

August 14, 2014

**BY HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4483 – In Re: Petition of Wind Energy Development, LLC and  
ACP Land, LLC Relating to Interconnection  
Responses to PUC Data Requests – Set 1**

Dear Ms. Massaro:

On behalf of National Grid<sup>1</sup>, I have enclosed responses to the first set of data requests issued by the Rhode Island Public Utilities Commission on July 24, 2014 in the above-referenced matter.

Thank you for your attention to matter. If you have any questions, please contact me at (781) 907-2121.

Sincerely,



Raquel J. Webster

cc: Docket 4483 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid.

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate was electronically transmitted to the individuals listed below. Copies of this filing will be hand delivered to the RI Public Utilities Commission and to the RI Division of Public Utilities and Carriers.



August 14, 2014

**Docket No. 4483 – Wind Energy Development LLC & ACP Land, LLC –  
Petition for Dispute Resolution Relating to Interconnection  
Service List updated 7/29/14**

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PUC 1-1

Request:

If the IRS should determine after a private letter ruling (PLR) involving the WED and ACP Land projects that National Grid does in fact owe the interconnection tax that is the subject of this dispute, do you agree that it is appropriate for National Grid to charge this tax to Petitioners?

Response:

As stated in the Company's Response to the Summary and Recommendations, a PLR cannot be filed for a tax question that is associated with taxes in a year for which the taxpayer has already filed its tax return. Consequently, it is not possible to request a PLR for the WED and ACP Land, projects in question.

If the IRS ultimately determines that National Grid is subject to tax on any contributions in aid of construction received from the Petitioners for future projects, it is appropriate for the Petitioners to reimburse National Grid for such tax costs. National Grid is not a partner in the Petitioners' ventures, has no share in any profit realized from the Petitioners' venture, and, consequently, should not bear any cost related to that venture. This principle properly includes not only the reimbursement of costs to construct distribution infrastructure, which the Petitioners' venture may require, but also any tax liability that such reimbursement may trigger for National Grid.

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PUC 1-2

Request:

National Grid argues that the interconnecting customer, in this case Petitioner, who seeks to benefit from the PLR should bear the cost of the PLR. (p.1, National Grid Response to Summary and Recommendations). If the IRS were to find after a PLR that National Grid does in fact owe the tax, how would the Petitioner benefit from such a ruling?

Response:

If a PLR from the IRS concluded that National Grid owed the tax, the Petitioners would still derive a benefit from the PLR request because any questions concerning the taxability of the transaction that is the subject of the PLR request will be resolved.

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PUC 1-3

Request:

Your memorandum states that the cost of the PLR should not be borne by the Company and ultimately all of its customers who have no direct economic benefit from the generation venture. (p.1-2, National Grid Response to Summary and Recommendations.) The premise of your argument is that National Grid customers have no direct economic benefit from the interconnection of these generation projects. The legislature, however, authorizes National Grid to recover from ratepayers, and annually reconcile, all payments and administrative costs associated with distributed generation projects. Furthermore, one of the purported policies behind this legislation is to stimulate economic development. RIGL § 39-26.6-1.

- a) If the Company believes that its customers derive no economic benefit from these distributed generation projects, is the legislature setting the wrong policy in allowing National Grid to recover from all ratepayers the payments and costs associated with distributed generation projects?

Response:

The charges in question for a PLR and the potential tax are not related to a project proposed under the Renewable Energy Growth Act (REG Act), RIGL § 39-26.6-1 et seq. Therefore, the cost recovery language of the REG Act does not apply in this case. The facility that is the subject of Wind Energy Development, LLC's (WED) PLR request, NK Green LLC, was awarded a contract under the Distributed Generation Standard Contracts Act, under RIGL § 39-26.2-1 et seq. The other units that are proposed by WED are currently applying to enroll in net metering under RIGL § 39-26.4-1 et seq. Tax gross-up costs are not limited to distributed generation projects as similar tax gross-up costs are borne by individual customers in connection with contributions in aid of construction (CIACs) for a variety of projects. Further, as stated in the Company's Response to the Summary and Recommendations, a PLR cannot be filed for a tax question that is associated with taxes in a year for which the taxpayer has already filed its tax return. Consequently, it is not possible to request a PLR for the WED and ACP Land, LLC projects in question, and there are currently no known projects associated with the REG Act.

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PUC 1-4

Request:

Is the interconnection service agreement included as an exhibit in the Tariff governing this dispute, R.I.P.U.C. No 2078? If yes, identify the exhibit in which it is located.

Response:

Yes. The interconnection service agreement is included as Exhibit G of the Tariff, R.I.P.U.C. No. 2078.

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PUC 1-5

Request:

National Grid states that it would be willing to file a PLR for a group of similar distributed generation projects and include and assess a fee in the Interconnection Standards (p. 2, National Grid Response to Summary and Recommendations).

Would this new proposed fee be recovered, and reconciled annually, from all ratepayers who derive "no direct economic benefit from [these] generation ventures?" (p. 2, National Grid Response to Summary and Recommendations).

- a) If yes, explain the Company's justification for recovering this fee from all ratepayers. Explain specifically why the Company refuses to pay for a PLR for the particular projects that are the subject of this docket but would bear the cost of a PLR relating to other similar distributed generation projects.
- b) Please clarify whether the Company anticipates including the projects in this docket within the group of projects that would be the subject of the proposed PLR.

Response:

Upon further evaluation since the Company filed its Response to the Summary and Recommendations, the Company believes that the IRS would not accept a single PLR request for multiple projects but would likely require a separate PLR for each project. Therefore, the Company wishes to withdraw its proposal to consider filing for a PLR from the IRS for multiple projects.

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PUC 1-6

Request:

What is the difference between a scoping meeting and an accepted bidders' conference?

Response:

As described in the Standards of Connecting Distributed Generation (DG) tariff (RIPUC 2078) Section 3.3, a scoping meeting occurs at time of application review. The DG tariff provides that "[t]he Company will conduct an initial review that includes a scoping meeting/discussion with the Interconnecting Customer (if necessary) to review the application." An accepted bidders' conference occurs when National Grid schedules a conference call with the representatives of entities that have been awarded a DG Standard Contract. During the accepted bidders' conference, National Grid reviews and explains the Interconnection Process and DG Standard Contract requirements.

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PUC 1-7

Request:

True/False. If a customer does not request a scoping meeting, a scoping meeting will not be scheduled.

Response:

Please see the Company's response to PUC 1-6 for a description of a scoping meeting.

False. If the Interconnecting Customer does not request a scoping meeting at the time of the interconnection application review, the Company will still call and/or email the Interconnecting Customer to request any missing information at time of application. The Company will also inform the customer that the Company has accepted their application. Once the application has progressed to Feasibility Study and Impact Study status, the Company holds further reviews with the Interconnecting Customer to receive additional information and/or answer any questions the customer may have. This is all part of the interconnection process, which parallels and coincides with the distributed generation (DG) standard contract process and requirements.

Please note that during the accepted bidders' conference, the Company reviews the interconnection process timeline and advises DG standard contract recipients to move their respective projects to the next step as soon as possible to avoid delays. The accepted bidders are again provided with the National Grid interconnection representative's contact information so that they may request any additional information and/or review their specific interconnection project.

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PUC 1-8

Request:

Identify the three projects you are performing the 2012-2013 estimate-to-actual cost comparison and the estimate date of completion.

Response:

The three projects for which the Company is performing the 2012-2013 estimate-to-actual cost comparison are:

- NK Green, LLC: Completed.
- Golden Ale Realty, LLC: Estimated completion date is September 5, 2014.
- Altus Power Funds, LLC: Estimated completion date is September 5, 2014.

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PUC 1-9

Request:

Is the Company willing to complete the tariff revision working group and present any proposals to the Commission within the recommended 60-day time frame?

Response:

In its Response to the Summary and Recommendations, the Company agreed to the following:

*The Company is willing to convene a working group of parties expressing interest in meeting on a regular basis to discuss the tariff provisions and determine whether modifications to the tariff should be proposed to the PUC. If parties express interest in doing so, the Company will establish a schedule of regular meetings to be held at the Company's Melrose Street, Providence office during a three-month period. The Company would subsequently report to the PUC on the outcome of those meetings, which would include proposed agreed upon tariff modifications to be filed with the PUC for its review and/or unresolved issues raised by the parties during the three-month period.*

Among other things, recent changes to ISO-NE operating procedure 14 (OP14) and the recently-enacted Renewable Energy Growth Program legislation will require the Company to make modifications to its distributed generation (DG) interconnection tariff. Therefore, after the Company completes these required modifications, around mid-September, it anticipates convening a series of meetings with interested parties to discuss whether additional modifications to the DG interconnection tariff are required. Around early November 2014, the Company will file a modified tariff with the PUC for the PUC's review and approval.