

Interconnection Policy Working Group

Monetary RMN GF – MW challenged by 12/31/17 PTO deadline

	Not yet in CESIR (MWac)	Currently in CESIR (MWac)	CESIRs Complete (MWac)	Total (MWac)
All Projects	38	32	227.2	297.2
Projects with alternative paths (confirmed)	0	9	20	29
Projects without alternative paths (confirmed)	32	20	150	202

Monetary RMN GF Criteria

▸ Background

- April 17, 2015 Monetary/Volumetric RNM transition order (14-E-0151 & 14-E-0422)
- To qualify for monetary crediting, application submitted by June 1, 2015, or be part of existing PON/RFP
- To **retain** monetary crediting, a project must be **placed in service** by December 31, 2017 – including all utility construction scope
- The commission considered alternative criteria, but chose to include the placed-in-service criteria based on the information available at the time.

▸ Since the order, new and unanticipated conditions have emerged

- Two sizeable surges in interconnection application activity – monetary RNM deadline and community DG order
- Utilities have been working diligently to keep pace with the increased demand
- Projects that would have been placed in service by Dec 31, 2017 are now in serious jeopardy
- The IPWG Queue Management proposal is a direct result of these unanticipated conditions

Monetary RMN GF Criteria

- ▶ Average utility intx timelines have been significantly longer than was anticipated when the Order was released

Timeframe	SIR Time Alotted (BD)	Average Performance (BD)	% Performance vs Alotted Time	Sample Size
Application Submitted to Preliminary Review Received	15	66.0	440%	89
CESIR	60	114.6	191%	13
Total SIR Timeline	75	180.6	241%	

**From Borrego Solar's active NY portfolio*

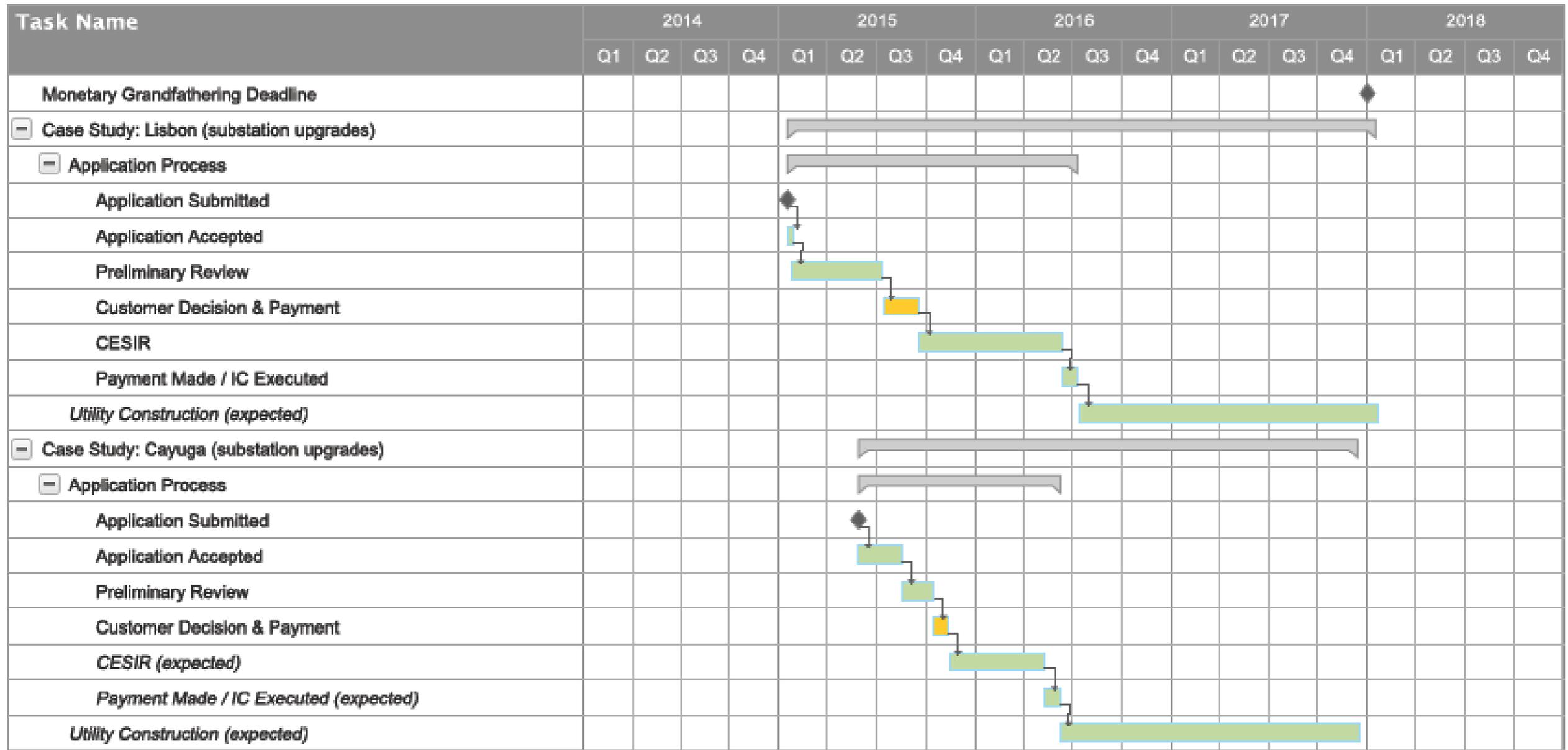
Monetary RMN GF Criteria

- ▶ **Utility construction timelines typically range from 9-18 months**
 - The surge of application activity illustrated on the previous slide has not yet moved into the utilities' construction queue
 - This cohort of applications can be expected to continue to cause congestion as it moves into construction
 - Utility construction resources are particularly inflexible due to the highly specialized skill set and scarcity of qualified personnel

- ▶ **Developers and investors must make conservative assumptions**
 - Investors must look at the outside range of the potential construction timeline when facing decisions to deploy additional capital for a project – particularly when there is a cliff date like Dec 31, 2017
 - Projects for which developers can commit to meeting construction milestones well in advance of Dec 31, 2017 are becoming increasingly un-investable

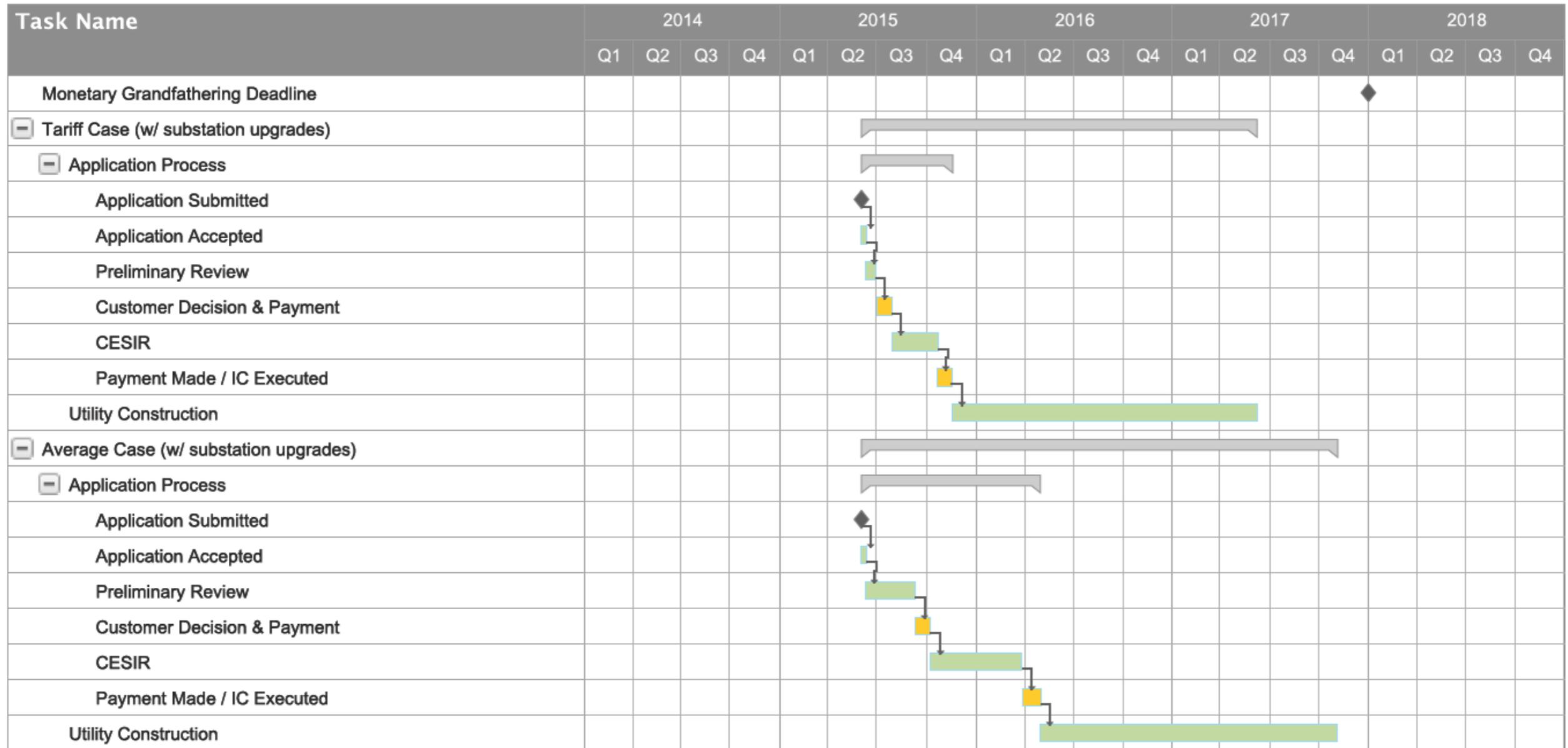
Monetary RMN GF Criteria

Case Studies



Monetary RMN GF Criteria

▸ Theoretical case: Tariff timelines vs Actual timelines



Monetary RMN GF Criteria

- ▶ The Commission could preserve its original intent with an alternative, two-part criteria
 - 1) The project is placed in service by December 31, 2017; or
 - 2a) All payments due to the interconnecting utility under the interconnection contract have been paid no later than December 31, 2016; and
 - 2b) The project demonstrates, by November 30, 2017, based on an affidavit from the engineer of record, that substantially all of the solar equipment on the end-use customer's side of the point of interconnection has been physically constructed – and its interconnection depends only upon utility construction and receipt of Authorization to Interconnect from utility
 - **Precedent for #2 from MA SREC program deadline criteria*
- This alternative proposal is meant to underscore our genuine intent **not** to extend the monetary crediting framework to projects that were not intended to be grandfathered when the Commission issued its Order
- Instead, the proposal attempts to ensure vibrant market activity through an orderly transition, with milestones that are reasonably within a developer's ability to control, and that do not place an unnecessary burden or unrealistic expectation on the distribution utilities