

State of Rhode Island Public Utilities Commission

**In Re: Petition of the Episcopal Diocese of Rhode Island for Declaratory Judgment
on Transmission System Costs and Related “Affected System Operator” Studies**

Docket No. 4981

Pre-Filed Testimony of

Matt Ursillo

May 26, 2021

I. Introduction and Qualifications

1 **Q. Please state your name and business address.**

2 A. My name is Matt Ursillo and my business address is 2000 Chapel View Boulevard,
3 Suite 500, Cranston, RI 02920.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am the Director of Project Management for Green Development, LLC, formerly
6 Wind Energy Development, LLC or WED (Green).

7 **Q. What was your professional background before joining Green?**

8 A. I have nearly two decades of experience in the engineering, management, and
9 construction of electric utility projects. Prior to joining Green, I worked for Constellation
10 Energy, Exelon, and the M&W Group in both engineering and project management
11 capacities. I have worked on a wide variety of projects throughout the energy industry
12 including utility solar projects, wind generation, fuel cells, electrical distribution,
13 microgrids, demand response, cogeneration systems, fossil fuel power plants, boilers,
14 chillers, HVAC systems, and civil construction.

15 **Q. What do you do for Green?**

16 A. I am responsible for the execution of renewable energy projects including
17 photovoltaic, wind energy, and other emerging technologies.

18 **Q. What is your educational background?**

19 A. I am a graduate of the University of Rhode Island, holding a Bachelor of Science
20 degree in Mechanical Engineering. I am also a graduate of the Pennsylvania State
21 University, holding a Masters of Business Administration. I am a certified Project

1 Management Professional through the International Project Management Institute as well
2 as a licensed Renewable Energy Professional.

3 **Q. When was WED formed?**

4 A. The company was founded in 2009.

5 **Q. What is Green's mission?**

6 A. Powering Rhode Island's Future. Green has developed renewable energy solutions
7 across our state. We work with Rhode Island communities, public entities, landowners,
8 and farmers to plan and construct wind turbines and solar power systems that deliver
9 reliable and inexpensive power.

10 **Q. How does Green's work enhance the state's energy security?**

11 A. Rhode Island currently imports the majority of its energy resources. Approximately
12 91% of those resources come from natural gas produced out of state, the highest
13 percentage of any state, and the cost of these resources increases in times of short supply.
14 Green Development is committed to helping Rhode Island produce its own power from
15 renewable sources, to establish a reliable and sustainable energy supply.

16 **Q. How has Green's work reduced carbon emissions?**

17 A. Our solar and wind projects produce no carbon dioxide (CO₂), a greenhouse gas that
18 is linked to atmospheric warming. Green's current solar and wind projects offset over
19 72,000 metric tons of CO₂ each year, equivalent to the CO₂ generation of 8,091,141
20 gallons of gas or the annual carbon sequestered by 93,906 acres of forest.

1 **Q. How has Green's work helped save farms?**

2 A. When Green builds renewable energy projects on the properties of local farmers and
3 large landowners, they receive lease revenue. Farmers are able to continue farming their
4 land, and large landowners are able to maintain open space. We lease only a portion of
5 the property for the renewable energy project, providing income and financial flexibility
6 for our farmers and their families.

7 **Q. How does Green's work help our local economy?**

8 A. Green's renewable energy solutions deliver significant energy savings to towns,
9 cities, and non-profit entities at a fixed low rate via Rhode Island's virtual net metering
10 program. Our current installed projects will save Rhode Island government entities and
11 non-profits approximately \$85 million over 25 years. Green's wind and solar projects
12 also create local jobs related to the manufacturing of components, service, and
13 maintenance of its projects.

14 **Q. How many projects has Green developed and constructed?**

15 A. Projects that Green has developed and constructed currently generate approximately
16 106,000,000 kilowatt-hours of energy annually. That is enough to power an estimated
17 10,000 homes each year.

18 **Q. What are the opportunities?**

19 A. There is significant interest from investors and banks in Green and its projects,
20 provided we can efficiently, and cost effectively, interconnect and build these projects.
21 We are upbeat about recent advancements in Rhode Island law, Rhode Island's energy
22 plan (Energy 2035), prospects of greater collaboration and alignment around project

1 siting policy and the hope that we can better align these public policy interests with utility
2 policies and procedures.

3 **Q. What are the challenges?**

4 A. The risks and soft costs of project development are still substantial, from siting
5 policies to local taxation policy to interconnection challenges posed by utilities. Our state
6 energy plan reflects the wealth of stakeholder and expert input on the need to diversify
7 our energy sources for energy security, reliability, and cost reasons, but policy and
8 regulatory positions have been inconsistent with our energy and climate plans, and laws.

9 **Q. Are you familiar with the interconnection history of Green's projects, including**
10 **those undertaken for Green's predecessor, Wind Energy Development (WED)?**

11 A. Yes.

12 **Q. Explain the interconnection dispute regarding Green's first wind turbine, WED**
13 **NK Green?**

14 A. That was the dispute taken up in docket 4483, part of which ultimately went to the
15 Rhode Island Supreme Court. To summarize the most important aspects of the case,
16 Green contested two things: 1) National Grid's practice of estimating interconnection
17 costs for prepayment and then not truing up to actual costs unless a customer requested
18 an audit; and 2) National Grid's practice of requiring payment of an interconnection tax
19 for which there is a safe-harbor (exemption) under federal tax law. After failing to
20 negotiate resolution with National Grid, Green filed a petition with the Rhode Island
21 Public Utilities Commission ("Commission" or "PUC"). Once it became clear that the
22 practice of requiring prepayment of estimated interconnection costs without always truing

1 up to actual costs was inconsistent with sections 5.3 and 5.4 of the Narragansett Electric
2 Company's Standards for Connecting Distributed Generation, which only requires an
3 interconnecting customer to pay all system modification costs at "reasonable" "actual
4 costs," National Grid agreed to conduct audits for the two projects at issue in the
5 proceeding and to clarify that audits would be conducted for every interconnected project
6 so that estimated costs would be adjusted to actual costs. The audits were conducted, and
7 the estimated costs were corrected down from \$110,935.09 to \$58, 831 for Green's
8 project (a \$52,000 overcharge) and from \$91,531 to \$32,376 for the other petitioning
9 project (a \$58,000 overcharge).

10 **Q. What happened with the tax issue raised in docket 4483?**

11 A. National Grid declined to refund the taxes paid on the basis that the IRS safe-harbor
12 applied only to transmission and not distribution system interconnections. When
13 challenged by Green, National Grid claimed the PUC did not have jurisdiction. In
14 mediation the PUC ruled that it had jurisdiction over whether the charge was just and
15 reasonable and, therefore, National Grid would have to justify the charge as just and
16 reasonable. The PUC required National Grid to pursue a private letter ruling with the
17 IRS. The IRS refused the request saying they intended to issue generally applicable
18 guidance clarifying the question. That guidance came out in 2016 as IRS Notice 2016-
19 36. It read, "a generator (such as a solar or wind farm) may contribute an intertie
20 (interconnection) to a utility that qualifies under the new safe harbor even if the generator
21 is interconnected with a distribution system" and noted that "these modifications will
22 promote reliability and economic efficiency throughout the grid and the development and

1 interconnection of renewable energy resources.” National Grid took the position that the
2 guidance was still unclear on the question raised in the docket 4483. After affirming its
3 jurisdiction, requiring National Grid to pursue a definitive answer to this question from
4 the IRS, and receiving the answer, the PUC refused to exercise jurisdiction over the tax
5 question and deferred to National Grid’s misinterpretation of IRS Notice 2016-36. On
6 appeal, in case number SU-2017-0415-MP, the Rhode Island Supreme Court deferred to
7 the PUC’s conclusion that the tax is a reasonable charge. During oral argument before
8 the Supreme Court, both National Grid and RIPUC conceded that the only way to finally
9 resolve any purported uncertainty in the IRS guidance would be for National Grid to file
10 for a refund. Yet, upon repeated requests that it do so, National Grid has refused to file
11 for a refund. National Grid is still assessing the tax, even on its assessment of charges for
12 transmission system improvements.

13 **Q. How much has Green paid in interconnection taxes so far?**

14 A. Well over \$1.5 million, with much more to be assessed in the future

15 **Q. What happened with the interconnection of the Coventry wind turbines?**

16 A. WED originally planned to construct a 1.5 megawatt wind turbine located at 210
17 Piggy Lane in Coventry, Rhode Island (“COV1”). WED applied to sell the electricity
18 from COV1 to National Grid under the Distributed Generation Standard Contract Act,
19 R.I. Gen. Laws §39-26.2-1. National Grid claimed ineligibility because COV1 was
20 larger than the 1.5 megawatt (MW) class category established for wind turbines when
21 combined with an adjacent WED turbine (COV2) that was not included in the DG
22 Contract proposal. After administrative litigation, the Rhode Island Public Utilities

1 Commission (PUC) ordered National Grid to enter a DG Contract with WED for COV1.
2 In that Contract, National Grid committed to pay a price of \$148 per MWh for the
3 electricity. The price was set by a regulatory body at an amount sufficient to fund the
4 anticipated cost of developing a 1.5 megawatt wind turbine plus a reasonable rate of
5 return on investment. The pricing model assumed a total interconnection cost of \$100 per
6 kilowatt for a 1.5 megawatt turbine. The Contract required WED to pay a non-refundable
7 Performance Guarantee Deposit of \$46,905, as required by the law. COV1 was required
8 to operate within eighteen months of execution of the Contract, or else the Contract
9 would terminate and WED would forfeit its the Performance Guarantee Deposit to
10 National Grid. National Grid sent WED an Interconnection Feasibility Study for COV1
11 that estimated an interconnection cost of \$270,502, or approximately \$180 per
12 kilowatt. On January 15, 2014, WED filed its petition in docket 4483, challenging
13 National Grid's interconnection practices. On April 17, 2014, National Grid sent WED a
14 joint Interconnection Impact Study for COV1 and COV2 requiring prepayment of
15 \$1,126,540 to interconnect, or approximately \$375 per kilowatt, almost four times the
16 interconnection cost projected for the DG Contract price and twice the price provided in
17 the original Feasibility Study. \$907,000 of the proposed interconnection cost was for
18 "System Modifications to the Company Electric Power System" including "engineering,
19 design, construction and testing for revenue metering, feeder modifications, reclosers,
20 disconnect switches, and remote station modifications." This is despite Rhode Island law
21 that provides that ratepayers, and not interconnecting customers, will be held responsible
22 for system modifications that benefit National Grid's customers generally. Among other

1 disputed costs included in National Grid’s new bill to WED, National Grid proposed to
2 replace many fully depreciated telephone poles in Coventry and bill WED for their
3 replacement. Only \$22,400 of the required interconnection cost was actually for
4 “Interconnecting Customer Interconnection Facilities” including “engineering review and
5 acceptance, and compliance verification of the ICIFs including all required drawings and
6 equipment spec reviews, relay settings, and construction.” \$197,140 of the required
7 interconnection cost was for the interconnection tax WED was disputing. The Impact
8 Study estimated a schedule of eighteen to twenty-four months to interconnect COV1 and
9 COV2. That effectively terminated the DG Contract for COV1 and would force WED to
10 forfeit its \$47,000 Performance Guaranty Deposit. WED asked National Grid to extend
11 the production deadline or terminate the contract and refund the deposit, but National
12 Grid refused to do either. That impasse resulted in more administrative litigation that
13 was ultimately resolved in WED’s favor. WED then paid an additional \$65,000 to jointly
14 study the interconnection of ten turbines on two circuits in Coventry, to make use of all
15 the capacity produced by the system improvements being required of WED. On
16 December 18, 2014, National Grid issued its joint impact study for all ten turbines. The
17 impact study used load data and power ramp rates from a Goldwind turbine despite the
18 plan to use Vensys turbines in Coventry. Based on inaccurate load characteristics for the
19 wrong make of turbine, National Grid determined that no more than three turbines could
20 be interconnected to the 12.47kV distribution system at Coventry substation 54, rejecting
21 interconnection of three of the four turbines proposed to interconnect to that substation.
22 This contradicted National Grid’s conclusion in the impact study for COV1 and COV2

1 that the required system upgrades would produce sufficient capacity to interconnect all
2 WED's proposed turbines to that circuit. The new Impact Study required prepayment of
3 an estimated cost of \$5,166,918 to interconnect three turbines to Coventry substation 54
4 (despite approval of only one turbine for interconnection there) and \$7,592,626 to
5 interconnect four turbines at Coventry substation 63. That total of \$12,759,544 to
6 interconnect ten turbines was \$850 per kilowatt, over 8 times the cost estimated for the
7 DG contract pricing model and almost 5 times National Grid's initial estimate per
8 turbine. Of that total, \$12,718,344 was for "system improvements," including many
9 replaced poles, installation of reconductor and line extensions and substation upgrade
10 work. Only \$41,200 was quoted as the cost of the customer's interconnection facilities.
11 National Grid now proposed to pass through a total tax of \$2,320,780 for the proposed
12 interconnections, despite the IRS exemption. The new impact study did not estimate the
13 schedule for completion of the interconnection work, leaving WED at risk of contract
14 termination and lost performance guaranty deposits.

15 WED filed another petition with the PUC to contest National Grid's administration of
16 these interconnections. After yet more negotiation, National Grid agreed to allow WED
17 to interconnect all ten turbines, allowed WED to install its own underground conduit, and
18 reduced the estimated cost of its interconnection work to \$4.1 million for the ten turbines
19 just before the PUC heard the Petition. The Commission did not see fit to further
20 constrain National Grid's administrative discretion over interconnection, failing to
21 respond to most of the substance of WED's arguments. WED's nine wind turbines in
22 Coventry began generating electricity in 2016 despite these challenges and to the great

1 benefit of West Warwick (which owns three turbines), the Narragansett Bay Commission
2 (which owns three turbines) and the State of Rhode Island. However, many projects fail
3 and are not built when faced with such obstacles and expense of interconnection.

4 **Q. Was there also a federal regulatory issue that came out of the interconnection of**
5 **the Coventry turbines?**

6 A. Yes. National Grid required compliance with requirements administered by the
7 regional grid operator (the Independent System Operator, aka “ISO”) that apply to large
8 projects interconnecting to the transmission system or participating in wholesale markets,
9 despite the fact that our projects were not doing either. National Grid admitted that they
10 were uncertain with respect to the jurisdictional requirement for such review. This issue
11 was first raised in November 2014 when National Grid was obligated to release its
12 combined impact study for COV1-6. Green told National Grid repeatedly that these were
13 not federally jurisdictional projects. National Grid still classified the projects as
14 wholesale market projects requiring compliance with ISO OP-14 registration and
15 operating requirements for “Model Generators.” After disputing this requirement with
16 National Grid and ISO, the Coventry projects spent significant resources complying with
17 ISO’s Operating Procedure 14 (OP-14 – a regulatory process designed for large power
18 plants). National Grid then sought to amend its state interconnection tariff to make ISO
19 review automatic under circumstances where ISO itself has not determined its
20 jurisdiction pursuant to either operating procedure. In Docket 4483, Green also disputed
21 National Grid’s effort to incorporate these requirements, governed by federal law, in its
22 state tariff for distribution system interconnections (Tariff #2180), but the Division of

1 Public Utilities and Carriers (“Division”) opposed Green and the Commission refused to
2 grant relief. The mischaracterization of these projects for regulatory purposes has had
3 lasting impact as precedent.

4 **Q. Did Green ever try to advocate for the Commission to require National Grid to**
5 **pursue grid modifications to better accommodate renewable energy as part of its**
6 **system planning efforts?**

7 A. Yes. After the Coventry Projects, Green sought to intervene in National Grid’s
8 Infrastructure Safety and Reliability (ISR) planning process in PUC docket 4539 to make
9 that case. National Grid opposed the intervention. The utility argued that the
10 Commission had no right to consider Rhode Island’s need for grid improvements to
11 accommodate more renewable energy as part of its ISR approval process. It maintained
12 that: “If the PUC concludes that the spending proposed in the ISR Plan is ‘reasonably
13 needed to maintain safe and reliable distribution service over the short and long-term,’
14 the PUC ‘shall . . . approve the plan[.]’” National Grid also argued that the Division
15 would represent any public interest that Green sought to advocate in the proceeding. The
16 Division also opposed intervention, arguing that: “WED will suffer no actual or
17 threatened legal injury as a result of the PUC’s decision in the instant matter. . . WED
18 does not possess a real interest in the pending matter, but seeks ‘to transfer its duly-
19 tariffed financial responsibility to pass interconnection costs onto ratepayers.’”
20 The PUC denied Green’s motion to intervene.

21 **Q. Are there other disputes between Green and National Grid related to the**
22 **interconnection of any of its projects?**

1 A. Green has several other pending disputes with National Grid related to the
2 interconnection of several of its projects that are in development, which total
3 approximately 92 MW of renewable, cost-effective energy that if built would benefit
4 Rhode Island, its ratepayers, and the public at large. Green is currently not in a position
5 to provide additional details on these disputes because issues related to these disputes are
6 either pending before the Federal Energy Regulatory Commission in FERC Docket No.
7 EL21-47-000 or are subject to ongoing negotiations between Green and National Grid
8 pursuant to RIPUC 2180 section 9.1 Good Faith Negotiation Dispute Resolution. That
9 said, the Commission should be aware that Green's interconnection-related disputes with
10 National Grid extend well beyond the projects and disputes described previously.

11 **Q. Does the Division of Public Utilities and Carriers have a role in this?**

12 A. Certainly. As ratepayer advocate, the Division should be helping to ensure that its
13 customers can build local renewable energy projects without unwarranted obstructions so
14 that its customers can have greater access to cleaner, reliable, and secure renewable
15 energy at the lowest price possible.

16 **Q. Has the Division ever consulted with Green or its attorneys to seek a better
17 understanding of Green's position in a dispute pending before the Commission?**

18 A. No.

19 **Q. Has the Division ever asked Green to participate in any meetings it has
20 scheduled with National Grid to discuss National Grid's legal position in a dispute
21 pending before the Commission?**

22 A. No.

1 **Q. Has the Division ever supported Green in its Commission disputes related to**
2 **interconnection?**

3 A. No.

4 **Q. Do you expect the Division to help customers producing renewable energy?**

5 A. No, the Division's history of advocacy does not suggest any interest in helping to
6 eliminate utility barriers to the production of local renewable energy.

7 **Q. Has Green advocated for more accurate projection of interconnection costs in**
8 **the establishment of ceiling prices for the renewable energy growth program?**

9 A. Yes, repeatedly, in dockets 4536, 4547 for example. We are very concerned that the
10 ceiling prices are supposed to reflect actual cost of development, yet they have
11 consistently underestimated the inflating actual costs of interconnection by orders of
12 magnitude.

13 **Q. Has the Division ever supported Green's advocacy on this?**

14 A. No. After regularly being denied the requested relief, Green reduced its advocacy
15 regarding interconnection costs in the REG ceiling price process to focus on other items.

16 **Q. What happened in PUC docket 5088?**

17 A. That was the proceeding to set ceiling prices for 2021. Green was especially
18 concerned about the newly assessed transmission charges assessed to its projects
19 interconnecting to the distribution system and wanted to be sure that those costs were
20 accurately reflected in the ceiling prices for the REG program. Green sought to intervene
21 in the docket to make the case regarding how those charges were impacting costs.

22 **Q. What happened in docket 5088?**

1 A. The Division objected to Green's intervention, claiming that they adequately
2 represented Green's interests. The Commission refused Green's intervention.

3 **Q. What are your general concerns about National Grid's administration of**
4 **interconnection of the distributed generation of renewable energy in Rhode Island?**

5 A. Since Green filed its first interconnection dispute resolution petition at the PUC, the
6 time required to interconnect and the cost of interconnecting our projects has gone up
7 astronomically. National Grid supplies natural gas to power plants in this region that are
8 in direct competition with renewable energy in the evolution of our new energy economy.
9 National Grid also supplies natural gas to residential customers throughout the region
10 and, therefore, have a definite interest in maintaining the high price of natural gas, an
11 economy that is dictated by supply and demand. Now its unregulated affiliate, National
12 Grid Ventures, has acquired interests in Orsted's offshore wind project, including the
13 right to manage its interconnection, an interest that directly conflicts with National Grid's
14 management and administrative discretion over transmission impacts and investments
15 required for the interconnection of our local clean energy. National Grid Ventures also
16 recently acquired Geronimo Energy, a competing developer and owner of large
17 renewable energy projects that compete directly with the local projects for which
18 National Grid manages the administration of interconnections. The overall effect of these
19 facts and developments raise serious concerns with respect to whether National Grid can
20 effectively and impartially administer the interconnection of distributed generation
21 resources in Rhode Island. .

1 **Q. Have you asked the Division and or the PUC to investigate National Grid's**
2 **conflicting interests in the administration of interconnection of the distributed**
3 **generation of renewable energy in Rhode Island before?**

4 A. Yes, Green and/or its counsel, Handy Law, LLC, has asked for this investigation
5 several times (see e.g., dockets 4483, 4547, 4539, 4568, 4943). Those requests have gone
6 unanswered.

7 **Q. Does this conclude your testimony?**

8 Yes.