STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
89 Jefferson Blvd.
Warwick RI 02888
(401) 941-4500

November 12, 2015

Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

In Re: Docket No. 4483 – Wind Energy Development, LLC & ACP Land, LLC – Petition Relating to Interconnection

Dear Luly,

Please find the Division of Public Utilities and Carriers, (the "Division") Reply Memorandum and accompanying Memorandum of Gregory L. Booth of PowerServices, Inc. in reply to the Memorandum of Law of Wind Energy Development, LLC and ACP Land, LLC dated October 27, 2015 for filing and consideration by the Public Utilities Commission in the above captioned docket.

I appreciate your anticipated cooperation in this matter.

Very truly yours,

Jon G. Hagopian
Senior Legal Counsel

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PETITION OF WIND ENERGY DEVELOPMENT, LLC AND ACP LAND, LLC RELATING TO INTERCONNECTION	: : : :	**DOCKET NO. 4483**

THE DIVISION OF PUBLIC UTILITIES AND CARRIERS REPLY TO WIND ENERGY DEVELOPMENT, LLC AND ACP LAND, LLC'S MEMORANDUM OF LAW DATED OCTOBER 27, 2015

Now comes the Division of Public Utilities and Carriers (Division) in reply to Wind Energy Development, LLC and ACP Land, LLC's (collectively "Petitioners") Memorandum of Law dated October 27, 2015 in the above captioned docket. The Division incorporates the Memorandum of Gregory L. Booth, P.E. of Power Services, Inc. attached hereto by reference herein. This reply is intended to clarify certain assertions made by Petitioners including references made relating to the role and participation of the Division during the State Energy Plan process, drafting and consideration in addition to Petitioner's assertions with reference to the Division and the Brattle Group Study. The Division's mission is and has at all relevant times been to represent the interests of all ratepayers.[1]

Brattle Group Study

First, on page 3 of the Petitioners' Memorandum, in the discussion of the Brattle Group Study, is the following statement: "*Here again, stakeholders participated in the development,*

[1] *See, R.I. Gen. Laws § 39-1-1 3(c).*

review and finalization of the study including Petitioners' counsel, National Grid and the Division."

This is a false and inaccurate statement. As stated in the Brattle Group Study, "This report was prepared for the Rhode Island Office of Energy Resources and Commerce RI."[2] The Division was unaware of the study until it was released on April 30, 2014. The DPUC did not participate in the Study's development, review or finalization, in direct contradiction to Petitioners' statement in its Memorandum.

Further, the Division questions the relevancy and appropriateness of Petitioners' discussion of the Study in its Memorandum. According to the Study, it was conducted to help meet the RI Distributed Generation Standard Contracts Law requirement that the OER submit to the Governor, the Senate President and the House Speaker, a study addressing the annual jobs, economic impact, and environmental impacts attributable to the Distributed Generation Standard Contract Program (DGSC). Further, the Memorandum cherry picks sections of the Study to suit its purpose, providing quotes and citations that speak to economic and environmental benefits, but avoids the references in the Study to the added costs to ratepayers associated with the Distributed Generation Standard Contracts.

Additionally on page 3 of the Petitioners' Memorandum is this statement: *"Despite this study that OER commissioned and National Grid and the Division assisted, the Division's expert contested Petitioners' claim that the network upgrades needed to interconnect distributed generation benefit Rhode Island customers."*

[2] See unnumbered page preceding the Study's Table of Contents. See also the Study's Executive Summary.

Again, as stated above, the Division did not assist in the Brattle Group study in any manner whatsoever.

State Energy Plan

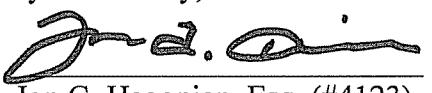
Turning to the Petitioner's assertions relating to the Division's participation on the Advisory Council to the Rhode Island State Energy Plan (Energy 2035, or the Plan). The Division did not author the Plan, rather it was drafted by an outside consultant for the Rhode Island Office of Energy Resources. The intendment of the Plan was to formulate strategies and goals for policy makers relating to the State's use of energy resources by setting goals and policies for energy security, cost effectiveness and sustainability in energy production procurement and consumption. It is true that the Division participated as a member with nineteen (19) other members of the Council, including the Rhode Island Department of Transportation, the Rhode Department of Environmental Management, the Rhode Island Public Utilities Commission and the House and Senate Policy Offices of the Rhode Island General Assembly. The Division however, made it clear at all relevant times that the Division's membership on the Advisory Council was neither an expressed or implied waiver of its rights to represent all ratepayers; nor was it to be interpreted as a precedent or predisposition as to its position in any future dockets that it may be obligated to participate in at the Rhode Island Public Utilities Commission.

Finally, the Division also participated in discussions surrounding the Energy Guide Plan through the Technical Committee, an advisory panel for the State Planning Council. It is the Council and not the Technical Committee that has the authority to enact guide plan elements. Even in this advisory role, the Division noted that sections dealing with distributed generation,

renewable energy standard and least cost procurement were planning proposals and not specific and prescriptive requirements.

The Division believes its participation has been be misconstrued and distorted by the Petitioners, a for-profit entity, to advance their agenda and self-interests in the instant docket. The Division does not believe the Commission should accept the Petitioner's assertions here to be representative of those of all ratepayers, as they are not, but are rather those of the Petitioners who are in the business of owning and developing renewable projects for profit. The Division requests the Commission consider the within comments and those set forth in the attached Memorandum of Gregory L. Booth, P.E. of Power Services, Inc. attached hereto by reference herein in its final analysis of this matter.

Division of Public Utilities and
Carriers
By its attorney,

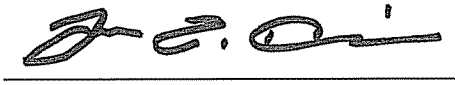


Jon G. Hagopian, Esq. (#4123)
Senior Legal Counsel
State of Rhode Island
Division of Public Utilities and Carriers
89 Jefferson Blvd.
Warwick, R.I. 02888
Tel.: 401-941-4500

Dated: November 12, 2015

CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of November 2015 that I transmitted an electronic copy of the within Reply Memorandum to the attached service list and to Luly Massaro, Commission Clerk via electronic mail.



Docket No. 4483 – Wind Energy Development LLC & ACP Land, LLC – Petition for Dispute Resolution Relating to Interconnection
Service List updated 10/13/15

Name/Address	E-mail Distribution List	Phone
Seth H. Handy, Esq. HANDY LAW, LLC 42 Weybosset St. Providence, RI 02903	seth@handylawllc.com;	401-626-4839
John K. Habib, Esq. Keegan Werlin LLP 265 Franklin St. Boston, MA 02110-3113	jhabib@keeganwerlin.com ;	617-951-1400
Raquel Webster, Esq. National Grid 280 Melrose St. Providence, RI 02907	Raquel.webster@nationalgrid.com; Thomas.teehan@nationalgrid.com; Joanne.scanlon@nationalgrid.com; Celia.obrien@nationalgrid.com;	401-784-7667
Jon Hagopian, Esq. Division of Public Utilities & Carriers	Jon.hagopian@dpuc.ri.gov; Al.contente@dpuc.ri.gov; Steve.scialabba@dpuc.ri.gov; John.spirito@dpuc.ri.gov;	401-784-4775
Greg Booth Linda Kushner PowerServices, Inc 1616 E. Millbrook Road, Suite 210 Raleigh, North Carolina 27609	gbooth@powerservices.com; lkushner@powerservices.com;	
Original & 9 copies to be filed w/: Luly E. Massaro, Commission Clerk **Public Utilities Commission** 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov; Amy.dalessandro@puc.ri.gov; Todd.Bianco@puc.ri.gov; Alan.nault@puc.ri.gov;	401-780-2107
Leo Wold, Esq.	Lwold@riag.ri.gov;	401-222-2424

Karen Lyons, Esq. Dept. of Attorney General	Klyons@riag.ri.gov; jmunoz@riag.ri.gov; dmacrae@riag.ri.gov;	
Kearns, Christopher, OER	Christopher.Kearns@energy.ri.gov;	

MEMORANDUM

TO: Public Utilities Commission

FROM: Mr. Gregory L. Booth, PE
PowerServices, Inc.

TOPIC: Docket 4483 – Interconnection Tariff
Wind Energy Development, LLC and ACP Land, LLC
Memorandum of Law Dated October 27, 2015
Gregory L. Booth Comments

DATE: November 12, 2015

I have reviewed the Wind Energy Development, LLC and ACP Land, LLC Memorandum of Law dated October 27, 2015. Following in this memorandum are my comments concerning contextual information and arguments presented by WED.

Comments Regarding Pages 1, 2 and 3

The Wind Energy Development, LLC ("WED") and ACP Land, LLC ("ACP") Memorandum is significantly misguided, and begins with the premise that the Rhode Island Public Utilities Commission ("PUC") and/or the Rhode Island Division of Public Utilities and Carriers ("Division") staff and experts are not reviewing all the details in a manner to expressly preserve public interest. The fact is that the Division staff, supplemented with legal representation of the Attorney General's office and its own staff attorney combined with utility and distributed generation experts, scrutinized the National Grid filing and the intervenor filings and prepared a completely independent filing expressly focused on the public interest. WED and ACP are distorting the record and the facts. Both of these companies, just like National Grid, are for-profit companies and are not altruistic in nature. The PUC and Division do proceed from the premise of preservation of the public interest which does not mean, as WED and APC would suggest, that the electric retail ratepayers are to subsidize WED's and ACP's for- profit activities to make them more profitable.

The tone of the WED and ACP memorandum suggests National Grid and its retail ratepayers have a responsibility to expend resources and money to assure a profitable distributed generation ("DG") project, including exhaustively studying all siting and electric system potential scenarios to make the most cost effective and profitable selection for the DG developer. WED expects National Grid to take on the responsibilities of project development for WED's own project. This is an absurd position that ultimately places WED's risk and cost squarely on the ratepayers. This initial premise upon which WED builds its argument is simply not in the public interest. There is no doubt that WED, as a for-profit company, would enjoy having their expenses unknowingly paid by electric retail customers through charges embedded in monthly retail bills. WED additionally asserts that National Grid uses an "exaggerated posture on

interconnection" and has "inflated concerns about grid stability, cost, and fairness without equal access to the underlying technical information" which "favor existing interests to the detriment of Rhode Island energy policy". I do not concur with these assertions and as I stated in my prior testimony:

> "Generator interconnection is inherently complex and electric utilities must evaluate multiple components to ensure that system integrity and grid stability are not impacted. I also concur with the Company's current policy, which is consistent with industry practice, of ascribing all costs necessary to interconnect a generator to the generator customer including those costs for system upgrades."

National Grid's DG tariff, process, and cost allocation methodologies are fairly applied and are consistent with industry practice. It is counterintuitive to imply that National Grid's interconnection processes do not support the State of Rhode Island's energy policy, and particularly the proliferation of renewable energy. A comparison may be made with PJM Interconnection ("PJM"), the electricity grid operator for 13 states and the District of Columbia, which administers interconnection procedures and agreements for generators at the transmission level. Similar to National Grid's process, PJM requires that a generator provide an interconnection request and must advance through multiple stages of studies, each to be funded by the generator. System upgrades necessary to reliably interconnect the generator are the cost responsibility of that generator, not other customers. Since 2002, under PJM interconnection procedures, 66 wind generation projects for approximately 6,800 MW have successfully interconnected to the grid and are in service[1]. Rather than impede the advancement of renewable energy, interconnection processes and agreements actually enable generators to safely and reliably connect to the grid.

On pages 2 and 3 of the Memorandum, the Petitioners suggest the Division opposed the Petitioners' position. This is a misrepresentation. The Division outlined the portions of the interconnection process which were appropriate and suggested where enhancements could be made. However, the Division did not agree with those portions of the Petitioners' requests which were unreasonable and calculated to transfer significant cost from its for-profit business model to the retail rate payers with no demonstrated benefit to those retail rate payers.

Comments Regarding Pages 4, 5 and 6

On page 4 the Petitioners' broadly state that the Division's expert contested the Petitioners' claim, which carried no supporting facts, that system modifications required to interconnect distributed generation provide benefit to Rhode Island customers. This statement by the Petitioner is false and the record clearly shows that the Division' expert and National Grid stated that the benefits are to be evaluated on a case by case basis evaluating the precise details and circumstances of the specific project. The Petitioners want to claim every upgrade has a benefit to Rhode Island customers, and I believe that is wrong and lacks factual basis to support that premise.

[1] See PJM Generation Queues for Active Wind projects. http://www.pjm.com/planning/generation-interconnection/generation-queue-active.aspx

Additionally on page 4, the Petitioners' Memorandum goes on to mischaracterize why fifty percent of developers who did not proceed with their projects either stopped the projects or did not intervene. The Petitioners present no evidence on why the projects failed to complete the interconnection process and imply that the "State's position" prevented the projects from advancing, and further, that the developers would protest if they had adequate resources and funding. My belief, based on my years in the industry, is that the majority of generation projects which do not go forward are stopped by a large array of impediments, and not singularly interconnection costs. Many generation projects, like any capital investment in infrastructure, fail to advance past the development stage, and a success rate of 50% is not unexpected. For instance, closer examination of PJM wind projects cited earlier in this memorandum revealed that 66 wind generation projects for approximately 6,800 MW have successfully interconnected to the grid and are in service since 2002. During this same period, 341 proposed wind projects for almost 49,000 MW have *withdrawn* from the queue and did not complete the interconnection process[2]. Thus, 66 projects out of 407 applications have interconnected, for an interconnection rate of 16%. This is well below National Grid's current ratio of 50%. Further, if all PJM generators are taken into account and not just wind, the interconnection rate is 42% and still below National Grid's interconnection rate.

On Pages 4, 5 and 6, the Petitioner introduces a discussion on the Public Utility Regulatory Policy Act of 1978 ("PURPA") which was enacted to encourage the development of alternative power, including renewables (Qualifying Facilities or "QF"). Among many items, PURPA addresses both utility and generator obligations in transactions for the sale/purchase of QF power and for interconnection. The Petitioner argues at length on the merits of PURPA, calls for more investment in the distribution system to accommodate renewables, and continues to suggest that National Grid's interconnection process impedes the advancement of renewables. The Petitioner quotes a former California utility commissioner that suggests that the California Commission must address utilities' "exaggerated concerns about grid stability, cost and fairness." The Petitioner has no basis to claim that the Rhode Island PUC is under the same pressure, nor that National Grid has overstated the need to balance economic power delivery and system reliability. The Petitioner's arguments are precisely those that support any for-profit company desiring to develop multiple DG projects. The Petitioners state: "We are in the midst of a transformative new energy economy" all the while seeking, as a for-profit business, for someone else to pay for the cost of building, operating and maintaining the distribution system for which they want free use. This is not in the public interest.

At the crux of the matter is that PURPA has indeed enabled countless renewable energy projects to realize commercial operation, both at the transmission and distribution level, and that National Grid is appropriately meeting the obligations of PURPA. PURPA clearly requires that utilities interconnect with QFs, which is in line with the Petitioner's reference to 18 C.F.R §292.303(c), in part, as follows:

> "[a]ny electric utility shall make such interconnections with any qualifying facility as may be necessary to accomplish purchases or sales under this subpart."

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[2] See PJM Generation Queues for Withdrawn Wind resources. http://www.pjm.com/planning/generation-interconnection/generation-queue-withdraw.aspx

The fully cited reference to 18 C.F.R §292.303(c) is as follows:

> *(c) Obligation to interconnect. (1) Subject to paragraph (c)(2) of this section, any electric utility shall make such interconnection with any qualifying facility as may be necessary to accomplish purchases or sales under this subpart. The obligation to pay for any interconnection costs shall be determined in accordance with §292.306.*
>
> *(c)(2) No electric utility is required to interconnect with any qualifying facility if, solely by reason of purchases or sales over the interconnection, the electric utility would become subject to regulation as a public utility under part II of the Federal Power Act.*

Significantly the Petitioner fails to reference cost responsibility for interconnection, which under 18 C.F.R §292.306 reads:

> *Interconnection costs.*
> *(a) Obligation to pay. Each qualifying facility shall be obligated to pay any interconnection costs which the State regulatory authority (with respect to any electric utility over which it has ratemaking authority) or nonregulated electric utility may assess against the qualifying facility on a nondiscriminatory basis with respect to other customers with similar load characteristics.*
>
> *(b) Reimbursement of interconnection costs. Each State regulatory authority (with respect to any electric utility over which it has ratemaking authority) and nonregulated utility shall determine the manner for payments of interconnection costs, which may include reimbursement over a reasonable period of time.*

In its full context, it can be seen that PURPA intended to grant QFs non-discriminatory access to the electric utility grid for purposes of interconnection, but that *the generator is obligated to pay interconnection costs.* In this case, the PUC has authority to assess these costs which has been accomplished by approving National Grid's interconnection tariff. National Grid's tariff is not punitive, it is not discriminatory, and it is not counter to PURPA. The tariff structure, fees and cost allocations are consistent with industry standards under which thousands of megawatts of renewables have been interconnected across the nation.

Conclusion

The Division does not see the proposals outlined by National Grid with the Division recommended enhancements as a "take that" approach. There are clear mechanisms for interconnection analysis and cost sharing along with appropriate dispute resolution opportunities. The Division has not identified a single position presented by the Petitioners that changes prior evaluations or conclusions reached in this dispute. The Division completely and thoroughly performed an independent assessment of the filings of all the parties and the facts, including using its many years of evaluation, assessment, and direct knowledge of the National Grid distribution system and operations. The

Division finds the Petitioners are misguided in their attempt to use Rhode Island renewable energy policy as support to demand ratepayer subsidies. The Division finds that the interconnection tariff and process is fair, non-discriminatory, and equitable and will serve to reduce the cost of interconnection to distributed generators by applying costs back to the system that will be used and useful for the system and its retail ratepayers.

Gregory L. Booth, PE
President of PowerServices, Inc.