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Three Empire State Plaza, Albany, NY 12223-1350  
www.dps.ny.gov

December 1, 2016

Chris Kelly  
SVP of Electric Process and Engineering (Acting)  
National Grid  
40 Sylvan Road  
Waltham MA 02451

Dear Mr. Kelly:

In August, 2016, Department of Public Service Staff (Staff) was contacted by Sun Edison regarding several distributed generation (DG) projects proposed in the Syracuse area within National Grid's service territory. Sun Edison complained that National Grid required that the proposed DG projects incur additional costs in the range of approximately \$1.2 million, due to an existing Distribution Automation (DA) / Auto-scheme pilot project in progress in the Syracuse area. These additional costs were incremental to other interconnection costs typically required by National Grid for newly proposed DG projects. The additional costs were mainly attributed to upgrades needed on the DA pilot equipment to avoid communication issues with the newly proposed DG project's equipment.

Through multiple communications between Staff and National Grid over the past couple years, Staff confirmed that the DA pilot project in question first began in approximately 2009 and has experienced several delays and equipment issues since that time. Staff understands that the pilot has not yet achieved full deployment status. No tangible results or benefits have been produced from this DA pilot project since its inception, and National Grid has stated that the equipment purchased and planned to be deployed is not what would be used if the DA pilot project was initiated today. Based on our review of the existing DA pilot project, it seems unreasonable to require the proposed DG projects in this area to pay for any additional upgrades associated with the DA pilot equipment given its poor progress and historical lack of performance. Therefore, Staff recommends National Grid abandon efforts associated with the existing DA pilot project and not require the proposed Sun Edison DG projects to incur any additional costs for upgrades associated with the DA pilot, outside of the actual interconnection costs.

Please respond within five business days and indicate National Grid's position with respect to Staff's recommendation. National Grid's response should also indicate the company's plan of action. If you have any questions, I can be reached at (518) 486-2462. Thank you in advance for your anticipated cooperation in this matter.

Sincerely,

A handwritten signature in black ink that reads "Tammy Mitchell". The signature is written in a cursive style with a large, sweeping initial "T" and "M".

Tammy Mitchell  
Acting Deputy Director - Electric