

Massachusetts Electric Company and Nantucket Electric Company
d/b/a National Grid
Second Information Request of Net Metering and Solar Task Force
Issued April 16, 2015

Information Requests:

Clarifying Questions for Both Utilities

1. Have you included in your analysis a consideration of the SREC I and SREC II compliance exemptions provided in 225 CMR 14.07(2)(a)4 through 5 and 225 CMR 14.07(3)(b)?
2. Have you included in your analysis a consideration of avoided Class I compliance costs that occur as a result of higher SREC I and SREC II obligations?
3. The estimated average SREC costs seem to indicate that you expect the SREC I and SREC II markets to be undersupplied from 2017-2020. Is this a correct interpretation and as an alternative, would a range of SREC prices be feasible?
4. Can you clarify that you have included all load served to distribution customers in your analysis of SREC compliance costs and not just the load you serve to basic service customers, on which your compliance obligations are based?

Additional Question for National Grid

1. In Eversource's analysis of net metering costs it included "System Load Reduction" as a line item that reduced costs by a \$/kWh rate equivalent to Basic Service. It does not appear as though National Grid included this in its analysis. Can you please clarify if this was in fact included?

National Grid Response:

- 1) The utilities considered but did not include in the initial cost analysis pre-contracted competitive service load, which is exempt from some of the SREC requirements, but it did not materially affect the total cost projection. For comparison, and for use in the appendix of the Task Force report, National Grid removed the exempt load to use the same projection as Eversource for the adjusted total SREC compliance obligation, and recalculated the projected costs for all distribution customers. This is now reflected in the "SREC Costs" sheet, shaded in light blue, and in the "Summary" sheet figures.
- 2) No, avoided Class I REC costs are not included as a credit against the overall costs.
- 3) For this cost analysis, we did not project undersupply or oversupply because the pace of growth and the annual compliance requirement are both uncertain. We used a midrange cost estimate by averaging the upper and lower expected bounds of pricing for SRECs. Prices are likely to be volatile for SREC II compliance, as they have been for

SREC I compliance, and thus a midpoint or mean estimate is more appropriate to show the impact of potential volatility.

National Grid can recalculate the total cost using the projection of spot market prices by the consultants to the Task Force once their price and obligation projection becomes available.

- 4) Yes, the total figures in the summary show costs applicable to all National Grid customers for SREC costs. We also present our estimates of Basic Service only costs for SRECs on lines 11 and 12 of the “SREC Costs” worksheet. By doing so, this projection provides important information about relative magnitudes of costs for all customers, regardless of how they buy their supply.

Additional Question for National Grid:

- 1) National Grid understands the “System Load Reduction” volume shown on the Eversource estimate to be those kilowatt-hours that are exported by net metered systems but that are not settled with ISO-NE as Settlement Only Generators. National Grid also has net metered systems under 60 kW that do not settle their exports with ISO-NE on its system. The estimated amount of exported but unsettled kWh is now shown for 2014 in cell C13 on the “Net Metering Costs” sheet, in the attached Excel workbook, “NMTF Request – National Grid Solar and Net Metering Costs 2014-2020 Revised.” These kWh have now also been removed from the calculation of the average wholesale value received in 2014, in cell C34, Line 20. The amount of unsettled exported generation was approximately 3.3% of the total net metered generation in 2014, and we use this percentage to then estimate the amount of such exports in future years, on Line 6. This energy may create reductions in some costs to supply customers, such as reduced losses, but are not monetized directly in reduced payments to suppliers or sales to ISO-NE. They therefore are not accounted any value as a credit in this analysis. Separately, National Grid has made a change in the calculations of wholesale revenue from exports that are settled, to better reflect the value of exports in the year generated. These two changes – removing unsettled load estimates and calculating with current year instead of prior year volumes – reduce the net cost of net metering slightly in the projection, shown on Line 22, and on the “Summary” sheet.