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Witness: David L. Gladey, Lavelle Freeman, John P. Dipaola-Tromba, Jennifer A. Schilling, Elli Ntakou and Gerhard Walker
Request from: Office of Consumer Counsel

Question:
Refer to Exhibit CLP-TSP-3 at 43, "Grid Services Compensation Fund - $38M"

a. Is the Grid Services Compensation Fund a new proposal seeking PURA approval as part of the targeted system performance plan? If not, please explain whether the Company has already made investments in this fund and whether it is seeking cost recovery in this rate case.
b. Please explain the scope of the Grid Services Compensation fund including what grid services will be procured, how grid services will be valued and compensated, what timeline grid services will be enabled and how stakeholders will be engaged to implement this proposal.
c. Please provide a breakdown of how the $38m will be allocated to implement this proposal.

Response:

a. Yes, the Grid Services Compensation Fund is a new proposal seeking PURA approval as part of the targeted system performance plan.

b. The purpose of the Grid Service Compensation Fund ("GSCF") is to compensate customer-owned front of the meter and behind the meter dispatchable DER and flexible loads for providing local grid services dispatched by real-time system operators using the Company's grid and aggregator Distributed Energy Resource Management System ("DERMS"). These offerings intend to leverage existing DER capacity to reduce distribution system infrastructure costs relative to traditional solutions. Specifically, DERs can provide valuable grid services for 1) deferral of infrastructure investments when DER dispatch can reliably reduce peak demand on local infrastructure that is slated for upgrade due to load growth; 2) for bridge-to-wires opportunities when DERs can provide flexible capacity to mitigate local reliability risks for which traditional infrastructure solutions cannot be deployed in time to meet need; and 3) provide voltage support services in support of increasing electricity delivery efficiency.

Influenced by the Company's experience with a similar program in Massachusetts as part of the Electric Sector Modernization Plan ("ESMP"), the GSCF would expand on the Company's successful ConnectedSolutions programs targeting ISO-NE system peak, to initiate offerings based on local system needs at the substation and feeder levels. The GSCF is intended to be implemented over a four-year period during which the Company would collect lessons learned on the efficacy and cost-effectiveness of various approaches to utilizing customer DER for local grid services. These learnings would support regulatory process to develop a longer-term mechanism to compensate customers for providing local grid services.

The Company would provide annual updates to PURA and stakeholders on implementation of the GSCF, including amounts spent on incentives and administration relative to the value created by the various use cases, including infrastructure deferral. In Massachusetts, the Company took part in a process led by the Massachusetts Center for Clean Energy (MassCEC) and with stakeholders which led to the release of the Grid Services Compensation Study ultimately informing the level of compensation for grid services.[1] The Company expects to leverage this work to evaluate how grid services will be valued and compensated specifically for CT use cases.

c. Costs associated with the GSCF are expected to include labor and outside services related to the administration and marketing of the programs; however, the Company expects that most of the budget will be used to compensate customers for providing local grid services.

[1] https://www.masscec.com/resources/grid-services-study