTION

A. Background

On April 15, 2022, NSTAR Electric Company d/b/a Eversource Energy (“Eversource” or “Company”) submitted to the Department of Public Utilities (“Department”) for review and approval a Capital Investment Project (“CIP”) proposal for the Marion-Fairhaven Group Study (“M-F CIP Proposal”) in accordance with the Department’s directives in Provisional System Planning Program, D.P.U. 20 75-B (2021). The Marion-Fairhaven Group Study is one of seven Affected Group Studies¹ in Eversource’s service territory for which the Company may file a CIP proposal if certain criteria are met. D.P.U. 20-75-B at 26-27 n.27. The Department docketed this matter as D.P.U. 22-47.

¹ “Affected Group Studies” refers to a large portion of distributed generation Group Studies currently in the interconnection queue facing significantly higher than average interconnection costs. D.P.U. 20-75-B at 26. Eversource identified the following Affected Group Studies in D.P.U. 20-75: (1) Marion-Fairhaven; (2) Plymouth; (3) Cape Cod; (4) Freetown; (5) Dartmouth-Westport; (6) New Bedford; and (7) Plainfield-Blandford. D.P.U. 20-75-B at 26-27 n.27.

Currently, if a distributed generation (“DG”)² facility, such as a solar facility, requires an electric distribution company³ (singularly “Distribution Company,” collectively “Distribution Companies”) to upgrade the electric power system (“EPS”) for the DG facility to interconnect to the EPS, the DG facility is responsible for the full cost of that upgrade.⁴

Historically, small DG facilities subject to the “Simplified Process” pursuant to the Standards

² For the purposes of this Order, the Department intends the term DG to refer to any type of facility that must submit an application under the Company’s Standards for the Interconnection of Distributed Generation Tariff, regardless of whether the interconnecting facility actually generates electricity. These facilities include certain types of solar and energy storage systems. The Company and intervenors use the acronym DER throughout their filings; however, during evidentiary hearings the Company stated that the acronyms DER and DG are used interchangeably within this docket (Tr. 2, at 255-256). For the sake of consistency throughout this Order we use the acronym DG unless reciting a direct quotation from the record that includes DER.

³ The Distribution Companies are Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”), Eversource, and Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid (“National Grid”).

⁴ In setting rates for utility service and otherwise providing for the recovery of costs by utilities, the Department applies the basic principle of cost causation; that is, the entity responsible for the cost to be incurred is responsible for payment of the costs (cost responsibility follows cost incurrence) (“Cost Causation Principle”). See, e.g., Aquarion Water Company of Massachusetts, D.P.U. 08-27, at 167 (2009); Gas Unbundling, D.T.E. 98-32-B at 31 (1999); Boston Gas Company, D.P.U. 96-50 (Phase I), at 133-134 (1996); Electric Industry Restructuring, D.P.U. 96-100, at 51 (1996); Boston Gas Company, D.P.U. 93-60, at 331-337, 410, 432 (1993); Boston Edison Company, D.P.U. 1720, at 114 (1984); Generic Investigation of Rate Structures, D.P.U. 18810, at 14 (1977). In instances of public policy or where other discernable beneficiaries are identified, costs might be assigned and recovered from ratepayers other than just the entity responsible for the cost incurrence. Distributed Energy Resource Planning and Cost Assignment, D.P.U. 20-75, at 3 (2020); see, e.g., transition costs, G.L. c. 164, § 1G, energy efficiency, G.L. c. 25, § 19(a), renewable energy, G.L. c. 25, § 20(a), or net metering, G.L. c. 164, § 139(c).

for Interconnection of Distributed Generation (“DG Interconnection Tariff”) have not been required to pay for EPS modification costs beyond rare instances where significant upgrades are triggered. Pursuant to Section 3.0 of the DG Interconnection Tariff, the Simplified Process is for “Listed inverter-based Facilities with a power rating of 15 kW or less single phase or 25 kW or less three-phase depending on the service configuration, and located on radial EPSs under certain conditions” (“Small DG”).⁵ Here, when we refer to DG triggering EPS upgrades, we refer to Large DG⁶ installations.

Through the Department’s investigation in D.P.U. 20-75, we determined that it is critical to explore methods and policies that enhance the Commonwealth’s EPS as we meet the goals of An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy, St. 2021, c. 8 (“2021 Climate Act”) and the Massachusetts 2050 Decarbonization Roadmap⁷ while ensuring a safe and reliable electric distribution system. D.P.U. 20-75-B at 1. In D.P.U. 20-75-B, the Department established a new, provisional framework for planning and funding these upgrades to the EPS to foster timely and cost-effective development and

⁵ For the purposes of this Order, Small DG refers to installations completed under the Simplified Process (i.e., with a power rating of 15 kilowatts (“kW”) or less single-phase or 25 kW or less three-phase).

⁶ For the purposes of this Order, Large DG refers to installations completed under the Expedited or Standard Process (i.e., greater than 15 kW single-phase or greater than 25 kW three-phase). The Company refers to these types of installations as “ground-mounted,” discussed further below.

⁷ On December 21, 2022, the Commonwealth released its updated Clean Energy and Climate Plan for 2050 (<https://www.mass.gov/doc/2050-clean-energy-and-climate-plan/download>).

interconnection of DG through an alternative method (“Provisional Program”).

D.P.U. 20-75-B at 42. The Provisional Program is intended to provide a pathway for many solar and energy storage system (“ESS”) projects currently in the interconnection queue that may not be able to move forward due to significantly higher than historical interconnection costs. D.P.U. 20-75-B at 2. The Provisional Program allows the Distribution Companies to file certain EPS infrastructure upgrade proposals⁸ with the Department that limit the interconnection costs allocated to these DG facilities. D.P.U. 20-75-B at 2. Under the Provisional Program, the costs of the EPS upgrade (the CIP) may be funded by both the interconnecting DG facilities and all ratepayers of the Distribution Company.

D.P.U. 20-75-B at 2, 8, 33-34. While ratepayers would initially pay a portion of the costs of the CIP through a charge on their electric bills, ratepayer costs would be offset when each DG facility that is able to interconnect due to the upgrade to the EPS pays a pro rata share of the costs of the CIP. D.P.U. 20-75-B at 2, 8, 33-34. Costs collected from those DG facilities would be returned to ratepayers via a reconciling mechanism. D.P.U. 20-75-B at 2, 7-8.

The Department anticipates that future EPS infrastructure upgrades, not covered by the Provisional Program, will be addressed in each Distribution Company’s electric sector modernization plan pursuant to An Act Driving Clean Energy and Offshore Wind, St. 2022,

⁸ We directed the Distribution Companies to file CIP proposals that are based on D.P.U. 20-75, Att. A, the Department’s cost assignment and cost recovery methodology (“Department’s Methodology”).

c. 179, § 53 (“2022 Clean Energy Act”). Cost recovery for these future EPS infrastructure upgrades will be pursuant to newly enacted G.L. c. 164, § 92B(d). St. 2022, c. 179, § 53.

B. Procedural History

As stated above, on April 15, 2022, Eversource filed its M-F CIP Proposal for the Marion-Fairhaven Group Study with the Department.⁹ On April 20, 2022, the Attorney General of the Commonwealth (“Attorney General”) filed a notice of intervention pursuant to G.L. c. 12, § 11E(a).¹⁰

On May 2, 2022, Eversource filed revised exhibits: (1) Exh. Engineering Panel-1 (Marion-Fairhaven) (Rev.); and (2) Exh. Engineering Panel-2 (Marion-Fairhaven) (Rev.), to conform with exhibits submitted in D.P.U. 22-51 through D.P.U. 22-55 (May 2, 2022, Cover Letter).

⁹ On April 29, 2022, Eversource filed five additional CIP Proposals to address EPS upgrades triggered by the Freetown, Plainfield-Blandford, Dartmouth-Westport, Plymouth, and Cape Cod Group Studies. The Department has docketed these proceedings as D.P.U. 22-51, D.P.U. 22-52, D.P.U. 22-53, D.P.U. 22-54, and D.P.U. 22-55, respectively. Because each Eversource proceeding pertains to a specific Group Study area, the Department will issue a separate decision in each of the dockets.

¹⁰ On May 20, 2022, the Department approved the Attorney General’s notice of retention of experts and consultants, filed pursuant to G.L. c. 12, § 11E(b), to assist her in representing consumer interests in this case at a cost not to exceed \$150,000, D.P.U. 22-47, Attorney General’s Notice of Retention of Experts or Consultants, Stamp-Approved (May 20, 2022). The costs incurred by the Attorney General in this proceeding are reimbursed by Eversource, and the Company then passes these costs on to ratepayers. NSTAR Electric Company, Attorney General Consultant Expenses tariff, M.D.P.U. No. 70C.

On May 17, 2022, the Department granted petitions to intervene as full parties filed by the Massachusetts Department of Energy Resources (“DOER”), Marion-Fairhaven Group Study Coalition, the Northeast Clean Energy Council, Inc. and the Coalition for Community Solar Access, Inc. (collectively, these three parties are referred to as “DG Intervenors”). On May 17, 2022, the Department also granted limited participant status to National Grid and to Unitil.

Pursuant to notice duly issued, and in accordance with certain ongoing safety measures and precautions relating to in-person events as a result of the COVID-19 pandemic, the Department held a virtual public hearing on May 19, 2022.¹¹ The Department held three days of virtual evidentiary hearings from August 10, 2022 through August 12, 2022.

In support of its filing, the Company sponsored the testimony of the following witnesses, all of whom were employed by Eversource Energy Service Company:

(1) Digaunto Chatterjee, vice president, system planning; (2) Lavelle A. Freeman, director, distribution system planning; (3) Juan F. Martinez, manager, distribution system planning; (4) Gerhard Walker, manager, advanced forecasting and modeling; (5) Ashley N. Botelho, acting director, revenue requirements;¹² (6) Douglas Horton, vice president, distribution rates and regulatory requirements; and (7) Bryan Stascavage, senior analyst, revenue requirements.

¹¹ The Department received oral and written comments during the public comment period.

¹² On August 9, 2022, Eversource notified the Department that, because of a scheduling conflict Ms. Botelho would be unavailable to testify at the evidentiary hearings and that her testimony, supporting exhibits, and responses to information requests would

The Attorney General sponsored the testimony of the following witnesses: (1) Ronald Nelson, senior director at Strategen Consulting; (2) Eli Asher, manager, regulatory innovation at Strategen Consulting; (4) Jorge Camacho, electrical engineer at MAXeta Energy; and (5) Fred Schaefer, principal at Cadeo Group.

On September 7, 2022, Eversource, the Attorney General, DOER, and the DG Intervenors filed initial briefs. On September 16, 2022, Eversource, the Attorney General, DOER, and the DG Intervenors filed reply briefs. The evidentiary record consists of approximately 301 exhibits and responses to 19 record requests.

II. DEFINITIONS

The following capitalized terms are used in this Order as they are defined in the DG Interconnection Tariff.¹³

A. Section 1.2

“Affected System” shall mean any distribution or transmission EPS, other than the Company EPS, for which the stability reliability or operating characteristics may be significantly affected by the proposed Facility.

“Affected System Operator” or “ASO” shall mean the person or entity operating an Affected System.

be adopted by Mr. Horton and Mr. Stascavage. Mr. Horton and Mr. Stascavage had not submitted written testimony.

¹³ Each Distribution Company has a DG Interconnection Tariff approved by the Department. The Company’s currently effective DG Interconnection Tariff is M.D.P.U. No. 55A; Unitil’s currently effective DG Interconnection Tariff is M.D.P.U. No. 375; and National Grid’s currently effective DG Interconnection Tariff is M.D.P.U. No. 1468.

“Authorization to Interconnect” shall mean an official written notification provided by the Company to the Interconnecting Customer, authorizing the Interconnecting Customer to activate and operate the Facility subject to the terms of the Interconnection Service Agreement.

“Common Study Area” shall mean a discrete portion of the Company’s EPS where the operation of multiple Interconnecting Customers’ Facilities may have cumulative impacts and/or require Common System Modifications on the Company’s EPS. The Company shall determine if Interconnection Applications fall within a Common Study Area. A Common Study Area may include, but is not limited to, an area that: (1) is fed from a common substation, or (2) is bounded by a circuit.

“Common System Modification” shall mean any System Modification that is required for more than one Interconnecting Customer’s Facility as determined by the Company.

“Company EPS” shall mean the distribution electric power system owned, controlled or operated by the Company to provide distribution service to its Customers.

“Group Study” shall mean a single study that may be performed at the same time for a Group, instead of each Interconnection Application undergoing such study separately (either sequentially or in parallel as determined by the Company). The Company may elect to commence a Group Study before or after the Preceding Study, if any, is completed. The Group Study will produce an estimate for the cost of System Modifications to the Company’s EPS within $\pm 25\%$, or, to the extent a Group unanimously requests an extended Group Study (“Extended Group Study”), the Group Study will produce an estimate for the cost of System Modifications to the Company’s EPS within $\pm 15\%$. An Extended Group Study will only be performed to the extent the Group requests such a study by unanimous consent using the Extended Group Study Consent Form at Exhibit J.

“Interconnecting Customer” shall mean the entity that owns and/or operates the Facility interconnected to the Company EPS, with legal authority to enter into agreements regarding construction or operation of the Facility.

Note: An entity that owns the Facility interconnected to the Company EPS as part of a financing arrangement, which could include the acquisition of the tax credits related to the Facility, but is neither the Customer nor the operator of that Facility, shall not be considered the Interconnecting Customer.

“Interconnection Application” shall mean the notice (which will serve as the Notice of Intent to Interconnect under 220 C.M.R. §§ 8.00 et seq. when required) provided by Interconnecting Customer to the Company in the form shown in Exhibits A and C to the DG Interconnection Tariff which initiates the interconnection process.

“Interconnection Service Agreement” (“ISA”) shall mean an agreement for interconnection service, the form of which is provided in Exhibit G, between the Interconnecting Customer and the Company. The agreement also includes terms and conditions, attachments describing the Facility, system modifications, payment terms and construction schedule (if applicable) and any amendments or supplements thereto entered into by the Interconnecting Customer and the Company.

“Pre-Application Report” is a non-binding report of certain information specific to a proposed Facility interconnection location provided to the Interconnecting Customer by the Company prior to an application.

“System Modification” shall mean modifications or additions to distribution-related Company facilities that are integrated with the Company EPS for the benefit of the Interconnecting Customer.

B. Section 3.0

“Expedited Process” shall mean, as described in Section 3.3 of the DG Interconnection Tariff, process steps for Listed Facilities from initial application to final written authorization, using a set of technical screens to determine impact on the Company EPS.

“Simplified Process” shall mean, as described in Section 3.1 of the DG Interconnection Tariff, process steps from initial application to final written authorization for certain inverter-based Facilities of limited scale and minimal apparent grid impact.

“Standard Process” shall mean, as described in Section 3.4 of the DG Interconnection Tariff, process steps from initial application to final written authorization for Facilities that do not qualify for Simplified or Expedited treatment.

III. COMPANY PROPOSAL

A. Introduction

The Marion-Fairhaven Group is the first eligible Affected Group Study completed by Eversource and its first proposed CIP (Exh. ES-Engineering Panel-1 (Rev.) at 11 n.1). The Marion-Fairhaven Affected Group Study contains 16 DG facilities totaling 48 megawatts (“MW”)¹⁴ of new generation capacity (Exh. ES-Engineering Panel-1 (Rev.) at 19 n.13).¹⁵ The Company’s proposal includes an engineering solution with upgrades to the EPS to accommodate the Group Study, as well as a cost allocation and recovery method, and associated tariff (Exh. ES-Engineering Panel-1 (Rev.) at 11).

¹⁴ The acronyms MVA (megavolt amperes) and MW are used interchangeably throughout this proceeding. For the sake of consistency, we refer to MW only throughout this Order.

¹⁵ There were 17 facilities totaling 49 MW of DG capacity in the Group Study when the Group was formed; however, one project, approximately one MW in size, has since withdrawn (Exh. AG 3-4). Thus, we will refer to the current number of facilities (16) and total MW (48) throughout this Order.

B. Engineering Solution

The Common Study Area of the Marion-Fairhaven Group Study includes four substations and the distribution/feeder line system interconnecting them: (1) Arsene Street (Substation #654), (2) Crystal Spring (Substation #646), (3) Rochester (Substation #745), and (4) Wing Lane (Substation #624) (Exh. ES-Engineering Panel-1 (Rev.) at 19). These substations collectively serve 57 MW of customer peak load and a total of 70 MW of installed, existing DG (60 MW of what the Company refers to as ground-mounted DG (Large DG)¹⁶ and 10 MW of small rooftop DG) (Exh. ES-Engineering Panel-1 (Rev.) at 19). The 48 MW of Group Study DG would bring the total DG penetration at the substations to 209 percent of peak load (Exh. ES-Engineering Panel-1 (Rev.) at 19).

Eversource includes these four substations in the M-F CIP Proposal because they are interdependent and rely on each other during emergencies as well as for day-to-day operations (Exh. ES-Engineering Panel-1 (Rev.) at 21). Eversource explains that, due to their interdependency, analysis of system constraints and upgrades are coordinated and

¹⁶ Eversource uses the term “ground-mounted” to refer to all installations completed under the Expedited or Standard process (*i.e.*, greater than 15 kW single-phase or less than 25 kW three-phase), in other words, what the Department refers to as Large DG (Exh. AG 2-19). See Notes 5 and 6 above. The Attorney General advocates for an alternative term, with an expanded definition (Attorney General Brief at 37-38). The Company agrees to include a modified definition of projects eligible for the CIP Fee to be used in the proposed tariff (Company Reply Brief at 19). Accordingly, the Company shall include a modified definition for projects subject to the CIP Fee in its Provisional System Planning Tariff as part of its compliance filing.

include analysis of additional scenarios under N-1 conditions,¹⁷ which must be evaluated to ensure safe, reliable operation for all customers (Exh. ES-Engineering Panel-1 (Rev.) at 21-22). Eversource states that in areas such as Marion-Fairhaven with medium to high DG saturation, substations must be analyzed as a group because saturation at these stations would impact the ability to reconfigure and to transfer load, subsequently impacting safety, flexibility, and reliability of the EPS (Exh. ES-Engineering Panel-1 (Rev.) at 23).

In order to interconnect the DG facilities in the Marion-Fairhaven Group Study, the Company proposes the following EPS upgrades:

- Upgrade a total of four existing substation transformers at Crystal Spring, Rochester,¹⁸ and Wing Lane substations;
- Add a second transformer, switchgear duct bank gateway (substation conduit outlet), and cable at the Crystal Spring substation;
- Upgrade switchgear and duct bank gateway cable at the Rochester substation;
- Upgrade a duct bank and gateway cables at the Wing Lane substation;
- Upgrade distribution lines (overhead conductors) at the Arsene Street Substation;
- Upgrade distribution feeder at the Crystal Spring, Rochester, and Wing Lane Substations

(Exh. ES-Engineering Panel-1 (Rev.) at 24-25).

¹⁷ “N-1” is a contingency planning standard that requires, for situations in which an EPS equipment is out of service, that customers do not lose electric service (Exh. ES-Engineering Panel-1 (Rev.) at 22).

¹⁸ The Company proposes to upgrade two transformers at the Rochester substation, one of which the Company previously proposed upgrading as part of its capital planning process (Exhs. ES-Engineering Panel-1 (Rev.) at 24-25; DPU 4-3).

The M-F CIP Proposal would enable 140 MW¹⁹ of Large DG capacity (Exhs. ES-Engineering Panel-1 (Rev.) at 38; DPU 1-16). The M-F CIP Proposal includes 48 MW of Group Study DG and 92 MW of additional Large DG capacity, comprised of 32 MW of projects that are currently in queue, and an additional 60 MW available for future Large DG (Exhs. ES-Engineering Panel-1 (Rev.) at 38; DPU 1-16). In addition, Eversource identifies 11 MW of small, rooftop DG that could be reliably enabled (Exhs. ES-Engineering Panel-1 (Rev.) at 28; DPU 1-16). The Company explains that eight additional overhead distribution feeders are necessary to interconnect future DG facilities beyond the Marion-Fairhaven Group Study up to the full enabled capacity for Large DG (140 MW), including three out of Crystal Springs, four out of Rochester, and one out of Wing Lane (Exhs. ES-Engineering Panel-1 (Rev.) at 28; DPU 1-16). Finally, the M-F CIP Proposal will also require a three-mile transmission line extension to a proposed new substation transformer at the Crystal Spring substation (Exh. ES-Engineering Panel-1 (Rev.) at 35).

Eversource estimates the total cost of the distribution system upgrades to be \$119.7 million, comprised of \$92.3 million in distribution substation upgrades and

¹⁹ Eversource states that the M-F CIP Proposal was designed to interconnect the 48 MW of DG originally included in the Marion-Fairhaven Group Study (Exh. ES-Engineering Panel-1 (Rev.) at 38). However, due to the upgrades for the reliable integration of the Group Study DG and the use of standard size equipment, Eversource determined that the proposed CIP would enable an additional 87 MW of DG above and beyond the Group Study, for a total of 136 MW (Exh. ES-Engineering Panel-1 (Rev.) at 28, 38). Subsequently, Eversource revised its calculation of additional capacity above the Group Study DG to 91 MW, for a total of 140 MW of DG capacity enabled by the CIP (Exh. DPU 1-16).

\$27.4 million in distribution line upgrades (Exhs. ES-Engineering Panel-1 (Rev.) at 33, 52; ES-Engineering Panel-2 (Rev.) at “1. CIP,” “6. Cost Allocation,” and “7. Cost Allocation Details”).

C. Proposed Cost Allocation and Cost Recovery

The Company proposes allocating 55 percent of the \$119.7 million in total CIP cost to distribution customers (\$65.8 million) and 45 percent to DG customers enabled to interconnect by the CIP (\$53.9 million) (Exhs. ES-Engineering Panel-1 (Rev.) at 52-53; ES-Engineering Panel-2 (Rev.) at “6. Cost Allocation;” DPU 1-12). The Company proposes a cost allocation methodology based on a “capacity allocation principle,” which allocates infrastructure upgrade costs between M-F Interconnecting Customers²⁰ and distribution customers in proportion to the load and capacity enabled for each by the CIP (Exhs. ES-Engineering Panel-1 (Rev.) at 56; DPU 1-33).²¹ Under the M-F CIP Proposal, costs allocated to M-F Interconnecting Customers would be collected by the Company by assessing a CIP Fee for each Large DG project enabled to interconnect by the CIP (“Enabled

²⁰ Enabled DG Interconnecting Customers in the Marion-Fairhaven area.

²¹ In D.P.U. 20-75-B, the Department stated there was insufficient information on the record to determine whether it would be consistent with the public interest for any CIP costs to be borne solely by the distribution customers without ultimately being reimbursed by Interconnecting Customers (“Fully Socialized Costs”). D.P.U. 20-75-B at 33. The Department noted that we would investigate CIP proposals that included Fully Socialized Costs and evaluate such proposals within those adjudicatory proceedings. D.P.U. 20-75-B at 33-34.

DG”) (Exh. ES-Engineering Panel-1 (Rev.) at 53).²² The Company estimates the CIP Fee to be \$385 per kilowatt (“kW”) (Exhs. ES-Engineering Panel-1 (Rev.) at 53; ES-Engineering Panel-2 (Rev.) at “6. Cost Allocation;” DPU 1-12). This fee was determined by dividing the \$53.9 million allocated to M-F Interconnecting Customers by the 140 MW of Large DG enabled by the proposed upgrades (Exhs. ES-Engineering Panel-1 (Rev.) at 53; ES-Engineering Panel-2 (Rev.) at “6. Cost Allocation;” DPU 1-12). The Company proposes to assign M-F Interconnecting Customers their pro-rata share of the CIP costs, fixed at plus or minus 25 percent, with cost overages or savings being shared between M-F Interconnecting Customers and distribution customers (Exhs. ES-ANB-1, at 6; NECEC-CCSA 1-11; Tr. 3, at 462-464; Company Reply Brief at 14-15). As proposed by the Company, Group Study members subject to CIP Fees would make their first 50 percent payment within ten days of executing their ISA, and would submit the remaining 50 percent payment within six months of executing their ISA (Exh. NECEC-CCSA 2-3). If all projects in the M-F Group Study move forward, the Group Study members would pay \$15.8 million in CIP Fees and the remaining \$103.9 million would be initially funded by all distribution customers. The portion funded by distribution customers is comprised of \$38.2 million of CIP Fees (all or some of which may be refunded by M-F Interconnecting Customers,

²² As provided in the Department’s Methodology, CIP Fee “refers to a fee assessed by a Distribution Company to an Interconnecting Customer associated with the Interconnecting Customer’s Facility’s pro-rata share of the costs of a CIP, which has been approved by the Department and of which the Interconnecting Customer’s Facility is a direct beneficiary.” Department’s Methodology at 1 (definition of Capital Investment Project Fee).

discussed below) and \$65.8 million of Fully Socialized Costs (Exhs. ES-Engineering Panel-1 (Rev.) at 52-53; ES-Engineering Panel-2 (Rev.) at “6. Cost Allocation;” and “7. Cost Allocation Details”).²³

The Company proposes a reconciling mechanism to recover the cost of investments from distribution customers (CIP Factor (“CIPF”)), and proposes that the CIPF be a reconciling, non-bypassable, and volumetric dollar-per-kilowatt-hour (“kWh”) charge, to be applied to all distribution customer bills as a “Capital Investment Project Charge” (Exh. ES-ANB-1, at 8-9). The Company jointly developed with National Grid a tariff to implement the reconciling mechanism, proposed in this docket as M.D.P.U. No. 81 (Exh. ES-ANB-2). The Company proposes a 15-year rate recovery period (“Rate Recovery Period”) commencing: 1) 30 days after Department approval of the CIP for CIP Fees (paid for by M-F Interconnecting Customers), and 2) the year after upgraded assets have been placed into service for the CIPF costs (paid for by distribution customers) (Exhs. ES-Engineering Panel-1 (Rev.) at 48; ES-ANB-1, at 4, 6-7, 12; ES-ANB-2 at 3; Tr. 3, at 449). The Company’s proposed CIPF will return the CIP Fee to distribution customers over the Rate Recovery Period, and, if all Enabled DG comes online during this period, the Company estimates the total non-refunded cost to distribution customers as \$65.8 million (Exhs. ES-Engineering Panel-1 (Rev.) at 52-53; ES-Engineering Panel-2 (Rev.) at “6. Cost Allocation;” and “7. Cost Allocation Details.”).

²³ CIP Fees collected from Enabled DG that interconnect after the M-F Group Study and actual costs of System Modifications may impact these amounts.

The Company projects that an average residential customer using 516 kWh per month would see a \$0.24, or approximately 0.2 percent, increase in its monthly bill as a result of this M-F CIP Proposal (Exh. ES-ANB-1, at 1; ES-ANB-4). The Company has not proposed to include the following in the CIP Fee or the CIPF: transmission upgrade costs, individual DG facility protection and control measures, point of interconnection (“POI”) upgrades, and customer-side upgrades (Exh. ES-Engineering Panel-1 (Rev.) at 53-54).²⁴ Eversource also states that the proposed EPS upgrades may delay, defer, and/or reduce the need for future system investments (Exh. ES-Engineering Panel-1 (Rev.) at 73). The Company states that the four substations proposed for upgrades would need to be upgraded before 2050 to accommodate electrification growth, and that this M-F CIP Proposal would permit the Enabled DG to interconnect while also reducing the average cost to upgrade the substations for future load growth (Exh. ES-Engineering Panel-1 (Rev.) at 73).

IV. ATTORNEY GENERAL PROPOSAL

A. Introduction

The Attorney General presents an alternative to the Company’s proposal with specific elements of cost allocation and performance metrics. In addition, the Attorney General

²⁴ Under its proposal, the Company plans to recover transmission upgrade costs through local transmission rates (Exh. ES-Engineering Panel-1 (Rev.) at 53). DG facility protection and control measures, POI upgrades, and customer-side upgrades will be assessed directly to the benefitting M-F Interconnecting Customer (Exh. ES-Engineering Panel-1 (Rev.) at 54).

outlines a framework for a long-term planning process for Distribution Companies and recommends that electric and gas companies coordinate system planning.

B. Cost Allocation

The Attorney General proposes allocating approximately 80 percent of total CIP costs to Interconnecting Customers and 20 percent to distribution customers (Exh. AG-NACS-1, at 60). The Attorney General explains that her proposal would allow recovery of all CIP investment costs from any Interconnecting Customer, regardless of where in the Company's service territory an Interconnecting Customer interconnects to the Company's EPS (Exh. AG-NACS-1, at 69, 71-72). She argues that such an approach, *i.e.*, dividing total CIP costs by the total hosting capacity available across the entire system and then re-pricing the CIP fee according to capacity scarcity, is more equitable and reduces the chances of CIP fees being prohibitively high (Exh. AG-NACS-Surrebuttal-1, at 23). She also states that incorporating CIP fees into export tariffs would provide a better and more equitable cost allocation and recovery, as they would reflect export capacity rather than nameplate capacity (Exh. AG-NACS-1, at 62, n.76).

The Attorney General's proposal focuses on incentivizing DG customers to site projects in locations that are underused, upgraded, or have new feeders with high hosting capacity – this focus, her proposal states, will encourage interconnection in locations with high capacity and low fees, and discourage interconnection by creating high fees in areas with low capacity (Exh. AG-NACS-1, at 70). Her proposal contains three fundamental changes to the Company's proposal: (1) differentiating the CIP Fee by geographic area,

feeder, or substation based on hosting capacity; (2) socializing the fee across the Company's entire service territory; and (3) socializing the CIP Fee across according to a wider definition of DG (Exh. AG-NACS-1, at 71).

The Attorney General also notes that two modifications to her proposed alternative would be acceptable: (1) dividing total CIP costs by total system capacity, but not re-pricing to reflect scarcity; and (2) having Affected Group Study members pay the \$385 per kW CIP Fee as proposed, but assessing future Interconnecting Customers a fee that depends on total CIP cost across the Company's entire service territory (Exh. AG-NACS-Surrebuttal-1, at 23-24). She argues that her proposal and potential modifications more effectively achieve the Provisional Program's goals of enabling timely DG interconnection and ensuring use of the upgraded CIP investments (Exh. AG-NACS-Surrebuttal-1, at 18).

The Attorney General also proposes a recovery period extending to either 2050 or until all CIP investment costs are recovered (Exh. AG-NACS-1, at 69). She states that the Company's proposed Rate Recovery Period is arbitrarily short, exposes ratepayers to increased risk, and creates an incentive for DG to interconnect shortly after the 15-year period has expired, without contributing toward the CIP upgrades (Exh. AG-NACS-1, at 69).

The Attorney General states that the Company should also change its definition of customers subject to the CIP fees from "ground-mounted DER" to a term that more accurately reflects the reality that large rooftop solar will also be subject to the CIP fee (Exh. AG 2-19; Tr. 2, at 259). She proposes an alternative term, with an expanded definition, such as "CIP Fee Customer," and argues that a broader term better captures the

Company's intent and provides a more comprehensible term for stakeholders (Attorney General Brief at 37-38). According to the Attorney General, the Company does not provide an adequate explanation of the impacts of the CIP on environmental justice communities other than bill impacts and should establish an outreach plan including two community meetings within six months of approval, as well as regular community outreach throughout the project (Attorney General Brief at 38-39).

C. Metrics

The Attorney General argues that the Company should report on certain identified metrics in a compliance filing regarding the CIP that the Company has already agreed to track with certain modifications (Exh. AG-NACS-1, at 83-84; Tr. 3, at 402-404). The Attorney General proposes the following metrics: construction milestones; forecasted versus actual DG and load conditions; MW of DG enabled per dollar spent on the CIP; MW of DG interconnected per dollar spent on the CIP after 5 years, 10 years, and 20 years of CIP investment; hosting capacity utilization by CIP area; timeline for processing ISAs for CIP Fee facilities; electrification-related metrics including (1) natural gas service line extension cost investment annually within the CIP region, and (2) portion of new business being 100 percent electric versus having any natural gas; and percent of utility investments in electrification that are spent on environmental justice and low-to-medium-income communities (Exh. AG-NACS-1, at 83-84).

D. Long-Term Planning Framework²⁵

The Attorney General also advocates for the adoption of a long-term framework for EPS planning that incorporates advanced technologies and services (Attorney General Brief at 40, citing D.P.U. 20-75; 2022 Clean Energy Act § 53 (requiring the Distribution Companies to develop an electric-sector modernization plan to proactively upgrade the distribution system); Attorney General Reply Brief at 8, citing D.P.U. 20-75). The Attorney General argues that certain technologies—like smart inverters, flexible interconnection, load management, limited and/or non-firm export tariffs, and a Distributed Energy Resource Management System (“DERMS”)—will more effectively enable use of the full upgrade capacity created by the CIPs (Exhs. AG-NACS-1, at 28, 62, 78; AG-NACS-Surrebuttal-1, at 33, 37). The Attorney General states that adoption of flexible interconnection and load management in areas benefitting from CIP upgrades will help enable more DG to interconnect and will defer capital expenditures as well as reducing the distribution system’s capacity needs (Exh. AG-NACS-1, at 28, 78). The Attorney General also argues that the Company should add DERMS functionality and export management tools to improve functionality and recover costs relative to facility export, not nameplate capacity

²⁵ On September 12, 2022, the Department closed its investigation in D.P.U. 20-75 after the 2022 Clean Energy Act established a new process and requirements for long-term electric system planning making our investigation moot. Order Closing Investigation of Long-Term System Planning Program, D.P.U. 20-75-C (September 12, 2022). The Department appreciates the Attorney General’s input into long-term system planning for Distribution Companies. In this docket, the Department does not address the long-term system planning requirements under the 2022 Clean Energy Act.

(Exh. AG-NACS-1, at 62, n.76). Finally, the Attorney General argues that the Department should require the Company to involve the Attorney General, as the state ratepayer advocate, and other distribution customer representatives in the Group Study Process (Attorney General Brief at 43).

E. Coordinated System Planning

The Attorney General proposes that the Department direct the Commonwealth's gas and electric distribution utilities to coordinate their long-term planning around electrification (Exh. AG-NACS-1, at 84). She states that gas and electric utilities must coordinate their planning to ensure the Commonwealth decarbonizes in a cost-effective manner and that ratepayers cannot afford duplicative efforts towards electrification and decarbonization (Exh. AG-NACS-1, at 84). She states that such coordinated planning should include similar load forecasts and scenario analysis planning assumptions (Exh. AG-NACS-1, at 85).

V. POSITIONS OF THE PARTIES

A. Attorney General

1. Cost Allocation

a. Company's Cost Allocation Proposal

The Attorney General argues that the Department should: (1) adopt her alternative cost allocation approach; (2) change certain aspects of how the CIP Fee is calculated and assessed; (3) increase the CIP Fee Recovery Period beyond 15 years; (4) define "ground-mounted solar;" (5) establish a community outreach program; and (6) track and report certain metrics (Attorney General Brief at 1-2; Attorney General Reply Brief at 2-3).

The Attorney General avers that the proposed CIP will not provide a cost-effective service to ratepayers, and that the Company's cost allocation methodology and cost recovery methods will not send the price signals necessary to ensure adequate DG subscription where such capacity has been enabled (Attorney General Brief at 11). She argues that the Company's proposed cost allocation methodology is neither justified nor meets the criteria that the Department set out in D.P.U. 20-75-B (Attorney General Brief at 12-13, 18). Additionally, the Attorney General states that the logic behind the Company's "capacity allocation principle" is flawed, as it adheres to neither a cost causation framework nor a beneficiary-pays principle (Attorney General Brief at 18; Attorney General Reply Brief at 3). While the Attorney General states that, in principle, she supports novel cost allocation methodologies in the instant docket, she argues that the Company's justification for its proposal derives solely from equipment design and engineering principles, which the Attorney General views as insufficient justification (Attorney General Brief at 18-19; Attorney General Reply Brief at 4). The Attorney General further states that the Company's reliance on engineering principles represents a deviation from sound ratemaking principles and does not incorporate current or forecasted load as justification, which she argues should be economic rationales for cost allocation (Attorney General Brief at 20-21). She argues that the Company's engineering-based cost allocation methodology allocates Reserved Operational Capacity²⁶ to distribution customers without evidence that such capacity will ever be used by

²⁶ Per the M-F CIP Proposal, "Reserved Operational Capacity," is driven by the operational capacity of the substation based on the MW capacity of the remaining

those customers (Attorney General Brief at 20-21; Attorney General Reply Brief at 5).

Therefore, she avers that the Company's proposed cost allocation does not stem from an economic rationale, but rather from engineering calculations, and, therefore, it should not be accepted (Attorney General Brief at 21). The Attorney General criticizes that the Company does not provide "descriptions and characterizations of the benefits that may accrue to distribution customers" until after allocating the costs (Attorney General Brief at 22).

Further, the Attorney General contends that the Company "does not come close to providing sufficient justification," and at, a minimum, the Company "should identify specific categories of benefits, describe how these benefits can be quantified, provide estimated benefits, state when those benefits will accrue, and describe the relationship between any such benefits and the costs incurred" (Attorney General Brief at 23).

The Attorney General also argues that the Company's proposal does not align costs with projected benefits in an appropriate manner (Attorney General Brief at 22-23; Attorney General Reply Brief at 5). She maintains that the Company's description of benefits for distribution customers are overly broad and vague, lacking quantifiable categories and specific descriptions of benefits that would provide adequate justification (Attorney General Brief at 22-23). She argues that the Company's projected reliability benefits are (1) not demonstrably necessary, (2) not properly quantified, and (3) do not measure an increase in reliability (Attorney General Brief at 23-24). The Attorney General also casts doubt upon the

transformer(s) assuming the largest transformers is off service (Exh. ES-Engineering Panel-1 at 39 n. 15).

Company's estimation that assets included in its M-F CIP Proposal would require upgrades before the year 2050 due to increased electrification (Attorney General Brief at 24-25; Attorney General Reply Brief at 6-7). She argues that such assertions are unfounded and overly vague (Attorney General Brief at 24-25). The Attorney General argues that while the Company proposes to allocate costs based on equipment design and engineering principles, distribution customers were not included in the process that produced the engineering design and the resulting lack of transparency should weigh against the Company's proposal (Attorney General Brief at 24-25).

The Attorney General maintains that the Company's proposal represents an unfair and excessive risk to ratepayers, given the risk of Enabled DG not interconnecting during the Rate Recovery Period (Attorney General Brief at 27-28). The Attorney General argues that the Company has not met the threshold that the Department set of demonstrating that the amount of Enabled DG would likely interconnect (Attorney General Brief at 27-29, citing D.P.U. 20-75-B at 36, 38). The Attorney General further asserts that the Company's analysis of Technically Qualified Land²⁷ provides an inadequate level of assurance and insight into the likelihood that the capacity enabled by the M-F CIP Proposal will be subscribed to (Attorney General Brief at 28-29).

²⁷ Eversource defines "Technically Qualified Land" as all land that can be developed for solar without limiting factors related to project economics under current DG incentive programs (Exh. ES-Engineering Panel-1 (Rev.) at 42).

The Attorney General further argues that, while the cost to DG customers is capped at plus or minus 25 percent of the \$119.7 million in estimated distribution system costs, distribution customers have no such cost cap, which poses a disproportionate risk (Attorney General Brief at 29-30, citing M.D.P.U. No. 55A, at § 3.4(g)). She notes that participants in a Group Study are not legally required to move forward with their projects, which further increases the risk to ratepayers of unsubscribed DG; she continues that requiring CIP Fees be paid in full within six months of executing an ISA would mitigate the risk of Group Study participants not moving forward (Attorney General Brief at 30-31, 31 n.38). Finally, the Attorney General argues that, although distribution customers bear a significant cost risk, the Company bears no financial risk if the Department adopts its cost allocation methodology (Attorney General Brief at 31; Attorney General Reply Brief at 7).

b. Attorney General's Cost Allocation Proposal

The Attorney General advocates for approval of her alternative proposal, which, for cost allocation, would provide allocating approximately 80 percent of costs to DG customers and 20 percent to distribution customers (Attorney General Brief at 13, 32). The Attorney General explains that her proposal would allow recovery of all CIP investment costs from any DG customer, regardless of where in the Company's service territory they interconnect (Attorney General Brief at 32-33). She argues that such an approach, i.e., dividing total CIP costs by the total hosting capacity available across the entire system and then re-pricing the CIP fee according to capacity scarcity, is more equitable and provides better cost incentives for the program (Attorney General Brief at 33). The Attorney General also notes that two

modifications to her proposed alternative would be acceptable: (1) dividing total CIP costs by total system capacity, but not re-pricing to reflect scarcity; and (2) having Affected Group Study members pay the \$385 per kW CIP Fee as proposed, but assessing future interconnecting DG customers a fee that depends on total CIP cost across the Company's entire service territory (Attorney General Brief at 35). She argues that her proposal and potential modifications more effectively achieve the Provisional Program's goals of enabling timely DG interconnection and ensuring use of the upgraded CIP investments (Attorney General Brief at 35).

The Attorney General also proposes a recovery period extending to either 2050 or until all CIP investment costs are recovered (Attorney General Brief at 36-37). She states that the Company's proposed Rate Recovery Period is arbitrarily short, exposes ratepayers to increased risk, and creates an incentive for DG to interconnect shortly after the 15-year period has expired, without contributing toward the CIP upgrades (Attorney General Brief at 36-37).

The Attorney General states that the Company should also change its definition of customers subject to the CIP fees from "ground-mounted DER" to a term that more accurately reflects the reality that large rooftop solar will also be subject to the CIP fee (Attorney General Brief at 37). She advocates for an alternative term, with an expanded definition, such as "CIP Fee Customer," and argues that a broader term better captures the Company's intent and provides a more comprehensible term for stakeholders (Attorney General Brief at 37-38).

The Attorney General also argues that the Company does not provide an adequate explanation of the impacts of the CIP on environmental justice communities other than bill impacts, and should establish an outreach plan including two community meetings within six months of approval, as well as regular community outreach throughout the project (Attorney General Brief at 38-39).

2. Long-Term Planning Framework

The Attorney General also advocates for the adoption of a long-term framework for EPS planning that incorporates advanced technologies and services (Attorney General Brief at 40, citing D.P.U. 20-75; 2022 Clean Energy Act (requiring the Distribution Companies to develop an electric-sector modernization plan to proactively upgrade the distribution system); Attorney General Reply Brief at 8, citing D.P.U. 20-75). The Attorney General argues that certain technologies—like smart inverters, flexible interconnection, load management, limited and/or non-firm export tariffs, and a DERMS—will more effectively enable use of the full upgrade capacity created by the CIPs (Attorney General Brief at 40-41). The Attorney General states that adoption of flexible interconnection and load management in areas benefitting from CIP upgrades will help enable more DG to interconnect and will defer capital expenditures as well as reducing the distribution system’s capacity needs (Attorney General Brief at 41). The Attorney General also argues that the Company should add DERMS functionality and export management tools to improve functionality and recover costs relative to facility export, not nameplate capacity (Attorney General Brief at 42). Finally, the Attorney General argues that the Department should require the Company to

involve the state ratepayer advocate and other distribution customer representatives in the Group Study Process (Attorney General Brief at 43).

B. DG Intervenors

1. Introduction

The DG Intervenors argue that approving the M-F CIP Proposal aligns with the Commonwealth's legally binding mandate to achieve net zero greenhouse gas ("GHG") emissions by 2050 and the related interim emissions reduction targets (DG Intervenors Brief at 1, citing An Act Relative To Green Communities, St. 2008, c. 169; An Act Establishing the Global Warming Solutions Act, St. 2008, c. 298; An Act Relative to Solar Energy, St. 2016, c. 75; 2021 Climate Act; Att. RR-DPU-5; Massachusetts Clean Energy and Climate Plan for 2025 and 2030). The DG Intervenors further assert that the Department is required to prioritize GHG reductions in its decision-making (DG Intervenors Brief at 1, citing 2021 Climate Act; G.L. c. 25, § 1A). In addition, the DG Intervenors maintain that the instant proceeding and related dockets are the only short-term opportunities for long-delayed DG projects to pursue their interconnection interests (DG Intervenors Reply Brief at 1 n.2). The DG Intervenors contend that infusion of DG onto the power grid to date has resulted in saturation and slowed interconnection of additional DG, and that unprecedented levels of upgrades to the EPS are needed to achieve decarbonization (DG Intervenors Brief at 1-2; DG Intervenors Reply Brief at 1). In addition, the DG Intervenors maintain that, if the Cost Causation Principle continues to apply, the cost of EPS upgrades will fall on Interconnecting Customers who are unable to pay (DG Intervenors Brief at 1-3,

7). The DG Intervenors describe the Company's proposal, subject to certain modifications and additions, as the best and last opportunity to equitably alleviate barriers to DG development, while furthering the Commonwealth's climate and clean energy goals (DG Intervenors Brief at 5).

2. Cost Allocation

a. Company's Cost Allocation Proposal

The DG Intervenors opine that the Company's cost allocation proposal is fair and equitable, and consistent with the cost allocation approach set forth in D.P.U. 20-75-B (DG Intervenors Brief at 6; DG Intervenors Reply Brief at 11-12). The DG Intervenors first point out that the affected substations are highly saturated and, therefore, absent upgrades, no additional DG can interconnect in the area (DG Intervenors Brief at 6, citing Exhs. DPU 1-33; AG-1-15; Tr. 1, at 64-65). The DG Intervenors note that the proposed upgrades, specifically designed to provide interconnection capacity for the Marion-Fairhaven Group Study, provide capacity for 92 MW of additional DG and additional capacity to be utilized by distribution customers (DG Intervenors Brief at 6-7, citing Exhs. ES-Engineering Panel-1 (Rev.) at 28; DPU 1-16). The DG Intervenors further argue that if the full cost of the upgrades are paid for by Interconnecting Customers, the CIP Fee would be prohibitively high (DG Intervenors Brief at 7). The Company's proposed cost allocation, the DG Intervenors maintain, is consistent with the cost allocation approach in D.P.U. 20-75-B, as costs are allocated to both distribution customers and Interconnecting Customers based on the capacity reserved for the party's use and the resultant operational benefits (DG Intervenors

Brief at 7-8, citing D.P.U. 20-75-B at 28-29; Exhs. ES-Engineering Panel-1 (Rev.) at 56; DPU 1-33; Tr. 1, at 87-88; DG Intervenors Reply Brief at 12-13). The DG Intervenors assert that the benefits to distribution customers are improved system capacity and reliability (operational flexibility, circuit customer count reduction and customer sectionalization, and capacity for peak load growth), as well as furtherance of the Commonwealth's decarbonization goals (DG Intervenors Brief at 8-9). In response to the Attorney General's arguments questioning the benefits related to reliability, the DG Intervenors assert that the required levels of electrification necessary to meet the Commonwealth's aggressive decarbonization goals indicate a need for increased reliability in a heavily electrified future (DG Intervenors Reply Brief at 13). The DG Intervenors maintain that the Company's cost allocation proposal is grounded in both principles of fairness, and in engineering principles (DG Intervenors Brief at 8, 10, citing Exh. DPU 1-33; Tr. 1, at 87-88, 126). The DG Intervenors claim that the proposed upgrades are capital projects that would typically be funded by distribution customers, and that, absent the Provisional Program, the upgrades at issue would still be needed in the future (DG Intervenors Brief at 10-11, citing Exh. DOER-ES 1-3; Tr. 1, at 127-128; DG Intervenors Reply Brief at 13).

In response to the Attorney General's argument that there is uncertainty in the timing of when distribution customers would need such upgrades, the DG Intervenors maintain that it is not debated that the upgrades will be needed (DG Intervenors Reply Brief at 13). The DG Intervenors conclude that the M-F CIP Proposal provides distinct benefits to DG

customers and to distribution customers, and that the proposal fairly allocates costs commensurate with benefits (DG Intervenors Reply Brief at 13).

b. Attorney General's Cost Allocation Proposal

The DG Intervenors argue that the Department should reject the Attorney General's recommended alternative cost allocation proposal because it is fundamentally at odds with the Department's intent in D.P.U. 20-75-B, i.e., to move beyond the Cost Causation Principle (DG Intervenors Reply Brief at 2-3, 11-12). The DG Intervenors contend that the Attorney General's proposal is inconsistent with Eversource's operational and planning standards for reserving and utilizing operational capacity (DG Intervenors Reply Brief at 3). The DG Intervenors further argue that the Attorney General's proposed allocation is inequitable because DG customers will not benefit from the proposed capacity allocation (DG Intervenors Reply Brief at 5). In addition, the DG Intervenors claim that the Attorney General's proposal is arbitrary, and that the Attorney General's witnesses indicated that the proposal was not based on any quantitative analysis (DG Intervenors Brief at 5, citing Tr. 3, at 531-532).

The DG Intervenors cite the Department's finding that a CIP Fee must be limited to \$500 per kW to be eligible for the Provisional Program, stating that the Attorney General's proposal would exceed that fee, which would result in both DG projects withdrawing from the interconnection process and a lack of new DG projects in the area, thereby jeopardizing the Commonwealth's decarbonization goals (DG Intervenors Brief at 11-13, citing D.P.U. 20-75-B at 37; DG Intervenors Reply Brief at 5). Specifically, the DG Intervenors

state that if the full cost of the upgrades were paid by Interconnecting Customers, the CIP Fee would be \$855 per kW, and that the CIP Fee under the Attorney General's proposed alternative would be \$704 per kW (each with a plus or minus 25 percent variance) (DG Intervenors Brief at 12-13, citing Exhs. ES-Engineering Panel-Rebuttal-1, at 42; NECEC-CCSA 2-2; AG-NACS-1, at 28). Conversely, according to the DG Intervenors, the CIP Fee under the Company's proposal is \$385 per kW (with a plus or minus 25 percent variance), which is below the \$500 per kW threshold (DG Intervenors Brief at 12, citing Exh. ES-Engineering Panel-1 (Rev.) at 37; Tr. 3, at 462).

The DG Intervenors oppose the Attorney General's proposal to recover CIP costs from all DG customers in the Company's service territory (DG Intervenors Reply Brief at 6). The DG Intervenors argue that the proposal is not in compliance with D.P.U. 20-75-B, which directs that the CIP Fee be limited to Enabled DG (DG Intervenors Reply Brief at 6-7). Further, the DG Intervenors contend that applying the CIP Fee broadly across the Company's service territory would offend due process, because procedural notice in the instant case was not provided to DG customers outside of the Marion-Fairhaven Group Study area (DG Intervenors Brief at 7-8). Finally, the DG Intervenors claim that using one study to establish statewide CIP Fees is not grounded in engineering principles, because the distribution system is geographically unique and hosting capacity across substations is not equivalent, and, subsequently, the costs of upgrades to one substation cannot be applied across all substations to determine a fair CIP Fee (DG Intervenors Reply Brief at 8-9).

3. Utilization of Enabled DG

The DG Intervenors maintain it is likely that the full amount of the 140 MW of Enabled DG would interconnect during the proposed Rate Recovery Period (DG Intervenors Brief at 13-17; DG Intervenors Reply Brief at 14-16, 17 n.47). First, the DG Intervenors note that 48 MW of Group Study DG projects have been in the interconnection queue for multiple years,²⁸ and have non-refundable, at-risk investments if the projects do not interconnect (DG Intervenors Brief at 14, citing RR-DPU-8). Moreover, the DG Intervenors argue that the Marion-Fairhaven Group Study members intervened in the instant proceeding due to their desire to move forward with their projects and intent to sign an ISA should the Department approve the Company's proposal, subject to the DG Intervenors' proposed modifications and additions (DG Intervenors Brief at 6, 14, citing RR-DPU-8); DG Intervenors Reply Brief at 14).

Second, the DG Intervenors address the 92 MW of additional Enabled DG, asserting that many more gigawatts ("GW") of solar capacity are needed to meet the Commonwealth's decarbonization goals,²⁹ and arguing that there is limited area where ground-mounted solar can be installed, of which the Marion-Fairhaven area is one (DG Intervenors Brief at 15,

²⁸ Specifically, 60 percent of the projects have been in the interconnection queue since 2018, 30 percent since 2019, and the remainder since 2020 (DG Intervenors Brief at 14, citing RR-DPU-8).

²⁹ The DG Intervenors maintain that 16.23 GW of solar capacity is needed by 2050, compared to an existing installed capacity of 3 GW (DG Intervenors Brief at 15, citing Exh. ES-Engineering-Rebuttal-1 (Rev.) at 41).

citing Exh. ES-Engineering-Rebuttal-1, at 41; Tr. 1, at 66; Tr. 2, at 307-308; DG Intervenor Reply Brief at 14-15). In addition, the DG Intervenor contend that the uncertainty associated with the potential for high interconnection costs is a primary barrier to solar development, and that a fixed fee and four-year construction timeline will reduce perceived project risk, making it more likely that the 92 MW of Enabled DG will interconnect (DG Intervenor Brief at 16, citing Exh. AG 2-18; Tr. 2, at 337, 339; DG Intervenor Reply Brief at 15-16). Finally, the DG Intervenor assert that of the 92 MW of enabled capacity, 32 MW are known projects already in the interconnection queue, similarly situated to the Marion-Fairhaven Group Study projects, and, therefore, are likely to interconnect (DG Intervenor Brief at 16 n.35, citing Exh. DPU 1-2).

The DG Intervenor contest the Attorney General's argument that the CIP Fee would dissuade Interconnecting Customers from interconnecting within the Marion-Fairhaven area, purporting that it is a flawed assumption that there are areas of the Company's EPS where hosting capacity is adequate and corresponding interconnection costs are minimal (DG Intervenor Brief at 17 n.36, citing Exh. ES-Engineering-Rebuttal-1, at 42; Tr. 3, at 538-539; DG Intervenor Reply Brief at 9-10).

4. DG Intervenor's Proposed Modifications to Company's M-F CIP Proposal

On brief, the DG Intervenor recommend several modifications to the Company's proposal. First, the DG Intervenor claim that the Company's proposed schedule for Marion-Fairhaven Group Study members' completing CIP Fee payments is misaligned with the Company's estimated expenditures, puts an unnecessary financial burden on the Marion-

Fairhaven Group Study members, and is unreasonable (DG Intervenors Brief at 17, citing Tr. 3, at 472-473; RR-MGF-1; DG Intervenors Reply Brief at 16). The DG Intervenors propose spreading the CIP Fee payments over the ensuing three years in 25-percent increments, depending on procurement and construction timelines (DG Intervenors Brief at 17-18).³⁰ The DG Intervenors also propose that the Marion-Fairhaven Group Study members' point of interconnection costs be paid following the same schedule (DG Intervenors Brief at 18). Finally, the DG Intervenors propose that the payment schedule for the remaining CIP Enabled DG capacity should follow a similar sequence (DG Intervenors Brief at 18). The DG Intervenors oppose the Attorney General's recommendation that Marion-Fairhaven Group Study members' CIP fees should be paid within six months of signing an ISA as a means of mitigating the risk of not moving forward with their projects, claiming that the Attorney General's proposal would only exacerbate such risk (DG Intervenors Reply Brief at 16).

Second, the DG Intervenors have several recommendations related to the issuance of ISAs: (1) that the Company be required to issue ISAs within ten business days of Department approval of the M-F CIP Proposal; (2) that ISAs be issued to all Marion-Fairhaven Group Study members simultaneously to allow an equitable process for obtaining preliminary statements of qualification ("PSOQ") from DOER for the SMART

³⁰ The Company proposes that the Marion-Fairhaven Group Study members pay 50 percent of CIP Fees within ten business days of executing an ISA and the remaining 50 percent within six months of executing their ISA (Exh. NECEC-CCSA 2-3).

Program;³¹ (3) that ISAs include an anticipated Marion-Fairhaven CIP schedule with project milestones for engineering, procurement, construction, and in-service dates; and (4) that the Company issue conditional ISAs for projects in the Marion-Fairhaven Group Study that are currently in an ASO study, or alternatively, issue an ISA within ten days of approval from the Independent System Operator of New England Inc.'s ("ISO-NE") Reliability Committee³² (DG Intervenors Brief at 18).

Third, the DG Intervenors claim that the Company indicated that it could establish a streamlined process for project changes for the Marion-Fairhaven Group Study (DG Intervenors Brief at 19, citing Tr. 3, at 485-487). In response, the DG Intervenors propose that the Company review a proposed project change and identify additional information required within five business days of receiving notice, and, within 30 business days after receiving additional information, the Company conduct all modification reviews and make necessary updates to utility documentation (DG Intervenors Brief at 19-20). Additionally, the DG Intervenors assert that Section 3.4.1(j) of the DG Interconnection Tariff, requiring all Group Study members to consent to certain changes to an individual Group Study member's

³¹ 225 CMR 20.08(2)(b)

³² The ISO-NE Reliability Committee is a standing technical committee of the New England Power Pool ("NEPOOL") and advises the Participants Committee and ISO-NE on the design and oversight of reliability standards for the New England power system. <https://www.iso-ne.com/committees/reliability/reliability-committee/> (last visited Dec. 14, 2022).

project, would be irrelevant if the Department were to approve their proposal for the Marion-Fairhaven Group Study (DG Intervenor Brief at 19, citing Tr. 3, at 483-484).

Fourth, the DG Intervenors note that the Company acknowledged that some DG projects may be able to interconnect before the Marion-Fairhaven CIP upgrades are complete (DG Intervenors Brief at 20, citing Tr. 3, at 450, 488-491). Accordingly, the DG Intervenors request that the Department order the Company to, within 30 business days of concluding detailed engineering and design requirements, assess which projects may be interconnected prior to the completion of CIP upgrades, and, in coordination with Marion-Fairhaven Group Study members, establish a schedule for interconnection that will allow for expedited Authorization to Interconnect from the Company (DG Intervenors Brief at 20, citing Tr. 3, at 488-491).

Fifth, the DG Intervenors contend that the Marion-Fairhaven CIP construction timeline will not allow for the Marion-Fairhaven Group Study projects to meet the timeline outlined in the SMART Program's Statement of Reservation Period Guideline,³³ which would jeopardize their SMART Program incentive block reservations (DG Intervenors Brief at 20). The DG Intervenors, therefore, ask that the Department request that DOER amend its Statement of Qualification Reservation Period Guideline to allow Marion-Fairhaven CIP

³³ DOER issued this Guideline, initially effective September 12, 2018 and most recently revised September 22, 2021, in connection with the SMART Program under 225 CMR 20.00.

projects to have their reservation periods extended indefinitely pending completion of the M-F CIP Proposal (DG Intervenors Brief at 20-21).

Sixth, the DG Intervenors request that the Department require the Company to establish a process for additional projects to be studied in a future Marion-Fairhaven Group Study, with an annual window for such applications, claiming that such a process would allow the additional enabled capacity to be utilized expeditiously (DG Intervenors Brief at 21).

5. Other Issues

The DG Intervenors argue that Eversource shareholders should bear responsibility for any cost overages resulting from construction and installation, arguing that it will incentivize the Company to ensure timely and proper CIP upgrade construction, and will provide protection from excessive cost overruns to both DG customers and distribution customers (DG Intervenors Reply Brief at 17).

Further, the DG Intervenors argue that the Rate Recovery Period should be extended beyond the Company's initially proposed 15 years to further increase the likelihood that distribution customers will not bear the cost of any unsubscribed CIP capacity (DG Intervenors Reply Brief at 17). The DG Intervenors contend, however, that it is likely that additional capacity will be subscribed within 15 years (DG Intervenors Reply Brief at 17 n.47).

C. DOER

1. Company's M-F CIP Proposal

DOER argues that the Company's proposal is reasonable, consistent with Department's objectives, and that the Department should approve Eversource's proposal subject to extending the Rate Recovery Period (DOER Brief at 5-6). DOER maintains that the M-F CIP Proposal addresses both the imperative to interconnect DG, as well as consequentially enabling electrification of heating and transportation, both of which support the Commonwealth's decarbonization objectives (DOER Brief at 5-6).

DOER asserts that, for distribution customers, the M-F CIP Proposal will result in both costs related to accelerated investment in infrastructure and savings related to sharing costs with DG customers (DOER Brief at 6). DOER contends that distribution customers bear two cost risks: (1) that future DG will not interconnect to contribute to the cost of the CIP and (2) Eversource will recover costs sooner than benefits accrue to distribution customers (DOER Brief at 8). DOER argues that extending the Rate Recovery Period will protect distribution customers (DOER Brief at 6, 8-9). DOER further explains that the Company cannot quantify the amount or timing of benefit to distribution customers and has not proposed a methodology for estimating the potential savings to distribution customers (DOER Brief at 9, citing Exh. DOER-ES 1-5(g)). DOER shares the concern of the Attorney General that the Company's cost allocation methodology does not calculate the value of or need for increased reliability to distribution customers (DOER Brief at 9-10, citing Exh. AG-NACS-Surebuttal-1 at 11). DOER, therefore, recommends that Eversource report

on the realization of electrification benefits as annual reporting metrics, specifically, the annual load increases in the Marion-Fairhaven area, indicating when load increases exceed what would have been supportable under current system conditions (DOER Brief at 6, 10). Further, DOER suggests that the Company should be required to improve electrification metrics as additional insights becomes available (DOER Brief at 10).

2. Company's Cost Allocation Proposal

DOER argues that the Company's proposed cost allocation methodology is reasonable, consistent with traditional cost causation and beneficiary pays principles, and meets the Department's objectives and requirements outlined in the Provisional Program (DOER Brief at 7, citing Exh. AG-NACS-1, at 10, 13-14). Moreover, DOER contends that the portion of the cost assigned to distribution customers is appropriately justified because the additional capacity supports electrification objectives and would otherwise eventually be required and paid for by distribution customers (DOER Brief at 8, citing Exhs. DOER-ES 1-3; DOER-ES 1-5).

3. Long-Term Planning Framework³⁴

DOER maintains that the Provisional Program is not a substitution for long-term, integrated distribution system planning and that such planning is needed to integrate clean

³⁴ As described in more detail in Note 25, the Department closed its investigation in D.P.U. 20-75-B because the long-term electric system planning required by the 2022 Clean Energy Act make our investigation moot. The Department appreciates DOER's input into long-term system planning for Distribution Companies. In this docket, the Department does not address the long-term system planning requirements under the 2022 Clean Energy Act.

energy in pursuit of the Commonwealth's climate and clean energy goals (DOER Brief at 6, 10). DOER recommends that the Department utilize lessons learned from the Provisional Program to inform electric sector modernization planning required under the 2022 Clean Energy Act (DOER Brief at 10-11). DOER contends that, similar to the M-F CIP Proposal, the enablement of incidental additional capacity highlights the importance of comprehensive system planning including DG, electric vehicles ("EVs"), heat pumps, and grid modernization technologies, in order to correctly size EPS upgrades for future electrification and to ensure equity in cost allocation to ratepayers (DOER Brief at 11). DOER provides additional input regarding a long-term system planning approach, including: (1) noting that future deployment of advanced technologies, such as energy storage and DERMS may provide more cost-effective solutions for interconnection; (2) the importance of maximizing consistency between the Distribution Companies' planning standards to avoid systemically different interconnection costs; and (3) using export capacity as a more accurate method for assigning costs and incentivizing mitigation technologies (DOER Brief at 11-13). Regarding the Company's analysis of the technical potential of solar development in the Marion-Fairhaven Group Study area, DOER agrees with the Attorney General that the analysis lacks detail and can be improved, and further maintains that in the context of long-term planning, additional analysis with more stakeholder engagement should be considered, including existing efforts by DOER and the Company (DOER Brief at 12-13).

4. DG Intervenors' Proposed Modifications to Company's M-F CIP Proposal

In response to the DG Intervenors request for DOER to make certain changes to the SMART incentive block reservation process, DOER indicates that it is developing solutions for SMART projects impacted by the CIP planning and construction timelines and recommends that the Department does not need to order action on the issue (DOER Letter in Lieu of Reply Brief at 1-2).

D. Company

1. Introduction

Eversource argues that the proposed Marion-Fairhaven CIP meets the directives outlined in D.P.U. 20-75-B and should be approved (Company Brief at 3; Company Reply Brief at 30).

2. Cost Allocation

a. Company's Cost Allocation Proposal

Eversource maintains that its cost allocation methodology is consistent with its overarching goals to: (1) ensure timely and cost-effective infrastructure investment necessary for safe, reliable interconnection of DG in the Marion-Fairhaven Group Study area; (2) provide upgrades that benefit all distribution customers; and (3) provide the same level of safe, reliable service to DG customers that it provides to its distribution customers (Company Brief at 18-19). Eversource's cost allocation methodology is based on a "capacity allocation principle," which allocates infrastructure upgrade costs between DG customers and

distribution customers in proportion to the load and DG capacity allocation (Company Brief at 19, citing Exh. ES-Engineering Panel-1 (Rev.) at 56).

Eversource represents that DOER and the DG Intervenors support its cost allocation proposal (Company Reply Brief at 2-3). Eversource points to DOER's argument that the Company's cost allocation methodology is reasonable and meets the Department's objectives and requirements for the Provisional Program (Company Reply Brief at 3, citing DOER Brief at 7). According to Eversource, DOER also maintains that Eversource's proposed methodology is consistent with the beneficiary pays principle, assigning a share of costs to ratepayers who benefit from the CIP upgrades through increased reliability and through increased system capacity to serve ratepayers' electrification load (Company Reply Brief at 3, citing DOER Brief at 7). Further, Eversource recounts the DG Intervenors' position that the Company's cost allocation methodology is fair and equitable (Company Reply Brief at 3, citing DG Intervenors Brief at 6).

Eversource contends that its cost allocation methodology, regardless of whether it aligns with "core" or "traditional" ratemaking principles (e.g., cost-causation or the related beneficiary pays principle), is reasonable and responsive to the Provisional Program's call for alternatives to these principles that no longer make interconnection viable (Company Reply Brief at 5-7). Eversource disagrees with the Attorney General's assertion that the Company should have used a traditional forecasted load for its cost allocation method (Company Reply Brief at 6, citing Attorney General Brief at 21). Eversource maintains that its capacity allocation principle is akin to the beneficiary pays principle because the costs are fairly

allocated amongst all customers who benefit from system upgrades that will: (1) provide headroom capacity, which allows for operational flexibility to move load while conducting routine system maintenance; (2) allow Eversource to sectionalize customers, which results in fewer customers experiencing an outage; and (3) allow for additional peak load growth, particularly providing enhanced safe and reliable service to customers as load grows on the distribution feeders (Company Reply Brief at 9-10, citing Exh. DPU 1-33; Tr. 1, at 94-96). Furthermore, Eversource claims that its cost allocation approach is based on the real-time operational use of firm equipment capacity by distribution customers and DG customers and provides a more accurate and equitable cost structure than relying on electrification forecasts, which have the “potential to change based on future conditions or shifts in state policies” (Company Reply Brief at 6, citing Exh. ES-Engineering Rebuttal-1, at 12).

b. Attorney General’s Cost Allocation Proposal

Eversource asserts that the Attorney General’s cost allocation proposal and recommendation to change how the CIP Fee would be applied and how the CIP costs would be allocated between distribution customers and Interconnecting Customers are inconsistent with the Provisional Program and overly simplistic (Company Reply Brief at 7-9, 17-18).

Eversource contends that the Attorney General’s proposal to allocate the total costs of the M-F CIP Proposal across its service territory should be rejected because it is overly simplistic, muddles price signals to DG developers regarding the costs to interconnect in areas with less DG saturation, and is inconsistent with the Cost Causation Principle (Company Reply Brief at 7-8). First, Eversource explains that, contrary to the Attorney

General's proposed service territory-wide CIP Fee, the Company's CIP Fee proposal is a result of comprehensive engineering analysis specific to the integration of DG in the Marion-Fairhaven area (Company Reply Brief at 7, citing Exh. ES-Engineering Rebuttal-1, at 38; Tr. 1, at 86-88). Second, Eversource asserts that, although the Attorney General's proposed CIP Fee structure attempts to drive more DG development in saturated CIP areas, its underlying process is not grounded in any engineering costs and associated benefits (Company Reply Brief at 8, citing Exh. ES-Engineering Rebuttal-1, at 38). Finally, Eversource argues that the Attorney General's proposed CIP Fee structure would be inconsistent with the Department's definition of CIP Fee because the CIP Fee would be paid by DG customers interconnecting outside the Marion-Fairhaven Group Study area who would not directly benefit from the capacity enabled by the Department approved CIP (Company Reply Brief at 8-9, citing D.P.U. 20-75-B at 8).

Eversource also contends that the Attorney General's recommendation that the CIP costs be allocated 20 percent to distribution customers and 80 percent to Interconnecting Customers is arbitrary and inconsistent with the Provisional Program (Company Reply Brief at 17). First, Eversource claims that the Attorney General's proposed allocation is arbitrary because it does not reflect, and is inconsistent with, the Company's analysis of the enabled load and reliability benefits that would accrue to distribution customers and Interconnecting Customers, which accounts for how the Company operates its system in accordance with its planning and operational standards (Company Reply Brief at 17-18). Second, Eversource repeats arguments that the Attorney General's proposed CIP Fee would mask price signals to

developers regarding the costs to interconnect in areas with less DG saturation and would be inconsistent with the Department's definition of the CIP Fee (Company Reply Brief at 18).

3. Utilization of Enabled DG

Eversource asserts that the Attorney General's claim that there is a risk that the full capacity enabled by the M-F CIP Proposal goes unutilized is speculative (Company Reply Brief at 10-11). Specifically, the Company first maintains that the DG Intervenors have invested time and money into the process and have affirmed their support and intention to continue with interconnection (Company Reply Brief at 10-11, citing DG Intervenors Brief at 14; RR-DPU-8). Second, Eversource contends that its analysis of Technically Qualified Land for solar development verifies that there is sufficient land to support full utilization of the Enabled DG, and that the Attorney General's argument that project economics and incentive programs need to be taken into consideration is unpersuasive (Company Reply Brief at 11-13, citing Exh. ES-Engineering Panel-1 (Rev.) at 43-44, 47; Tr. 2, at 292-294). In addition, the Company argues that there is evidence that solar will be developed at an adequate pace because the 60 MW yet to be filled by interconnection requests is equivalent to 36 percent of total DG in the region to date (Company Reply Brief at 13, citing Exhs. ES-Engineering Panel-2 (Rev.) Tab 7; ES-Engineering Panel-1 (Rev.) at 20; DPU 1-2; DPU 3-1).

4. Cost Overages

In response to the Attorney General's concern that the M-F CIP Proposal shifts too much burden onto distribution customers, particularly related to CIP project costs over a

25-percent threshold, the Company recommends requiring DG customers to share the risk of cost overruns with distribution customers, assigned based on the relative benefits that the CIP provides to each set of customers (Company Reply Brief at 14, citing Tr. 3, at 464). In support of this recommendation, Eversource maintains that requiring a Distribution Company to incur responsibility for such cost overruns is justified only to the extent the costs are in a company's control, are foreseeable, and are not provided in estimates due to imprudent decisions (Company Reply Brief at 14, citing Investigation into Distributed Generation, D.T.E. 02-38-B at 3 (2014)). Further, Eversource maintains that DG interconnection projects have increased in volume and complexity, while also requiring cost estimates early in the construction process (Company Reply Brief at 15). Finally, given the size and complexity of the proposed CIP, the Company argues that there are likely to be reasonable incurred costs that exceed the 25 percent cost estimate (Company Reply Brief at 15).

Eversource argues that putting a cap on total CIP costs eligible for cost recovery is at odds with Department precedent governing cost recovery for capital investments and should be rejected (Company Reply Brief at 16-17; citing NSTAR Electric Company and Western Massachusetts Electric Company, D.P.U. 17-05, at 85-96 (2017); NSTAR Gas Company, D.P.U. 19-120, at 163-164 (2020)). The Company contends that Eversource bears the risk of identifying a technically viable and optimal interconnection solution that is cost-effective, safe, and reliable, along with the risk of engineering, constructing, and operating a safe, reliable EPS, and to suggest that the Company should bear additional financial risk ignores this responsibility (Company Reply Brief at 16). Eversource further contends that there is

significant cost uncertainty beyond the Company's control related to supply chain issues and changes in material lead times (Company Reply Brief at 16-17, citing Exhs. DPU 4-11; NECEC-CCSA 1-10; MFG 1-5).

5. Intervenor Proposals

a. Extended Rate Recovery Period

Eversource, noting that the Attorney General and DOER each support a recovery timeline of greater than 15 years, does not oppose a CIP Fee cost recovery timeline of longer than 15 years, but suggests that the Department consider a reasonable endpoint to avoid cost recovery from being extended indefinitely (Company Reply Brief at 20-21, citing Attorney General Brief at 36; DOER Brief at 9-10).

b. Reporting Metrics

Eversource explains that the Attorney General and DOER each support requiring tracking and reporting metrics for the M-F CIP Proposal and it agrees to report certain metrics specifically proposed by the Attorney General, with modifications (Company Reply Brief at 21-22, citing Attorney General Brief at 39-40; DOER Brief at 9; Tr. 3, at 402-404).³⁵ Specifically, the Company agrees to identify and track construction milestones; forecasted versus actual DG and load additions; MWs of DG enabled divided by

³⁵ Specifically, the Company does not explicitly agree to report on certain electrification metrics, including natural gas line extension investments and new business that is 100 percent electric. In addition, the Company notes that it would be helpful to define a timeline for a metric on forecasted versus actual DG and load conditions and suggests aligning the metric with the Rate Recovery Period (Company Reply Brief at 21-22, citing Tr. 3, at 402-404).

the dollars spent on each CIP; MWs of DG interconnected divided by dollars spent on each CIP after five years, ten years, 15 years, and 20 years of CIP investment; hosting capacity utilization by the CIP area; and percentage of utility investments in electrification that are spent on environmental justice and low income (Company Reply Brief at 21-22). The Company further explains that it has other annual filings that report metrics and information relevant to the M-F CIP Proposal, and would support establishing reporting metrics that align with existing requirements (Company Reply Brief at 22).³⁶ The Company argues that aligning CIP metrics with existing reporting would promote consistency and would provide a basis for comparison to historical performance (Company Reply Brief at 22).

c. DG Intervenors Proposed Modifications

Eversource does not agree to any of the DG Intervenors' proposed modifications. Eversource argues that the DG Intervenors' proposed CIP Fee payment schedule is unreasonable because (1) the Company is unable to estimate cash flow related to CIP construction until detailed engineering and design processes are conducted six months after the ISAs are executed, and (2) the payment schedule will work against expediting construction (Company Reply Brief at 23, citing DG Intervenors Brief at 17-18; Tr. 3, at 377). The Company reiterates that the proposed CIP Fee payment schedule was designed

³⁶ According to Eversource, other metrics include performance-based regulation metrics on solar customer satisfaction and engagement, and Annual Reliability Reports and Service Quality Reports that include information on forecasts, load flows, major projects, system performance, reliability, among other things (Company Reply Brief at 22). NSTAR Electric Company, D.P.U. 22-22, at 120-121 (November 30, 2022).

to facilitate expeditious ordering of long-lead materials to meet the four-year construction window (Company Reply Brief at 23, citing DG Intervenors Brief at 18; Exh. NECEC-CCSA 2-3).

Further, Eversource does not agree with recommendations of the DG Intervenors to alter the requirements of the DG Interconnection Tariff (Company Reply Brief at 24). The Company maintains that it should follow the timeframes for issuance and execution of ISAs provided by the DG Interconnection Tariff unless the Department determines that alternative timeframes are more reasonable (Company Reply Brief at 24, citing Exhs. NECEC-CCSA 2-1; DPU 3-2). The Company states that it will provide ISAs to the Marion-Fairhaven Group Study members on the requisite timetable once a final Order approving the M-F CIP Proposal is issued and after the disposition of any post-order motions and appeals (Company Reply Brief at 27). The Company argues, however, that any alternative timelines should be determined based on a consideration of safety and reliability and interconnection queue management, and should not be tied to the timeline to qualify for financial incentives, a tie which the Company asserts, to date, has resulted in pressure to produce ISAs prior to the Company's being able to complete necessary studies (Company Reply Brief at 24-25).

Eversource opposes changes to the provisions in the DG Interconnection Tariff governing the process for evaluating and consenting to changes to the design of a Group Study project (Company Reply Brief at 25, citing Tr. 1, at 40-41). Instead, the Company asserts that it will use engineering judgment to exercise discretion on proposed project

changes or attrition and proposes to adhere to the process for project changes established in the DG Interconnection Tariff (Company Reply Brief at 25). The Company asserts that the established process will ensure that a CIP will proceed to construction expeditiously (Company Reply Brief at 25).

Eversource does not agree to establish a predetermined schedule for phased interconnection of the Marion-Fairhaven Group Study projects (Company Reply Brief at 26, citing DG Intervenors Brief at 20; Tr. 3, at 488-491). Instead, the Company maintains that once detailed engineering is complete, the Group Study members will have insight into an estimated time for interconnecting specific projects, but that the final schedule will be based on outage sequence at the transmission and distribution voltage levels that are subject to change based on a number of outside factors (Company Reply Brief at 26).

In response to the DG Intervenors' recommendation to establish a process for future Group Studies in the Marion-Fairhaven region, the Company explains that post-Marion-Fairhaven Group Study DG applications will be processed, studied, and approved individually or in groups depending on their location, up to the maximum Enabled DG (Company Reply Brief at 27, citing DG Intervenors Brief at 21).

Finally, in response to recommendations relevant to long-term planning considerations made by the Attorney General and DOER, the Company clarifies that the 2022 Clean Energy Act and the implementing processes will address such concerns (Company Reply Brief at 27-29). The Company further argues that the requirements of the 2022 Clean Energy Act

should alleviate Attorney General and DOER concerns regarding the level of involvement of in the group study process (Company Reply Brief at 29).

6. Other Issues

Eversource acknowledges that the use of the term “ground-mounted DER” to refer to all installations completed under the Expedited or Standard Process may be confusing (Company Reply Brief at 18-19, citing Attorney General Brief at 37; Exh. AG-2-19).

Eversource therefore agrees to include a modified definition of projects eligible for the CIP Fee to be used in the proposed tariff.³⁷

In response to the Attorney General’s request for the Company to develop a community outreach plan, the Company explains that established practices within its community relations organization will constitute a community outreach plan, including application of an Equity Framework³⁸ that will guide such outreach (Company Reply Brief at 20, citing Attorney General Brief at 38-39; Exh. DPU 4-9; Tr. 2, at 377-379, 390-391; RR-AG-2 & Att.).

³⁷ The Company’s proposed definition is: “any DER facility, regardless of facility type or installation location, greater than 15 kW on a single-phase circuit and 25 kW on a three-phase circuit; this includes facilities installed on rooftops or the ground” (Company Reply Brief at 19).

³⁸ Eversource defines “Equity Framework” as a multipronged strategic approach to serving customers with an intentional focus on environmental justice communities to enable equitable outcomes for all communities and customers served by Eversource (Exh. RR-AG-2, at 1).

Regarding construction timelines, the Company argues that there are factors outside of the Company's control that may affect its ability to meet the requirements of the Provisional Program, including: (1) the receipt of siting and permitting approvals after May 2025; (2) not receiving a final, non-appealable Order from the Department before the end of December 2022; (3) delays in receipt of long-lead materials; (4) supply chain/market volatility, which may affect both the construction schedule and costs; and (5) the presence of atypical site-specific soil and environmental conditions (Company Brief at 15-16, citing Exhs. ES-Engineering Panel-1 (Rev.) at 33-34; DPU 1-14). Even in the absence of these factors, the Company contends that the construction of the M-F CIP Proposal within four years would be a challenge (Company Brief at 16, citing Tr. 2, at 243, 361 362). In recognition of this challenge, the Company requests that in any final Order approving the M-F CIP Proposal, the Department recognize that the Company's obligation should be to use commercially reasonable efforts to complete construction of the CIP within four years from the conclusion of the Department's adjudicatory process, rather than impose a strict completion date (Company Brief at 16).

VI. DEPARTMENT'S AUTHORITY

In recognition of the unique and immediate challenges some DG facilities and the Distribution Companies are facing, the Department established the Provisional Program for planning and funding essential upgrades to the EPS. D.P.U. 20-75-B at 2, 26. The objectives of the Provisional Program are to foster timely and cost-effective development and interconnection of DG and to further the Commonwealth's progress towards achieving

net-zero GHG emissions, consistent with the 2021 Climate Act and the Massachusetts 2050 Decarbonization Roadmap. D.P.U. 20-75-B at 1, 2. The development of properly sited renewable energy facilities that deliver usable clean energy is vital to achieving the Commonwealth's GHG emissions targets and clean energy goals. D.P.U. 20-75-B at 27. As such, the Department seeks to facilitate an equitable allocation of costs and to remove barriers to the Commonwealth's progress to a clean energy future. D.P.U. 20-75-B at 2.

The Department has broad authority to determine ratemaking matters in the public interest. Fitchburg Gas and Electric Light Company v. Department of Public Utilities, 460 Mass. 800, 811 (2011); Massachusetts Institute of Technology v. Department of Public Utilities, 425 Mass. 867, 868 (1997). The Department exercises this authority in reviewing Eversource's M-F CIP Proposal. Since the M-F CIP Proposal will have a cost consequence affecting rates to distribution customers, the Department will apply the standard of just and reasonable to those rates. Bay State Gas v. Department of Public Utilities, 459 Mass. 807, 814 (2011); New England Gas Company, D.P.U. 10-114, at 22 (2011); Boston Gas Company, D.P.U. 93-60, at 212 (1993). Also, under the Provisional Program, Eversource must meet its public service obligations for providing, safe, reliable, least-cost service to customers as well as to support the Commonwealth's climate and energy policies. See, e.g., D.P.U. 19-120, at 63; Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 18-150, at 53 (2019).

In assessing a proposed cost assignment and recovery methodology, the Department must ensure equitable costs and benefits to distribution customers and Interconnecting

Customers, while balancing the requirements for just and reasonable rates and for Eversource to meet its public service obligations. D.P.U. 20-75-B at 29-30. To reach this delicate balance, the Department will apply a totality of the circumstances balancing test. In its totality of the circumstances analysis, the Department will consider factors related to the M-F CIP Proposal, including but not limited to: (1) whether the proposal is based on the Department's Methodology as directed in D.P.U. 20-75-B at 29; (2) whether the proposal meets the eligibility criteria set forth in D.P.U. 20-75-B; (3) the magnitude of the costs proposed to be borne by ratepayers; and (4) the potential benefits of the proposal to distribution customers and to the Commonwealth as a whole.

The Department will review each CIP on a case-by-case basis and may approve, deny, or modify any proposal. The Department makes its determination on the M-F CIP Proposal based on the applicable facts and circumstances. In this decision, the basis for determining CIP costs, CIP Fees, and the framework for cost allocation are not intended to apply across all CIPs. The Department will continue to examine these concerns in CIP proceedings that present the same issues. The Department emphasizes that the purpose of the Provisional Program is to facilitate the interconnection of DG facilities that help meet our clean energy goals.³⁹ Further, the Provisional Program is not intended to be used as an

³⁹ We encourage the Distribution Companies to ensure that interconnecting DG and related EPS upgrades are designed to deliver clean energy aligned with customer usage. See Fitchburg Gas and Electric Light Company, D.P.U. 21-82-B at 182 (November 30, 2022) (finding that solar facilities that deliver energy in excess to customer usage resulting in electricity being grounded out of the system does not further the Commonwealth's clean energy goals).

alternative funding mechanism for general Distribution Company capital investments. Proposed CIPs must be tailored to enable the DG projects eligible for the Provisional Program.

VII. ANALYSIS AND FINDINGS

A. Eligibility Criteria

1. Introduction

When the Department established the Provisional Program, we set forth five eligibility criteria in D.P.U. 20-75-B at 35-39 that a CIP proposal must satisfy to be considered for approval (“Eligibility Criteria”). CIP proposal filings must: (1) be limited in scope to specific EPS upgrades and Affected Group Studies; (2) enable the interconnection of multiple DG facilities; (3) include a maximum CIP Fee of \$500 per kW; (4) identify the specific geographic area served by the EPS upgrades constructed as part of a CIP and demonstrate that the amount of Enabled DG likely will be interconnected in that geographic area within the proposed Rate Recovery Period; and (5) demonstrate that aspects of the construction timeline within the Distribution Company’s control can be completed within a maximum of four years from the conclusion of the Department’s adjudicatory process. D.P.U. 20-75-B at 34-39. The Department established the Eligibility Criteria to provide stakeholders with regulatory certainty and to streamline the Department’s investigation by limiting eligibility to criteria that meet the Provisional Program objectives. In this section we address each of the Eligibility Criteria.

2. Analysis and Findings

a. Limited Scope

A CIP proposal must be limited in scope to specific EPS upgrades and Affected Group Studies. D.P.U. 20-75-B at 35. A Distribution Company may only submit for review CIP proposals that are identified through a distribution or transmission impact study for one of the Affected Group Studies. D.P.U. 20-75-B at 35. The Marion-Fairhaven Group Study is one of the seven Affected Group Studies in Eversource's service territory.

D.P.U. 20-75-B at 26-27 n.27. The Company identified seven EPS upgrade projects, consisting of substation and distribution line and feeder upgrades, that are necessary to enable interconnection of the Marion-Fairhaven Group Study members to the Company's EPS (Exh. ES-Engineering Panel-1 (Rev.) at 23-25; Tr. 2, at 367-371). Specifically, the M-F CIP Proposal includes the following EPS upgrade projects: (1) distribution line upgrades (overhead conductors) at the Arsene Street distribution lines; (2) upgrades to the existing substation transformer and the addition of a second transformer, switchgear duct bank gateway (substation conduit outlet) and cable at the Crystal Spring substation; (3) distribution feeder upgrades at the Crystal Spring distribution feeders; (4) an upgrade to one existing substation transformer,⁴⁰ switchgear, and duct bank gateway cable at the Rochester substation; (5) distribution feeder upgrades at the Rochester distribution feeders; (6) upgrades of two existing substation transformers, a duct bank, and gateway cables at the Wing Lane

⁴⁰ See Note 18 above.

substation; and; (7) distribution feeder upgrades at the Wing Lane distribution feeders (Exhs. ES-Engineering Panel-1 (Rev.) at 24-25; ES-Engineering Panel-2 (Rev.) at “1. CIP”).

Upon review and consideration of the record, the Department finds that the M-F CIP Proposal is appropriately limited in scope to specific EPS upgrades identified for the Marion-Fairhaven Group Study.

b. Enables the Interconnection of Multiple DG Facilities

A CIP proposal must enable the interconnection of multiple DG facilities.⁴¹

D.P.U. 20-75-B at 36. The Marion-Fairhaven Group Study includes 16 separate facilities that total approximately 48 MW of DG capacity (Exh. ES-Engineering Panel-1 (Rev.) at 37). The M-F CIP Proposal is designed specifically to enable the interconnection of these facilities (Exh. ES-Engineering Panel-1 (Rev.) at 27). In addition, there are 14 facilities totaling 32 MW of Large DG that are currently in the interconnection queue behind the Marion-Fairhaven Group Study; the M-F CIP Proposal will accommodate interconnection of these facilities (Exhs. ES-Engineering Panel-1 (Rev.) at 20, Table 1; DPU 1-2; DPU 3-1 & Att.). Moreover, if constructed, the M-F CIP Proposal will enable a total of 140 MW of Large DG, 60 MW more than the capacity for the 30 currently queued facilities (Exh. ES-Engineering Panel-1 (Rev.) at 28, 40). Thus, the Department finds that the M-F CIP Proposal will enable the interconnection of multiple DG facilities.

⁴¹ The intervenors did not address on brief the eligibility criterion concerning the requirement that a CIP proposal enable the interconnection of multiple DG facilities.

c. CIP Fee

A CIP Fee included with a CIP proposal may not exceed \$500 per kW.

D.P.U. 20-75-B at 37. Eversource proposes a CIP Fee of \$385 per kW for the M-F CIP Proposal (Exh. ES-Engineering Panel-1 (Rev.) at 38).⁴² The CIP is designed to interconnect projects included in the Marion-Fairhaven Group Study (Exh. ES-Engineering Panel-1 (Rev.) at 27). However, due to the upgrades triggered by the DG in the Marion-Fairhaven Group Study coupled with the Company's standards for equipment redundancy (N-1 contingency planning) and sizing, the proposed CIP will enable an additional 92 MW of Large DG above and beyond the Group Study DG (Exhs. ES-Engineering Panel-2 (Rev.) at "3. Project Need"; DPU 1-2; DPU 1-16; AG 1-1).⁴³ As proposed, the Company's CIP Fee is consistent with the CIP cost limit and thus the Department finds that Eversource has satisfied the CIP Fee eligibility criterion.

⁴² The Company's proposed \$385 per-kW CIP Fee does not include a 14.79-percent carrying charge, standard for the Company's collection of a contribution in aid of construction ("CIAC"), for a total of \$442 per kW (Exh. NECEC-CCSA 1-13). In addition, as discussed more in following sections, the Company's CIP Fee is fixed at plus or minus 25 percent, in accordance with the DG Interconnection Tariff (Exh. NECEC-CCSA 1-11). M.D.P.U. No. 55A, at § 3.4(g). Each Marion-Fairhaven Group Study project will also incur site-specific interconnection costs, ranging between \$171,708 and \$531,020 (Exh. DPU 1-28; RR-DPU-12).

⁴³ The proposed CIP Fee will cover Common System Modifications, not costs associated with the individual DG facilities (Exh. ES-Engineering Panel-1 (Rev.) at 54).

d. Enabled DG(1) Introduction

The Company's proposal must identify the specific geographic area served by the proposed EPS upgrades and demonstrate that the amount of Enabled DG likely will be interconnected in that geographic area within the proposed Rate Recovery Period.

D.P.U. 20-75-B at 34, 39. CIP Fee contributions to the total CIP cost will decrease if Enabled DG is not realized within the Rate Recovery Period, resulting in more of the CIP costs being borne by ratepayers. D.P.U. 20-75-B at 30. Eversource identifies the geographic area by the four affected substations and the zip codes supplied by those substations (Exh. ES-Engineering Group-1 (Rev.) at 19-21, Figures 1 & 2).⁴⁴ No parties address this delineation.

Eversource indicates that the M-F CIP Proposal enables 140 MW of total DG capacity (Exh. ES-Engineering Panel-1 (Rev.) at 53). To demonstrate that the amount of Enabled DG likely will be interconnected in the geographic area within the proposed Rate Recovery Period, Eversource conducted a land-use analysis of the parcels within the geographic area served by the M-F CIP Proposal, evaluating the suitability of each parcel for solar

⁴⁴ The four affected substations are Arsene Street (Substation #654), Crystal Spring (Substation #646), Rochester (Substation #745), and Wing Lane (Substation #624), and the zip codes identified as served by those substations include 02770, 02743, 02739, 02719, 02738 ("M-F CIP Proposal Area") (Exh. ES-Engineering Group-1 (Rev.) at 19-21). Pursuant to 220 CMR 1.10(2), the Department takes official notice that these zip codes correspond to the cities and towns of Rochester, Acushnet, Mattapoisett, Fairhaven, and Marion. Unitedstateszipcodes.org.

development (Exh. ES-Engineering Panel-1 (Rev.) at 41-48). The analysis identifies for each parcel how much of the parcel is covered by various land classifications and removes from the analysis the portions attributed to classifications determined to be undevelopable, as well as setbacks, existing structures, existing solar sites, and sites that are part of the Marion-Fairhaven Group Study, and then defines the remaining amount of land as developable for solar (Exh. ES-Engineering Group-1 (Rev.) at 44-47). The Company's analysis does not disqualify parcels based on project economics, including the impact of incentive programs, land-use restrictions defined in current incentive programs, or local zoning limitations (Exh. ES-Engineering Group-1 (Rev.) at 42-43). Eversource then applies a conversion factor to translate the number of developable acres identified into an equivalent capacity of solar (Exhs. DPU 1-22; DPU 3-8). The Company concludes based on its analysis that there is sufficient Technically Qualified Land available to develop solar projects enabled by the distribution upgrades proposed in M-F CIP Proposal (Exh. ES-Engineering Group-1 (Rev.) at 47-48).

Eversource identifies four possible scenarios assuming different timing of DG interconnection, and a range of 20 percent more to 20 percent less than the 140 MW of Enabled DG interconnecting within 15 years (Exh. ES-Engineering Group-1 (Rev.) at 48-50). In developing the scenarios, the Company explains that it did not consider current state incentives in its analysis of potential rates of DG interconnection, and that funding, regulations, local zoning, and cost trends will all play a role in the pace at which DG is developed and interconnected (Exh. ES-Engineering Group-1 (Rev.) at 50-51). Eversource

does not provide any further analysis of the potential quantity and pace of DG interconnection in the M-F CIP Proposal Area, indicating that it did not think it possible to predict the impact of the factors enumerated, including and alongside the impact of a fixed interconnection fee (Exh. ES-Engineering Group-1 (Rev.) at 50-51).

(2) Analysis and Findings

The M-F CIP Proposal enables the interconnection of 140 MW of DG (Exh. ES-Engineering Panel-1 (Rev.) at 53). The Company expects that this Enabled DG will be fully subscribed (Exh. DPU 2-2(b)). When assessing the likelihood of interconnection, this 140 MW total can be considered in three parts.

First, there are 48 MW of DG capacity in the Marion-Fairhaven Group Study (Exh. ES-Engineering Panel-1 (Rev.) at 37). Projects in the Marion-Fairhaven Group Study have been in the interconnection queue since between March 2018 (over four years) and May 2020 (two and a half years) (RR-DPU-8). More specifically, ten of the 16 Group Study projects completed an Interconnection Application in 2018, five projects completed an Interconnection Application in 2019, and two projects completed an Interconnection Application in 2020 (RR-DPU-8; RR-DPU-11).⁴⁵ Over this timeframe, each project has incurred expenditures to maintain project viability, including permitting, land costs, and third-party legal fees (RR-DPU-8). Moreover, the projects have communicated a desire to

⁴⁵ One project withdrew from the Marion-Fairhaven Group Study (Exh. AG 3-4; RR-DPU-9; RR-DPU-10). It completed its Interconnection Application in 2019 (RR-DPU-11).

move forward (RR-DPU-8). The Company estimates a high likelihood that these projects will interconnect (Tr. 2, at 303-304, 312). The Department views the amount of time, financial and other resources, and level of participation by members of the Marion-Fairhaven Group Study in the Group Study process and in this case as a demonstration of a high level of commitment to the final interconnection of their projects. We, therefore, agree with the Company's assessment that there is a high likelihood that the 48 MW of Group Study DG capacity will interconnect to the CIP within the rate recovery period.

The Attorney General argues that there is still a risk that one or more projects could drop out of the Marion-Fairhaven Group Study after Department approval (Attorney General Brief at 30-31). The Marion-Fairhaven Group Study projects are not obligated to move forward with interconnection and will be assessed no penalty if they drop out of the process (Exhs. AG 5-3; AG 5-4). Since the Marion-Fairhaven Group Study was established, one project withdrew (Exh. AG 3-4; RR-DPU-9; RR-DPU-10). However, in terms of meeting the objective of interconnecting 140 MW of DG capacity in the Marion-Fairhaven CIP area, we find that the potential attrition of known projects is balanced by the other factors that will encourage development of future DG projects beyond the Marion-Fairhaven Group Study, described below.

Second, there are 32 MW of DG capacity across 14 known projects that are in the interconnection queue behind the Marion-Fairhaven Group Study projects and would be considered Enabled DG (Exhs. DPU 1-2; DPU 3-1 & Att.). We concur with the Company

that these projects are similarly situated to the Marion-Fairhaven Group Study, and, thus, have a similar likelihood of interconnecting (Tr. 2, at 303-304, 334, 336).

Third, after accounting for the known projects (80 MW, comprised of 48 MW of Group Study projects and 32 MW of projects in the interconnection queue), there is an additional 60 MW of Enabled DG to be utilized by future Interconnecting Customers within the 20-year Rate Recovery Period (Exh. DPU 1-2). As a point of comparison, there are approximately 60 MW interconnected in the Marion-Fairhaven CIP area to date, having interconnected between 1994 and 2020 (Exh. ES-Engineering Panel-1 (Rev.) at 19; RR-DPU-2, at 3). However, past rates of interconnection may not be representative of the future, due to changing circumstances, such as state and local policies and cost development (Exh. ES-Engineering Panel-1 (Rev.) at 50-51; Tr. 2, at 304-305). Expansion of DG is a key component of meeting the Commonwealth's clean energy objectives. Massachusetts 2050 Decarbonization Roadmap, at 23, 55, 59 (Dec. 2020). In addition, the establishment of a predictable fee for interconnection (the CIP Fee) and a known construction timeline address what have been identified as primary development risks for solar developers, namely uncertain and potentially high interconnection costs, and uncertain and potentially lengthy interconnection timelines (Exhs. ES-Engineering Panel-1 (Rev.) at 51; DPU 2-18; Tr. 2, at 337-339). The Company assesses that these factors inform a higher likelihood of interconnection in the M-F CIP Proposal Area than in the past (Tr. 2, at 305). Furthermore, the Company has demonstrated that there is likely to be sufficient developable space within the geographic area of the M-F CIP Proposal to accommodate the full amount of Enabled DG

(Exh. ES-Engineering Group-1 (Rev.) at 41-48). Likewise, the Department considers the current policy landscape in Massachusetts to encourage a faster rate of DG development than in the past.

Finally, in Section VII.C. below, the Department extends the Rate Recovery Period. An extended Rate Recovery Period will provide a longer timeframe over which solar and other DG projects can be developed in the M-F CIP Proposal Area, increasing the likelihood that the full amount of Enabled DG will be utilized.

In sum, the M-F CIP Proposal would enable 80 MW of known projects that have demonstrated a commitment to proceed with interconnection if the M-F CIP Proposal is approved (Exhs. DPU 1-2; DPU 3-1 & Att.; Tr. 2, at 303-304, 334, 336; RR-DPU-8). Beyond known projects, the Commonwealth's desire to expand DG during the Rate Recovery Period, in conjunction with the availability of capacity, known and reasonable interconnection costs, and developable land, make it likely that the M-F CIP Proposal will be fully subscribed within the Rate Recovery Period. Therefore, we find that the Company has met this eligibility criterion.

e. Construction Efforts and Timeline

(1) Introduction

To ensure any proposed CIP has the potential of meeting the immediate needs for which the Provisional Program was developed, the Department limits eligibility in the Provisional Program to CIPs for which the construction timeline provides a likelihood that the Enabled DG facilities currently in the interconnection queue will remain viable and

interconnect following completion of the EPS upgrades associated with a CIP.

D.P.U. 20-75-B at 26, 39. The Department (1) directed the Distribution Companies to submit CIPs only where they can demonstrate that the aspects of the construction timeline within their control can be completed within a maximum of four years from the conclusion of the Department's adjudicatory process, and (2) urged the Distribution Companies to use commercially reasonable efforts to accelerate procurement and construction schedules for completing these upgrades. D.P.U. 20-75-B at 39. The Company's proposed CIP includes distribution line or substation upgrade projects at four substations that are designed to be constructed within four years, absent factors outside of the Company's control (Company Brief at 11, 15 citing Exh. ES-Engineering Panel-1 (Rev.) at 36). In addition, the Company contends that it has made reasonable efforts to accelerate procurement and construction timelines, including expedited procurement of long-lead materials in parallel with siting and permitting (Company Brief at 11).

(2) Analysis and Findings

The Company provides an implementation schedule that satisfies the Department's four-year timeline directive (Exh. ES-Engineering Panel-1 (Rev.) at 36-37). The Company also clearly identifies the potential risk factors that may delay its ability to meet the four-year timeline (e.g., delays with siting and permitting approvals and the potential for various market delays) (Exhs. ES-Engineering Panel-1 (Rev.) at 34-37; DPU 1-13). As directed in D.P.U. 20-75-B, the Company has taken the appropriate steps within its control to increase the likelihood that M-F CIP Proposal will be completed within four years

(Exhs. ES-Engineering Panel-1 (Rev.) at 34, 36; DPU 114; AG 1-2). For example, the Company plans to conduct the procurement of long-lead materials in parallel with siting and permitting activities (Exhs. ES-Engineering Panel-1 (Rev.) at 34, 36; DPU 1-14; AG 1-2). The Department acknowledges that there are several risk factors outside of the Company's control that may delay or limit the Company's ability to meet the four-year timeframe, including zoning exemptions for substation upgrades and associated environmental permits (Exhs. ES-Engineering Panel-1 (Rev.) at 35; DPU 1-13). Nevertheless, the Company has presented an appropriate schedule that reflects the necessary milestones to achieve the Department's required four-year timeline (Exh. ES-Engineering Panel-1 (Rev.) at 37). Therefore, the Department finds that the Company has demonstrated that the aspects of the construction timeline within its control can be completed within a maximum of four years from the conclusion of the Department's adjudicatory process.^{46, 47} D.P.U. 20-75-B at 39.

In addition to a four-year construction timeframe, the Department urges that the Distribution Companies should use commercially reasonable efforts to accelerate procurement and construction schedules for completing upgrades. D.P.U. 20-75-B at 39. In its proposal,

⁴⁶ For the purposes of the Provisional Program, the Department's adjudicatory process includes completion of the adjudicatory proceeding, issuance of a final Order, the Department's ruling on any post-Order motions, and the conclusion of any judicial appeal. D.P.U. 20-75-B at 39 n.41.

⁴⁷ System Modification payments made pursuant to an executed ISA are non-refundable. M.D.P.U. No. 55A, at § 3.4.1(l), Exh. G at § 5.0 "General Payment Terms". Delays in construction timelines due to circumstances outside of Eversource's control will not constitute grounds for an exception to this rule.

the Company presents an accelerated procurement of long-lead materials conducted in parallel with siting and permitting activities (Exhs. ES-Engineering Panel-1 (Rev.) at 34, 36; DPU 1-14). The Department acknowledges that this is not a standard practice for the Company.⁴⁸ The Department's four-year timeline, however, necessitates that the Company remain flexible and exercise its discretion, where reasonable and appropriate, in order to meet the Department's requirement set forth in the Provisional Program. The Department finds that the Company intends to use commercially reasonable efforts to accelerate procurement and construction schedules for completing the upgrades. Further, as the Company conducts its detailed engineering and design to finalize the construction schedule in the stages ahead, the Department expects the Company to continue to implement commercially reasonable efforts where practicable.

Due to potential occurrences outside of the Company's control that may affect the construction timeline, the Company requests that the Department not impose a strict four-year completion date (Company Brief at 15-16). Instead, the Company recommends that the Department recognize, in approving the M-F CIP Proposal, that the Company's obligation should be to use commercially reasonable efforts to complete construction of the CIP within four years from the conclusion of the Department's adjudicatory process (Company Brief at 16). The Department acknowledges the Company's concerns over the four-year timeline

⁴⁸ At evidentiary hearings, the Company's witness stated that the Company's standard practice is to wait until all applicable permits are granted prior to purchasing long-lead materials (Tr. 2, at 359).

and the assumed risk of a compressed schedule (Exhs. ES-Engineering Panel-1 (Rev.) at 36-37; DPU 1-13; AG 6-3). In establishing the Provisional Program, the Department recognized that many aspects of the construction timeline are outside the full control of the Distribution Companies (e.g., local permitting, siting constraints, etc.). D.P.U. 20-75-B at 39. Nevertheless, the Department found it necessary to limit eligibility to CIPs for which the construction timeline provides a likelihood that the DG facilities currently in the interconnection queue will be able to remain viable and interconnect following completion of the EPS upgrades associated with a CIP. D.P.U. 20-75-B at 39. Providing a degree of regulatory certainty is important to M-F Interconnecting Customers (Tr. 2, at 337-338). D.P.U. 20-75-B at 34. In consideration of the Provisional Program's requirements and the importance of providing regulatory certainty, the Department declines to implement the Company's request.

As such, the Department urges the Company to use its resources efficiently and take commercially reasonable efforts to avoid undue delays. Should the Company experience unavoidable delays, the Department anticipates that the Company will proactively notify all affected M-F Interconnecting Customers. If the Company requires additional time beyond the four years to complete the CIP, the Company must notify the Department as soon as possible, and seek approval of any extension providing, at a minimum, an explanation for the requested extension with justification for why a situation or occurrence is outside of the

Company's control.⁴⁹ To promote transparency and ensure that the Department and stakeholders are aware of the Company's progress, the Department directs the Company to submit progress reports as part of its annual CIP Factor filing, for informational purposes only. In the annual filings, the Company shall update its implementation schedule and identify all completed milestones as well as the estimated timeline for the completion of future milestones.⁵⁰

3. Conclusion

Upon review and consideration of the record, the Department finds that the M-F CIP Proposal is limited in scope to specific EPS upgrades and Affected Group Studies; enables the interconnection of multiple DG facilities; is consistent with the CIP Fee limit; identifies the specific geographic area served by the EPS upgrades constructed as part of the CIP and demonstrates that the amount of Enabled DG likely will be interconnected in that geographic area within the proposed Rate Recovery Period; and demonstrates that aspects of the construction timeline within the Company's control can be completed within a maximum of four years from the conclusion of the Department's adjudicatory process. Thus, we find that the Company has met all eligibility criteria for the Provisional Program.

⁴⁹ The Company shall include the reporting requirement in the appendix to the Company's Provisional System Planning Tariff applicable to the Marion-Fairhaven CIP. The Department expects that any justification will include Company communications with affected Interconnecting Customers and, if applicable, the customers' responses.

⁵⁰ At a minimum, the Company should report on all project milestones identified in its implementation schedule (Exh. ES-Engineering Panel-1 (Rev.) at 37, Figure 3).

B. Proposed Infrastructure Upgrades and Cost Estimates

Within a substantial range, the Department relies on the reasonable business judgment of regulated utilities. Fitchburg Gas and Electric Light Company, 375 Mass. 571, 584-585 (1978); New England Telephone and Telegraph Company v. Department of Public Utilities, 371 Mass. 67, 81-82 (1976; New England Telephone and Telegraph Company v. Department of Public Utilities, 327 Mass. 81, 90 (1951); Weld v. Gas and Electric Light Commissioners, 197 Mass. 556, 560 (1908). We find that the principle is equally applicable to a Distribution Company's planning and design of its EPS. Conducting impact studies to identify needed System Modifications in the planning and design of its EPS is a standard business practice of the Company. Thus, to a certain extent, we rely on the reasonable judgment of the Company in the planning and design of its EPS regarding its M-F CIP Proposal.

As required for eligibility for the Provisional Program, the Company's proposed engineering solution and upgrades to the EPS are based on the distribution system impact study completed for the Marion-Fairhaven Group Study (Exhs. ES-Engineering Panel-1 (Rev.) at 23-24; ES-Engineering Panel-2 (Rev.); RR-AG-3(a) (Redacted) through RR-AG-3(f) (Redacted)). As described in more detail above, the Company found that seven EPS upgrade projects are necessary to safely interconnect the Marion-Fairhaven Group Study, at a total estimated cost of \$119.7 million (Exhs. ES-Engineering Panel-1 (Rev.) at 24-25; ES-Engineering Panel-2 (Rev.) at "1. CIP").

At evidentiary hearings, the Attorney General requested the system impact study ("SIS") results for the Marion-Fairhaven Group Study (Exh. RR-AG-3). A SIS is the

engineering study conducted by the Company under the Standard Process to determine the scope of the required System Modifications to its EPS to provide the requested DG interconnection service. M.D.P.U. No. 55A, at § 3.4(b). Historically, the Department has not reviewed the SIS for an individual or Group of Interconnecting Customer and has relied on the discretion of the Distribution Company to maintain the safety and reliability of the EPS. In this instance, however, since the SIS is part of the record and significantly informs the M-F CIP Proposal, the Department has reviewed the SIS and does not identify any analytical errors or significant concerns. Upon review and consideration, the Department finds that the M-F CIP Proposal is reasonably based on the EPS upgrades identified for the Marion-Fairhaven Group Study and that the proposed EPS upgrades and cost estimates are reasonable.

C. Cost Assignment and Recovery Proposals

1. Introduction

In assessing a proposed allocation of costs and a cost recovery mechanism, the Department must balance its obligation to ensure just and reasonable rates for all distribution customers, a Distribution Company's public service obligation to provide safe, reliable, least cost service, and the need to ensure equitable distribution of costs and benefits to distribution customers and Interconnecting Customers. D.P.U. 20-75-B at 29-30. In establishing the Provisional Program, the Department found that CIPs must be based on the Department's Methodology. D.P.U. 20-75-B at 29. The Department expected that a significant percentage of costs, if not all costs, initially borne by distribution customers via the reconciling charge

would be offset through CIP fees collected from Interconnecting Customers. D.P.U. 20-75-B at 33. However, the Department also recognized that the Distribution Companies had proposed that some EPS upgrade costs could be fully paid by distribution customers and would not be offset via the collection of CIP Fees from Interconnecting Customers (i.e., Fully Socialized Costs). D.P.U. 20-75-B at 33. Considering this potential consequence, the Department determined that any proposed Fully Socialized Costs would be fully adjudicated to determine whether it would be consistent with the public interest for those costs to be recovered through a Reconciling Charge rather than base distribution rates. D.P.U. 20-75-B at 33-34. As such, the Company must demonstrate that the \$65.8 million in CIP costs allocated to distribution customers are justified and that the benefits and costs allocated between M-F Interconnecting Customers (\$53.9 million) and distribution customers (\$65.8 million) are equitable. D.P.U. 20-75-B at 37.

Eversource employs a cost allocation methodology based on the “capacity allocation principle,” which allocates the upgrade costs between M-F Interconnecting Customers and distribution customers “in proportion to the load and DG capacity entitlement” (Exhs. ES-Engineering Panel-1 (Rev.) at 56; DPU 1-33). The Company allocates the total amount of upgraded capacity and its associated cost totaling \$119.7 million in two distinct components: (1) substation capacity, 340 MW and \$92.3 million, and (2) distribution line capacity, 519 MW and \$27.4 million, based on the relative amounts of design equipment capacity reserved by the Company for use each by the DG customers and distribution customers (Exh. ES-Engineering Panel-2 (Rev.) at “7. Cost Allocation Details”). The

Company's methodology results in a total of \$53.9 million allocated to M-F Interconnecting Customers and \$65.8 million allocated to distribution customers, or 45 percent and 55 percent, respectively, of the total CIP cost of \$119.7 million.⁵¹

The Company proposes a non-bypassable, volumetric dollar-per-kWh, reconciling charge for recovering from ratepayers costs associated with the M-F CIP Proposal. The Company's proposal includes a tariff for implementation of the Provisional Program, including recovery of the CIP Fee and costs through the reconciling mechanism (Exh. ES-ANB-2).

The Attorney General offers an alternative cost allocation and cost recovery proposal (Exh. AG-NACS-1, at 28-29, 37-38, 60-76, 79-83). She states that the Company's proposal is not based on sound ratemaking principles, will disincentivize efficient interconnection, and will risk higher costs being borne by ratepayers (Exh. AG-NACS-1, at 63). She proposes a cost assignment ratio of approximately 80 percent to Interconnecting Customers and 20 percent to distribution customers (Exh. AG-NACS-1, at 60). To make this cost

⁵¹ The Company allocates to M-F Interconnecting Customers 140 MW and \$38 million in substation upgrade capacity and costs, and 302 MW and \$16 million in distribution line upgrade capacity and costs (Exh. ES-Engineering Panel-2 (Rev.) at "7. Cost Allocation Details"). The Company allocates to distribution customers 200 MW and \$54.3 million in substation upgrade capacity and costs, and 217 MW and \$11.5 million in distribution line upgrade capacity and costs (Exh. ES-Engineering Panel-2 (Rev.) at "7. Cost Allocation Details"). The 340 MW of total allocable substation capacity takes into account a gross upgraded design capacity amount of 410 MW less the 69 MW of existing DG that is currently being served by the existing distribution system (Exh. ES-Engineering Panel-2 (Rev.) at "7. Cost Allocation Details").

assignment allocation proposal affordable for Interconnecting Customers, the Attorney General proposes that all Interconnecting Customers across the Company's service territory share in contributing toward the 80 percent cost (as opposed to the Company's proposal which limits such cost responsibility to M-F Interconnecting Customers) (Exh. AG-NACS-1, at 28-29, 61, 64, 74). The Department first addresses the Attorney General's cost allocation proposal, and then the Company's proposal.

2. Analysis and Findings

a. Attorney General's Cost Allocation Proposal

The Company and DG Intervenors disagree with the Attorney General's proposal, arguing that her cost allocation methodology is inconsistent with D.P.U. 20-75-B and is inconsistent with the Company's planning and operational standards (Company Reply Brief at 17-18; DG Intervenors Reply Brief at 2-10). Additionally, the DG Intervenors argue that the Attorney General's alternative allocation would produce a CIP Fee in excess of the \$500 per kW threshold, creating a risk that projects withdraw (DG Intervenors Reply Brief at 5).

A key objective of the Provisional Program is to enable the interconnection of DG. D.P.U. 20-75-B at 26. As such, we must establish a regulatory structure with a reasonable allocation of costs among Interconnecting Customers, ratepayers, and the Company within a process that effectively supports the interconnection of DG that are consistent with the clean energy policies of the Commonwealth. In establishing the Provisional Program in D.P.U. 20-75-B, the Department sought to address imminent short-term DG interconnection

cost allocation concerns and, thus, we limited the scope of the program to the Affected Group Studies. D.P.U. 20-75-B at 26, 30, 35.

Since the CIP in the instant proceeding is specific to the study area associated with the Marion-Fairhaven Group Study, the Department finds that it would not be appropriate to assign costs included in the M-F CIP Proposal to all Interconnecting Customers across Eversource's service territory. We also find that without sharing costs across Eversource's service territory, the Attorney General's proposed modified cost assignment ratio would result in a significantly higher CIP Fee that would not be effective in supporting DG interconnection. Therefore, we decline to incorporate the Attorney General's modified cost assignment proposal in this docket. However, we note the Attorney General's alternative cost allocation proposal may be better suited as part of a long-term cost allocation proposal for DG interconnection.

b. Company's Capacity Allocation Proposal

As an initial matter, the Department finds that except for the proposed Fully Socialized Costs, the M-F CIP Proposal is consistent with the Department's Methodology. Furthermore, upon review of the Company's proposal and the full record in this matter, on balance, the Department finds that: (1) the Company has sufficiently justified the \$65.8 million in Fully Socialized costs allocated to distribution customers; (2) the costs allocated between the M-F Interconnecting Customers (\$53.9 million) and distribution customers (\$65.8 million) are equitable; and (3) the benefits to each party justify the costs.

The Company maintains that its cost allocation method is appropriate and equitable because the substation capacity that it reserves for operational use separately by Interconnecting Customers (140 MW) and by distribution customers (189 MW) ensures: the reliable interconnection of renewable energy to support the Commonwealth's climate goals; an uninterrupted power supply to distribution customers during N-1 conditions;⁵² the enablement of EVs and electric heat pumps for its distribution customers; and the operational flexibility needed to preserve and maintain safe, reliable operation of the EPS for all customers under conditions of high penetration levels of potentially disruptive DG, particularly solar (Exh. ES-Engineering Panel-1 (Rev.) at 60). Although the need for future customer electrification did not drive or inform the Company's proposed upgrades to the EPS, nor is the objective of promoting electrification part of the Provisional Program, the Company characterizes and quantifies the benefit of electrification to distribution customers, namely the enablement of EV charging and electric heat pump demand (Exh. ES-Engineering Panel-1 (Rev.) at 65-71). Eversource claims that in the absence of the Provisional Program,

⁵² An N-1 condition arises in the event of a loss of any one of the applicable EPS equipment components (e.g., transformer, transmission line, distribution supply feeder) and a resulting loss in electric service to customers (Exhs. ES-Engineering Panel-1 (Rev.) at 22; AG-1-22). The Company further explains that "it is actually an overall customer benefit for the Company to perform the N-1 analysis to identify required system upgrades that would permit all customers to remain online during long lead outages involving station transformers and/or equipment" (Exh. MFG 1-9). The Company's adherence to its N-1 contingency planning standard necessitates equipment redundancy in the M-F CIP Proposal (e.g., two new transformers instead of one at a substation), which will provide significant operational flexibility and reliability benefits (Tr. 1, at 126, 163).

the Company would instead use its ten-year load forecasting and capital planning processes to identify and construct the additional capacity upgrades needed to accommodate further solar interconnection and future electrification towards achievement of the Commonwealth's 2050 decarbonization goals (Exh. DPU 1-37). The Company states that it would seek recovery of the costs for such upgrades in a future base distribution rate case proceeding, where those costs would be borne by distribution customers and not by Interconnecting Customers (Exhs. DOER-ES-1-3; DOER-ES-1-5).

DOER and the DG Intervenors maintain that the Company's proposed cost allocation is justified. DOER contends that the portion of the cost assigned to distribution customers is appropriately justified because the additional capacity supports electrification objectives and would otherwise eventually be required and paid for by distribution customers (DOER Brief at 8, citing Exhs. DOER-ES 1-3; DOER-ES 1-5). The DG Intervenors claim that the Company's proposed cost allocation is fair and equitable, and, therefore, justified, because the M-F Interconnecting Customers and distribution customers each pay for the cost of the capacity that the Company proposes to reserve for their respective, exclusive uses, and the costs are allocated consistent with the operational benefits to distribution customers and M-F Interconnecting Customers resulting from the capacity upgrade (DG Intervenors Reply Brief at 11-12, citing Tr. 1, at 87). The DG Intervenors further assert that in the absence of the Provisional Program, it is highly likely that the substations and feeders that are the subject of the M-F CIP Proposal will still need to be upgraded in the future, where all upgrade costs

would be paid by distribution customers (DG Intervenors Reply Brief at 13, citing Exh. DOER-ES 1-3; Tr. 1, at 127).

The Attorney General, however, asserts that the Company fails to demonstrate that its proposed CIP would satisfy the Provisional Program's requirement that any modification to traditional cost allocation must "protect ratepayer interests in the delivery of safe, reliable, cost-effective electric service" while also advancing the "interconnection of DG in a manner that benefits the Commonwealth as a whole and improves the overall EPS reliability and resilience" (Attorney General Brief at 11 citing D.P.U. 20-75-B at 34). The Attorney General explains that the Company, by not applying core ratemaking principles, fails to sufficiently justify the amount of CIP costs it allocates to ratepayers nor does it demonstrate that the costs that ratepayers will bear are equitable (Attorney General Brief at 18). More specifically, the Attorney General opposes the Company's proposed cost allocation methodology arguing that: (1) it fails to apply the Cost Causation Principle or the beneficiary pays principle, (2) its allocation of costs is not based on any quantified reliability or capacity benefits and not in a manner that is roughly commensurate with benefits, and (3) if the Company were to instead make the proposed CIP upgrades as part of its capital planning cycle, the distribution customers and not the Interconnecting Customers would have caused the need for a nearer term distribution system upgrade and would therefore be responsible for all the costs anyway (Attorney General Reply Brief at 3-7). We address each of the Attorney General's contentions in turn.

First, the Attorney General argues that the Company's proposed cost allocation approach deviates from core ratemaking principles such as the Cost Causation Principle or the beneficiary pays principle that, she argues, would result in a more justifiable allocation of costs to distribution customers (Attorney General Brief at 18-26).⁵³ The Attorney General asserts that the Company instead relies on a "novel 'capacity allocation principle,' which is based solely on equipment design and engineering principles" and does not "reflect any tangible capacity utilization" or consider load or electrification forecasts that would tie the allocation to cost causation (Attorney General Brief at 18-19, 21). The Department agrees with the Attorney General's characterization of the Company's allocation as "automatic", i.e., the Company allocates the design equipment capacity without regard to the respective load being served to or forecasted for the distribution customers and M-F Interconnecting Customers (Attorney General Reply Brief at 4).⁵⁴ However, the Provisional Program

⁵³ While the Attorney General supports the Department's consideration of modified cost allocation methodologies to support the interconnection of DG necessary to achieve the Commonwealth's clean energy goals, she asserts that the Company's proposed approach does not apply the limiting cost causative and beneficiary pays principles that are necessary to ensure equitable allocation of costs and that proposed approaches are scalable and can be integrated with other regulatory mechanisms, such as cost allocation and recovery for load-related costs (Attorney General Brief at 19).

⁵⁴ Using its capacity allocation principle, the Company, at the outset, allocates half or 50 percent of the amount of upgraded design capacity for use by the distribution customers as "Reserved Operational Capacity" at three of its four substations in the M-F CIP Proposal Area: Crystal Springs 646, Rochester 745, and Wing Lane 624; where the Company proposes to replace existing transformers with two new, larger 62.5-MW transformers (Exhs. ES-Engineering Panel-1 (Rev.) at 38 n.15; ES-Engineering Panel-2 (Rev.) at "7. Cost Allocation Details"; Tr. 1, at 132, 186-190). This allocation assumes that one of the two transformers at each substation

explicitly calls for the exploration of alternative allocation methodologies that would make interconnection more viable and would address Common System Modifications that would benefit customers at large. D.P.U. 20-75-B at 29; Department's Methodology at 8-9. The Department established the Provisional Program to provide a pathway for DG projects that are unable to move forward with interconnection because of the significantly high system upgrade costs they would incur under the Cost Causation Principle. D.P.U. 20-75-B at 1-2. The Company states that approximately the first MW in the Marion-Fairhaven Group Study triggers the need for all of the EPS upgrades proposed by Company in the M-F CIP Proposal (Exh. DPU 1-29; Tr. 1, at 181; Tr. 2, at 239-240). This outcome exemplifies the reason why we seek alternative cost allocation methodologies. Absent the Provisional Program and an alternative methodology to allocate costs across multiple beneficiaries of the proposed

is off service (Exhs. ES-Engineering Panel-1 (Rev.) at 38 n.15; ES-Engineering Panel-2 (Rev.) at "7. Cost Allocation Details"; Tr. 1, at 132, 186-190). The Company reserves the remaining half or 50 percent of upgraded capacity for DG. For its fourth substation, Arsene St. 654, where the Company is not proposing an upgrade to its existing transformer, the Company assumes five percent of its existing capacity as Reserved Operational Capacity for distribution customers (Exhs. ES-Engineering Panel-1 (Rev.) at 38 n.15; ES-Engineering Panel-2 (Rev.) at "7. Cost Allocation Details"; DPU 1-18; Tr. 1, at 132, 186-190). The Company describes Reserved Operational Capacity as "the capacity allocated to operate the distribution system safely, and as such, it cannot be used for additional DER interconnections" (Exh. AG 1-4).

The Company further affirms that "the amount of CIP capacity in dollars being allocated to the distribution customers is a complete byproduct of the company's design process to accommodate the 48 MW of group study DER and does not consider future customer electrification or load growth" (Exh. DPU 4-4; Tr. 2, at 240).

upgrades, we agree with the Company's expectation that further solar development in the M-F CIP Proposal Area would grind to a halt until station capacity upgrades are conducted through different means (Exh. DPU 1-37). Thus, we cannot find that application of the Cost Causation Principle or beneficiary pays principle as advanced by the Attorney General would be consistent with our objectives under the Provisional Program in this case.⁵⁵

Second, the Attorney General argues that the Company's proposed cost allocation approach is driven by engineering principles and fails to provide a sufficiently rigorous analysis of whether costs are equitably allocated in alignment with anticipated benefits (Attorney General Brief at 19).⁵⁶ The Department agrees that the benefits accruing from the capacity allocated to the distribution customers, which is an incidental outcome of the Company's allocation approach, are characterized in a largely qualitative manner after the costs are allocated (Exhs. ES-Engineering Panel-1 (Rev.) at 64-74; ES-Engineering Panel-2 (Rev.) at "7. Cost Allocation Details"; Attorney General Brief at 22-23). However, the

⁵⁵ The Department emphasizes that while we find that the Company's proposed capacity allocation method is appropriate for the M-F CIP Proposal, it may not be appropriate for all CIPs. Further, the Department may examine alternative cost allocation methods in our review of future capital projects that enable DG under the electric sector modernization plans pursuant to G.L. c. 164, § 92B.

⁵⁶ The Attorney General further explains that it is not until after allocating the costs when the Company "then provides post hoc descriptions and characterizations of the benefits that may accrue to distribution customers," and that the Company at a minimum "should identify specific categories of benefits, describe how these benefits can be quantified, provide estimated benefits, state when those benefits will accrue, and describe the relationship between any such benefits and the costs incurred" (Attorney General Brief at 22-23).

Department finds that the Company provides sufficient analysis of the benefits to justify the \$65.8 million in Fully Socialized Costs associated with the 189 MW of substation capacity and 206 MW of distribution line capacity that it reserves for operational use by the distribution customers.⁵⁷ For example, although the Company could not quantify the expected improvement in system reliability performance associated with fewer service disruptions and outages,⁵⁸ it estimated, at a high level, that several of the Marion-Fairhaven circuits that rank comparatively low in service quality performance would benefit from the proposed CIP's reliability improvements (Exh. DPU 3-19; Tr. 1, at 119-121). Furthermore, the Company undertook a more rigorous, quantitative analysis of the future customer electrification load from EVs and heat pumps that would be met by its proposed CIP (Exh. ES-Engineering Panel-1 (Rev.) at 65-71). The results of the Company's electrification analysis show that the M-F CIP Proposal would supply about 5.3 times the estimated electrification peak load in the summer and 1.5 times the estimated electrification peak load

⁵⁷ Capacity values do not include the 11 MW of enabled capacity for small, rooftop solar (Exh. ES-Engineering Panel-2 (Rev.) at "7. Cost Allocation Details").

⁵⁸ The Company explains that changes in the reliability performance metrics that it routinely reports to the Department, such as the circuit average interruption duration index and circuit average interruption frequency index, cannot be quantified because they are a function of many external factors outside of the Company's control (e.g., random events such as wildlife and weather), have to be evaluated over a long period of time, and it is unknown how many customers would be moved to the new or upgraded circuits (Exh. DPU 3-19; Tr. 1, at 119-124).

in the winter by the year 2050.⁵⁹ Although the Company did not intend to use its electrification forecast analysis to drive or inform the CIP solution, the resulting amount of capacity that the Company allocated to and reserved for use by the distribution customers would be more than sufficient, but not excessively so, to cover its distribution customers' future electrification and other loads,⁶⁰ which could materialize sooner or greater than forecast.⁶¹ As a result, distribution customers will realize a real, tangible electrification

⁵⁹ In its electrification analysis, the Company estimates a "Total Operational Station Capacity after Comprehensive Upgrades" of 145.4 MW (summer) and 154.9 MW (winter), compared to an electrification peak load of 27.2 MW (summer) and 105.9 MW (winter) (Exhs. ES-Engineering Panel-2 (Rev.) at "4. Clean Energy Enablement;" DPU 4-4; Tr. 2, at 227-233).

⁶⁰ The Company states that the additional capacity available after electrification would be used for load growth, step loads, or other electrification initiatives not covered in its analysis, such as port electrification, public transit electrification, freight electrification, or fleet electrification (Exh. DPU 4-4). However, the Company has not examined the likelihood and extent to which this excess operational capacity would be utilized (Tr. 2, at 232-233).

⁶¹ While customer electrification is not a focus of the Provisional Program, with the excess or headroom capacity resulting from the Company's adherence to its standards for equipment redundancy (N-1 contingency planning) and its equipment sizing requirements, we assess how that extra capacity would ultimately be utilized by the distribution customers (Tr. 3, at 422):

While the primary focus of this Order is facilitating the interconnection of DG facilities, the Department also notes that the distribution system investments necessary to achieve DG interconnections are also likely to help facilitate electrification of the transportation and building sectors, which are key components of the Commonwealth's plans for the short and long-term reduction of GHG emissions. Interim Clean Energy and Climate Plan for 2030, at 4-6 (December 30, 2020) (<https://www.mass.gov/doc/interim-clean-energy-and-climate-plan-for-2030-december-30-2020/download>). It is essential that utilities continue to take a long-term view to ensure long-term

benefit from the M-F CIP Proposal such that further system upgrades would likely not be necessary, at additional ratepayer cost, before 2050 (Exh. DOER-ES 1-5). In sum, although the Department generally favors a more rigorous analysis, in light of the limited nature of the Provisional Program and that the M-F CIP Proposal is the first proposal under the Provisional Program, we find that the Company provides sufficient justification that the costs are being allocated in an equitable manner. Particularly with respect to reliability, the Department agrees with the Company that there is a mutual benefit of M-F Interconnecting Customers and distribution customers each paying for and sharing new capacity so that their respective loads are served in a safe, reliable manner, and with fewer disruptions in both normal and N-1 conditions (Tr. 2, at 226).

Third, while the Attorney General agrees with DOER and the DG Intervenors that if the Company were to make the proposed CIP upgrades as part of its capital planning cycle, the distribution customers, and not M-F Interconnecting Customers, would have been responsible for all the costs, she argues there are key differences in that scenario as compared to responsibility related to CIP upgrades (Attorney General Reply Brief at 6). The Attorney General asserts that compliance with GHG emission reduction requirements would trigger the need for EPS upgrades similar to those proposed in the M-F CIP Proposal through the Company's ten-year capital planning process (Attorney General Reply Brief at 6). The

reliability for ratepayers given the complexities involved in siting and constructing prudent EPS investments, as well as the potential impacts of climate change. D.P.U. 20-75-B at 29 n.31.

Attorney General further maintains that the capital planning process is governed by nearer term (i.e., ten-year) load forecasts and prioritization of necessary system upgrades as well as the Cost Causation Principle, and, therefore, distribution customers would have caused the need for the upgrade (Attorney General Brief at 24-25; Attorney General Reply Brief at 6-7). The Attorney General further claims that upgrades that would not otherwise be necessary until a decade or more into the future do not provide the same benefit as upgrades that address near-term distribution system needs (Attorney General Reply Brief at 7). The Department does not agree. As discussed previously, the Company states that approximately the first MW in the Marion-Fairhaven Group Study triggers the need for all of the system upgrades proposed by the Company in the M-F CIP Proposal (Exh. DPU 1-29; Tr. 1, at 181; Tr. 2, at 239-240).⁶² Applying this circumstance to distribution customer load, the Department finds that it is plausible that additional distribution customer load in the Marion-Fairhaven area could likewise trigger the same or a similar scope of system upgrades proposed in the M-F CIP Proposal. In this case, given the size of the enabled capacity,⁶³ it

⁶² Moreover, the preceding customers that had interconnected right before the Marion-Fairhaven Group Study had to downsize their systems to avoid triggering a circuit overload condition on the highly saturated Marion-Fairhaven distribution system, which would have resulted in them paying significant costs for reconductoring the affected distribution feeders (Tr. 1, at 179-181).

⁶³ The Department emphasizes that the amount of additional, incremental enabled capacity is a function of the Company's upgrading its EPS in accordance with its system planning standards for equipment standard sizing and N-1 redundancy, which enables capacity greater than the immediate needs of interconnecting DG.

is highly likely that, absent the M-F CIP Proposal, a portion would ultimately be used by Large DG, at ratepayer expense.

In conclusion, we find that based on the totality of the circumstances, the M-F CIP Proposal results in an equitable distribution of costs and resultant benefits to distribution customers and M-F Interconnecting Customers, maintains safety and reliability of the EPS, and provides a reliable predictor that the resulting rates will be just and reasonable. The M-F CIP Proposal provides a set of tangible, practical, and operationally necessary capacity and reliability benefits to distribution customers, including: (1) ensuring fewer service disruptions and outages,⁶⁴ particularly as more DG is interconnected with an already saturated distribution system; and (2) reliably and safely serving its future electrification load, as well as enabling the interconnection of 11 MW of small rooftop solar (Tr. 1, at 96, 113, 125). Further, in the absence of the Provisional Program, the costs of EPS upgrades needed to accommodate further DG and future customer electrification load in the Marion-Fairhaven region likely would be borne entirely by ratepayers through a base

⁶⁴ The proposed upgrades would result in fewer customers experiencing an outage by: (1) providing excess or headroom capacity, which allows for the operational flexibility to shift or transfer load during planned or unplanned maintenance work or outages on the system; and (2) adding more distribution feeders, which allows the Company to sectionalize customers onto different circuits (Tr. 1, at 94-96, 113, 118, 125). The Company further explains that with the proposed upgrades “operational flexibility ensures that load and DER customers can remain online under various operating configurations and ensure safe, reliable operation for all customers” (Exh. MFG 1-9).

distribution rate case proceeding (Exhs. DPU 1-37; DOER-ES-13; DOER-ES-15).⁶⁵

However, it is the Marion-Fairhaven Group Study projects that are triggering an immediate need for the proposed upgrades (Exh. DPU 1-29; Tr. 1, at 181; Tr. 2, at 239-240). The Company's proposed cost allocation ensures that costs are equitably allocated amongst the M-F Interconnecting Customers causing the upgrades, distribution customers, and future Enabled DG that benefit from the EPS upgrades.

While we find that the result of Company's proposed capacity allocation principle is equitable for the factual circumstances specific to the M-F CIP Proposal, the Department has some concerns with the Company's capacity allocation method more broadly in light of the significant Fully Socialized Costs. As discussed above, in designing the Provisional Program, the Department did not anticipate a significant amount of costs, if any, would be allocated solely to distribution customers. As the Department reviews additional proposals under the Provisional Program and considers long-term electric sector modernization plans, the Department takes this opportunity to raise two main concerns with the Company's

⁶⁵ Recent legislation enacted on August 11, 2022, the 2022 Clean Energy Act, establishes a new framework requiring the Distribution Companies to submit five-year electric-sector modernization plans for review and input by a Grid Modernization Advisory Council and subsequent review by the Department. One objective of these plans is to proactively upgrade the distribution system to enable increased, timely adoption of renewable energy and DG, and shall include a description of "alternative approaches to financing proposed investment, including, but not limited to, cost allocation arrangements between developers and ratepayers". 2022 Clean Energy Act, § 53. Costs under the electric sector modernization plans may be recovered through base distribution rates. G.L. c. 164, § 92B(d). At this time, the Department cannot predict the scope, timing, and cost allocation arrangements of any EPS upgrades that the Distribution Companies would propose under this new framework.

capacity allocation method. First is the incidental or secondary nature of how the capacity and, therefore, costs are allocated to the distribution customers. Allocating a predetermined portion of design capacity (i.e., one-half or 50 percent of new double transformer capacity) to distribution customers could result in either an insufficient or excessive amount of capacity assigned to distribution customers. As a result, a Distribution Company's capacity allocation may result in capacity and cost allocation outcomes that are not balanced with the expected benefits. For example, a CIP could allocate a relatively high cost to distribution customers for EPS upgrades that would provide them capacity and reliability benefits that are insufficient or excessive. Our second related concern is that costs are allocated without first analyzing and considering the benefits that might accrue to ensure that they would be commensurate. Instead, the benefits are described, assigned, and to the extent possible, quantified post hoc. With respect to potential reliability benefits, for example, we agree with the Attorney General's contention that the Company had not demonstrated the need for and value of increased reliability to distribution customers while allocating the costs (Attorney General Brief at 23-24, citing Exh. AG-NACS-Surrebuttal-1, at 11).

The Department emphasizes, however, that we review CIP proposals on a case-by-case basis and may approve, deny, or modify any proposal. Notwithstanding the foregoing concerns, the Department has determined that the M-F CIP Proposal is consistent with the criteria for the Provisional Program and the cost allocation proposal is reasonable based on the applicable facts and circumstances.

c. Company's Cost Recovery Mechanism Proposal

The Company proposes that the mechanism for recovering costs from ratepayers of the M-F CIP Proposal be a reconciling, non-bypassable, and volumetric dollar-per-kWh charge, to be applied to all distribution customer bills as a “Capital Investment Project Charge” (Exh. ES-ANB-1, at 8-9).⁶⁶ For CIP Fees (paid by M-F Interconnecting Customers), the Company proposes a 15-year Rate Recovery Period, commencing 30 days after Department approval of the M-F CIP Proposal, and, for the CIPF costs (paid for by distribution customers), the 15-year Rate Recovery Period would begin the year after upgraded assets have been placed into service (Exhs. ES-Engineering Panel-1 (Rev.) at 48; ES-ANB-1, at 4, 6-7, 12; ES-ANB-2; Tr. 3, at 449). The Company's proposed CIPF would return the CIP Fee to distribution customers over the Rate Recovery Period (Exhs. ES-Engineering Panel-1 (Rev.) at 52-53; ES-Engineering Panel-2 (Rev.) at “6. Cost Allocation;” and “7. Cost Allocation Details.”). No party objected to the Company's proposed reconciling mechanism. Intervenors, however, did raise concerns regarding the proposed rate recovery period.

In establishing the Provisional Program, the Department directed the Distribution Companies to propose in their CIP filings a Rate Recovery Period in their CIP filing over which CIP fees would be recovered through a reconciling charge. D.P.U. 20-75-B

⁶⁶ The Company shall rename this charge the “Provisional System Planning” charge.

at 32 n.36.⁶⁷ The Company initially proposed a 15-year Rate Recovery Period (Exhs. ES-Engineering Panel-1 (Rev.) at 48-49; ES-ANB-1, at 4, 12; ES-ANB-3; DPU 2-2). The Company noted that the 15-year time frame was not developed based on specific forecasts or projections, but rather was an estimate of how long it could reasonably take for DG to interconnect (Exh. DPU 2-2; Tr. 3, at 495-497).

Intervenors are broadly supportive of extending the Rate Recovery Period beyond 15 years, although there was not unanimity on an end point. The Attorney General proposes a recovery period extending to either 2050 or until all CIP investment costs are recovered (Exh. AG-NACS-1, at 69). DOER also is supportive of extending the Rate Recovery Period, although it does not specify a particular timeframe (DOER Brief at 8-9). The DG Intervenors state their skepticism that a longer Rate Recovery Period would be necessary to ensure all DG had interconnected to the CIP, but they also support an extension of the Rate Recovery Period to reduce ratepayer risk (DG Intervenors Reply Brief at 17).

Throughout the course of the proceedings the Company did not oppose a Rate Recovery Period longer than 15 years, provided that an extended period did not continue indefinitely nor pose an undue administrative burden on the Company (Company Reply Brief at 20-21; Tr. 3 at 495-497).

⁶⁷ The Department's Methodology provided that CIP fees associated with the costs of specific CIP upgrades would be collected from Interconnecting Customers for a period of ten years following Department approval, after which any remaining costs would be collected from ratepayers via the Reconciling Charge. Department's Methodology at 6.

The Department appreciates the Company's desire to neither extend cost recovery indefinitely nor to increase the Company's administrative burden beyond a reasonable time frame (Company Reply Brief at 20-21; Tr. 3, at 495-497). However, given the nature of the Company's proposed cost allocation methodology, a 15-year timeline for recovery may expose ratepayers to increased risk (Exh. AG-NACS-1, at 69). Further, for reasons discussed previously in Section VII.A. of this Order, the Department appreciates the risk posed to distribution customers if the full capacity enabled by the CIP is not subscribed to by M-F Interconnecting Customers. Lengthening the Rate Recovery Period would mitigate that risk.

For these reasons, we direct the Company to extend its Rate Recovery Period in this CIP to 20 years. In recognition that the development of properly sited renewable energy facilities is an important support to the Commonwealth's achieving its GHG emissions reduction targets and clean energy goals, a period of 20 years will align with the Commonwealth's objectives. This Rate Recovery Period will begin as soon as the CIP investments are used and useful, which will coincide with when the CIP Factor impacts distribution customer bills. The Company shall revise the proposed Provisional System Planning Tariff to incorporate a 20-year Rate Recovery Period.

Furthermore, if all the Enabled DG is not fully subscribed one year prior to the conclusion of the 20-year Rate Recovery Period, the Company shall file a report as part of its annual CIPF filing providing:

1. The amount of unused Enabled DG;

2. The number of Enabled DG customers in the interconnection queue; and
3. An estimation of when the full amount of Enabled DG capacity will be utilized based on data received during the Rate Recovery Period.

This information will assist the Department in deciding whether to terminate the Rate Recovery Period at 20 years or whether to extend the Rate Recovery Period. The Company shall include this reporting requirement in the appendix to its Provisional System Planning Tariff applicable to the Marion-Fairhaven CIP (Exh. ES-ANB-2).

We find that the Company's proposed cost recovery mechanism, subject to the modifications set forth herein, is consistent with the Department's directives regarding the Provisional Program.⁶⁸ As such, we approve the Company's cost recovery proposal, including its proposed tariff M.D.P.U. No. 81, subject to the modifications set forth herein.

d. Conclusion

The Department finds that the M-F CIP Proposal is appropriately based upon the Department's Methodology. The Department concludes that the Company has justified the \$65.8 million in Fully Socialized Costs allocated to distribution customers; and that the benefits and costs allocated between M-F Interconnecting Customers (\$53.9 million) and distribution customers (\$65.8 million) are equitable. Although the Company did not analyze the benefits with the level of quantitative rigor that the Department favors, we find that, given the nature of the Provisional Program and that this is the first proposed CIP, the Company provides sufficient justification of the costs and benefits to distribution customers.

⁶⁸ The Department addresses the recovery of Cost Overages in Section VII.D.

For the Fully Socialized costs of \$65.8 million or a 55-percent share of the total CIP costs, the M-F CIP Proposal will benefit distribution customers by improving reliability through fewer service disruptions and outages; and increasing the ability to reliably and safely serve future electrification, as well as enabling the potential interconnection 11 MW of small rooftop solar. For \$53.9 million or a 45 percent share of the total CIP costs, the M-F Interconnecting Customers benefit from being able to safely and reliably interconnect 48 MW of Marion-Fairhaven Group Study DG and an additional 92 MW of Large DG at a more certain cost and within an expeditious timeline. Additionally, the M-F CIP Proposal provides system upgrades that are consistent with the Commonwealth's clean energy objectives while maintaining the safety and reliability of the EPS.

The Department further finds that the Company's proposed cost recovery mechanism is appropriate for the Provisional Program under the circumstances of this case. After consideration of the costs and benefits of the M-F CIP Proposal, and in consideration of the priorities set forth in G.L. c. 25, § 1A, the Department finds that the likely bill impacts to support the proposal are within the range of reasonableness. As such, we approve the M-F CIP Proposal subject to the modifications set forth herein. Further, the Department conditionally approves Eversource's proposed tariff⁶⁹ subject to modifications provided

⁶⁹ As stated above, Eversource's proposed tariff is set out in Exhibit ES-ANB-2. Eversource titles its proposed tariff as Capital Investment Project Tariff. The Department directs that this tariff be titled Provisional System Planning Tariff. Other Distribution Companies making CIP filings shall use this title for their associated tariffs.

herein. In addition to those stated modifications, the Company shall add an appendix to the tariff specific to the M-F CIP, setting out requirements for the M-F CIP including fees. As part of its compliance filing, the Company shall submit for approval a revised Provisional System Planning Tariff modified as provided herein.

We remind stakeholders that all Interconnecting Customers, including the M-F Interconnecting Customers, are subject to the DG Interconnection Tariff. The M-F Interconnecting Customers shall also be subject to the Provisional System Planning Tariff. To the extent there is an unforeseen conflict between the DG Interconnection Tariff and the Provisional System Planning Tariff, the Provisional System Planning Tariff shall supersede the DG Interconnection Tariff.

D. Assignment of Cost Overages

1. Introduction

In D.P.U. 20-75-B, the Department directed the Distribution Companies to submit for review only those CIP proposals that are identified through a distribution or transmission impact study for a set of specified Affected Group Studies. D.P.U. 20-75-B at 35. These groups of Interconnecting Customers are part of Group Studies. Exhibit G (ISA) and Exhibit K (Group Study Agreement)⁷⁰ to the DG Interconnection Tariff, specify terms, conditions, and costs that apply to Interconnecting Customers, including the responsibility of

⁷⁰ The purpose of the Group Study Agreement is to set forth the terms, conditions and costs for conducting a Group Study relative to the Group Study Process as outlined in Section 3.4.1 of the DG Interconnection Tariff.

System Modifications costs assigned to a given Interconnecting Customer. Pursuant to the DG Interconnection Tariff, an ISA includes a cost estimate for interconnection and the Interconnecting Customer is responsible for that cost within plus or minus 25 percent. M.D.P.U. No. 55A, at § 3.4.1, Exh. G. Thus, if after construction and installation of necessary infrastructure upgrades occurs actual costs are higher than estimated, the Interconnecting Customer is responsible for up to an additional 25 percent of the estimated costs (or refunded if costs are up to 25 percent less than estimated). M.D.P.U. No. 55A, at § 3.4.1.

The M-F CIP Proposal provides that when a M-F Interconnecting Customer seeks to interconnect to the EPS, it would be presented in an ISA with System Modification cost estimates, calculated using the CIP Fee, as well as potential facility-specific costs, fixed at plus or minus 25 percent (Exh. ES-ANB-1, at 6). Actual costs that exceed 25 percent of the estimates in the ISA (“Cost Overages”) would be borne by distribution customers, and, likewise, distribution customers would benefit if final costs are more than 25 percent below the estimates provided in the ISA (Exh. NECEC-CCSA 1-11). Subsequently, the Company considered an allocation of Cost Overages to both distribution customers and interconnecting DG customers, in consideration of parties’ concerns (Tr. 3, at 462-463, 505; Company Reply Brief at 13-15; Attorney General Brief at 29-30). Based on the variability of certain CIP costs and the fact that future participation by M-F Interconnecting Customers is beyond the Company’s control, the Company does not support a cap on the amount of CIP costs borne by distribution customers (Exhs. DPU 4-11; NECEC-CCSA 1-10).

2. Analysis and Findings

Pursuant to the Group Study Agreement, the results of the Group Study determine the scope of necessary System Modifications to enable Group interconnection and the Company produces an estimate of associated costs within plus-or-minus 25 percent. Further, as specified in the ISA, an Interconnecting Customer that is part of a Group Study is responsible for its share of the System Modification costs authorized in the Group Study Agreement.⁷¹ M.D.P.U. No. 55A, Exh. G. Cost Overages are not recovered from the Interconnecting Customer. M.D.P.U. No. 55A, Exh. G at § 5.1 “Cost or Fee Adjustment Procedures,” citing M.D.P.U. No. 55A, at § 3.4(g). Under the M-F CIP Proposal Cost Overages would be assigned to distribution customers or a combination of its distribution customers and M-F Interconnecting Customers (Exh. NECEC-CCSA 1-11; Tr. 3, at 462-63, 505; Company Reply Brief at 13-15; Attorney General Brief at 29-30).

The Company contends that, given the outstanding need to complete detailed engineering, as well as the requirement to complete construction within four years, it may incur costs in excess of 25 percent of the current estimate (Company Reply Brief at 15). The Department acknowledges that the unique framework of the Provisional Program, including its four-year timeline, as well as the complexity of the infrastructure upgrades provided in the M-F CIP Proposal present challenges for the Company in the process of estimating costs.

⁷¹ For any Common System Modifications authorized under a Group Study, the Company allocates the costs on the basis of the aggregated system design capacity for each applicant’s Facility (in MW alternating current (“AC”)) (M.D.P.U. No. 55A, at § 3.4.1(h)).

Therefore, the Department must determine an equitable approach for the assignment of Cost Overages.

The M-F CIP Proposal originally provided that Cost Overages would be recoverable from distribution customers (Exhs. ES-ANB-1, at 6; NECEC-CCSA 1-11). If not for the Provisional Program, the M-F Interconnecting Customers would only be responsible for costs up to 25 percent over cost estimates. A key objective of the Provisional Program is to enable the interconnection of DG. D.P.U. 20-75-B at 26. Regulatory certainty is important to the M-F Interconnecting Customers (Tr. 2, at 337-338). As such, we must establish a regulatory structure with an equitable allocation that also provides a level of regulatory certainty to support the interconnection of Enabled DG. Therefore, the Department finds that the Company's original proposal provides an appropriate balance. Consistent with the existing DG Interconnection Tariff approach to allocation of costs that vary from cost estimates, M-F Interconnecting Customers will be responsible for cost variances up to the 25-percent cap. Any costs above the cap are the responsibility of the Company and may be recovered from distribution customers through the CIPF.

Furthermore, we recognize that the CIP Fee may require adjustment following completion of construction and a final accounting of the CIP upgrades. Accordingly, the Department directs the Company to revise its Provisional System Planning Tariff to allow for CIP Fee adjustments upon the final accounting of approved CIP upgrades. Following a final accounting, the Company shall report in its next annual CIPF filing the actual costs of the M-F CIP Proposal. Also, if needed, the Company shall propose a revised CIP Fee to

account for final costs that are above or below plus or minus 25 percent of the cost estimates.

An approved, revised CIP Fee shall be included in the appendix to the Company's

Provisional System Planning Tariff applicable to the Marion-Fairhaven CIP.

B. DG Intervenors' Proposed Modifications

1. Introduction

As stated above, on brief, the DG Intervenors propose several modifications to the M-F CIP Proposal related to the following issues: (1) schedule of payments for CIP Fees; (2) issuance of ISAs; (3) process for approving changes to Group Study projects; (4) phased project interconnection; (5) SMART Program incentive block reservations; and (6) process for additional Group Studies in the Marion-Fairhaven area (DG Intervenors Brief at 17-21). Under standard practice, the Department declines to adopt proposals made for the first time on brief. Boston Gas Company, D.P.U. 10-151, at 35 (2011); Boston Gas Company, D.P.U. 10-55, at 140 (2010); Massachusetts-American Water Company, D.P.U. 95-118, at 143 (1996); Commonwealth Gas Company, D.P.U. 87-122-B at 54 (1989). This circumstance can raise due process concerns as parties would not have the opportunity to examine the matter on the record. D.P.U. 10-55, at 140.⁷²

Some of the issues raised by the DG Intervenors on brief contravene this standard.

For those issues, although we affirm this standard here, we find it useful to discuss some of

⁷² Protections under the Massachusetts Administrative Procedures Act include: right of parties to call and examine witnesses (G.L. c. 30A, § 11(3)) and administrative agency decision must be based on evidence in the record (G.L. c. 30A, § 11(4)).

the issues raised by the DG Intervenors in order to amplify our thinking from this first proceeding under the Provisional Program. Importantly, our discussion is framed by the following: (1) this proceeding does not involve a reexamination of the DG Interconnection Tariff or the related interconnection process; (2) under the Provisional Program, the Department intends to maintain timelines consistent with the timelines set forth in the DG Interconnection Tariff, unless otherwise provided in the Department's Methodology; (3) this proceeding is not a venue for involving DOER in a reexamination of the SMART Program. We address each of the DG Intervenors' proposals below.

2. CIP Fee Payment Schedule

The DG Intervenors propose the following installment plan for Marion-Fairhaven Group Study members to pay their CIP Fees to the Company: (a) 25 percent within 30 business days of executing an ISA; (b) 25 percent by December 31, 2023; (c) 25 percent by the earlier of December 1, 2024, or the commencement of the Company's long-lead procurement in 2024; and (d) 25 percent by the earlier of December 1, 2025, or the commencement of construction (DG Intervenors Brief at 18). The DG Intervenors offer the following similar payment schedule for other Large DG facilities enabled by the M-F CIP Proposal to pay their CIP Fee to the Company. Large DG facilities interconnecting to the M-F CIP Proposal after the Marion-Fairhaven Group Study: (a) pay an initial 25 percent within 30 business days of executing an ISA; (b) align the remaining CIP Fee amounts with the timeline of M-F CIP Proposal implementation if it is still ongoing; or (c) 75 percent

within the normal DG Interconnection Tariff timeframes if the M-F CIP Proposal is in service (DG Intervenors Brief at 18).

Eversource proposes the following payment schedule for Marion-Fairhaven Group Study members to pay the CIP Fee to the Company: (a) 50 percent within ten business days of executing an ISA; and (b) the remaining 50 percent within six months of executing an ISA (Exhs. DPU 1-30; NECEC-CCSA 2-3).

The DG Intervenors argue that Eversource's proposed payment schedule is misaligned with the Company's estimated expenditures, puts an unnecessary financial burden on the Marion-Fairhaven Group Study members, and is unreasonable (DG Intervenors Brief at 17). Eversource states that expedited payments are needed from the Group Study projects for the Company to begin the procurement process for long-lead materials and other design work and to meet the four-year construction timeline (Exhs. DPU 1-30; NECEC-CCSA 2-3).

A CIP Fee informs the Distribution Company's calculation of the System Modification cost estimates included in an Interconnecting Customer's ISA. M.D.P.U. No. 55A, at § 3.4.1(h).⁷³ A CIP Fee is not a separate and distinct fee from System Modification costs. The CIP Fee shall be used by Eversource to calculate the System Modification costs included in a M-F Interconnecting Customer's ISA. The DG Interconnection Tariff provides the following payment schedule for Interconnecting Customers to pay the Company for System

⁷³ "The Group Study shall be performed such that System Modifications, whether shared or individual, and associated costs shall be determined for the entire Group, along with allocated costs for each member of the Group." M.D.P.U. No. 55A, at § 3.4.1.

Modifications: (a) 25 percent within 60 business days of executing an ISA; and (b) the remaining 75 percent within 120 business days from the date of first payment (M.D.P.U. No. 55A, at § 3.6.2). Thus, under the DG Interconnection Tariff, an Interconnecting Customer would pay 100 percent of the System Modification costs within 180 business days.

The Department finds that the payment schedule from the DG Interconnection Tariff reasonably provides for the financial requirements of Marion Fairhaven Group Study members and the Company for the payment of System Modification costs calculated based on the M-F CIP Proposal. Absent clear and convincing evidence otherwise, the Department will not revise the existing payment schedule for System Modification costs. The Department finds that the Company's proposed payment schedule unfairly burdens Marion-Fairhaven Group Study members, especially considering the size of the CIP Fee and the extended time that these members have been in the interconnection queue (RR-DPU-8). Also, the Department finds that the extended timeline under the DG Intervenors' proposed payment schedule does not fairly meet the Company's financial requirements. Accordingly, the Department declines to revise the payment schedule set forth in the DG Interconnection Tariff for the payment of System Modification Costs calculated using the CIP Fee under the M-F CIP Proposal. The Company shall incorporate the payment schedule from the DG Interconnection Tariff in the appendix to the Provisional System Planning Tariff applicable to the M-F CIP Proposal.

Notwithstanding our discussion of this issue presented in the DG Intervenor's Brief, the Department affirms our stated practice regarding proposals first presented on brief.

3. Issuance of ISAs

The DG Intervenor's recommend the following modifications related to the Company's issuance and content of ISAs: (1) issuance of ISAs within ten business days of Department approval of the M-F CIP Proposal; (2) issuance of ISAs to all Marion-Fairhaven Group Study members simultaneously to allow an equitable process for obtaining a PSOQ from DOER for the SMART Program; (3) that ISAs include an anticipated CIP schedule with project milestones; (4) issuance of conditional ISAs for projects in the Marion-Fairhaven Group Study that are currently in an ASO study, or alternatively, issuance of an ISA within ten days of ISO-NE Reliability Committee⁷⁴ approval (DG Intervenor's Brief at 18).

As with our finding that the fee payment schedule under the DG Interconnection Tariff shall apply to System Modification costs calculated using the CIP Fee under the M-F CIP Proposal, we find that the schedule for issuance of ISAs under the DG Interconnection

⁷⁴ The relevant committee is the ISO New England Inc. Reliability Committee. The New England Power Pool ("NEPOOL") is ISO-NE's predecessor organization. It was formed in 1971 to establish the central dispatch of generation in New England; handle settlements and billing; coordinate outages of transmission and generation equipment; undertake joint planning; and undertake other measures to improve system reliability and economics. Initially and through the early 1990s, NEPOOL was the voluntary organization of New England's investor-owned and publicly-owned electric utilities (<https://www.iso-ne.com/participate/support/faq/membership>). The Reliability Committee ("RC") is a standing technical committee of NEPOOL. As one of NEPOOL's principal committees, the RC advises ISO-NE on the design and oversight of reliability standards for the New England power system (<https://www.iso-ne.com/committees/reliability/>).

Tariff provides a reasonable process for the M-F CIP Proposal. Under the DG Interconnection Tariff, upon completion of a Group Study, the Distribution Company presents the study results to the group; each group member then has 15 days to determine whether it will proceed in the interconnection process (“Notice Period”).

M.D.P.U. No. 55A, at § 3.4.1(i)). For Group Studies of five or more applications, the DG Interconnection Tariff requires that the Distribution Company send an executable ISA to each Group Study member within 35 days of the Notice Period. M.D.P.U. No. 55A, at § 3.4.1.⁷⁵

Absent clear and convincing evidence otherwise, the Department will not revise the existing schedule for issuance of ISAs. We do not find that the DG Intervenors provided such evidence; therefore, the Department does not revise the ISA issuance schedule included in the DG Interconnection Tariff for the M-F CIP Proposal, but provides the following clarification.

The first day of the Notice Period under the DG Interconnection Tariff shall be the date of this Order for the Marion-Fairhaven Group Study. Within three business days of this Order, the Company shall provide each member of the Marion-Fairhaven Group Study with contact information for a responsible Company employee available to answer any immediate questions. In addition, prior to the end of the Notice Period, the Company shall convene at

⁷⁵ Since the schedule of payments commences upon execution of an ISA, expediting issuance of ISAs will in turn expedite the payment timeline. M.D.P.U. No. 55A, at § 3.4.1.

least one meeting or conference call with the Marion-Fairhaven Group Study members to answer any questions related to the M-F CIP Proposal and the Provisional Program.⁷⁶ The Company shall follow the ISA issuance schedule set forth in the DG Interconnection Tariff.⁷⁷

As stated above, the Company will provide an updated, anticipated CIP construction schedule and milestones as part of its annual CIPF filing.⁷⁸ Finally, although the Department does not incorporate the DG Intervenors' proposed modifications for issuance of ISAs, the Department recognizes the substantial time that the Marion-Fairhaven Group Study members have been awaiting a determination that would enable their projects to move forward, and the resulting impact on participation in incentive programs, such as the SMART Program. Therefore, the Department strongly encourages the Company to issue ISAs to Marion-Fairhaven Group Study members expeditiously and simultaneously, where possible.

⁷⁶ The Company shall include this ISA issuance schedule and related requirements for contact with the Marion-Fairhaven Group Study members in the appendix to its Provisional System Planning Tariff applicable to the M-F CIP Proposal.

⁷⁷ The Company shall not issue an ISA prior to the conclusion of the adjudicatory process for the Marion-Fairhaven CIP Proposal, as defined in footnote 46.

⁷⁸ In D.P.U. 19-55-D at 39, the Department directed the Distribution Companies to revise the DG Interconnection Tariff to include "a provision conditioning the Distribution Company's obligations to the construction schedule to the interconnecting customer's full payment for the system modifications; and a provision conditioning the Distribution Company's commencement of construction of system modification to the interconnecting customer's notification that it has initiated the permitting process."

4. Project Changes

During evidentiary hearings, counsel for the DG Intervenors questioned the Company's witness regarding project changes. In particular, counsel asked whether the Company would commit to a streamlined process to assess expected project changes for the Marion-Fairhaven Group Study members (Tr. 3, at 485-486). In relevant part, the Company's witness testified:

- The Company has in place a process to review and assess project changes, and for informing interconnecting DG Customers of the results of the assessment (Tr. 3, at 487);
- The Company is committed to continuous improvement in project change review, particularly related to customer service (Tr. 3, at 486);
- If the DG Intervenors or other stakeholders have suggestions for an expedited process, the Company would be willing to listen (Tr. 3, at 487); and,
- The Company can commit to making changes to ensure that the review/assessment/communications process is performed as expeditiously as possible (Tr. 3, at 487).

In apparent response to the Company's invitation for a suggested streamlined process, on brief, the DG Intervenors proposed the following process:

- Within five business days of receiving notice of a project change from a Marion-Fairhaven Group Study member, the Company reviews the proposed

project change and identifies any additional information required for the Company's review; and

- Within 30 business days of receipt of the additional information from the Marion-Fairhaven Group Study member, the Company conduct all modification reviews and make necessary updates to utility documentation

(DG Intervenors Brief at 19-20).

Eversource contends that the DG Intervenors' process is not consistent with the process set forth in Section 3.4.1(j) of the DG Interconnection Tariff for the Company's evaluation of project design changes and for Group Study members to consent when project changes would impact the overall Group (Company Reply Brief at 25). Eversource argues that the process established in the DG Interconnection Tariff should be followed to ensure that any approved CIP can proceed to construction expeditiously for the benefit of all Group Study members (Company Reply Brief at 25). Therefore, the Company opposes the DG Intervenors' process for the review and evaluation of project changes (Company Reply Brief at 25).

As an initial matter, the DG Intervenors' proposal varies significantly from the process set forth in the DG Interconnection Tariff (M.D.P.U. No. 55A, at § 3.4.1(j)). Within 20 business of receipt of a change request from a Group Study member, the Distribution Company will communicate to the member, study requirements, estimated costs, and time frames ("Change Study") (M.D.P.U. No. 55A, at § 3.4.1(j)(1)). The Group Study member then has ten business days to notify the Distribution Company whether the member

will move forward with the Change Study, including evidence of the Group Study members' consent to the Change Study⁷⁹ (M.D.P.U. No. 55A, § 3.4.1(j)(2)). If the Group Study member moves forward with the Change Study, the Distribution Company will provide its determination on the member's project change request within ten business days of completing any required studies (M.D.P.U. No. 55A, at § 3.4.1(j)(3)).

Given the amount of time the Group Study projects have been in queue, changes to the originally proposed projects may occur (Tr. 3, at 484). However, changes to the interconnection process, including for any subset of Interconnecting Customers, are not contemplated by the Provisional Program. Absent clear and convincing evidence otherwise, the Department finds it appropriate for the project change process set forth in the DG Interconnection Tariff to apply to the M-F CIP Proposal. Consistent with stated interests in proceeding as expeditiously as possible, the Company shall commence outreach and communication with Marion-Fairhaven Group members promptly following issuance of this Order to accelerate the identification and review of project changes.

⁷⁹ The DG Interconnection Tariff provides

project changes that will delay the Group Study or the construction of Common System Modifications, or increase the cost share of such study or modifications for other members (collectively 'Member Impact'), will not be allowed for any Group member unless the Company and all Group members agree to the project change(s) in writing, with the limited exception that a project change request that is solely to replace Facility equipment (in-kind, with no other requested changes) because the initially proposed equipment is no longer available will not require Group member consent ('Equipment Exception')."

(M.D.P.U. No. 55A, at § 3.4.1(j)).

5. Phased Project Interconnection

During evidentiary hearings, counsel for the DG Intervenors questioned the Company's witnesses regarding possible phased interconnection of Marion-Fairhaven Group Study members before full completion of the M-F CIP Proposal (Tr. 3, at 450, 488-491). In relevant part, the Company's witnesses testify that, over the course of the four-year construction period, the Company will make certain individual interconnection determinations as infrastructure upgrades go into service (Tr. 3, at 450). Those individual determinations would be based on the detailed design and engineering requirements and on constraints identified in Impact Studies (Tr. 3, at 488-489). The Company stated that it could reinstate the Marion-Fairhaven Group Study stakeholder meeting process to discuss these matters and exchange ideas in the interconnection process for these members (Tr. 3, at 489-490). In conclusion, the Company's witness testified that after the Company's preliminary assessment of interconnection based on the detailed engineering determination, there may be the need for adjusting the interconnection schedule as infrastructure upgrades come online and Marion-Fairhaven projects can be interconnected (Tr. 3, at 491).

On brief, the DG Intervenors request that the Department establish a schedule for interconnection requiring that within 30 business days of the Company's completion of the detailed design and engineering plans for the M-F CIP Proposal: (1) the Company make an assessment of which projects, if any, can be interconnected prior to completion of construction of the CIP; and, (2) the Company, in coordination with the Marion-Fairhaven Group Study members, establish a schedule for projects identified in the Company's

assessment under part (1) to receive an expedited Authorization to Interconnect (DG Intervenors Brief at 20). Eversource, however, does not agree to establish a predetermined schedule for phased interconnection of the Marion-Fairhaven Group Study projects (Company Reply Brief at 26). The Company explains that, once detailed engineering is complete, the Company will provide the Marion-Fairhaven Group Study members with an estimated time for interconnecting specific projects, but that the final schedule will be based on the outage sequences, which are subject to change based on several outside factors (Company Reply Brief at 26).

The Department supports a phased interconnection approach consistent with adherence to the principles of safety and reliability. We recognize that the Company is limited in its ability to commit to a certain outage schedule, which would impact the ability to establish a firm schedule for issuing Authorizations to Interconnect (Tr. 3, at 490-491). In consideration of this limitation, we do not adopt the DG Intervenors' proposal for phased interconnections. However, especially in consideration of the time that the Marion-Fairhaven Group Study members have been in the interconnection queue, the Department expects the Company to comply with its representations to inform Marion-Fairhaven Group Study members of construction and interconnection schedules and to utilize the Marion-Fairhaven Group Study stakeholder process to provide this information and for the exchange of ideas. Further, the Department encourages the Company to exercise sound judgment in Authorizations to Interconnect on a phased basis, with the intent to expedite the interconnection of individual projects as soon as practicable.

6. SMART Program Incentive Block Reservations

On brief, the DG Intervenors identify a conflict in the timing of project construction under the M-F CIP Proposal and the timing requirement for project completion under DOER's SMART Program (DG Intervenors Brief at 20). A Marion-Fairhaven Group Study project that participates in the SMART Program obtains a PSOQ from DOER to secure a twelve-month reservation period.⁸⁰ DOER will revoke the PSOQ if the project is not completed within the twelve-month period (i.e., completion of project construction and issuance of an Authorization to Interconnect by the Distribution Company).⁸¹ A project that is qualified under the SMART Program is eligible to reserve a capacity block that entitles the project to receive a set of base compensation rates and compensation rate adders under a Distribution Company's SMART Program tariff. 220 CMR 20.02 (Definition Capacity Block).

The DG Intervenors are concerned that that they will not be able to interconnect under the M-F CIP Proposal for several years (well beyond DOER's twelve-month construction timeline) (DG Intervenors Brief at 20). The DG Intervenors contend that this timing problem would jeopardize their potential for incentive compensation through the capacity block reservations under the SMART Program (DG Intervenors Brief at 20). For relief, the DG

⁸⁰ DOER's Statement of Qualification Reservation Guideline, § 2(a) (September 22, 2021); see also, 225 CMR 20.06.

⁸¹ DOER's Statement of Qualification Reservation Guideline, § 2(a) (September 22, 2021).

Intervenors request that the Department request that DOER amend its Statement of Qualification Reservation Guideline to establish a procedure for projects interconnecting under a Department-approved CIP to obtain an indefinite extension of the reservation period pending completion of the CIP (DG Intervenors Brief at 20-21).

In response to the DG Intervenors' concern, DOER indicated that it is actively working on appropriate solutions for SMART Program projects impacted by the CIP planning and construction timelines (DOER Letter in Lieu of Reply Brief at 2). Accordingly, DOER recommends no action by the Department (DOER Letter in Lieu of Reply Brief at 2). We agree and the Department appreciates DOER proactively addressing this issue. Furthermore, as explained above, this proceeding is not a venue for involving DOER in a reexamination of the SMART Program.

7. Future Marion-Fairhaven Group Study

On brief, the DG Intervenors request that the Department require the Company to establish a process for additional projects to be studied in a future Marion-Fairhaven Group Study, with an annual window for such applications (DG Intervenors Brief at 21). The Company explains that post-Group Study applications will be processed, studied, and approved individually or in groups depending on their location, up to the maximum DG enablement of the CIP (Company Reply Brief at 27).

Any future applications for interconnection within the M-F CIP Proposal Area will be subject to the interconnection process, including the Group Study process, under the DG Interconnection Tariff. The Department's approval of the M-F CIP Proposal, including

setting the CIP Fee, will establish reasonable and certain costs and a timeline for interconnection (Tr. 2, at 304-305, 364). Once the M-F CIP Proposal upgrades are completed, future interconnecting DG projects will see more certain potential costs and timelines for interconnection (Tr. 3, at 462-463). As such, the Department finds that it is not necessary at this time to prescribe an additional level of process intended to expedite interconnection within the M-F CIP Proposal Area.⁸²

E. Reporting Metrics

The Attorney General proposed metrics related to the implementation and performance of the M-F CIP Proposal (Exh. AG-NACS-1, at 51, 83-84).⁸³ With certain reservations, the Company supports the establishment of the proposed reporting metrics to measure CIP benefits (Tr. 3, at 402-404; Company Reply Brief at 21-22). Additionally, the Attorney General recommends that the Department require the Company to consider and analyze the potential for advanced technologies and service offerings, including the impact of smart inverters, flexible interconnection, load management, limited and/or non-firm export tariffs, and DERMS (Attorney General Reply Brief at 8).

⁸² The Department expects that with our approval of the M-F CIP Proposal the Company will be able to streamline the interconnection of future Enabled DG.

⁸³ On brief, DOER also recommend that the Department establish metrics that the Company report for the M-F CIP Proposal (DOER Brief at 10). As stated above, the Department affirms its standard that matters raised for the first time on brief will be declined. In this instance, reporting metrics recommended by DOER are substantially taken up by the reporting metrics advanced by the Attorney General in her prefiled testimony. Thus, our discussion of reporting metrics is based on the record evidence not on DOER's brief.

The Department finds that reporting on metrics related to the M-F CIP Proposal, for informational purposes only, will provide the Department and stakeholders with useful and timely performance information for the M-F CIP Proposal. The Department supports transparency and open communication with stakeholders that includes the sharing of useful reporting metrics and information that would allow for tracking of the performance of the M-F CIP Proposal. Below, we identify the required metrics and other reporting requirements, for informational purposes only, for the M-F CIP Proposal.

The Attorney General recommends the following reporting metrics: (1) construction milestones; (2) forecasted versus actual information on DG and load conditions; (3) MWs of Enabled DG divided by dollars spent on the M-F CIP Proposal; (4) MWs of DG interconnected divided by dollars spent on the M-F CIP Proposal after five, ten, 15, and 20 years of CIP investment; (5) hosting capacity utilization by CIP area; (6) timeline for processing interconnection applications for CIP Fee facilities; (7) electrification related metrics, including natural gas service line extension cost investment annually within the CIP region and portion of new business being 100 percent electric versus having any natural gas; and (8) percent of the Company's investments in electrification that are spent on environmental justice and low-to-medium-income communities (Exh. AG-NACS-1, at 83-84). With the exception of the Attorney General's recommended reporting metric number (7), the Company agrees to track and report on these metrics (Tr. 3., at 402-404; Company Reply Brief at 21-22). The Department finds that the Attorney General's recommended reporting metrics enumerated as (1) through (6) and (8) are appropriate for tracking the performance of

the M-F CIP Proposal. Therefore, the Company shall report on these metrics (1) through (6) and (8) as part of its annual CIPF filing for informational purposes. Regarding the Attorney General's proposed reporting metric (7), the Department considers that the components of this metric are not consistent with the purpose of the Provisional Program; therefore, at this time the Department does not include this metric. In addition, the Department directs the Company to report as part of its annual CIPF filing the following circuit-level reliability performance data for the Marion-Fairhaven area: (a) annual and three-year average circuit average interruption duration index and circuit average interruption frequency index for all circuits affected by the M-F CIP Proposal; and (b) whether any of the circuits were identified as a "Poor Performing Circuit" or "Problem Circuit" in the Company's annual service quality reporting pursuant to Service Quality Guidelines, D.P.U. 12-120-D (2015).

Regarding the Attorney General's recommendation for the Company to consider advanced technologies and service offerings (e.g., limited and/or non-firm export tariffs), the Department encourages the Company to implement this recommendation where possible and to leverage its existing grid modernization and future electric sector modernization plans to coordinate the deployment of interconnection-related investments and to maximize the benefits of the M-F CIP.

F. Additional Considerations

1. Community Outreach Plan

Consistent with the Department's requirements for CIPs outlined in D.P.U. 20-75-B at 31-32, the Attorney General recommends that the Company establish an outreach plan for

environmental justice communities, including two community meetings within six months of approval, as well as regular community outreach throughout the project (Attorney General Brief at 38-39). The Company explains that established practices within its community relations organization will constitute a community outreach plan, including application of an equity framework that will guide the outreach (Company Reply Brief at 20, citing Attorney General Brief at 38-39; Exh. DPU 4-9; Tr. 2, at 377-379, 390-391; RR-AG-2 & Att.).

The Department agrees with the Attorney General that the Company should conduct regular community outreach. The Department finds that the Company's stated plan to meet the Attorney General's request through the Company's established practices is appropriate. Therefore, the Department does not direct the Company to implement a separate outreach plan, but fully expects that the Company will fulfill its commitment to community outreach.

2. Notification of CIP Fee to Enabled Interconnecting Customers

To ensure that Interconnecting Customers are properly informed in the interconnection process, the Department finds that the Company must notify an Enabled DG customer, prior to its interconnection application being deemed complete, that the Interconnecting Customer will be assessed the Marion-Fairhaven CIP Fee and will be subject to the Company's Provisional System Planning Tariff. With this notification, the Company shall provide the Interconnecting Customer with contact information for a Company employee who can provide information and answer questions regarding the Provisional Program and the Marion-Fairhaven CIP. The Company shall incorporate this notification requirement in the appendix to its Provisional System Planning Tariff applicable to the Marion-Fairhaven CIP.

3. Pre-Application Report and Hosting Capacity Maps

The pre-application process is designed to provide DG applicants with technical information about a specific point of interconnection that can help inform them of potential limitations and costs for their projects early in the interconnection process. Order on Affected System Operator Studies, D.P.U. 19-55-C at 22 (2020); M.D.P.U. No. 55A, at § 3.2. To better inform DG applicants, the Department finds that information regarding the Marion-Fairhaven CIP Fee should be provided to Interconnecting Customers in two areas in the pre-application process.

First, the Company shall include in an Interconnecting Customer's Pre-Application Report information on whether a DG facility is likely to be subject to the Marion-Fairhaven CIP Fee and the Company's Provisional System Planning Tariff. Prior to submitting an Interconnection Application through either the Expedited or Standard Process, all Interconnecting Customers with DG facilities that are 250 kW or greater must request and receive a Pre-Application Report from the Company. M.D.P.U. No. 55A, at § 3.0. The Pre-Application Report is optional, at the election of the Interconnecting Customer, for those facilities that are less than 250 kW. M.D.P.U. No. 55A, at § 3.0. Interconnecting Customers must pay a Pre-Application Report fee depending on project size. M.D.P.U. No. 55A, at § 3.2 (requiring a \$100 fee for projects less than 250 kW, \$250 for projects between 250 and 500 kW, and \$750 for projects above 500 kW).

Second, within 60 days of this Order, the Company shall incorporate the information regarding the Marion-Fairhaven CIP Fee into information provided with its hosting capacity

maps. The Department has previously found that the availability and use of hosting capacity information can allow for more efficient and cost-effective choices for deploying DG on the grid. Order on Management of High-Volume Queues, D.P.U. 19-55-D at 6 (2020). With hosting capacity maps, Interconnecting Customers can identify optimal locations to develop and interconnect DG facilities. D.P.U. 19-55-D at 6. Using hosting capacity maps as a complement to the existing Pre-Application Reports, DG applicants can better plan projects, which, in turn, should reduce the number of interconnection applications that are withdrawn or canceled. D.P.U. 19-55-D at 6. Thus, the Department finds it is appropriate to incorporate the Marion-Fairhaven CIP Fee into Pre-Application Reports and hosting capacity maps to assist in bringing DG online in an efficient and cost-effective manner and in advancing the Department's efforts to mitigate high-volume queues. The Company shall include this reporting requirement in the appendix to its Provisional System Planning Tariff applicable to the Marion-Fairhaven CIP, with reference to the Company's M.D.P.U. No. 55A, at § 3.2.

4. Transparency and Communication of Provisional Program and Marion-Fairhaven CIP Process

To promote transparency and open communication in the interconnection process, the Department directs the Company to post on its website within 60 days of this Order, in a readily accessible location: (a) information on the Provisional Program and the Marion-Fairhaven CIP, including contact information for a responsible Company employee to answer stakeholders' related questions; and (b) a link to the Department's Provisional

Program Guide.⁸⁴ Also, within 60 days of this Order, the Company shall reach out directly to all Enabled DG currently in the interconnection queue and provide access to the above listed information. Within six months of this Order, the Company shall convene a stakeholder meeting to provide information and answer questions on the Provisional Program and the Marion-Fairhaven CIP process.

VIII. ORDER

Accordingly, after notice, hearings, and due consideration, it is

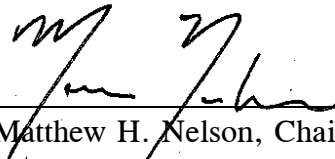
ORDERED: That the Capital Investment Project Proposal for the Marion-Fairhaven Group Study filed by NSTAR Electric Company d/b/a Eversource Energy is APPROVED as modified herein; and it is


⁸⁴ <https://www.mass.gov/guides/provisional-system-planning-program-guide>

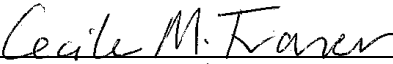
FURTHER ORDERED: That, within 15 business days of the date of this Order, NSTAR Electric Company d/b/a Eversource Energy shall make a compliance filing consistent with the requirements set forth herein; and it is

FURTHER ORDERED: That NSTAR Electric Company d/b/a Eversource Energy shall comply with all directives contained in this Order.

By Order of the Department,


Matthew H. Nelson, Chair


Robert E. Hayden, Commissioner


Cecile M. Fraser, Commissioner

An appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part. Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. G.L. c. 25, § 5.