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Witness: Edward A. Davis and Kimberly R. Parsons
Request from: UCONN

Question:

(Rate Design & Tariff Structure) Refer to Exhibit CLP-RATES-1 at p. 37. Consistent with established regulatory principles, Rate 6 is "designed first and foremost to benefit ratepayers through improved system economics and affordability, while also supporting broader climate change objectives." Does Eversource agree that DER adoption and operation by its intermediate and large commercial customers to reduce a customer's grid demand during hours of peak demand on Eversource's transmission and distribution system can benefit other ratepayers through improved system economics and affordability?

Response:

No, not necessarily. As a first matter, the reason that the Company's proposed heat pump rate improves system economics and affordability for the residential customer, is that the rate is designed to promote the use of the system during the winter months when there is relatively lower consumption on the electric system. This proposition does not simply translate to the proposition that DER adoption reducing a customer's grid demand on peak will equally benefit other customers with "improved system economics and affordability."

From a distribution system operator perspective, DER adoption and operation by an intermediate or large commercial customer that reduces the respective customer's grid demand during hours of peak demand does not help the system, unless the system is relieved of any capacity requirements for that respective customer during the peak – meaning that the customer would have no back-up source of power on peak. The distribution system is constructed to meet the requirements of localized peak demands and if one or more customers is able to take their load off-line, it benefits that customer. It benefits other customers, only if the Company is actually able to avoid the need for capacity on the system, which can only occur if the customer benefiting from DER is willing to relieve the system of an obligation to provide firm service upon demand for the single customer.

From an ISO-NE perspective, reduced demand is a benefit in a supply-constrained market. However, from a distribution system perspective, capacity requirements are not relieved when individual customers take advantage of DER to improve their own economic proposition so long as there is an expectation that the distribution system can support all loads with or without the DER alternatives for specific customers.