

State of Rhode Island Public Utilities Commission

**In re. Petition of Wind Energy Development, LLC
and ACP Land, LLC Relating to Interconnection**

Docket No. 4483

Pre-Filed Testimony of

Mark DePasquale

May 7, 2015

I. Introduction and Qualifications

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

2 A. My name is Mark Depasquale and my business address is 3760 Quaker Lane, North
3 Kingstown, Rhode Island 02852.

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

5 A. I am the principal of Green Development, LLC dba Wind Energy Development, LLC
6 (WED).

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

8 A. The company was founded in 2009.

9 **Q. What was your professional background before starting WED?**

10 A. I have over twenty years in the commercial construction industry. I've developed,
11 managed and coordinated over 100 projects, totaling over \$350 million. My experience
12 ranges from manufacturing and warehouse facilities, commercial industrial parks,
13 municipal facilities, road construction, to office complexes and retail centers.

14 **Q. Why did you start WED?**

15 A. Given my history of site work for development, I wanted to start a business that will
16 have a positive impact on the environment and economy my kids will inherit. I saw and
17 still see a great opportunity in wind energy development and my professional experience
18 has prepared me well for that work.

19

1 **Q. What is WED's mission?**

2 A. To be the lead developer of wind energy for Rhode Island, provide competitively
3 priced clean, renewable energy, create jobs and help save farms and open space.

4 **Q. How has the business done to date?**

5 A. It is coming together nicely but not without substantial challenges.

6 **Q. What are the successes?**

7 A. We built one of the first DG projects in North Kingstown, next to my house, proving
8 that we can deliver and operate these projects effectively. That turbine is performing
9 extremely well. We have six more projects, involving the development of ten turbines,
10 permitted in Coventry. Two of those turbines (WED COV 3 and WED COV 4) are
11 currently enrolled in the Distributed Generation Standard Contract program. We have a
12 net metering finance agreement to net meter energy from COV 1 (one turbine) to the
13 Town of Coventry. We anticipate either purchases or net metering finance agreements
14 with public entities for WED Coventry Six, LLC (three turbines) and WED Coventry
15 Two, LLC (three turbines). We intend to either enroll WED Coventry Five, LLC (one
16 turbine) under the Renewable Energy Growth tariff or contract with a public entity for
17 that turbine's power. We are under contract to remove the existing turbine owned by the
18 Town of Portsmouth and replace it with a new Vensys turbine that will be net metered to
19 the Town of Portsmouth. We are planning additional projects in West Warwick, North
20 Smithfield and a number of other locations. There is lots of interest from investors and
21 banks, provided we can efficiently and cost effectively interconnect these projects. We
22 are upbeat about advancements and opportunities in Rhode Island's energy policy given

1 the current administration of the Office of Energy Resources, the energy planning work
2 pending approval (including the results of the Brattle Group's benefit/cost study
3 demonstrating the great net benefits of these investments in renewable energy), and
4 hopefully improving alignment of the interests of public policy goals and utility policies
5 and procedures. We see a great opportunity to preserve farms and open space by
6 providing supplemental income from the colocation of wind energy.

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

8 A. The risks and soft costs of project development are still substantial, from siting
9 policies to local taxation policy to legal challenges posed by the utility (e.g.,
10 interconnection). The North Kingstown turbine is operating at a loss because the
11 contracting DG rate of \$.1335 per kWh is far too low to sustain the project costs. Our
12 state energy plan reflects the wealth of stakeholder and expert input on the need to
13 diversify our energy sources for energy security, reliability and cost reasons, but the
14 State's policy statements, policies and regulatory positions still downplay and do not
15 fully embrace the significant opportunity for diversification through renewable energy.

16 **Q. What is the purpose of this testimony?**

17 A. To address our company's concerns with National Grid's interconnection tariff and
18 the interconnection process.

19 **Q. Please summarize those concerns.**

20 A. The tariff should be simpler, it should reduce the opportunities for and impact of
21 National Grid's administrative discretion (especially on the time and cost of

1 interconnection) and it should strive toward much greater cooperation and collaboration
2 to achieve efficient interconnection.

3 **Q. Why are these concerns important to your Company's business plan and the**
4 **new energy economy?**

5 A. Interconnection is literally the intersection between the old energy economy and the
6 new energy economy; that is why it has become such a point of contention and its proper
7 resolution is so important to the future of Rhode Island. The utility's interests are in the
8 old energy economy; they lie in centralized generation and distribution of electricity from
9 fossil fuel (natural gas, which they not only distribute to local customers for heat but also
10 to the region's power plants for their generation of electricity). Distributed generation of
11 renewable energy threatens their bottom line today and undermines the future of their
12 business plan. Conversely, for Rhode Island, as elaborated in our new State Energy Plan,
13 the distributed generation of renewable energy is our State's cost effective path to real
14 diversification of our energy supply away from an overreliance on the natural gas that has
15 led to transmission constraints and escalated rates. It also provides enhanced energy
16 security and reliability and greater resilience against climate change. The tension
17 between these divergent objectives is greatest with large projects that stand to really have
18 a significant impact at this crossroads, including the 15MW project soon to be delivered
19 in Coventry and the projects of equal or larger size that WED's business plan expects to
20 deliver each year for the next ten years.¹

¹ While National Grid has claimed that Wind Energy Development is the only entity in Rhode Island that has a problem with the interconnection process, 1) that is definitely and

1 The biggest gate to the local, distributed generation of renewable energy is the
2 interconnection process administered by National Grid. As noted in our specific
3 comments, there are many ways in which that process, as currently designed and
4 proposed to be changed, can be and is being administered to obstruct the development of
5 renewable energy. The central issues are the time and cost of interconnection. Any
6 development process is fundamentally one of eliminating contingencies. Interconnection
7 persists as one of the largest contingencies to the development of renewable energy
8 projects. The uncertainty and challenges with interconnection can kill (and has killed)
9 projects and driven up the cost of project development substantially, with detrimental
10 impact on ratepayers. Our Coventry projects are only one example, where the cost has
11 fluctuated from \$270,000 for one turbine, to \$1.2 million for two, to over \$13 million for
12 seven (based on the reconstruction of an entire, worn-out circuit and substation in
13 Coventry and the rejection of 3 turbines as impossible to interconnect) and back down to
14 \$3.7 million for ten turbines under the pressure of third party intervention (from the
15 Commission and the General Assembly). There is no rhyme or reason to such
16 fluctuation in the cost and feasibility of interconnection; the increases can only be
17 explained logically as retaliation for interconnection disputes WED raised (and won) at
18 the Commission and the decreases only as fear of further retribution from the
19 Commission and the General Assembly. The time required to interconnect those turbines
20 remains uncertain and has already terminated one DG Contract (Coventry 1) and

clearly not true; and 2) the principle reason more developers are not speaking on their concerns is that they fear retribution from National Grid as it sits in its gatekeeping role.

1 threatens two more (Coventry 3 and 4). Now National Grid even proposes to require a
2 detailed interconnection study, with significant cost and delay, for the replacement of the
3 plagued Portsmouth turbine with one of identical size and much less impact. It is
4 essential to the future of our energy economy that National Grid's administrative
5 discretion over interconnection must be reigned in through legislation, regulation and
6 policy. The terms of the interconnection tariff are one important focal point.

7 **Q. What are your concerns about the complexity of the tariff?**

8 A. The mediator's recommendation was to simplify the tariff to make it easier to
9 understand and administer fairly. The proposed revisions do not accomplish that. There
10 are examples of much simpler interconnection rules readily available – see IREC model
11 http://www.irecusa.org/fileadmin/user_upload/ConnectDocs/IC_Model.pdf; NARUC
12 (National Association of Regulatory Utility Commissioners) models
13 http://www.naruc.org/Publications/dgiaip_oct03.pdf;
14 <http://www.naruc.org/Publications/dgiaip.pdf>. Petitioners have asked the Commission to
15 consider simplifying this tariff as possible according to these models that are based on
16 extensive input and model interconnection protocols from across the country.

17 One (of many) example of complexity that was of concern to the mediator is the
18 tariff's frequent restatements that the impact study process schedule can be delayed based
19 on requests for additional information and delays in generating that information (see §3.4
20 and in 4.2.6 and in Table 1, Note 1 (Sheet 25)). These delay provisions make it virtually
21 impossible for the Commission to enforce the statutory process deadlines. The Company
22 has enough experience with interconnection now, and the newly proposed pre-application

1 process should provide sufficient information for the Company to have sufficient
2 information at the time of application and then commit to the tariff schedule subject only
3 to customer changes in the project or acts of God. We have asked that the utility be
4 required to gather all necessary information at the beginning of the process so the
5 deadlines can simply be met or enforced.

6 Another example is the evident lack of clarity with regard to the deadline for the
7 entire interconnection process. The current tariff requires completion of the entire
8 interconnection process for “Standard Applications” in no more than 150 days. Section
9 3.4 describes the “Standard Process” to include everything from the start of the process to
10 the actual interconnection of the project and its inspection. Section 3.5 states that “The
11 maximum time allowed for the Company to execute the entire Standard Process is 125
12 days for the Standard Review Process if the Customer goes directly to Standard Review
13 and 150 days if the Customer goes from the Expedited Process into Standard Review.”
14 Table 1, Note 5 (Timelines, Sheet 24) confirms that the standard interconnection process
15 will not exceed 150 days even if a detailed study is required. The arbitrator in Docket
16 4547 found that the tariff is unclear on the deadline for the entire interconnection process
17 and recommended clarifying it. The proposed revisions to section 3.5 (sheet 18) and
18 Table 2, note 4 (sheet 26) seek to change the tariff so that the 150-day time limit only
19 covers the period up to execution of an Interconnection Service Agreement, with no time
20 limit on actual interconnection, which can be deterred indefinitely. Developers must have
21 a clear timeline for the entire interconnection process. Otherwise, National Grid has

1 unfettered discretion to delay and deter project development indefinitely based on its own
2 priorities. Time is money in the development business.

3 **Q. Please explain your concern about National Grid’s administrative discretion on**
4 **the schedule to interconnect a project.**

5 A. This was addressed a bit above, with regard to clear benchmarks for the provision of
6 all necessary information and resolving uncertainty about the deadline to complete the
7 entire interconnection process. In 2011, due to concerns with development delays, the
8 General Assembly wisely set time limits for the utility to generate interconnection
9 feasibility and impact studies. However, it has not mandated that the actual
10 interconnection must be completed within a set amount of time. The uncertainty on how
11 long it will take the utility to interconnect is a major disruptive force in project
12 development that needs to be resolved. The time for interconnection has caused the
13 forfeiture of one DG Contract for our Coventry turbines (COV1) and threatened to kill
14 two more (COV3 and COV4). It also delays financing and precludes the development of
15 a comprehensive development plan. We recommend the following tariff language:

16 All interconnection work must be performed no longer than sixty (60) days from
17 completion of the renewable energy customer’s interconnection Impact Study, if
18 required, or else sixty (60) days from the customer’s initial application for
19 interconnection. These deadlines cannot be extended due to customer delays in
20 providing required information, all of which must be requested and obtained
21 before completion of the Impact Study. The electric distribution company will
22 be liable to the interconnecting customer for all actual and consequential
23 damages resulting from the noncompliant interconnection delay including, but
24 not limited to, the full value of any lost energy production, and any legal fees and
25 costs associated with the recovery of those damages. These penalties and
26 damages shall be borne by the electric distribution company’s shareholders, not
27 by the electric distribution company’s ratepayers.
28

1 This change would ensure that National Grid does not have administrative discretion to
2 delay a project's development based on its own priorities. This language allows 180 days
3 for the interconnection process (30 for feasibility study, 90 for impact study, 60 for
4 interconnection), which is more than the 150 days currently allowed. This is adequate
5 especially when the Company begins to consider system upgrades as part of its ISR
6 planning/work to meet system capacity needs (as they have recently been ordered to do in
7 Docket 4539).

8 Similarly, I do not agree with the proposed change to section 2. It allows
9 National Grid unfettered discretion to delay projects that are 3MWs or larger or that
10 specified or require substation work. All projects are entitled to deadline parameters.

11 If our proposed approach to penalties is not acceptable, the tariff should establish
12 a regular review of the electric distribution company's performance on interconnection
13 deadlines and provide for penalties payable to our Office of Energy Resources for
14 untimely interconnections that exceed specified threshold levels as established in
15 Massachusetts Department of Public Utilities Order 11-75F of July 31, 2014 - see
16 [http://web1.env.state.ma.us/DPU/FileRoomAPI/api/Attachments/Get/?path=11-](http://web1.env.state.ma.us/DPU/FileRoomAPI/api/Attachments/Get/?path=11-75%2fOrder.pdf)
17 [75%2fOrder.pdf](http://web1.env.state.ma.us/DPU/FileRoomAPI/api/Attachments/Get/?path=11-75%2fOrder.pdf).

18 At the very least, the Commission should follow the recommendation of the
19 arbitrator in Docket 4547 that the parties enter a formal agreement at the outset of the
20 interconnection process that establishes binding expectations on schedule and ensures the
21 provision of all necessary information.

1 **Q. Please explain your concern about National Grid’s administrative discretion on**
2 **the cost to interconnect a project.**

3 A. Interconnection customers deserve certainty that the Company is prioritizing system
4 upgrades that enable the interconnection of the large volumes of renewable energy
5 proposed and planned for our distribution grid. Rather than putting the costs of all such
6 system upgrades on the interconnecting customer they should be budgeted and integrated
7 into the annual plan approval process. The Electricity Infrastructure & Reliability plan is
8 one logical place to address system upgrades required for the interconnection of new
9 distributed generation. The ISR Plan National Grid filed in December proposes that 63%
10 of its \$73 million investments will be system capacity investments required to ensure that
11 the electrical network has sufficient capacity to “meet growing needs of its customers.”
12 It says nothing about accommodating the expansion of renewable energy. As our State
13 Energy Plan says, what RI customers need most is the diversification of our energy
14 supply, and that requires investment in the infrastructure as necessary to make it happen.
15 But, we have not had such investment and now the burden of upgrades is being unfairly
16 placed on renewable energy developers.

17 The DG Standard Contract law and the new Renewable Energy Growth law
18 provide that “a distributed-generation-facility owner may appeal to the commission to
19 reduce any required system upgrade costs to the extent such upgrades can be shown to
20 benefit other customers. . . ” [R.I. Gen. Laws §39-26.6-5](#); [39-26.2-7\(2\)\(i\)](#). That policy
21 should also be clearly reflected in the interconnection tariff so as not to treat different
22 classes of projects differently.

1 In stakeholder meetings, the Company stated its intent to determine a fair cost
2 allocation when it accounts for actual costs after all interconnection work has been
3 completed. That is not adequate because the customer needs to have an accurate (not
4 improperly inflated) sense of its actual cost before committing to the project. There is no
5 persuasive reason to delay the determination of this allocation at the outset of the
6 interconnection process. National Grid clearly knows how to easily distinguish system
7 upgrades for general customer benefit from those needed solely for the benefit of the
8 proposed interconnecting customer.

9 It is not true that this allocation would force ratepayers to subsidize the renewable
10 energy industry's interconnection challenges with our old grid. Ratepayers suffer from
11 overreliance on a single fuel source for our energy supply and, more specifically, from
12 transmission constraints on natural gas during periods of peak consumption. Ratepayer
13 investments in facilitated interconnection of our renewable energy supply will be more
14 than compensated by rate reductions resulting from the resulting diversification of our
15 electricity supply as needed to relieve constraints during our limited periods of peak
16 consumption.

17 The revised tariff does not address the resolution reached in this docket that the
18 Company will provide an automatic accounting of the cost of any impact study that
19 exceeds the statutory maximums per R.I. Gen. Laws §39-26.3-1 et seq. This accounting
20 must include the cost of any "Detailed Studies" and not be subject to whether the
21 customer signs an Interconnection Agreement as currently provided in the amended
22 Exhibit G.

1 The agreement between the parties to this Petition is that the Company will also
2 perform a final accounting for all interconnection work so that any overestimated and
3 prepaid cost of interconnection is trued up and refunded to the customer based on a full
4 and fully transparent accounting of the actual cost of interconnection. The amended
5 language in §7 of Exhibits F and G does not accurately reflect that agreement; it only
6 requires such an accounting if the customer has not signed an interconnection agreement,
7 which makes no sense (the Company will not do the actual interconnection work unless
8 the customer signs an interconnection agreement and prepays an estimated cost of
9 interconnection).

10 **Q. What is your concern about National Grid’s compliance with the “accepted**
11 **projects conference” requirement?**

12 A. The revised tariff does not satisfy the mediator’s recommendation and agreement that
13 the Company would conduct an “accepted projects conference” for each applicant before
14 the execution of any impact study agreement, to ensure the Company has all required
15 information to meet the statutory deadlines (see Counsel’s Recommendation, p. 13-14).
16 In Exhibit B, the Company now requires yet another filing – this time a “Pre-Application
17 Report Form.” If this is the Company’s proposed means to satisfy the Commissions
18 suggestion and the settled intent to provide consultation for every interconnecting
19 customer, Petitioners submit that a requirement for more paperwork does not satisfy the
20 intent of such consultation.

21 **Q. What is your concern about National Grid’s administration of the**
22 **interconnection tax as addressed (or not) in the tariff?**

1 A. Well, first, the issue of whether an interconnection tax is actually owed was raised in
2 this petition and has yet to be resolved. Additionally, we ask that either the pre-
3 application process or the application process produce sufficient information to enable
4 National Grid to determine whether the IRS safe-harbor against the taxation of
5 interconnections designed to send energy to the grid (rather than receive energy from the
6 grid) applies to the project. If that is not possible (or practicable) for some reason, please
7 be sure that the tariff gives the customer sufficient information regarding the exemption
8 and how to pursue it.

9 **Q. Do you have any concerns about the basic starting point for the establishment of**
10 **a design strategy for interconnection?**

11 A. Yes, the way the process works right now, an interconnecting customer must submit a
12 proposed means of interconnection for the Company to study. However, the customer
13 and its engineers do not have access to all information about the nature of the distribution
14 system to inform their initial proposal for interconnection. The Company has refused to
15 be flexible in terms of including the study of alternative approaches to interconnection
16 that make more practical and financial sense given their understanding of the distribution
17 system. Thus, what our engineer thought to be the most direct means of interconnecting
18 the Coventry wind turbines resulted in a \$13 million estimated cost to interconnect seven
19 turbines (3 were deemed infeasible to interconnect), all but \$40,000 was for rebuilding
20 the existing distribution system. When WED resisted that result (by PUC petition and
21 advocacy for legislation), National Grid ultimately determined that all ten turbines could
22 be connected to a different, existing 23kV circuit for approximately \$3.8 million. It

1 would have saved significant time, money and dispute if the tariff had established the
2 expectation that National Grid must respond to an interconnection request by initially
3 determining whether the developer's proposal presents the most efficient and effective
4 means to interconnection. In the case of Coventry, we presumed that National Grid
5 would cooperate in that way but National Grid ended up completing a full study on an
6 interconnection proposal that unnecessarily required rebuilding just about all of the
7 surrounding, existing distribution system. National Grid should be obligated to provide a
8 preliminary consultation in which it confirms the best approach to interconnection based
9 on its superior knowledge of the distribution system before proceeding with its study.

10 **Q. Please explain your concern about how ISO's regulatory jurisdiction is**
11 **addressed in the proposed amendments to the tariff.**

12 A. In section 3.4(3)(c) and 8.1 (sheet 46) and Exhibit C, National Grid has taken it upon
13 itself to resolve when ISO review is required for interconnecting customers under
14 Operating Procedure 14. The proposed revision is:

15
16 The timelines in Table 1 will be affected if the ISO-NE's Operating Procedure
17 14 will be required. This will occur if the Interconnecting Customer's
18 Facility is greater than or equal to 5 MWs and could occur if aggregate
19 capacity of Facilities connected (which are on the same feeder and are
20 physically close to each other) is greater than or equal to 5 MWs.

21
22 The Company's proposed, summary language is inaccurate. First, ISO jurisdiction only
23 applies to customers engaged in the wholesale markets. Net metering customers that net
24 their production against load are not engaged in the wholesale market according to
25 federal precedent, nor are DG Contract and renewable Energy Growth customers by

1 National Grid’s own admission. Net metering customers may not design their systems to
2 generate electricity that exceeds the consumption load at the net metered facility –
3 therefore, according to existing eligibility restrictions, net metering facilities will not
4 produce any excess energy to the wholesale market. To the extent that National Grid
5 could decide to ever sell any net metered electricity into the wholesale market they must
6 take responsibility for any and all regulatory burdens associated with such a sale since
7 that is purely at their discretion and the customer does not (and cannot) have any such
8 intention. Second, National Grid has already agreed to be the market participant, taking
9 on the regulatory obligations for interconnecting customers participating in the DG
10 Standard Contract program (see Docket 4277, National Grid’s response to the
11 Commission’s data requests filed on 10.14.11 and 11.4.11) and must do the same for
12 enrollees under the Renewable Energy Growth Program since NGrid will also be buying
13 a bundled commodity (energy, RECs and capacity) in that program. Finally, the only
14 situation in which ISO aggregates projects for the 5MW threshold issue is when a circuit
15 is extended to meet newly proposed interconnections; separately owned and operated
16 projects are not aggregated if they propose to interconnect on a circuit that exists at the
17 time of the application. The tariff should make it clear that only wholesale customers are
18 subject to ISO jurisdiction/regulation and require National Grid to be the market
19 participant whenever it elects, at its own (and not the customer’s) discretion, to sell
20 electricity in the wholesale markets.

21 **Q. What is your concern with the amended language added to the definition of**
22 **“Impact Study” at section 1.2?**

1 A. First, such a substantive requirement should not be addressed in a definition. Second,
2 sixty days is far too short a time in which to expect execution of the interconnection
3 agreement. Third, it does not even specify whether the price could change even after
4 execution of the impact study agreement. Finally, it will be extremely difficult to finance
5 projects if the interconnection cost is so unstable.

6 **Q. What is your concern about the amendments to Exhibit A and C that require**
7 **determination of what program the project will enroll in?**

8 A. The developer should not be required to select an enrollment program (e.g., net
9 metering or Renewable Energy Growth), until the project is closer to operation. The
10 question of which program the developer intends to enroll in is not relevant to the process
11 of interconnection and the developer's flexibility need not be restricted for/by the
12 interconnection process. Nor does National Grid need to know whether the project
13 intends to enroll in ISO's Forward Capacity market for the purposes of interconnection.

14 **Q. What is your concern about the amendments to the Interconnection Service**
15 **Agreement (Exhibit H) regarding the final accounting and true up of costs?**

16 A. In section 5.2 of that agreement, the requirement that all work orders must be closed
17 before the clock starts running for reimbursement of over-estimated interconnection costs
18 could give National Grid a means to avoid the reimbursement of over-estimated
19 interconnection costs (by simply claiming that work orders remain open). This proposed
20 amendment should be deleted – requiring the accounting within 90 days after completion
21 of the interconnection work is sufficient. Moreover, the requirement to true up estimated

1 costs with actual costs should not be limited to “System Improvements” – it should be for
2 all estimated and completed interconnection costs.

3 **Q. Do you agree with the arbitrator’s proposal in Docket 4547 that the Company**
4 **designate a project manager to facilitate the interconnection of complex projects?**

5 A. Yes, that recommendation should be incorporated in the interconnection tariff.

6 **Q. Do you agree with National Grid’s responses to data requests on this matter?**

7 A. The response to Commission request 6-10 is inaccurate. The statute makes no such
8 distinction between classes of customers – all interconnection customers benefit from the
9 same deadlines.

10 **Q. Do you have any other concerns about the interconnection tariff?**

11 A. We simply ask that the Commission order any other modifications to the tariff that
12 represent best practices benefiting interconnecting customers based on your experience
13 with interconnection tariffs and your understanding of best practices implemented
14 throughout the country and around the world. This includes best practices from FERC’s
15 new interconnection standards for small generators, the MA Department of Public
16 Utilities Order 11-75E (March 13, 2013), the model tariff language referenced above and
17 any other commonly available resources.

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

19 Yes.

20

21