#### STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

IN RE: REVITY ENERGY LLC'S REQUEST FOR
INTERPRETATION OF SECTION 5.3 OF R.I.P.U.C.
NO. 2244 AND R.I. GEN. LAWS § 39-26.3-4.1
REGARDING THE NARRAGANSETT ELECTRIC
COMPANY D/B/A NATIONAL GRID'S AUTHORITY
(IF ANY) TO ALLOCATE, IMPOSE, AND COLLECT
COSTS FOR THIRD-PARTY DEVELOPER SELF-
PERFORMED INTERCONNECTION WORK

Docket No. 5235

# REVITY ENERGY'S RESPONSES TO THE DIVISION DATA REQUESTS DIRECTED TO REVITY ENERGY, LLC, (1<sup>ST</sup> SET)

Revity Energy LLC ("Revity") hereby responds to the Division's First Set of Data Requests directed to Revity on March 28, 2022, in the above-referenced Commission Docket 5235. The Responses to these Data Requests have been prepared through the collaboration of Ralph Palumbo, Ryan Palumbo and undersigned counsel.

#### **RESPONSES TO DATA REQUESTS**

Div 1-1 Why did Revity not negotiate with Green for a share of the duct bank interconnection facilities during the design and construction process before the facilities were donated to National Grid?

Revity has tried, repeatedly, to engage Green in a private negotiation to resolve Revity's proper share of duct bank costs.

On October 1, 2021, Revity wrote to Green stating that "[i]t is incumbent upon us to reach a private resolution of cost-sharing because neither state law governing interconnection standards nor RIPUC regulations interpreting those standards provide for a cost-sharing regime where a private developer intends to self-perform the interconnection." (October 1, 2021 correspondence attached hereto as <a href="Exhibit 1">Exhibit 1</a>). The letter continued that "it behooves both of our companies to discuss a cost-sharing regime for the shared interconnection route—a regime that is based on our combined knowledge and experience with the interconnection process." That correspondence concluded as follows:

Revity Energy is ready, willing and able to self-perform the Nooseneck Hill/Division Road common path at the same cost of \$175(+/-) per foot. At 15,900 feet, that leg would cost Revity Energy \$2,782,500 to self-perform. If Green Development intends on performing the work for the Nooseneck Hill/Division Road common path, Revity Energy would pay its *pro rata* share of \$2,782,500 (or less, if Green Development can secure a better bid) to Green Development in exchange for a complete release of all responsibility and liability for any and all

costs and expenses beyond that figure. Conversely, if Green Development prefers, Revity Energy will self-perform the work for the Nooseneck Hill/Division Road leg and Green Development can pay its share in exchange for a complete release.<sup>1</sup>

According to Green's March 31, 2022 Motion to Intervene, following this letter, Green contacted National Grid and made "repeated requests for a cost-sharing mechanism" and, on October 20, National Grid responded and "committed that cost-sharing would apply \* \* \*." Notwithstanding those communications between National Grid and Green, Revity never received written communication from Green prior to Revity's filing of this Petition.

On November 23, 2021, Revity's President and Green's President met to discuss other matters and Revity's President raised the October 1 letter. The parties met again on November 26, 2021, at Green's offices, to specifically discuss the cost-sharing; however, Green did not propose a cost-sharing figure that it would accept for the work. After the filing of this Petition, on March 18, 2022, Revity's President met again with Green's President to discuss other matters and raised the prospect of a private cost-sharing resolution. Since that time, Green and Revity have begun to exchange proposed terms but have not yet reached any cost-sharing agreement.

Consistent with its past practices, Revity remains, to this day, open to privately negotiating an equitable cost-sharing solution.

Div 1-2 If the Commission were to allow Revity to independently negotiate with Green for a share of the interconnecting facilities Green self-performed, does Revity agree that it should not be interconnected until such time as it and Green have reached a mutually satisfactory agreement for the cost sharing of the self-performed facilities? If not, explain in detail why not.

Revity does not agree. As National Grid has made clear, state law requires that, once Green completes the interconnection work, the infrastructure becomes donated property. Thereafter, federal regulations require that Revity be interconnected to the facility "as necessary to accomplish purchase and sale" of electricity." 18 C.F.R. § 292.303(c)(1). Just as Enerparc was interconnected to Revity's duct bank work on Laten Knight Road in Cranston without National Grid requiring Enerparc to contribute to cost-sharing, National Grid is required to interconnect Revity. Revity invited private negotiations with Green before coming to the Commission and will continue to try to negotiate with Green throughout the pendency of this dispute, but once the interconnection work is completed, the infrastructure becomes donated property and Revity has a legal right to interconnect.<sup>2</sup>

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<sup>&</sup>lt;sup>1</sup> Revity is aware that supply chain costs have been volatile since its October 1 correspondence and, certainly, Revity's cost-sharing proposal would reflect the actual labor and material costs incurred by the developer which are directly applicable to self-performing the common path of the interconnection route.

<sup>&</sup>lt;sup>2</sup> As stated in Revity's Request for Dispute Resolution pursuant to Section 9.2(b), dated March 30, 2022 (the "Dispute Notice"), National Grid has been refusing—notwithstanding the clear requirements of state law and the Tariff—to execute an Interconnection Services Agreement for Revity's Projects until the Commission issues a ruling on the instant Petition. That dispute resolution has been docketed as Docket

Div 1-3 If Revity were to independently negotiate with Green for a share of the self-performed interconnection facilities built by Green, a) what is the legal basis for such negotiations when Green no longer owns or controls these facilities, and b) how can this be a fair and equitable arm's length negotiation when Green has no ownership in the facilities and no leverage to allow or disallow sharing of the interconnecting facilities with Revity?

A self-performing developer whose work is subject to uncompensated third-party interconnection has legal recourse through Section 9.2 of the Interconnection Tariff to elevate compensation disputes to the Commission. Furthermore, to the extent that a private party has performed work from which another party knowingly and inequitably benefits without just compensation, the performing party may have legal recourse through common law and statutory claims.

This is the leverage that the self-performing developer could wield in a negotiation and it is far superior to the negotiating leverage that Revity has right now. As evidenced by Green's months-long silence in response to Revity's overtures, where National Grid has agreed to enforce cost-collection for all expenses incurred by the self-performing developer, that self-performing developer has absolutely no incentive to speak to or negotiate with anyone other than National Grid. Green knows this because, as soon as Revity sent Green the October 1 letter proposing a negotiation, Green turned to National Grid and "repeatedly requested" that National Grid confirm that it would cost-collect for Green.

If, however, the Commission decides that National Grid cannot interject itself in cost-sharing of self-performed work, the leverage would certainly shift to the subsequent interconnecting developers because (as implied by the Request) National Grid has an obligation at the conclusion of the project to interconnect subsequent developers regardless of whether those developers contribute. Indeed, Revity had little leverage over Enerparc on the Laten Knight Road interconnection in 2019. Revity objects to the current regime where National Grid decides (at some point in the process) whether or not it will participate, because this regime is inefficient and results in the risk of discriminatory application. A uniform policy would, at the very least, allow developers to make decisions beforehand about how to approach self-performance and eliminate the risk of discrimination. Such an approach preserves the value of self-performance of interconnection civil work, which alleviates National Grid's construction resource constraints and allows developers to complete the civil work at reduced costs and on a more efficient timeline.

If National Grid is going to be involved in cost-sharing, it must be involved in cost-sharing for every project and interconnecting developers should have advance insight into the costs being incurred for the work. If, on the other hand, National Grid is not going to be involved in cost-sharing, developers may be less likely to agree to self-perform because of the back-end collection risk. However, given that self-performance is more efficient than National Grid-performed interconnection (both in terms of time and money) the most logical way for the developers on the

No. 5247 and, on April 13, National Grid filed a response which indicated that National Grid is willing to finish negotiating the ISAs with Revity.

same interconnection route to proceed is for them to negotiate and contract for self-performance by one and cost-sharing by the other(s).

This is precisely why Revity supports SB 2689 (currently pending before the Senate Commerce Committee) and HB 8028 (currently pending before the House Corporations Committee), which bills would create a uniform policy for self-performance by private developers. Green supports these bills as well. National Grid has opposed these bills. In written testimony submitted to the Senate Commerce Committee on March 31, 2022, National Grid informed the Senate Commerce Committee that "[b]ecause of engineering, construction, and safety violations arising from these projects, the Company has decided to place a hold on self-build until a more thoughtful and formal approach can be developed (similar to what is occurring in Massachusetts where the Company's affiliate operating companies are approaching self-build with a pilot program)." National Grid's statement to the Senate Commerce Committee stands in stark contrast to its statement in its March 10, 2022 Response to Revity's Petition wherein National Grid stated that it "allows Interconnecting Customers to self-perform limited civil work (but not electrical work), such as duct bank construction, on the Company's EDS to alleviate construction resource constraints, and in recognition that certain Interconnecting Customers or their contractors have adequate expertise to complete civil work and may be able to do so at reduced costs." (Second emphasis supplied). During testimony to the House Corporations Committee on April 12, National Grid told the Committee that it believes that self-performance is a valuable tool for interconnection development.

Contradictory utility positions such as these are one of the primary reasons necessitating this Petition. The inconsistent application of cost-sharing policies creates artificial leverage for one developer over another depending on how the utility decides to apply the policy on any given interconnection project. National Grid is required by law to provide interconnection service to facilities such as those developed by Revity, Green, and others. Revity's Petition fundamentally concerns the disparate and unjustified manner in which National Grid is addressing its interconnection obligations. Even if National Grid attempts to paint this as a "developer vs. developer" dispute, that is not the case; instead, both developers have been needlessly pitted against one another as a result of the inconsistent and contradictory positions taken by National Grid.

# Div 1-4 If Revity were to be allowed to independently negotiate a payment for a share of the utilization of the self-performed interconnecting facilities with Green, and Revity proceeded with interconnection, what precludes Revity from never paying Green anything for its use of part of these facilities if Revity does not get the cost sharing arrangements it wants?

To directly answer the Request, if a subsequent developer interconnects to another developer's self-performed route without making any attempt to compensate the self-performing developer, the self-performing developer would have regulatory and judicial avenues to elevate the dispute and seek compensation. As noted above, until National Grid recently changed its long-standing policy without notice to either the Commission or the development community, the right to that recourse was well-understood by all. Green and Revity are sophisticated parties with

resources to determine and enforce their legal rights. Stated differently, neither party needs directions to the courthouse. At the very least, in a regulatory or judicial proceeding, there is an independent third party evaluating the reasonableness of the costs incurred, as opposed to the current regime where National Grid is simply collecting from Revity whatever costs Green incurs.<sup>3</sup> Revity would very much prefer to avoid that uncertainty and the prospect for a dispute—hence Revity's constant attempts to negotiate an equitable resolution with Green.

From a broader, practical perspective, National Grid would have the Commission bless an ad hoc regime whereby National Grid retains complete discretion to decide whether to impose cost-sharing thereby exposing self-performing developers to subsequent interconnecting developers for interconnection without compensation. This is not a regime that will ultimately (in the long run) benefit Revity as Revity has over a dozen project applications pending which will likely include Revity self-performing interconnection work in the near future. As to the Robin Hollow interconnection, the history reflects that Revity has never attempted to skirt its *reasonable* cost-sharing responsibilities. Revity has approached Green repeatedly to negotiate and had, until the filing of this Petition, been functionally ignored. Revity filed this Petition to begin a public process to determine how Revity (and others) should be required to proceed in cases of self-performed interconnection work and Revity has been called a "free-rider." Revity, in collaboration with other developers, has gone to the General Assembly to seek legislative reform of this process to create a uniform system for self-performed interconnection work and National Grid says that the legislation is unnecessary. If Revity wanted to quietly shirk its responsibilities; Revity would not have initiated such public reforms of the process.

# Div 1-5 Did Revity enter a contractual right to utilize a portion of Green's self-performed interconnection facilities?

No, Revity has not entered into any contractual arrangements to utilize a portion of Green's self-performed interconnection facilities. Under state law and the Tariff, Green has no authority to either grant (or withhold) authorization for Revity to utilize the National Grid-owned facilities that were constructed by Green. Instead, that contractual authority is vested solely in National Grid, and is administered through the granting of an interconnection service agreement.

As discussed in further detail in Revity's Dispute Notice, National Grid—contrary to previous representations that the ISAs for Revity's Projects could proceed notwithstanding this Petition—has more recently stated that it will withhold Revity's ISAs until the disposition of this Petition. National Grid's position has no basis under state law or the Tariff. More importantly, that position ignores Revity's overtures to privately resolve this dispute, as well as the substantial financial payments that already have been made by Revity to National Grid for this interconnection work. For example, on February 24, 2022, after the filing of this Petition and upon request of National Grid, Revity paid \$806,400 towards the materials necessary for Revity's interconnection to these facilities. This payment was preceded by months of detailed negotiation over the terms of

<sup>&</sup>lt;sup>3</sup> Revity additionally notes that under National Grid's new policy, National Grid's potential responsibility for a portion of the costs that may be incurred (due to its request that larger facilities be constructed that ultimately will benefit its own expansion plans) is not subject to any evaluation.

the ISAs which negotiations continued after the filing of this Petition. Revity made this payment in contemplation of a forthcoming ISA. But, on April 1, 2022, Revity was informed by National Grid that, because Revity has exercised its right to petition the Commission for tariff interpretation, National Grid will be withholding the ISAs. National Grid knows that the execution of an ISA is essential to developers' financing and National Grid has been improperly using the ISAs as leverage to force Revity to withdraw this Petition. Nevertheless, and as indicated above in footnote 2, following the filing of Revity's March 30, 2022 Request for Dispute Resolution pursuant to Section 9.2(b), National Grid appears to have reconsidered its position and is now willing to continue negotiations towards executable ISAs.

- Div 1-6 Identify the specific date(s) "in January of 2021" National Grid informed Revity that it had elected to change its policy regarding self-performed interconnection work, and with respect to that election on those date(s), please provide the following information/documents:
  - a) The manner the change in policy was communicated to Revity;
  - b) The individual(s) (name and title) who communicated the change of policy on behalf of National Grid;
  - c) The individual(s) (name and title) who were recipients of the change of policy on behalf of Revity;
  - d) The substance of the communications relating to the change of policy; and
  - e) All documents reflecting the communications relating to the change of policy

On January 25, 2021, there was a conference call which included representatives from National Grid, Revity, LIG Consultants and Seal Rock Energy. Richard Harnedy, a project manager at National Grid, was asked how National Grid was handling cost-sharing between projects for the Robin Hollow/Weaver Hill interconnection. Mr. Harnedy informed the participants on the call that civil construction expenses performed by developers would be cost-shared by National Grid amongst the developers benefitting from that work and that the first developer in line has the unilateral right to perform this work, without the input of other developers. (Attached hereto as Exhibit 2 is a redacted version of the minutes taken from that meeting.)

Div 1-7 Other than Hope Road Solar/Enerparc, identify all other instances prior to the change in policy identified in Div 1-6 Revity is aware of where "National Grid has taken the position that, where a private developer has opted to self-perform the civil interconnection work and National Grid incurs no costs for the work, National Grid will assume no role and has no authority in allocating or otherwise socializing interconnection expenses arising from the work."

First, Revity's ISAs for the Robin Hollow project included express language stating that National Grid would not assist Revity in cost-sharing for Revity's portion of self-performed work. National Grid has retracted that language after Revity's objection but that retraction only speaks to the inconsistency of National Grid's internal policy on this issue. Second, there is a duct bank installation performed by Green on Ten Rod Road/South County Trail in Exeter for which the

payment has been organized by the developers. This is a small piece of development but, nevertheless, an example of how private negotiation can (and does) work.

#### **REVITY ENERGY LLC**

/s/ Nicholas L. Nybo

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#### **CERTIFICATE OF SERVICE**

I, Nicholas L. Nybo, hereby certify that, on April 18, 2022, I sent a true copy of the document by electronic mail to the Rhode Island Public Utilities Commission and the attached service list.

/s/ Nicholas L. Nybo

Nicholas L. Nybo (#9038)

### Revity Energy LLC – Petition for Declaratory Judgment – Docket No. 5235 Service List Updated 4/1/2022

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## Ехнівіт 1



October 1, 2021

#### VIA CERTIFIED MAIL AND EMAIL

Mark DePasquale Green Development, LLC 2000 Chapel View Blvd., Suite 500 Cranston, RI 02920 md@green-ri.com

Re: Robin Hollow/Brandt Trail Cost-Sharing

Dear Mark:

As we have discussed, our respective firms are both in the process of developing commercial solar farms in West Greenwich, Rhode Island and our duct bank and interconnection routes will have a common path. I am aware that it is your intent, and certainly it is my intent, to self-perform the common path interconnection route from the respective developments. Accordingly, it behooves both of our companies to discuss a cost-sharing regime for the shared interconnection route—a regime that is based on our combined knowledge and experience with the interconnection process.

It is incumbent upon us to reach a private resolution of cost-sharing because neither state law governing interconnection standards nor RIPUC regulations interpreting those standards provide for a cost-sharing regime where a private developer intends to self-perform the interconnection. As you know, and as reflected by Green Development's recent RIPUC filings for the Richmond Beaver River project, R.I. Gen. Laws § 39-26.3-4.1 generally governs cost-sharing between private developers where National Grid is performing the interconnection work, stating that National Grid "may only charge an interconnecting, renewable energy customer for any system modification to its electrical power system specifically necessary for and directly related to the interconnection." R.I. Gen. Laws § 39-26.3-4.1(a). Where National Grid is performing the interconnection work, "[i]f an interconnecting, renewable energy customer is required to pay for system modification and a subsequent renewable energy or commercial customer relies on those modifications to connect to the distribution system within ten (10) years of the earlier interconnecting, renewable energy customer's payment, the subsequent customer will make a prorated contribution toward the costs of the system modifications that will be credited to the earlier interconnecting, renewable energy customer as determined by the public utilities." Id. at § 39-26.3-4.1(c). Section 5.5 of the Interconnection Tariff provides largely the same. Accordingly,

were National Grid performing the work and collecting interconnection costs, Revity Energy, as a subsequent interconnecting developer would need to contribute to and reimburse for the original costs on a *pro rata* basis. However, since Green Development intends to self-perform the interconnection route, this statute does not apply and, based on my personal experience with the exact same situation in 2019, it is National Grid's position that the subsequent interconnecting developer need make no contribution to the original developer who performed the work. National Grid considers self-performed work, once connected to the grid, to be donated property into which anyone can subsequently interconnect without any contribution or reimbursement.

When I was first informed of National Grid's position on cost-sharing in circumstances of self-performance, I paid the entire cost of an interconnection route into which another developer subsequently interconnected with no contribution. Now, I find myself in the role of subsequent developer and, while I would certainly welcome the savings that Revity Energy could lawfully realize through a partially subsidized interconnection route, I recognize that, given the magnitude of these projects it is best to have a collaborative agreement for the common path cost sharing. Accordingly, I want to try to reach a cost-sharing agreement with Green Development.

Revity Energy will be self-performing the Weaver Hill Road/Hopkins Hill Road interconnection leg with a National Grid-approved contractor for no more than \$175 (+/-) per foot. I am willing to provide that contractor's estimate to assist our discussions. Revity Energy is ready, willing and able to self-perform the Nooseneck Hill/Division Road common path at the same cost of \$175 (+/-) per foot. At 15,900 feet, that leg would cost Revity Energy \$2,782,500 to self-perform. If Green Development intends on performing the work for the Nooseneck Hill/Division Road common path, Revity Energy would pay its *pro rata* share of \$2,782,500 (or less, if Green Development can secure a better bid) to Green Development in exchange for a complete release of any and all responsibility and liability for any and all costs and expenses beyond that figure. Conversely, if Green Development prefers, Revity Energy will self-perform the work for the Nooseneck Hill/Division Road leg and Green Development can pay its share in exchange for a complete release.

Please feel free to contact me if you have questions regarding any of the above and I look forward to hearing from you regarding my proposal.

Regards.

Ralph A. Palumbo

President

REVITY ENERGY LLC AND AFFILIATES

## EXHIBIT 2

Questions for 1/25/21	Notes from 1/25/21 Call	Notes from 1/11/21 call	Case #	Address	City/Town	Size kW	ISO NE 3V0	NM/REGrowth	Construction	Feeder	istions for 9/28/i stions for 10/19/.	stions for 11/15/ st	ons for 11/30/ us	estions for 1/7/2
Countries for 1/23/2	Rotes from 1/35/21 Call	Notes from 1/21/21 call	Code E	Affect	CtsyTown	See W	50 ME 310	Mid/REG overh	Gentralia	Feeder	stelens for \$7272 stees for 10737.	Move for 11745, ste	oos for 11/70/ =	March to 1776
	alta saked how shared underground out commention costs get added among the projects and experimental processing and control of the projects of		246506	Robin Hollow (18 Weaver Hill Road)	West Greenwich	7500	Yes TBD	Net Metering		3309	To year incour!  To year incour!  To year incour!  To year incours!  To year incours!  To year incours!  To year incours!  To year year year year year year year year	174 asi	RI	Any new information on hether lational Grid is imining for the ob. or March C meeting? Any update on he timing the part of the control of the



