STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC COMPANY	**:**	
d/b/a NATIONAL GRID'S STANDARDS FOR CONNECTING	**:**	**DOCKET NO. 4763**
DISTRIBUTED GENERATION	**:**	

REPORT AND ORDER

I. Overview

On June 30, 2017, Governor Raimondo signed into law amendments to the Distributed Generation Interconnection Standards, for effect July 1, 2017.[1] On October 31, 2017, to reflect the amendments, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC or Commission) proposed changes to RIPUC 2163, its tariff governing interconnection of distributed generation projects (DG Interconnection Tariff).[2] As explained by National Grid, the changes were designed to, among other things, limit the ways in which the Company can charge renewable energy customers for system modifications to interconnect to the electric distribution system.

Specifically, the statutory amendments prohibited the Company from charging an interconnecting renewable energy customer for system modifications that are not directly related to the interconnection, except in certain limited circumstances. The amended law allowed for limited reimbursement of system modification costs to the interconnecting renewable energy customer if the PUC found that those modifications benefitted other customers and had been accelerated. It also allowed for contributions from subsequent non-residential interconnecting renewable energy customers where those subsequent customers relied on the earlier system modifications for interconnection. Additionally, it also placed certain timeframes on the Company to complete the

[1] R.I. Gen. Laws § 39-26.3-4.1.
[2] Tariff Advice Filing, RIPUC 2180; http://www.ripuc.org/eventsactions/docket/4763-NGrid-DGTariffAdvice(10-31-17).pdf.

application process and system modifications, and enabled the replacement of an existing renewable energy resource with limited study time and system modification costs.[3] In addition to new tariff language to reflect the intent of the statutory amendments, the Company also proposed additional amendments to the DG Interconnection Tariff, characterized as "clean-up" language. The Company also mandated use of a pre-application report as a screening tool for certain proposed interconnecting facilities.[4]

The PUC conducted a Technical Session on November 28, 2017. The Division of Public Utilities and Carriers (Division) and Office of Energy Resources (OER) responded to PUC discovery. The Division, in its comments of December 28, 2017, recommended approval of the revised tariff, RIPUC 2180. At a hearing held on January 25, 2018, additional information was sought through record requests. On September 6, 2018, the PUC approved RIPUC 2180, with modifications that required additional notifications to interconnecting customers of delays, reporting of certain information to the PUC, and a final accounting of interconnection costs within the tariff. The PUC also sought to clarify how a new provision of the law relating to "accelerated" system modifications would operate. On October 31, 2018, the Company filed a compliance tariff incorporating the PUC's changes. The compliance tariff was approved by the PUC at an Open Meeting on November 20, 2018.

II. Outstanding Issues and PUC-Ordered Modifications

The PUC found most of National Grid's original proposed changes to the DG Interconnection Tariff to be consistent with the amended law and to be reasonable. Following the hearing and

[3] *Id.* at Cover Letter, 2.
[4] The Office of Energy Resources intervened in this matter. New Energy RI, a collaborative of renewable energy developers and other occasional stakeholders, attempted to intervene but, on January 3, 2018, the Commission determined that the motion to intervene was late and the movant had failed to show good cause for intervention. http://www.ripuc.org/eventsactions/minutes/010318.pdf. The PUC, indicated, however, that it would consider New Energy RI's filings as public comment.

submission of responses to record requests, there were four outstanding issues to be considered by the PUC: (1) whether certain language of the tariff on pre-application reports was too vague; (2) how the mechanics of the provision on "accelerated" system modification costs would work; (3) whether the "final accounting" provisions should be included in the body of the tariff as well as in attachments; and (4) whether, given the timelines in the tariff, it was reasonable to only require notification to customers of delays to System Modifications and not to other aspects of the tariff.[5] The following sections summarize the issues and the PUC's findings.

A. Pre-Application Reports

Pre-application reports are non-binding reports containing certain information specific to a proposed facility's interconnection location. Upon request, the Company will provide that interconnecting customer a pre-application report prior to the customer applying for interconnection. The Company provided a request form as an attachment to the DG Interconnection Tariff. In its original filing, the Company proposed modifications to the tariff's pre-application reports section as set out below. Pre-application reports would now be required for projects sized at 250 kW or greater instead of at 500 kW or greater. The Company also proposed to limit the number of pre-application reports that could be requested in a one-week period from a single applicant. Finally, National Grid no longer unequivocally committed to a 10-business day response period.

> **3.2 Pre-Application Reports**
> Prior to submitting an Interconnection Application through either the Expedited or Standard Process (see Sections 3.3 and 3.4), all Interconnecting Customers with Facilities that are 250 kW or greater must request and receive a Pre-Application Report from the Company. An Application for Facilities 250 kW or greater will not be deemed to be complete without a Pre-Application Report. The Pre-Application Form is provided in Exhibit B. The Pre-Application

[5] The PUC ruled on three of the outstanding items. On the fourth, addressing notification to customers of delays to System Modifications and not to other aspects of the tariff where there are timelines, the PUC reviewed National Grid's analysis of the statutory construction of the section and commented that it appeared the Company's interpretation was reasonable. However, the PUC took no votes on this matter, but approved the tariff with National Grid's original language included.

> Report is optional at the election of the Interconnecting Customer for those Facilities that are less than 250 kW. There is no fee for either a mandatory or optional Pre-Application Report.
>
> Following the submission for either a mandatory or optional Pre-Application Report, the Company shall provide the Report within 10 Business Days assuming a reasonable number of applicants under review. The Pre-Application Report produced by the Company is non-binding, and, if the Interconnecting Customer wishes to proceed, the Interconnecting Customer must still successfully apply to interconnect to the Company's EPS. No person or entity, or affiliate or agent thereof, may request more than ten (10) Pre-Application Reports in any one-week period. (changes underlined)

At the technical session, National Grid witness John Kennedy, Manager, Customer Energy Integration, New England, explained that projects as small as 200kW have recently triggered system upgrades at the transmission level as support for the lower threshold.[6] The PUC questioned whether the language "assuming a reasonable number of applicants under review" was too vague to be enforced in the future. National Grid submitted a record response stating that it could reasonably process approximately ten pre-application reports on a daily basis, or fifty per week.[7] The Division submitted a letter indicating that if the more specific language were included in the tariff, the Division could conditionally accept National Grid's response subject to further review after the limitation had been in place for a period of time.

After consideration of the parties' responses, the PUC accepted National Grid's original language, noting that as part of the Amended Settlement Agreement reached between the parties to Docket No. 4770 and approved by the PUC, the Company had been allowed additional funds to increase the number of full-time equivalent employees dedicated to interconnection work.[8] As a result, the PUC surmised that the definition of a "reasonable number of applicants under review" may

[6] Tech. Session Tr. at 43 (Nov. 28, 2017).
[7] National Grid Response to RR-3 (Feb. 23, 2018).
[8] *See* Docket No. 4770 (In re: Application of The Narragansett Electric Company d/b/a National Grid for Approval of a Change in Electric and Gas Base Distribution Rates), Amended Settlement Agreement at 16; http://www.ripuc.org/eventsactions/docket/4770-4780-NGrid-AmendedSettlement(Redlined)_8-10-18.pdf.

evolve to a larger number than the Company has currently estimated. Thus, the PUC chose to accept the less specific language originally proposed by National Grid.

The PUC, however, required National Grid to include language in the tariff requiring notification to an interconnecting customer if there would be a delay in providing a pre-application report. In the future, if there are complaints about delays, the Division will review the reasonableness of the Company's actions under the tariff. Additionally, the PUC directed the Company to report to the PUC annually on the weekly average minimum and maximum number of pre-application reports and the number of delays due to the number of pending request exceeding a reasonable number of applicants under review. In its compliance filing, the Company included a filing date of March 1 annually. This will coincide with similar reporting requirements in the Docket No. 4770 decision.

B. Mechanics of "Accelerated" System Modifications

Section 5.4 of the DG Interconnection Tariff was modified to address the 2017 statutory requirement providing that:

> If the public utilities commission determines that a specific system modification benefiting other customers has been accelerated due to an interconnection request, it may order the interconnecting customer to fund the modification subject to repayment of the depreciated value of the modification as of the time the modification would have been necessary as determined by the public utilities commission. Any system modifications benefiting other customers shall be included in rates as determined by the public utilities commission.[9]

National Grid's original proposal simply copied the statutory language into the DG Interconnection Tariff. While this was consistent with the law, it did not adequately address the mechanics of the operation of this provision. For example, there was no indication of the timeframe over which something might be considered accelerated. Nor was there any discussion of the methodology for charging the renewable interconnecting customer for the accelerated modification

[9] R.I. Gen. Laws § 39-26.3-4.1(b).

costs. Following the January 25, 2018, hearing during which this issue was explored,[10] on February 23, 2018, National Grid filed its response to a record request seeking new proposed tariff language to describe the mechanics of this provision.

In its response, National Grid provided language that defined an acceleration of a system modification. It would constitute a modification that had otherwise been identified in the Company's capital work plan, necessary to be installed within a five-year period, as of the date the Company begins the impact study of the proposed distributed generation project. Once an accelerated system modification is identified, the Company will charge the renewable interconnecting customer for the estimated identified accelerated modification costs less the depreciated value. Following completion of the actual costs based on the date of asset installation, the Company will reconcile the actual costs with the previously estimated costs. All interconnection services agreements subject to this provision will be filed with the PUC. The Company also included a provision to allow a renewable interconnecting customer to petition the PUC directly if it believes the Company has incorrectly charged the renewable interconnecting customer for an accelerated modification.[11]

On March 28, 2018, the Division submitted a Memorandum from its consultants Phil DiDomenico and Carrie Gilbert, of Daymark Energy Advisors, summarizing their review of National Grid's proposed language. Finding the Company's proposal to be "not unreasonable," the consultants nonetheless, sought certain clarifications for the record, including a hypothetical example of the calculations. On April 27, 2018, National Grid filed responses to the consultants' questions together with a hypothetical example of the calculation of an interconnecting customer's cost of the accelerated modification.[12]

[10] Hr'g. Tr. at 69-81.
[11] National Grid Response to RR-4 (Feb. 23, 2018).
[12] DiDomenico and Gilbert Mem. at 1-2 (Mar. 28, 2018).

First, the Company explained that it would use the Electric Infrastructure, Safety, and Reliability process for including and adding projects to the five-year capital plan. Second, the Company indicated that a modification cost would be estimated at present cost. Third, National Grid provided the steps it would follow to apply the depreciation credit. Fourth, to address a Division concern that the Company's process would not limit free ridership from taking advantage of the accelerated modification, the Company would consider adjustments to its capital plan work if multiple projects sought interconnection at a similar time. Fifth, the Company responded to the consultants' concern that the outer years of a five-year plan tend to vary significantly as additional yearly data is collected, which could lead to uncertainty regarding what is an accelerated project. National Grid stated that in order to provide certainty to developers, the Company would honor any accelerated modification set forth in an interconnection service agreement even if the ultimate "need" proves to be later than previously forecasted in the five-year capital plan. Finally, in response to the consultants' concerns that there was no cap on the reconciliation of actual costs to estimates, the Company noted that this was the same treatment as other system modification costs and should remain as proposed for consistency among all interconnecting customers.[13]

The Division filed no additional comments on this section. The PUC found that the proposed tariff language filed on February 23, 2018, was consistent with the statutory language and adequately addressed the mechanics of the provision. The explanation provided by National Grid in response to the Division's consultants' concerns was sufficient to support the propriety of the language of the tariff. This does not mean the language is perfect. As with any new provision, it is possible that once the accelerated modification is calculated for the first time, there may need to be adjustments for future projects. The PUC will review any such proposed adjustments, if necessary. In addition,

[13] National Grid Reply at 1-3 (Apr. 27, 2017 [sic]) (Received Apr. 27, 2018).

interconnecting customers have the option of filing with the PUC for review of a specific project to which it believes an accelerated modification calculation should have been applied. This provides an additional protection for interconnecting customers and a balance for all National Grid customers from whom the remaining accelerated costs will be recovered.

C. Location of "Final Accounting" Provisions

An issue raised by New Energy RI in its comments was the location of the "Final Accounting" requirement. The existing tariff included language in the attachments about providing a final accounting to interconnecting customers. These attachments include sample forms that are executed by the Company and interconnecting customers as part of the interconnection process. New Energy RI posited that the final accounting requirement should also be in the body of the tariff for clarity.[14] The Company noted that the attachments are incorporated into the tariff and adding them to the body was unnecessary. However, the Company also indicated that it would have no objection to including the provisions in the body of the tariff if the PUC determined it was necessary to do so.[15]

The PUC found that the final accounting provision should be located both in the body of the tariff as well as in the attachments. While the attachments have been incorporated into the tariff, it is the body of the tariff that explains how the interconnection process works. In comments, counsel for New Energy RI posited that it would provide clarity to consumers to include the final accounting language in the body[16] and the Company had no objection to doing so upon direction by the PUC. Any burden to the Company of including additional language in the tariff is outweighed by the opportunity to provide additional clarity to interconnecting customers seeking to understand the tariff.

[14] Tech. Session Tr. at 129-30 (Nov. 28, 2017).
[15] National Grid Response to RR-4 (Dec. 22, 2017).
[16] Tech. Session Tr. at 130.

III. Compliance Tariff

On October 31, 2018, National Grid submitted a revised tariff as a compliance filing that reflected the modifications ordered by the PUC at its September 6, 2018 Open Meeting. On November 20, 2018, the PUC approved the compliance filing finding that it properly incorporated the modifications made during the earlier decision. The effective date of the tariff was September 6, 2018. The effective date of the amendments to the Distributed Generation Interconnection Standards law was July 1, 2017. That is the date National Grid was required to begin applying the statutory changes. The DG Interconnection Tariff sets forth the approved processes.

Accordingly, it is hereby

(23379) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's Standards for Connecting Distributed Generation, RIPUC No. 2180, cancelling RIPUC No. 2163, filed on October 31, 2017, is hereby approved for effect September 6, 2018, with the following modifications:
    a. Amend Section 3.2 to state that the Company shall immediately advise interconnecting customers if there will be a delay in providing pre-application reports due to the number of pending requests.
    b. Amend the tariff to include a requirement that the Company report to the Public Utilities Commission annually on the weekly average minimum and maximum number of pre-application reports and the number of delays due to the number of pending requests exceeding a reasonable number of applicants under review.
    c. Amend the tariff to include final accounting language in the body of the tariff.
    d. Amend Section 5.4 to state: The Company will consider a system modification to be an accelerated modification if such modification is otherwise identified in the

Company's work plan as a necessary capital investment to be installed within a five-year period as of the date the Company begins the impact study of the proposed distributed generation (DG) project (defined as an Accelerated Modification). The Company will identify the Accelerated Modification and the cost thereof in the impact study. The Renewable Interconnecting Customer will be responsible for the identified Accelerated Modification costs less the depreciated value (Modified Costs), which Modified Costs will be estimated in the interconnection service agreement (ISA). Upon reconciliation, final labor, material and depreciation values will be provided based on the actual date of asset installation. The Company will file with the Commission all executed ISAs for Renewable Interconnecting Customer DG projects with an identified Accelerated Modification by July 1 of each year. Renewable Interconnecting Customers may also petition the Commission directly if the Renewable Interconnecting Customer believes it has been incorrectly charged for an Accelerated Modification under Section 5.4. In these cases, the Renewable Interconnecting Customer shall be responsible to pay for the cost of the system modification pursuant to the ISA, unless and until a determination has been made by the Commission. In all cases, the Company will be entitled to recover the costs of any unpaid portion of an Accelerated Modification(s) in rates.

2. The Narragansett Electric Company d/b/a National Grid's Standards for Connecting Distributed Generation, RIPUC No. 2180, cancelling RIPUC No. 2163 compliance filing, submitted on October 31, 2018, is hereby approved for effect September 6, 2018.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON SEPTEMBER 6, 2018, PURSUANT TO OPEN MEETING DECISIONS ON SEPTEMBER 6, 2018 AND NOVEMBER 20, 2018. WRITTEN ORDER ISSUED JANUARY 4, 2019.

PUBLIC UTILITIES COMMISSION

Margaret E. Curran, Chairperson

Marion S. Gold, Commissioner

Abigail Anthony, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.