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October 1, 2013

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Re: Investigation Into Distributed Generation – D.P.U. 11-75-E Distributed Generation Interconnection Time Frame Enforcement Metric

Dear Secretary Marini:

On behalf of NSTAR Electric Company (“NSTAR Electric”), Western Massachusetts Electric Company (“WMECO”), Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid (National Grid”), Fitchburg Gas and Electric Light Company d/b/a Unital (“Unital”)(collectively the “Distribution Companies”), the Department of Energy Resources (“DOER”), Borrego Solar Systems, Inc., the Northeast Clean Heat and Power Initiative (“NECHPI”), Prime Solutions, Inc., Spire Solar Systems, Veolia Energy North America, and Source One, Inc. (collectively, the “Signatories”), attached please find the proposed Distributed Generation Interconnection Time Frame Enforcement Metric (“Enforcement Metric”) terms in accordance with the deadline established by the Department of Public Utilities (“Department”) in Investigation into Distributed Generation Interconnection, D.P.U. 11-75-E (March 13, 2013)(“D.P.U. 11-75-E Order”). The Enforcement Metric terms that follow are the product of substantive negotiations between the Distribution Companies and the DOER. Following the development of the final terms, the remaining signatories listed above indicated their support of the Enforcement Metric. The Signatories are pleased to present the Enforcement Metric to the Department for its review and approval.

On January 23, 2012, the Department established a Distributed Generation Working Group (“DGWG”)¹ which focused on analyzing and refining the standards and procedures which govern the interconnection of distributed generation facilities (“DG Facilities”; or singular, “DG Facility”) in Massachusetts. The *Proposed Changes to the Uniform Standards for Interconnecting Distributed Generation in Massachusetts* (“DGWG Report”) filed with the Department on September 14,

¹ The DGWG was comprised, in part, of the Signatories, the Massachusetts Attorney General (“Attorney General”), the Low-Income Energy Affordability Network (“LEAN”), the Interstate Renewable Energy Council (“IREC”), the Solar Energy Industries Association (“SEIA”) and the Cape Light Compact/Cape & Vineyard Electric Cooperative (“CLC/CVEC”).

2012, memorialized the DGWG's recommended changes to Massachusetts' interconnection procedures. Following its review of the DGWG Report, the Department, in the D.P.U. 11-75-E Order, required the DGWG to collaborate to develop a Distributed Generation interconnection time frame enforcement mechanism and to submit the final proposal to the Department by October 1, 2013.² D.P.U. 11-75-E at 38-39. The attached Enforcement Metric terms are the product of the collaboration envisioned by the Department and represent a firm commitment that "both rewards outstanding compliance (e.g., completing tasks before deadlines), and discourages poor compliance (e.g., failing to meet deadlines)" regarding the Distribution Companies' administration of Distributed Generation interconnection applications. *Id.* at 38.

Thank you for your attention to this matter. Please contact me with any questions you may have.

Very truly yours,



Danielle C. Winter

Encl.

cc: Mike Wallerstein, Esq., Hearing Officer
Service List (by email only)

² The Department directed the DGWG to consider enforcement proposals the go beyond, or work independently of the service quality metrics in place in Massachusetts. The Enforcement Metric filed by the Signatories is intended to work outside of the service quality metric arena.

Distributed Generation Interconnection Time Frame Enforcement Metric

- Each Massachusetts electric distribution company (“Company”) will measure its performance meeting Time Frames approved by the Department of Public Utilities (the “Department”) in D.P.U. 11-75-A, pursuant to each company’s Standards for Interconnection of Distributed Generation tariffs (“Interconnection Tariff”) (see Interconnection Tariff, Sections 3.5 through 3.8).
- Exceptions: Time Frames associated with:
 - (1) Expedited applications requiring a Supplemental Review;
 - (2) Simplified Spot and Area Network applications; and
 - (3) Applications with Time Frames negotiated by mutual agreement¹

will not be included in the metric.

- Each Company’s performance meeting Time Frames will be measured annually from January 1 through December 31 (the “Reporting Year”). The first Reporting Year subject to this enforcement metric will commence January 1, 2014. Beginning January 1, 2014, Interconnection Applications that are filed in one Reporting Year but are not required, pursuant to the Interconnection Tariff Time Frames, to be completed until the following Reporting Year will be measured in the Reporting Year in which the early Interconnection Service Agreement, or final Interconnection Service Agreement (as appropriate), is executed.
- Each Company’s performance for a reporting year will be measured by:
 - (1) aggregating the average time measured in Business Days necessary to execute an early Interconnection Service Agreement, or final Interconnection Service Agreement (as appropriate), commencing from the date an application is received, for each track (“Aggregate Necessary Tariff Time Frames”), and comparing such performance to
 - (2) the total aggregate number of Business Days allowed by its Interconnection Tariff to execute an early Interconnection Service Agreement, or final Interconnection Service Agreement (as appropriate), commencing from the date an application is received (“Aggregate Allowed Tariff Time Frames”).
- Performance in each track will be weighted as follows:
 - (1) Simplified-20%

¹ Including, but not limited to, projects which are part of a group study.

- (2) Expedited- 40%
- (3) Standard- 40%.

An illustrative example of the metric is presented below:

	time allowed	average time	Percent	weighting	weighted allowed time
Simplified w/no networks	25	26	104%	20%	21%
Expedited w/o supplemental review	45	54	120%	40%	48%
Standard (early ISA)	105		107%	40%	43%
Standard	135				
Standard complex A	155				
Standard complex B	180				
Standard complex C	200				
				100%	111.8%

Notes:
Standard complex A - Substation mods, 75 days for impact study, 30 days for detailed
Standard complex B - No substation mods, 55 days for impact, System mods > \$200k, 75 days for detailed study
Standard complex C - Substation mods, 75 days for impact, System mods > \$200k, 75 days for detailed study
Percent for aggregate Standard projects is calculated as follows: Sum of actual time for all individual projects / sum of allowable time for all individual projects.

- Only validated data would be used to calculate a Company’s annual performance; provided, however, disputed data shall be presented to the Department for review and any disputed data that reasonably shows non-adherence to/compliance with the timeline by a Company would be subject to penalties/offsets, as described herein. To validate timelines for each track subject to the metric, each Company will send a report by electronic mail, within 20 Business Days of a counter-signed

interconnection services agreement, to the interconnecting customer. This report shall include: the project track utilized, the Time Frame allowed per the project track and the amount of Business Days expended by the Company, per the Interconnection Tariff, on the project based on the Company's records. The interconnecting customer will have 10 Business Days from the date of the receipt of the report to notify the Company of any challenge to the amount of time reported by the Company as expended on the interconnecting customer's behalf to review the customer's application. If the amount of time expended is still in dispute after an additional 10 Business Days, the disputed data will be presented to the Department's distributed generation Ombudsperson for its review. If the Department determines that the disputed data reasonably shows non-adherence to the Time Frames by the Company, the amount of recorded time expended by the Company for that project will be adjusted accordingly and included in the timeline calculation used for determining penalties/offset associated with this metric. If, upon Department review, the time expended by the Company as reported by the Company is determined to be correct, then the originally reported time expended will be included in the timeline calculation used for determining penalties/offsets associated with this metric. Either the Company or the affected interconnecting customer may invoke the Dispute Resolution Process in Section 9.0 of the Interconnection Tariff in the event that they are aggrieved by the decision of the Ombudsperson.

Penalties/Offsets

- Each company's maximum amount of penalties or offsets able to be incurred/earned annually shall be equivalent to 2X the amount of distributed generation interconnection application fees collected by the company during the Reporting Year, as provided in Table 6 of its Interconnection Tariff, subject to the following caps:
 - (1) National Grid-\$1,500,000
 - (2) NSTAR Electric- \$1,080,603
 - (3) Western Massachusetts Electric Company-\$494,383
 - (4) Unitil-\$8,196

The above penalty/offset caps shall not be revised, unless approved by the Department. The cap for National Grid was determined through negotiation between National Grid and the DOER. The caps for the remaining companies were calculated by multiplying their respective total proxy application fee pools by a factor of 76.53%.²

The total proxy application fee pool for each company was determined by:

- (1) determining each company's 2012 applications;

² The factor of 76.53% was derived by determining the ratio between \$1,500,000 and National Grid's total proxy application fee pool of \$1,960,000.

- (2) multiplying each company’s 2012 applications by the application fees approved in Table 6 of each company’s Interconnection Tariff, in effect as of May 1, 2013; and
 - (3) multiplying each company’s proxy application fee pool by a factor of 2.
- Each company’s performance will be subject to a deadband of 5 percent (plus or minus) from the Aggregate Allowed Tariff Time Frames, before a penalty may be incurred or an offset may be earned. The maximum amount of penalties or offsets may be incurred once a company’s performance deviates 15 percent from the Aggregate Allowed Tariff Time Frames, subject to a linear sliding scale and the above-referenced caps.

An illustrative example of the linear sliding scale of penalties and offsets for NSTAR Electric is presented below:

Performance (> Timelines)		% of penalty	Penalty	Cap
0.05	5%	0	0	\$1,080,603
0.06	6%	0.1	\$141,200.00	\$1,080,603
0.07	7%	0.2	\$282,400.00	\$1,080,603
0.08	8%	0.3	\$423,600.00	\$1,080,603
0.09	9%	0.4	\$564,800.00	\$1,080,603
0.1	10%	0.5	\$706,000.00	\$1,080,603
0.11	11%	0.6	\$847,200.00	\$1,080,603
0.12	12%	0.7	\$988,400.00	\$1,080,603
0.13	13%	0.8	\$1,129,600.00	\$1,080,603
0.14	14%	0.9	\$1,270,800.00	\$1,080,603
0.15	15%	1	\$1,412,000.00	\$1,080,603

Penalties and offsets would be calculated within the linear sliding scale based on performance to the nearest 10th of a percent. Accordingly, in the above example, to the extent that NSTAR Electric’s Aggregate Necessary Tariff Time Frame deviated from its Aggregate Allowable Tariff Time Frame by 5.3%, its penalty exposure would be \$42,360 (or \$14,120 for each tenth between 0.05 and .15 of performance as compared to its Aggregate Allowable Tariff Time Frame).

- Offsets earned by a company for performance in a Reporting Year may only be applied against penalties incurred in the following Reporting Year.
- As provided in each Company’s Interconnection Tariff in Section 3.7, changes in local, state or federal laws, regulations or policy relating to distributed generation or distributed generation price changes will not constitute an event of force majeure, but

if they have substantial impact on a Company's ability to meet timelines such changes should constitute a mitigating factor for a Company in the measurement or enforcement of Time Frames, to the extent that such changes have a substantial impact on a Company's ability to meet its Aggregate Allowed Tariff Time Frames in a given Reporting Year.

- At the discretion of the Department, any penalties incurred by a Company as determined by the Department after review and approval, shall be paid to either the DOER for customer education and/or other activities related to the distributed generation application and interconnection process or to the Department for use in administering the Ombudsperson process as set out in the Department's Order in D.P.U. 11-75-E.

Individual Customer Application Fee Refunds

An interconnecting customer may seek a refund of its application fee pursuant to Section 3.9 of the Interconnection Tariff. To the extent that a Company processes a refund for an interconnecting customer during a Reporting Year, the amount of the refund shall be excluded from the total penalty pool calculated in that Reporting Year associated with this metric. In addition, the performance of the Company meeting Time Frames associated with the application for which a refund was processed shall not be included in the Company's annual performance associated with this metric.

Review

Each Company shall submit a report to the Department and the DOER annually by April 1 regarding its performance associated with this metric. A Company shall incur penalties or earn offsets for a Reporting Year associated with this metric only after Department review and approval.

In addition to Department annual review of this metric for each Company, it is recommended that the Department undergo review of this performance mechanism and timelines at the conclusion of three years of reporting.