STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

NATIONAL GRID'S ELECTRIC INFRASTRUCTURE, SAFETY & RELIABILITY PLAN FOR 2016	)	Docket No. 4539

OBJECTION
BY
WED COVENTRY ONE, LLC, WED COVENTRY TWO, LLC, WED COVENTRY THREE, LLC, WED COVENTRY FOUR, LLC, WED COVENTRY FIVE, LLC & WED COVENTRY SIX, LLC

By its attorneys, WED Coventry One, LLC, WED Coventry Two, LLC, WED Coventry Three, LLC, WED Coventry Four, LLC, WED Coventry Five, LLC & WED Coventry Six, LLC (WED), hereby objects to National Grid's Electric Infrastructure, Safety & Reliability Plan for 2016. Despite crushing increases in energy prices caused by over-reliance on transmission constrained natural gas and our State Energy Plan's call for diversification of our energy supply in order to enhance security, reliability and affordability, this proposed plan says nothing about planning or implementing capacity upgrades to facilitate the integration of renewable energy. We will not get significant diversification of our energy supply without proper, planned investments in the capacity of our distribution system to accept them. Renewable energy developers are not accountable for improvements that benefit system capacity and the electric distribution company should not expect to rebuild its distribution system on the backs of those providing the energy diversification Rhode Island so desperately needs.

The General Assembly has resolved that the business of distributing electrical energy is "affected with a public interest," that lower electrical rates promote our economy and general welfare,

that the price of energy in Rhode Island create hardships in our state, and that it is necessary for Rhode Island to achieve reasonable, stable rates, and system reliability that includes energy resource diversification and distributed generation. R.I. Gen Laws §39-1-1(a)(1), (d)-(e). It has declared that "[s]upervision and reasonable regulation by the state of the manner in which such businesses . . .carry on their operations within the state are necessary to protect and promote the convenience, health, comfort, safety, accommodation, and welfare of the people, and are a proper exercise of the police power of the state." R.I. Gen Laws §§39-1-1(a)(1)-(2). With these purposes and declarations in mind, the legislature "vested in the public utilities commission and the division of public utilities and carriers the exclusive power and authority to supervise, regulate, and make orders governing the conduct of companies offering to the public in intrastate commerce energy, communication, and transportation services and water supplies for the purpose of increasing and maintaining the efficiency of the companies, according desirable safeguards and convenience to their employees and to the public, and protecting them and the public against improper and unreasonable rates, tolls and charges by providing full, fair, and adequate administrative procedures and remedies. . ." Id. at §39-1-1(c). The Commission's enabling legislation is to be "interpreted and construed liberally in aid of its declared purpose" and the Commission is given, "in addition to powers specified in this chapter, all additional, implied, and incidental power which may be proper or necessary to effectuate their purposes." Id. at §39-1-38.

Rhode Island's State Energy Plan released on October 15, 2014, calls for a better ISR planning process. Here are some relevant excerpts from the Policy Recommendations section that are based on a wealth of research and expert input:

> A dramatic transformation of Rhode Island's existing energy systems requires commensurately ambitious action at the state and local levels. To achieve the goals and targets laid out in the Plan, the RISEP recommends an "all-of-the-above" clean energy strategy. This clean energy strategy centers on strategic investments that provide long-term benefits, setting

Rhode Island firmly on path to a lower-risk, lower-cost, and lower-impact energy future. (Page 2)

Rhode Island's all-of-the-above clean energy strategy should maximize energy efficiency in all sectors; promote local and regional renewable energy; develop markets for alternative thermal and transportation fuels; make strategic investments in energy infrastructure; mobilize capital and reduce costs; and reduce greenhouse gas emissions. (Page 2)

To meet the security, cost-effectiveness, and security goals and targets set in the Plan, the RISEP recommends an "all-of-the-above" clean energy strategy, composed of 20 policy recommendations in six major categories, plus a cross-cutting category encouraging state and municipal government to "Lead by Example" by promoting public investment in energy-saving measures and clean sources of energy. (Page 5)

The policies are instead intended to serve as a departure point for policymakers and stakeholder groups as they consider proposing and amending new legislation or existing policies. State agency decisionmakers will also use RISEP policies to focus programmatic efforts and inform funding allocation decisions. (Page 5)

Rhode Island cannot achieve the Rhode Island Energy 2035 Vision without bold steps to increase the generation and use of clean, renewable sources of energy—wind, solar, hydropower, anaerobic digestion, and others. Renewable energy will diversify the state's energy supply portfolio, help mitigate long-term energy price volatility, stimulate the state's economy through industry growth and job creation, and set Rhode Island on pace to meet ambitious greenhouse gas emission reduction targets. (Page 9)

The state should aim to bring online a total of over 500 MW of locally-based renewable energy projects through expansion of the state's successful renewable energy procurement policies, such as the Distributed Generation Standard Contracts Program, and through support for the state and federal offshore wind projects. Supporting the growth of in-state renewable energy generation will bring economic development, system reliability, and job creation benefits to the state. (Page 10)

1. Modernize the Grid – Rhode Island can improve the everyday operation of its energy infrastructure by continuing the key investments that will repair, upgrade, and modernize the state's electric and gas distribution systems. (Page 13)

In order to reduce energy costs over the long run, Rhode Island needs a strategy designed around a long-term vision, rather than repeated short-term investment decisions. The RISEP recognizes that achieving a least-cost energy future depends on a proper accounting of the lifetime net costs and benefits of energy procurement in all sectors. (Page 13)

As the costs of many renewable energy technologies have fallen precipitously in recent years, the non-hardware "soft" costs associated with siting, permitting, zoning, and interconnection now comprise an increasing portion of project costs. Rhode Island should focus on reducing

> these costs by addressing key regulatory barriers, establishing uniform standards and advancing streamlined permitting processes wherever possible. (Page 14)
>
> Rhode Island should continue its leadership in regional efforts to address high and volatile energy costs in New England. In recent years, growing demand for natural gas in the power generation and heating sectors have placed increasing pressures on the region's limited interstate gas pipeline infrastructure. These constraints have led to significant wholesale energy price spikes and instability; increased use of peaking oil power plants, which have higher emissions than gas generators; and reliability concerns. To ameliorate the regional electricity and gas constraints and attendant soaring costs, Rhode Island should coordinate with other states to explore the range of available solutions—from local, customer-sited resources such as energy efficiency, demand response, renewable energy, combined heat and power, and storage to infrastructure investments in the region's electric and natural gas transmission systems. (Page 15)

As part of the Office of Energy Policy's Energy planning work, it hired the Brattle Group to study the economic impact of renewables. Their report came out in April 2014, concluding that:

> All three scenarios considered, which add between 164 MW and 1008 MW of renewable energy capacity to Rhode Island between 2015 and 2024 (including REF capacity), yielded net positive economic and environmental impacts. . . Increased renewable capacity in Rhode Island can decrease New England wholesale electricity prices by replacing generation from high cost plants . . .Economic output will increase between $556 and $2,340 million in present value term. . .The average number of jobs created will be between 246 and 1,095. . .[and] Carbon dioxide emissions will be reduced creating a social benefit of between $13 million and $54 million on a NPV basis . . . The combined damages avoided by reducing SO2, NOX, PM-10, and PM-2.5 emissions ranges between $22 million and $94 million on a NPV basis.

DG Standard Contract and REF Jobs, Environmental and Economic Impact Study, The Brattle Group April 2014. It is time for our policy making to heed and respond to our expert energy research and planning.

The ISR planning process is mandated by Rhode Island's Revenue Decoupling statute, R.I. Gen. Laws §39-1-27.7.1. The purposes of that statute include "Increasing efficiency in the operations and management of the electric and gas distribution system" and "Reducing risks for both customers and the distribution company including, but not limited to, societal risks, weather risks and economic risks" and "Facilitating and encouraging investment in utility infrastructure, safety, and reliability." National Grid's proposed plan is designed to "address load growth and migration" and to "sustain

asset viability through targeted investments driven primarily by condition." This is referred to as the "Core of work required for Company to meet its public service obligation in Rhode Island." Sixty three percent (63%) of the proposed $73,000,000 of investments are "system capacity investments required to ensure the electrical network has sufficient capacity to meet growing needs of its customers." Yet, the plan never once considers the customers' needs for system capacity improvements to provide energy source diversification from the interconnection of renewable energy. Rhode Island customers certainly need to ensure the security and reliability of our energy supply and reduce its costs by making the system capacity investments needed to interconnect renewable energy. Yet, the draft ISR plan neglects those interests.

This omission is likely because the electric distribution company and its regulators have long presumed that interconnecting renewable energy customers will be obliged to pay the cost of any distribution system improvements that are in any way related to the interconnection. However, the Distributed Generation Interconnection tariff provides that the electric distribution company may not charge interconnecting customers the cost of improvements to the Company's EPS that are needed to service other customers and can only charge for system modifications necessary to allow for safe operation of the interconnecting project with the distribution system. Tariff §5.4, Sheet 39 reads:

> Should the Company combine the installation of System Modifications with additions to the Company's EPS to serve other customers or interconnecting customers, the Company shall not include the costs of such separate or incremental facilities in the amounts billed to the Interconnecting Customer for the System Modifications required pursuant to this Interconnection Tariff.

The Energy Policy Act of 2005 amends PURPA by adding Standard 15 (section 111(d)(15) of PURPA), to require the consideration of interconnection standards. The bill states:

> Each electric utility shall make available, upon request, interconnection service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term `interconnection service' means service to an electric consumer under which an on-site generating facility on the consumer's premises shall be connected to the local

> distribution facilities. Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended from time to time. **In addition, agreements and procedures shall be established whereby the services are offered shall promote current best practices of interconnection for distributed generation, including but not limited to practices stipulated in model codes adopted by associations of state regulatory agencies.** All such agreements and procedures shall be just and reasonable, and not unduly discriminatory or preferential.

The National Association of Regulatory Utility Commissioners' model interconnection tariff is clearly an example of the best practices cited in the Energy Policy Act, and it only requires interconnecting customers to fund system improvements that "offer no benefit to system capacity." It states:

> Where additional facilities are required to permit the interconnection of a Small Resource, **and offer no benefit to system capacity**, the Interconnection Customer will bear the entire reasonable cost of such facilities as determined by the Facilities Study and at the actual cost provided for in the Facilities Study Agreement, but will not be subject to retroactive increases or decreases in such costs, unless determined by credits or refunds provided by mutual agreement with subsequent interconnection Customers. . .If the Small Resource was invited or otherwise selected to provide benefits to the Interconnection Provider's system, costs charged to the interconnection Customer will be reduced commensurate with such benefit. Benefits must be measurable and verifiable.

It is not just or reasonable for the electric distribution company or its regulators to assume that interconnecting renewable energy customers will fund system improvements that enhance system capacity, even if those investments are related to an interconnection application.

For the benefit of your customers burdened by excessive electric rates and the threat of increasingly insecure and unreliable energy sourcing, please assure that system capacity investments for renewables are well integrated into this ISR Plan.

Respectfully submitted,

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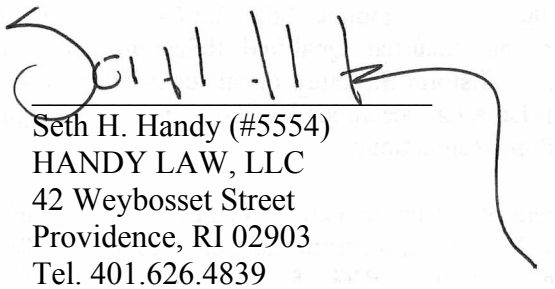
By their attorney,



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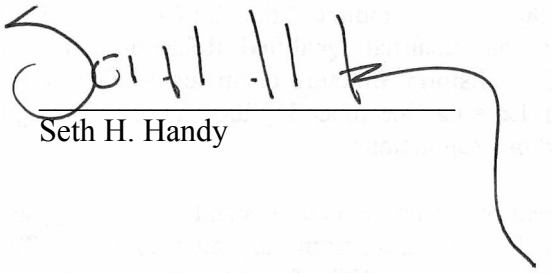
CERTIFICATE OF SERVICE

I hereby certify that on February 10, 2015, I sent a true copy of the document by electronic mail to the PUC and the service list and filed the original pleading and 9 photocopies with the PUC.



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