HANDY LAW LLC

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

Luly Massaro
Clerk
RI Public Utilities Commission
88 Jefferson Boulevard
Warwick, RI

February 5, 2015

Re: Docket No. 4483 – In re. Petition of Wind Energy Development, LLC and ACP Land, LLC Relating to Interconnection; Comments on Amended Interconnection Tariff

Dear Ms. Massaro:

I write on behalf of the Petitioners to respond to your request for comments on National Grid's proposed revisions to the interconnection tariff. First, let us clarify that contrary to the representation in National Grid's filing, Petitioners attended each and every stakeholder session on the proposed tariff amendments, submitting repeated comments in support of their position on the tariff.

We filed the petition in this docket on January 15, seeking PUC intervention on a number of interconnection disputes, only after a futile effort to resolve them directly with National Grid. We mediated the dispute before PUC counsel as provided by section 9.2 of the tariff. Counsel's resulting summary and recommendations, issued on April 28th, include the following observation and recommendation on page 14.

> The tariff is very detailed and complicated. Among others, questions were raised as to how the language of the tariff could be simplified, whether the distributed generation interconnection statute applies to distributed generation and net metering projects, and what were the consequences to a distributed generation project not successful in enrollment. . .
>
> Therefore, in addition to the previous recommendations regarding various provisions of the tariff, the PUC should order National Grid to meet with several interested parties, not just Petitioners, to discuss the tariff provisions and determine what changes should be proposed to the PUC to address this issue. The PUC should require this review to take place within a 60-day timeframe for filing with the PUC for its review.

That was over nine months ago. Given the impact of the tariff on all developing projects, we advocated that the PUC proceed with this tariff review process immediately, on parallel tracks with the resolution of other disputes. The Commission did not order that, but National Grid had the opportunity to move this tariff revision process along for the benefit of its stakeholders.

After briefing and some settlement negotiations, the Commission held an open meeting on November 11 ordering National Grid to convene a stakeholder process and file tariff revisions no later than December 1, 2014. That deadline was subsequently extended to January 15 over Petitioners' objection.

The revisions still do not comply with the Commission's recommendations and directives. Beyond noncompliance with the specific compliance items ordered by the

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

Commission, the revisions clearly do not seek to simplify the tariff or make it easier on your customers. Quite to the contrary, most revisions put added burden on developers and many apparently seek to control, stall and impede important, pending projects.

I. Simplicity

The proposed edits made to date are merely additive rather than an effort to simplify the tariff as recommended and ordered by the PUC. There are examples of much simpler interconnection rules readily available – see IREC model http://www.irecusa.org/fileadmin/user_upload/ConnectDocs/IC_Model.pdf; NARUC (National Association of Regulatory Utility Commissioners) models http://www.naruc.org/Publications/dgiaip_oct03.pdf; http://www.naruc.org/Publications/dgiaip.pdf

Petitioners respectfully ask the Commission to consider simplifying this tariff as possible according to these models that are based on extensive input and model interconnection protocols from across the country. This request for general simplicity is echoed in other comments below.

II. Time

The revisions to section 3.5 (sheet 18) and Table 2, note 4 (sheet 26) seek to extend National Grid's deadline for completing the Standard Process. The current tariff requires completion of the entire interconnection process for "Standard Applications" in no more than 150 days. Section 3.4 describes the "Standard Process" to include everything from the start of the process to the actual interconnection of the project and its inspection. Section 3.5 very clearly states "The maximum time allowed for the Company to execute the entire Standard Process is 125 days for the Standard Review Process if the Customer goes directly to Standard Review and 150 days if the Customer goes from the Expedited Process into Standard Review." Table 1, Note 5 (Timelines, Sheet 24) confirms that the standard interconnection process will not exceed 150 days even if a detailed study is required.

The petition in this case sought to resolve the excessive time it was taking National Grid to conduct its feasibility and impact studies for projects under development, including those planned by WED Coventry One, LLC and WED Coventry Two, LLC, pursuant to R.I. Gen. Laws §39-26.3-4. Having completed their feasibility study process, those projects paid their fee for an interconnection impact study on January 1, 2012. The Company spent much more than the statutory limit of 90 days conducting impact studies for the six projects in Coventry. Rather than complying with the current time limit, National Grid now seeks to change its tariff so that this time limit only covers the period up to execution of an Interconnection Service Agreement with no time limit on actual interconnection which can be deterred indefinitely.

If the PUC accepts the Company's amendment that the current tariff deadlines only get the customer to a signed interconnection agreement (see eg, revised section 3.0 which, we submit, is contrary to the definition of the "Standard Process" in §3.3(i) – (l)), then Petitioners ask that you integrate another deadline for the time to construct the interconnection. Petitioners request the following language to maintain fixed deadlines for interconnection, with penalties:

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

> All interconnection work must be performed no longer than sixty (60) days from completion of the renewable energy customer's interconnection Impact Study, if required, or else sixty (60) days from the customer's initial application for interconnection. These deadlines cannot be extended due to customer delays in providing required information, all of which must be requested and obtained before completion of the Impact Study. The electric distribution company will be liable to the interconnecting customer for all actual and consequential damages resulting from the noncompliant interconnection delay including, but not limited to, the full value of any lost energy production, and any legal fees and costs associated with the recovery of those damages. These penalties and damages shall be bourne by the electric distribution company's shareholders, not by the electric distribution company's ratepayers.

This language allows 180 days for the interconnection process (30 for feasibility study, 90 for impact study, 60 for interconnection), which is more than the 150 days currently allowed. This is adequate especially if the Company begins to consider system upgrades as part of its ISR planning/work to meet customer capacity needs as proposed in section III below.

If Petitioner's proposed approach to penalties is not accepted, the tariff should establish a regular review of the electric distribution company's performance on interconnection deadlines established by statute and this tariff and provide for penalties payable to our Office of Energy Resources for untimely interconnections that exceed specified threshold levels as established in Massachusetts Department of Public Utilities Order 11-75F of July 31, 2014 - see http://web1.env.state.ma.us/DPU/FileRoomAPI/api/Attachments/Get/?path=11-75%2fOrder.pdf

The tariff ought to establish the customer's right to self construct the interconnection (subject to Company approval of design/engineering and consistent construction) if the Company's proposed interconnection process will take more than 180 days and the customer can construct the interconnection more efficiently. The IREC model tariff referenced above contemplates self-construction based on best practices from other states.

The central issue of confusion raised in this petition was the extent to which requests for more information prolonged the deadlines in the tariff (making the deadlines virtually unenforceable). The Company has enough experience with interconnection now, and the newly proposed pre-application process should provide sufficient information for the Company to have sufficient information at the time of application and then commit to the tariff schedule subject only to customer changes in the project or acts of God. The language throughout §3.4 and in 4.2.6 and in Table 1, Note 1 (Sheet 25) that contemplates a stopped clock while the Company requests additional information or termination of an application for the failure to provide additional requested information should be removed or modified to be clear that, absent any customer changes, additional information will only be requested if the need for it clearly could not have been anticipated and requested in the application and the clock will only stop during its production and for 10 (or fewer) days thereafter.

The new language in paragraph 6 of Section 2 does not help provide clarity for the tariff timeline and should be deleted. It reads:

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

> Due to voltage regulation issues, Facilities larger than 3 MWs (nameplate capacity), or those that require substation upgrades may be subject to special interconnection requirements and may require timelines for studies to be conducted on a mutually agreed upon basis versus the timelines in the various processes.

The statutory deadlines for interconnection studies (RIGL §39-26.3-1 et seq.) do not allow for this kind of discrimination between classes of projects.

In the renewable energy development business (as in other business as well), time is money and as is well established in Massachusetts, the interconnecting customer is entitled to a definite interconnection schedule.

III. Cost

In section 5.3 (sheet 36), National Grid removes language about refunding the appropriate portion of system modification costs to its Customers pursuant to the applicable tariff. It then inserts the following language:

> As appropriate, to the extent that subsequent Interconnecting Customers benefit from System Modifications that were paid for by an earlier Interconnecting Customer, the Company may assess a portion of the costs to such subsequent Interconnecting Customers, which will be refunded to the earlier Interconnecting Customer if actually collected. Such assessments may occur for a period of up to five years from the Effective Date of the earlier Interconnecting Customer's Interconnection Service Agreement.

These edits clearly erode section 5.4's requirement that system modifications can only be charged to an interconnecting customer if they are of no value or benefit to other customers. Section 5.4 says:

> Should the Company combine the installation of System Modifications with additions to the Company's EPS to serve other customers or interconnecting customers, the Company shall not include the costs of such separate or incremental facilities in the amounts billed to the Interconnecting Customer for the System Modifications required pursuant to this Interconnection Tariff.

The first sentence of section 5.3 also has to be read consistently with section 5.4. It says: "The Interconnecting Customer shall also be responsible for all costs reasonably incurred by Company attributable to the proposed interconnection project in designing, constructing, operating and maintaining the System Modifications." National Grid has ignored section 5.4 and the first sentence of 5.3, charging its interconnecting customers the cost of system upgrades even when they are clearly necessary to serve other customers. The amended language in section 5.3 disregards the central question of whether distributed generation should be required to fund system upgrades that are necessary to provide satisfactory customer service (that "benefit system capacity"). We need greater clarity here, such as is provided in the NARUC tariff referenced above, which states as follows (emphasis added):

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

> Where additional facilities are required to permit the interconnection of a Small Resource, **and offer no benefit to system capacity**, the Interconnection Customer will bear the entire reasonable cost of such facilities as determined by the Facilities Study and at the actual cost provided for in the Facilities Study Agreement, but will not be subject to retroactive increases or decreases in such costs, unless determined by credits or refunds provided by mutual agreement with subsequent interconnection Customers. . .If the Small Resource was invited or otherwise selected to provide benefits to the Interconnection Provider's system, costs charged to the interconnection Customer will be reduced commensurate with such benefit. Benefits must be measurable and verifiable. Where multiple interconnection requests require system facilities, interconnection Customers will be assigned costs or benefits separately where impacts can be separately attributed to respective projects. Where such attribution is not possible, interconnection Customers will share costs or benefits in proportion to their projected facility capacities.

This language recommended by NARUC is consistent with the existing language in section 5.4 rather than the added language in section 5.3. If system upgrades provide any benefit to system capacity that benefits all ratepayers, they must not be charged to the interconnecting customer.

The Coventry system is over forty years old. National Grid first assessed WED Coventry One, LLC and WED Coventry Two, LLC $907,000 for "System Modifications to the Company EPS" including "Engineering, design, construction and testing for revenue metering, feeder modifications, reclosers, disconnect switches, and remote stations modifications." The final overly-long impact study processes for all six projects in Coventry (including COV1 and COV2, previously studied), assessed almost $13 million in interconnection costs to 7 turbines (3 were denied interconnection) and all but $40,000 of that bill is for "system improvements" and the disputed interconnection taxes. Interconnecting DG customers should not bear the burden of system upgrades benefitting the Company's other customers for which National Grid collects rates to implement its Electric Infrastructure Safety and Reliability Provision and Plan.

The Company should be ordered to develop a system whereby the interconnecting customer can be aware of its precise responsibility for those interconnection costs only associated with allowing the proposed facility to operate in parallel with the company's EPS and the Company's additional investments in improving its EPS to benefit system capacity as early in the interconnection process as possible so as not to discourage project development with wrongly inflated/assessed system upgrade expense. In stakeholder meetings, the Company stated its intent to make such a determination of cost allocation when it completes the account of actual costs after all interconnection work has been completed, but that is not adequate because the customer needs to have an accurate (not improperly inflated) sense of its actual cost before committing to the project and there is no persuasive reason to delay the determination of this allocation at the outset of the interconnection process. National Grid clearly knows how to easily distinguish system upgrades for general customer benefit from those needed solely for the benefit of the proposed interconnecting customer.

Petitioners request that the Commission require the Company to merge interconnection system modification costs with the system investments it proposes annually through the Electric Infrastructure, Safety and Reliability Provision and Plan. Interconnection customers deserve certainty that the Company is prioritizing system upgrades that enable the interconnection of the

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

large volumes of renewable energy proposed and planned for our distribution grid. Rather than putting the costs of all such system upgrades on the interconnecting customer they should be budgeted and integrated into the annual plan approval process. The ISR plan is the logical place to address system upgrades required for the interconnection of new distributed generation. The ISR Plan National Grid filed in December 2014 proposes that 63% of its $73 million investments will be in system capacity investments required to ensure electrical network has sufficient capacity to "meet growing needs of its customers." However, it says absolutely nothing about system improvements that accommodate the expansion of renewable energy. As our State Energy Plan says, what Rhode Island customers need most is diversification of our energy supply in order to enhance its security and reliability and reduce its cost. That diversification requires investment in the infrastructure as necessary to support distributed generation.

The contention that ratepayers should not be required to subsidize the renewable energy industry's interconnection challenges with our old grid is faulty. Ratepayers suffer from overreliance on a single fuel source for our energy supply and, more specifically, from transmission constraints during periods of peak consumption. Ratepayer investments in facilitated interconnection of our renewable energy supply will be more than compensated by rate reductions resulting from the resulting diversification of our electricity supply as needed to relieve constraints during our limited periods of peak consumption.

Petitioners request incorporation of the following language on cost:

> The electric distribution company may not charge an interconnecting renewable energy customer for any upgrades to its Electric Power System that can and should be funded through rates assessed pursuant to its Electric Infrastructure, Safety and Reliability Provision and Plan, including specifically any maintenance, repair or upgrade of any component of the Electric Power System that has been deferred for more than thirty years.

The tariff ought to allow the customer the right to self construct the interconnection, subject to Company approval of design/engineering and consistent construction, if the cost of interconnection quoted in any feasibility study, impact study or interconnection agreement exceeds that anticipated by the current input to the technology specific CREST model used to develop the ceiling prices for implementation of the Renewable Energy Growth program (which NGrid has a substantial role in setting). This should include the right to cross a public way, subject to generally applicable safety standards, as an amendment to the following language in Section 2: "The crossing of a public way by the Interconnecting Customer with any equipment is prohibited due to public safety reasons." Such allowance of self-construction is consistent with the IREC model tariff developed based on best practices, and is certainly warranted when costs exceed the Company's own projections of reasonable expectations.

In section 3.4(e), the Company proposes to allow National Grid to recover more costs from the customer and impose more requirements if "modifications to the Company EPS" are substantial. Again, this neglects the issue of whether the improvements also benefit other customers or other interconnecting customers. The question is not whether the improvements are substantial but who ultimately benefits from them. That should be determined by whether the

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

improvements are the type commonly included in the Company's ISR plan (and, thus, intended to enhance capacity for the customers).

The revised tariff does not address the resolution reached in this docket that the Company will provide an automatic accounting of the cost of any impact study that exceeds the statutory maximums per RIGL §39-26.3-1 et seq.. This accounting must include the cost of any "Detailed Studies" which must not be subject to whether the customer signs an Interconnection Agreement as currently provided in the amended Exhibit G.

The agreement between the parties to this Petition is that the final accounting must be performed for all interconnection work conducted by the Company such that any overestimated and prepaid cost of interconnection is trued up and refunded to the customer based on a full and fully transparent accounting of the actual cost of interconnection. The amended language in Exhibit F does not accurately reflect this agreement. It only requires such an accounting if the customer has not signed an interconnection agreement, which clearly makes no sense (the Company will not do the actual interconnection work unless the customer signs an interconnection agreement and prepays an estimated cost of interconnection).

Petitioners disagree with the proposed change to the definition of ISRDG and the proposed revision to §3.3(e). The detailed study is conducted during the term of the "Standard Process" that results in an impact study and interconnection agreement with a fixed construction cost subject only to changes by the customer or acts of God. As stated above, the impact study is subject to the statutory completion timelines and there should be no allowance for a change in the estimated cost based on an additional "detailed study" process.

III. ISO Review

In section 3.4(3)(c) and 8.1 (sheet 46) and Exhibit C, National Grid has taken it upon itself to resolve when ISO review is required under Operating Procedure 14for six projects pending approval in Coventry. The revision is:

> The timelines in Table 1 will be affected if the ISO-NE's Operating Procedure 14 will be required. This will occur if the Interconnecting Customer's Facility is greater than or equal to 5 MWs and could occur if aggregate capacity of Facilities connected (which are on the same feeder and are physically close to each other) is greater than or equal to 5 MWs.

The first amended sentence in 3.4(3)(c) does not make sense. The resolution that aggregated interconnecting projects over 5MW that are separately owned require review pursuant to ISO-NE's Operating Procedure 14 is a misguided attempt to invoke added jurisdiction and delay on the Coventry projects that have already spent between 100 and 600 days in an interconnection study process. Despite the missed deadlines for the issuance of the much-too-long-awaited impact studies for these 6 distributed generation and net metering projects, National Grid now raises ISO procedure as a means to further delay the project. ISO has made it clear to National Grid and Petitioner that Operating Procedure 14 does not apply to separately owned projects under 5 MW. Having recently resolved this question in the tortuous process of interconnection

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

plan approval, National Grid now seeks a contrary resolution through a tariff amendment. There is no basis for invoking ISO jurisdiction through this tariff; and especially not when the authority is misstated.

In Exhibit C, National Grid adds language that the Company will now make a determination of whether ISO review is required and thereby relegate the project to more, timely review process – that determination can and should be left to ISO and the customer.

IV. Miscellaneous

The revised tariff does not satisfy the recommendation of Commission counsel that the Company conduct an "accepted projects conference" for each applicant before the execution of any impact study agreement, to ensure the Company has all required information to meet the statutory deadlines (see Counsel's Recommendation, p. 13-14). In Exhibit B, the Company now requires yet another filing – this time a "Pre-Application Report Form." If this is the Company's proposed means to satisfy the Commissions suggestion and the settled intent to provide consultation for every interconnecting customer, Petitioners submit that a requirement for more paperwork does not satisfy the intent of such consultation.

In several places, the proposed tariff revisions state "The Interconnecting Customer has no right to operate in parallel until they have received the Authorization to Interconnect." This repeated statement clearly sends the message that interconnecting distributed generation customers will not get their energy to the grid but through National Grid's gate, no matter how obstructive the Company chooses to be.

Please be sure that either the pre-application process or the application process produces sufficient information to enable National Grid to determine whether the IRS safe-harbor against the taxation of interconnections designed to send energy to the grid (rather than receive energy from the grid) applies to the project. If that is not possible (or practicable) for some reason, please be sure that the tariff gives the customer sufficient information regarding the exemption and how to pursue it.

Please order any other modifications to the tariff that represent best practices benefiting interconnecting customers based on your experience with interconnection tariffs in your other operating jurisdictions or your understanding of best practices implemented throughout the country and around the world. This includes best practices from FERC's new interconnection standards for small generators, MA Department of Public Utilities Order 11-75E (March 13, 2013), the model tariff language referenced above and any other commonly available resources.

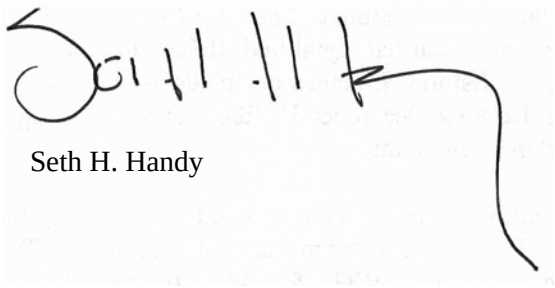
The proposed revisions are not compliant with Commission counsel's recommendation or the Commission's interim order. They do little to simplify or improve the interconnection process for customers and they introduce additional obstructions to timely and affordable project development.

HANDY LAW LLC

42 Weybosset Street | Providence | RI 02903
401 626 4839
401 753 6306 fax

Thank you for inviting and considering Petitioners' comments on this very important interconnection tariff.

Sincerely,



Seth H. Handy