

DISTRIBUTED GENERATION

in Massachusetts

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Commissioner

Massachusetts Department of
Telecommunications and Energy

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PROMISE OF APPRECIABLE BENEFITS

- ⚡ Local Power Quality
- ⚡ Peak-Load Reduction
- ⚡ Congestion Relief
- ⚡ Reliability to Customer
- ⚡ \$\$ Savings to Customer
- ⚡ \$\$ Savings to Distribution Company
- ⚡ Reduced Emissions

NOT WITHOUT MAJOR QUESTIONS

- ⚡ Risk of Outage
- ⚡ Gas Supply, Cost
- ⚡ DG Customer Reaction to Gas Cost
- ⚡ Control of DG Operation
- ⚡ Shifting Load Patterns
- ⚡ Statutory Exit Fees
- ⚡ StandBy Rates
- ⚡ Cross-Subsidization
- ⚡ Locational or Average Rate Design
- ⚡ Distribution Wheeling
- ⚡ Utility's Obligation to Provide Firm Service

RECENT DG ACTIVITY

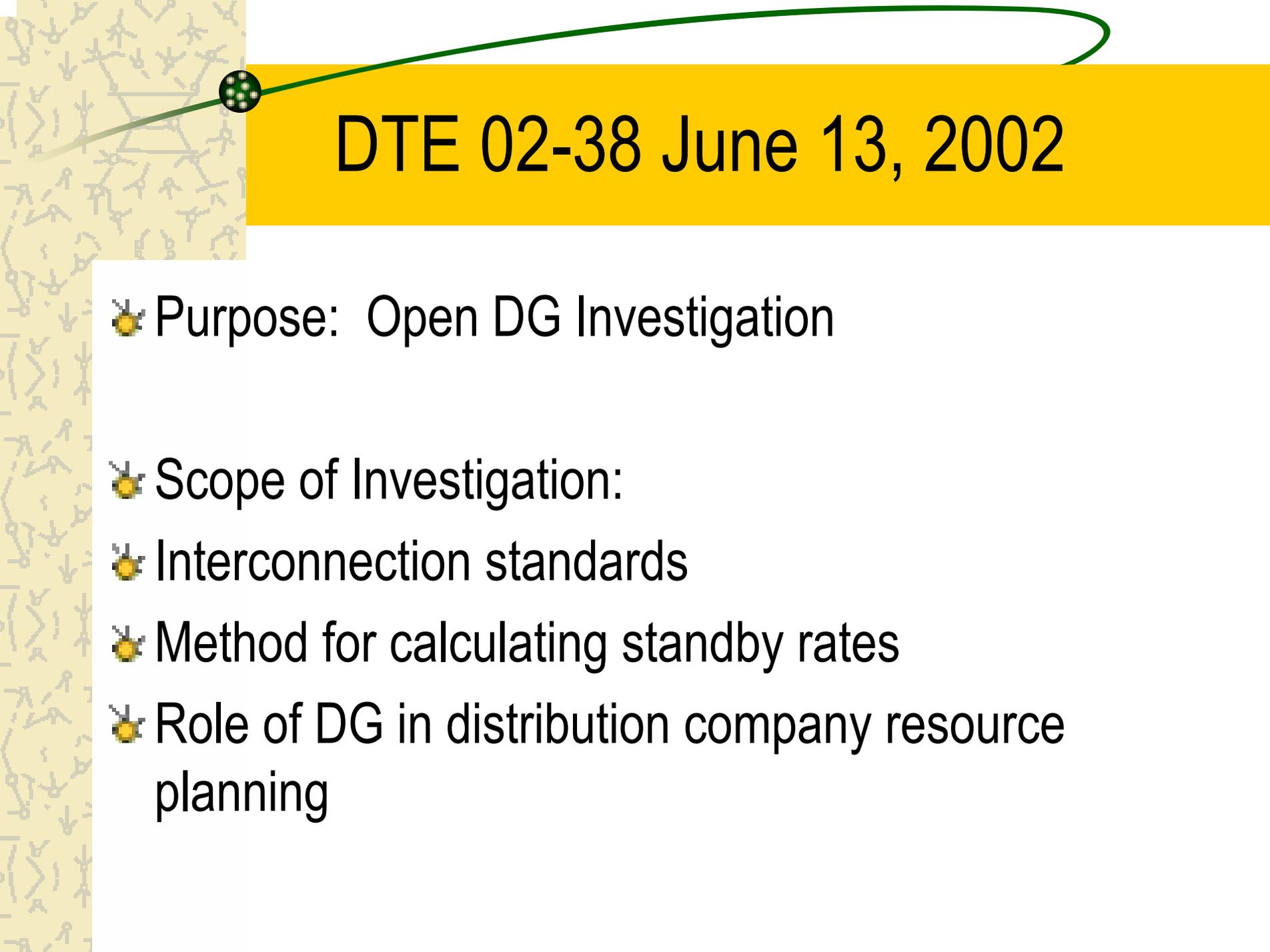
		2001	2002	2003	Total
PV		26	10	47	83
GAS	Small <100kw	2	2	2	6
GAS	Large >100kw	1	2	2	5



OVERVIEW OF RECENT DEPARTMENT ACTIONS

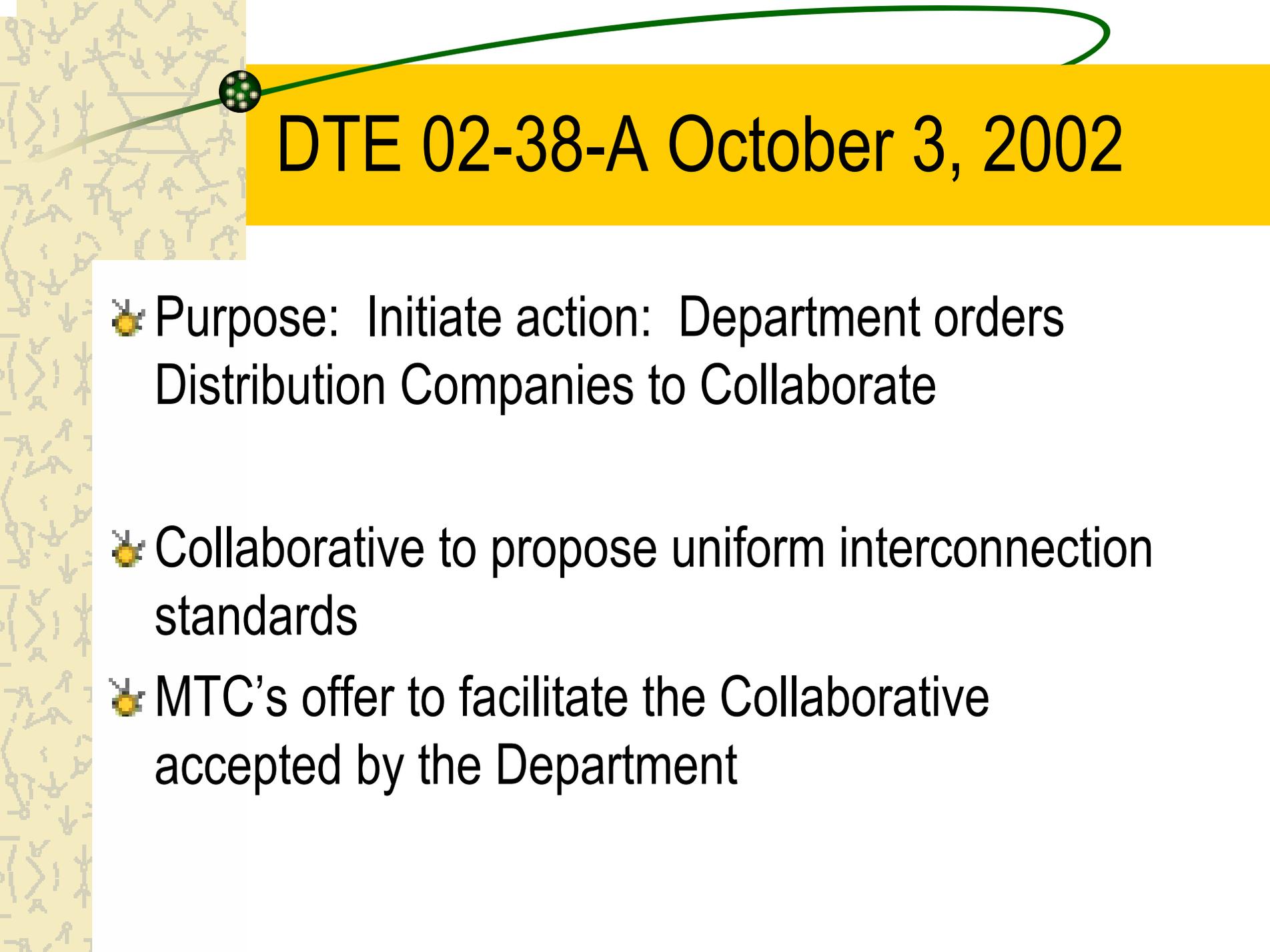
DTE 01-54 June 29, 2001

- ✦ Purpose: to minimize or eliminate barriers to competitive choice
- ✦ DG has the potential to be a viable competitive alternative for customers
- ✦ Lack of uniformity regarding interconnection standards and backup rates could inhibit DG installations



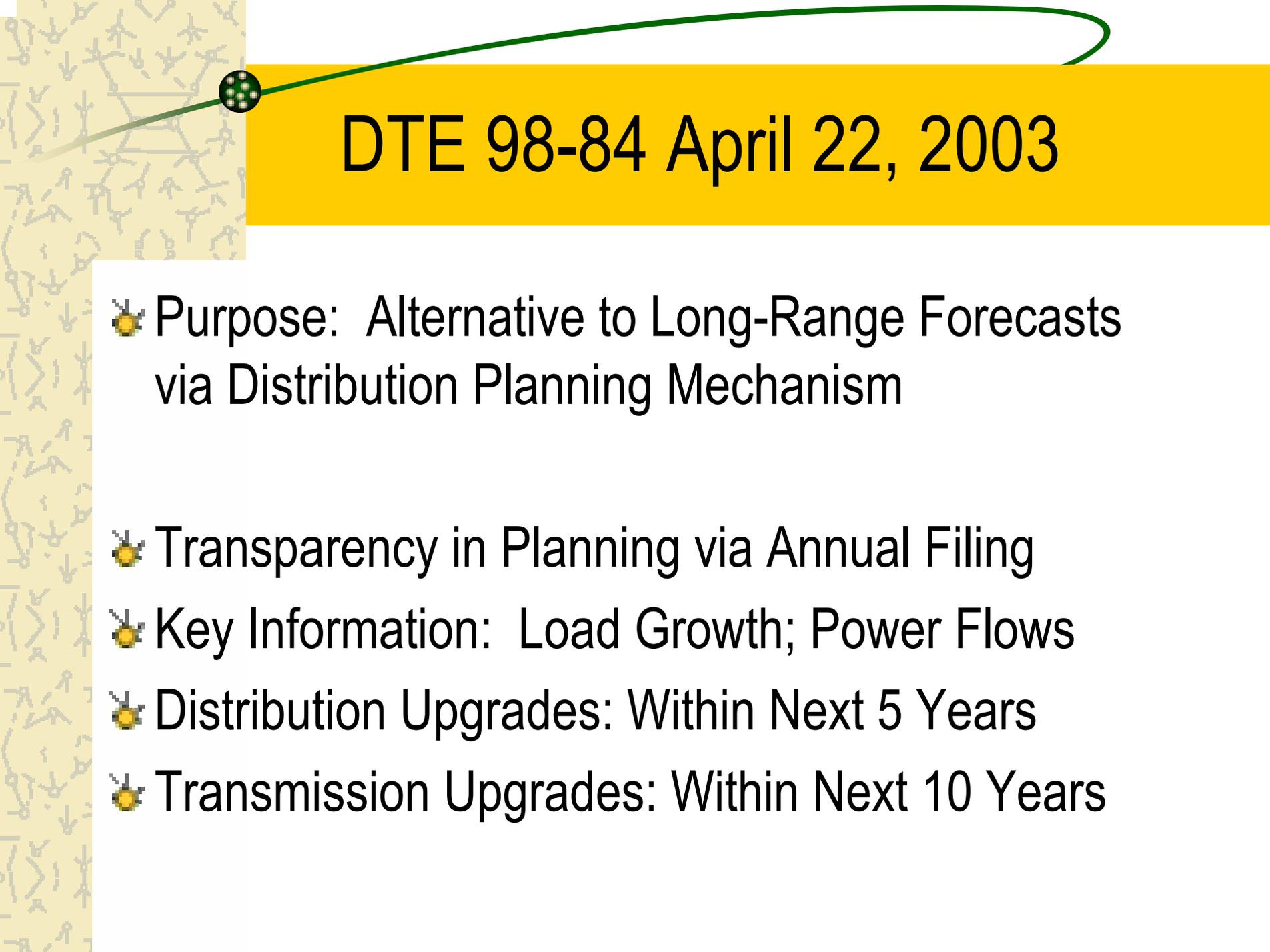
DTE 02-38 June 13, 2002

- ✦ Purpose: Open DG Investigation
- ✦ Scope of Investigation:
 - ✦ Interconnection standards
 - ✦ Method for calculating standby rates
 - ✦ Role of DG in distribution company resource planning



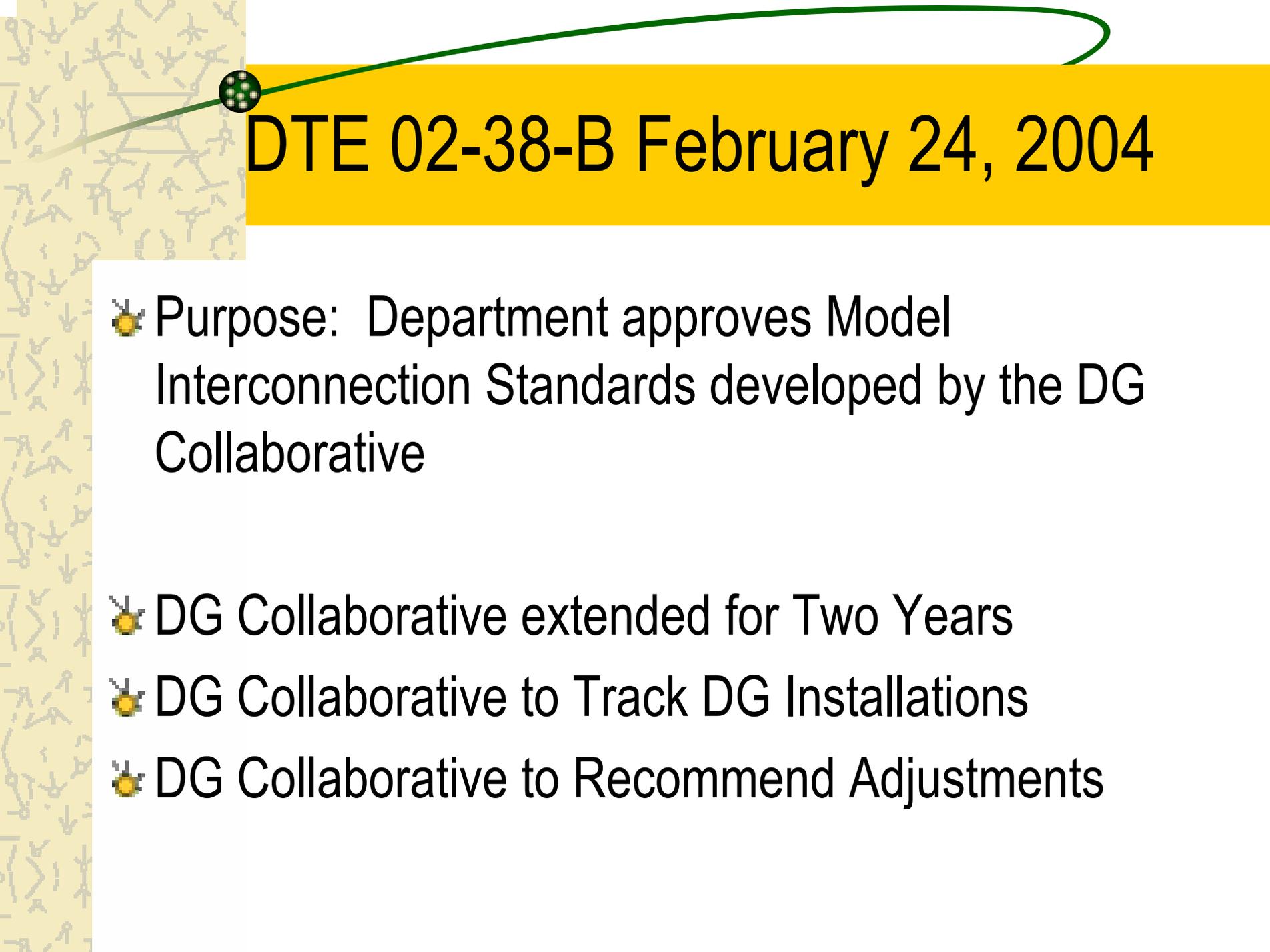
DTE 02-38-A October 3, 2002

- ✦ Purpose: Initiate action: Department orders Distribution Companies to Collaborate
- ✦ Collaborative to propose uniform interconnection standards
- ✦ MTC's offer to facilitate the Collaborative accepted by the Department



DTE 98-84 April 22, 2003

- ✦ Purpose: Alternative to Long-Range Forecasts via Distribution Planning Mechanism
- ✦ Transparency in Planning via Annual Filing
- ✦ Key Information: Load Growth; Power Flows
- ✦ Distribution Upgrades: Within Next 5 Years
- ✦ Transmission Upgrades: Within Next 10 Years



DTE 02-38-B February 24, 2004

- ✦ Purpose: Department approves Model Interconnection Standards developed by the DG Collaborative
- ✦ DG Collaborative extended for Two Years
- ✦ DG Collaborative to Track DG Installations
- ✦ DG Collaborative to Recommend Adjustments

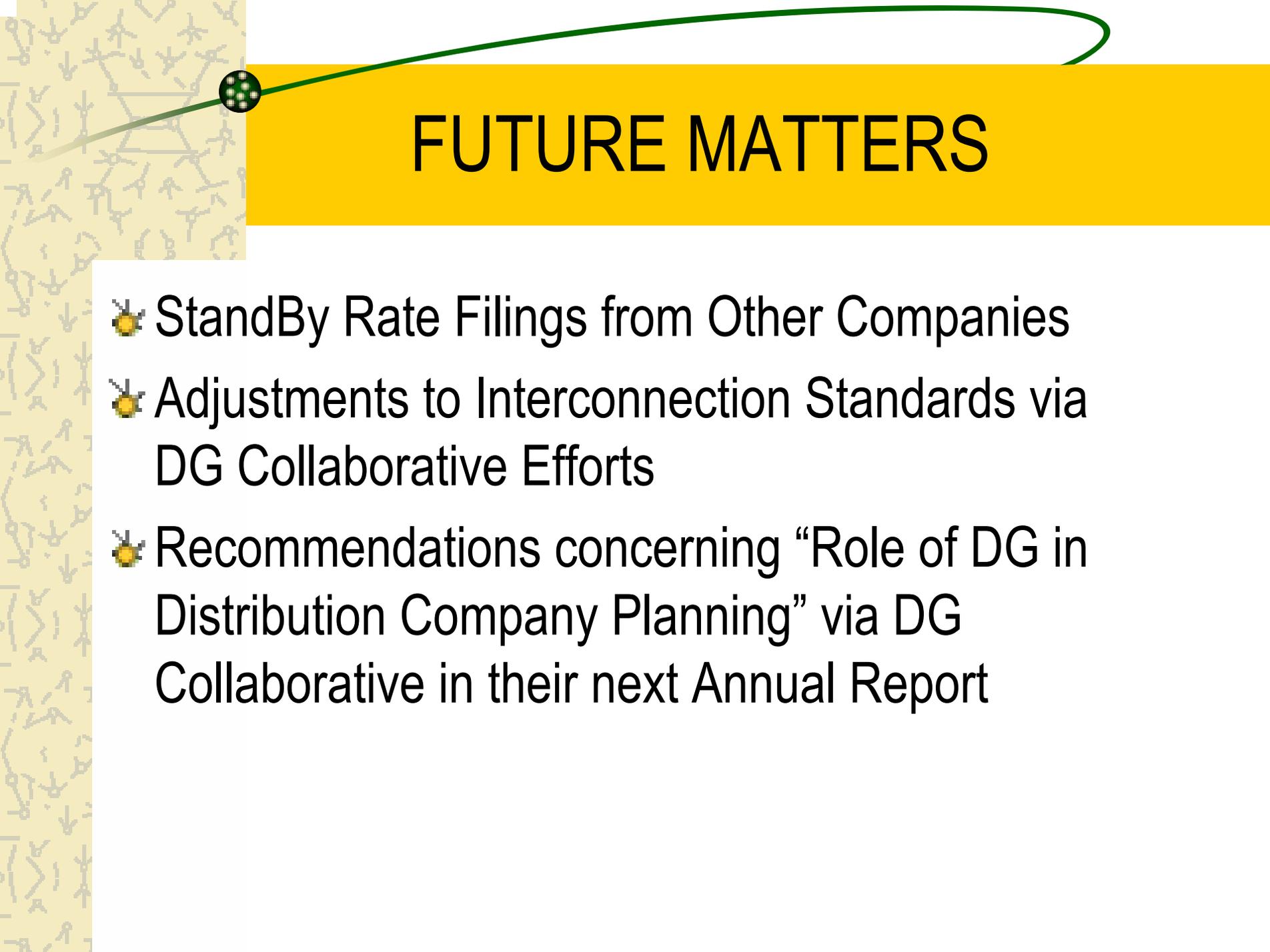
DTE 03-121 July 23, 2004

NSTAR StandBy Tariffs

- ✱ First Such Proceeding Since Restructuring
- ✱ Approved Via Settlement
- ✱ Effective Aug. 1, 2004
- ✱ Contract Demand with Ratchet
- ✱ Negotiated Contract Demand, Appealable
- ✱ Non-Firm Service

Exemptions Granted To:

- ✱ Renewable OSG
- ✱ OSG of 250 kW or Less
- ✱ OSG that will be operational as of 12-31-04 (12-31-05 for
- ✱ OSG between 250 kW and 1000 kW that is 30 percent or less of DG customer's load



FUTURE MATTERS

- ✦ StandBy Rate Filings from Other Companies
- ✦ Adjustments to Interconnection Standards via DG Collaborative Efforts
- ✦ Recommendations concerning “Role of DG in Distribution Company Planning” via DG Collaborative in their next Annual Report