

September 9, 2022

BY ELECTRONIC MAIL

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

RE: Docket 5205 - DG Interconnection Projects
Review of Cost Allocation and Recovery of Ongoing O&M Expenses
Responses to PUC Data Requests – Set 4

Dear Ms. Massaro:

I have enclosed an electronic version of Rhode Island Energy's¹ responses to the Rhode Island Public Utilities Commission's Fourth Set of Data Requests, containing one request, in the above-referenced matter.²

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-4263.

Very truly yours,



Andrew S. Marcaccio

Enclosures

cc: Docket 5205/5206 Service List
John Bell, Division
Jon Hagopian, Esq.

¹ The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company").

² Per a communication from Commission counsel on October 4, 2021, the Company is submitting an electronic version of this filing followed by six (6) hard copies filed with the Clerk within 24 hours of the electronic filing.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5205
In Re: Review of Cost Allocation and Recovery of
Ongoing Operation and Maintenance Expenses
Related to the Interconnection of Distributed Generation Project
Responses to the Commission's Fourth Set of Data Requests
Issued on August 18, 2022

PUC 4-1

Request:

In PUC 3-1, the Company provided CIAC calculations for various scenarios. Please respond to the following two additional scenarios:

- (a) A new load customer and separate new DG customer require the construction of common facilities to meet the distribution service requirements of these customers. The applications are submitted at the same time and the in service dates are close. The Company is constructing the facilities. (For purposes of this question, ignore the construction of any new facilities unique to the customer). Please show the calculation of the CIAC and how the cost sharing would work.
- (b) Now provide the calculations assuming the DG customer relies on the facilities constructed for the load customer a year after the load customer's in service date. Showing the calculations, what is the amount the DG customer is assessed to reimburse the load customer, if any? Please provide any relevant tariff references.
- (c) Now provide the calculations assuming the commercial load customer relies on the facilities constructed for the DG customer a year after the DG customer's in service date. What is the contribution to the DG customer?

Response:

4-1. (a)

The Company's policy for processing applications is sequential, based on the time and date the application is submitted; no two applications can actually be submitted at the same time. As such, please refer to response 4-1. (b) and 4-1. (c) for the CIAC calculation and cost sharing for the two scenarios described above.

4-1. (b)

In this scenario, the load customer comes in first. One year after their in-service date, a DG customer comes in and relies on the facilities constructed for that load customer.

The relevant tariff is R.I.P.U.C. No. 2243-A, Line Extensions and Construction Advance Policy for Commercial, Industrial and Existing Residential Customers – Policy 3, Section 4 – Refund, which states,

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Responses to the Commission's Fourth Set of Data Requests
Issued on August 18, 2022

PUC 4-1, page 2

“Whenever the Company collects a Construction Advance from the Customer, the Customer has the option to request the Company to perform a one-time recalculation of the Construction Advance payment using actual construction costs and actual Distribution Revenue to determine if a refund of all or a portion of the original payment is warranted. The request for the one-time review may be made at any time between twelve and thirty-six (36) months after commencement of the delivery of electricity.”

This tariff does not define a process for a DG customer refunding a load customer, and no other applicable tariff defines such a process. Therefore, the DG customer would not reimburse any cost to the load customer.

4-1. (c)

In this scenario, the DG customer comes in first. One year after their in-service date, a load customer comes in and relies on the facilities constructed for that load customer.

This scenario is covered by RIGL 39-26.3-4.2. The DG customer would be subject to cost sharing reimbursements in line with this statute. RIE interprets the load customer in this data request to a “commercial customer” as noted in the statute:

According to § 39-26.3-4.1. Interconnection standards - (c) “If an interconnecting, renewable energy customer is required to pay for system modifications 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 cost of the system modifications that will be credited to the earlier interconnecting, renewable energy customer as determined by the public utilities commission.”¹

¹ Please note that that R.I.P.U.C. No. 2244, The Narragansett Electric Company Standards for Connecting Distributed Generation, 5.3 System Modification Costs no longer references “commercial” customers in Section 5.3 System Modification Costs.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5205
In Re: Review of Cost Allocation and Recovery of
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Responses to the Commission's Fourth Set of Data Requests
Issued on August 18, 2022

PUC 4-1, page 3

A CIAC would be calculated for the load customer based on the formula presented in the Company's response to PUC 3-1:

$$A = C - \frac{DM}{K}$$

where

A= Construction Advance paid to the Company by the Customer.

C= The total estimated cost of construction for facilities required exclusively to meet the distribution service requirements of the Customer. This cost includes capital and non-capital costs and the Company's liability for tax required on the value of the material and labor provided by the Customer. Where these new or upgraded facilities are not solely to provide service to the Customer, the Company shall appropriately apportion these costs.

D= For a single customer, the estimated annual Distribution Revenue derived from the Customer within the first year following the completion of the Company's construction of facilities; or for developments, the estimated additional annual Distribution Revenue derived from those new customers in the development anticipated to be supplied directly with electric service within one year from the commencement of the delivery of electricity to the first customer in the development.

M= 0.5, the revenue apportionment factor.

K= The annual carrying charge factor, expressed as a decimal.

If the amount from the CIAC does not fully cover the cost owed back to the initial DG customer, that remaining cost would be paid to the DG customer and included in the Company's Plant in Service that becomes part of rate base for Electric Distribution and included in the ISR.

The Narragansett Electric Company
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Responses to the Commission's Fourth Set of Data Requests
Issued on August 18, 2022

PUC 4-1, page 4

Example 1:

For simplicity, this example assumes that the load customer fully benefits from the system modifications and the size (i.e. load/gen) of each project does not directly impact the work needed for system modifications (e.g. sharing x # of poles but on a different circuit). Assume the load is 1MW, generation is 3MW, and the load customer's projected annual usage results in bills to the customer of \$500,000.

The first step in the calculation is:

$$A = C - \frac{DM}{K}$$

$$A = \$2,000,000 - \frac{(\$500,000)(0.5)}{0.1572}$$

$$A = \$409,669$$

The cost sharing amount, A_{CS} , will be divided by the number of customers cost sharing (2).

$$A_{CS} = \frac{C}{2}$$

$$A_{CS} = \frac{\$2,000,000}{2}$$

$$A_{CS} = \$1,000,000$$

$$A_{CS} - A$$

$$\$1,000,000 - \$409,669 = \$590,331$$

In this scenario, the amount collected from the load customer is not sufficient to cover the cost owed back to the DG customer, by \$590,331

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RIPUC Docket No. 5205
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Responses to the Commission's Fourth Set of Data Requests
Issued on August 18, 2022

PUC 4-1, page 5

Example 2:

For simplicity, this example assumes that the load customer fully benefits from the system modifications and the size of each project does directly impact the work needed for system modifications (e.g. # of ducts needed, size of conductor, etc.). Assume the load is 1MW, generation is 3MW, and the load customer's projected annual usage results in bills to the customer of \$500,000.

In this calculation, the proportion of total load and generation contributable to each customer is calculated using the formula:

$$\text{Customer Share} = \frac{\text{Customer's total load or generation}}{\text{Sum of all customers' loads and generation}}$$

$$\text{Load Customer Share} = \frac{1\text{MW}}{(1\text{MW} + 3\text{MW})}$$

$$\text{Load Customer Share} = 25\%$$

$$\text{Generator Customer Share} = \frac{3\text{MW}}{(1\text{MW} + 3\text{MW})}$$

$$\text{Generator Customer Share} = 75\%$$

The next step in the calculation is:

$$A = C - \frac{DM}{K}$$

$$A = \$2,000,000 - \frac{(\$500,000)(0.5)}{0.1572}$$

$$A = \$409,669$$

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RIPUC Docket No. 5205
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Responses to the Commission's Fourth Set of Data Requests
Issued on August 18, 2022

PUC 4-1, page 6

Finally, the cost sharing amount for the customer is calculated as follows:

$$A_{CS} = C * 25\%$$

$$A_{CS} = \$2,000,000 * 25\%$$

$$A_{CS} = \$500,000$$

$$A_{CS} - A$$

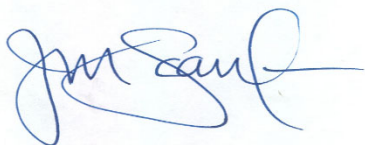
$$\$500,000 - \$409,669 = \$90,331$$

In this scenario, the amount collected from the load customer is not sufficient to cover the cost owed back to the DG customer, by \$90,331.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

September 9, 2022

Date

Docket No. 5205 - Review of the Cost Allocation and Recovery of Ongoing Operation and Maintenance Expenses Related to the Interconnection of Distributed Generation Projects (National Grid)

Docket No. 5206 - Review of Administrative Issues Related to the Interconnection Process (National Grid)

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