



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
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Warwick RI 02888
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March 28, 2018

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

In Re: Docket No. 4763 – National Grid’s Standards for Connective Distributed
Generation RIPUC No. 2180

Dear Luly,

Please find for filing with the Commission, an original and nine (9) copies of the State of Rhode Island Division of Public Utilities and Carriers, (the “Division”) Comments relating to the request by the Commission to the Division to comment on responses #3 and #4 of National Grid’s to Commission Record Requests filed on February 23, 2018. The Division conditionally accepts this proposal set forth in response to #3 of National Grid’s responses to Commission Record Request filed on February 23, 2018 provided however, the Division reserves the right to respond after reasonable time has transpired for National Grid to implement the process described in response to PUC RR # 3 in order for the Division to more fully determine the reasonableness of the number of daily pre-interconnection applications reviewed. Further, attached hereto are the Comments of Carrie Gilbert of Daymark Energy Advisors on behalf of the Division with respect to Commission Record Request #4 for review and consideration by the Commission

I appreciate your anticipated cooperation in this matter.

Very truly yours,

Jon G. Hagopian, Esq.
Deputy Chief Legal Counsel



MEMORANDUM

TO: RHODE ISLAND PUBLIC UTILITIES COMMISSION

FROM: PHIL DIDOMENICO AND CARRIE GILBERT—DAYMARK ENERGY ADVISORS ON BEHALF OF THE DIVISION OF PUBLIC UTILITIES AND CARRIERS

DATE: MARCH 28, 2018

SUBJECT: DOCKET NO. 4763 – NATIONAL GRID'S TARIFF ADVICE STANDARDS FOR CONNECTING DISTRIBUTED GENERATION RIPUC No. 2180

On February 23, 2018 National Grid provide responses to record requests that were issued at the Commission's evidentiary hearing on January 25, 2018. In this memo we summarize our view of the Company's response to question #4 regarding the proposed treatment of a depreciation credit as it relates to the determination of interconnection costs for Renewable Interconnecting Customers.

The process outlined by the Company defines an accelerated modification as any modification that has previously been identified in its 5-year Capital Work Plan whose in-service date is moved up or accelerated by the proposed renewable project. Further, the Company proposes that the Interconnecting Customer is responsible for the identified accelerated modification costs less the depreciated value of modification costs reconciled to actual costs based on the date of installation.

Generally, the process outlined would serve to reduce the interconnection cost impact for new renewables where the need for system modification has been previously identified in the Company's 5-year Capital Plan but there are a few areas that merit awareness.

- The process outlined would benefit from a detailed hypothetical example that delineates each of the steps proposed;
 - Justification process that outlines how projects are added to the 5-year Capital Plan, what level of "other" customers defines a need?
 - How the modification cost will be estimated?
 - How depreciation will be calculated and applied?

- This process will do nothing to limit free riders that take advantage of the accelerated modification. A possible variation might include adjusting the original, planned, greater-good, in-service date should a second renewable resource require interconnection for the purpose of recalculating depreciation and assigning costs.
- The outer years of a five-year Capital Plan tend to vary significantly as new information is accumulated from year-to-year, the specific projects, project scope and their associated costs are all highly variable which potentially leads to uncertainty regarding what is and what is not an accelerated project.
- The process envisions a true-up to actual costs based on the actual in-service date. The uncapped nature of the true-up cost adds another layer of uncertainty for project proponents. Once an estimated cost has been provided in the ISA consideration should be given to treating it as a not-to-exceed cost with any overage subject to disqualification or general rates allocation at the Commission's discretion.

Subject to the limitations articulated in this memo we do not find the proposed treatment of depreciation for the purpose of calculating a "depreciation credit" for accelerated modification projects unreasonable.