To: Rhode Island Division of Public Utilities and Carriers
From: Al Pereira & Dick Hahn – La Capra Associates, Inc.
Re: Interconnection Standards for Connecting Distributed Generation
Date: October 14, 2011

In this memo, we summarize the results of our review National Grid's ("Company's) proposed amendments to the Company's existing interconnection standards ("Standards"), submitted on August 26, 2011. We (a) examine whether the filing complies with the requirements of the Rhode Island Distributed Generation Standard Contracts Act ("the Act") and (b) identify any elements that are inappropriate or that may be improved. Since the Company has had Standards in place since April 2008, the Company has filed amendments to the existing Standards. We only discuss relevant sections of these amendments.

Compliance with Act

The Act requires the Company's interconnection standards, specifically for renewable distributed generation (as defined in the Act) that are not under FERC jurisdiction, to include the following requirements on the Company:

- Provide a feasibility study to the applicant within thirty (30) days of receipt of a completed interconnection application and the associated study fee.
- Establish a fee schedule for the feasibility study that contains differing fees depending on the customer type (residential or non-residential) and the size of the generation interconnection request.
- Provide an impact study to the applicant within ninety (90) days of receipt of a completed interconnection application and the associated study fee.
- Establish a fee schedule for the impact study that contains differing fees depending on the customer type (residential or non-residential) and the size of the generation interconnection request.

The main purpose of a feasibility study is to provide an estimate (or range) of the necessary interconnection costs. This estimate (assuming it has been provided in good faith) is not based on an engineering study and cannot be used to hold the Company liable or responsible for its accuracy. On the other hand, an impact study is an engineering study that carries a probability of accuracy of plus or minus twenty-five percent (25%), but the Company is still not held liable if costs are exceeded (assuming the estimate and study were provided in good faith). An applicant can ask for a feasibility study prior to asking for an impact study.

Fees are capped by the schedules for residential customers, but non-residential customers will be liable for impact study fees that may exceed the schedule amount(s).

In our view, the Company has complied with all the requirements of the Act. We discuss below some recommendations or issues that should be examined in more detail.

Elements That Can Be Improved or Should Be Changed:

Renewable DG facilities are only included in the standard review process (in terms of time frames and fees; see Tables 1 and 2, respectively). However, some renewable DG would qualify for expedited and simplified treatment. The tariff, as filed, seems to allow renewable DG to pursue only the standard process. If it is the intent to allow renewable DG projects to use the simplified or expedited processes, we recommend that a note be added to the simplified and expedited sections of Tables 1 and 2 that indicate that renewable DG can also be eligible for those two review processes.

The Company (in Table 2) shows an application fee in addition to the fees associated with the feasibility and impact studies. It is unclear why both an application fee (used to pay for review of screens) and the fee for each type of study are required for renewable DG. That is, given that the Act requires that a fee (feasibility or impact study) must be included with the renewable DG interconnection application, does not that fee effectively also serve as the application fee? In addition, for the largest renewable DG facilities, the Act allows recovery of costs that exceed the scheduled impact study fees from applicants. It seems incongruous that the legislation would have very low or zero study fees for smaller renewable DG interconnections, but then allow National Grid to also charge an application fee. If National Grid imposes both an application fee and the fee schedule in the Act, upfront costs to apply for interconnection have increased for renewable DG due to the passage of the Act. For example, a 30kW non-residential renewable DG facility requesting interconnection through the standard process would have to pay $300 (minimum application fee) under the existing tariff compared to either $400 or $800 ($300 minimum application fee plus a $100 or $500 feasibility or impact study fee) under the proposed tariff. Also, inclusion of a $300 minimum application fee seems onerous for the smallest of applications. For example, the applicant for a 4kW residential solar installation would be responsible for a $300 application fee. On the other hand, a small inverter-based application that is also a renewable DG facility does not seem to require an application fee. This appears to be a disconnect, since those types of applicants would rather submit an application as a small inverter-based facility (zero $) rather than a renewable DG facility ($300 minimum application fee).

We recommend that the application fee for renewable DG be removed. Another option is to cap the application fees to existing levels and require that application fees be used to offset study costs (e.g., have note 3 on Sheet 26 also apply to renewable DG.)

Lastly, Exhibit D (Feasibility Study Agreement), which is entirely new, has a sunset clause (#14) for the signed agreement of 2 years from the effective date. Given that the agreement may

be terminated by a) both parties, or b) either individual party (under certain conditions), it is unclear why this clause is necessary.