



Rockland Electric Company

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April 24, 2023

**VIA ELECTRONIC MAIL**

Honorable Sherri L. Golden  
Secretary  
State of New Jersey  
Board of Public Utilities  
Post Office Box 350  
Trenton, New Jersey 08625-0350

Re: In the Matter of Modernizing New Jersey's Interconnection Rules,  
Processes and Metrics  
BPU Docket No. QO21010085

Dear Secretary Golden:

In response to the Board of Public Utilities' Notice dated January 27, 2023, in the above-referenced Docket, I enclose Rockland Electric Company's comments on the proposed rule changes regarding interconnection of distributed generation resources to the New Jersey electric grid. Please note that Rockland Electric Company is making this filing solely in electronic form pursuant to the Board's directive in its Emergency Order dated March 19, 2020, in BPU Docket No. EO20030254.

Please contact me if you have any questions regarding this filing.

Very truly yours,

/s/ John L. Carley

John L. Carley  
Associate General Counsel

c: enclosure

**In the Matter of Modernizing New Jersey’s Interconnection Rules, Processes, and Metrics  
Docket No. QO2110085**

**Comments of Rockland Electric Company**

**INTRODUCTION**

Rockland Electric Company (“RECO” or the “Company”) submits these comments in response to the Notice<sup>1</sup> issued by the Board of Public Utilities (“Board”) in the above-referenced Docket. The Company supports the updates to many of the Board’s existing interconnection rules which will serve to align them more closely with current technologies and policies. More importantly, these updates will facilitate the achievement of the State’s ambitious clean energy goals. The Company cautions, however, that while many of the proposed updates can be implemented in a timely manner, others venture beyond the strict purview of interconnection rules in an apparent effort to implement other aspects of a modernized electric grid. RECO fully supports the Board’s efforts to modernize the State’s electric grid. That said, the effective and efficient achievement of this worthy goal requires a phased and disciplined approach. As discussed in more detail below, and as reflected in the electric distribution companies (“EDCs”) markup of the draft Interconnection Rules, the Board should focus on implementing those processes and procedures that will provide an immediate and substantive benefit to stakeholders. Grid modernization proposals that involve the actions of other regulatory bodies (*e.g.*, the Federal Energy Regulatory Commission’s (“FERC”) implementation of Order No. 2222) or unresolved topics (*e.g.*, the aggregation of distributed energy resources (“DER”)) should be assigned to stakeholder working groups. Such groups can review the experience and best practices of other jurisdictions and develop a better understanding of current and near-term technologies. They also can consider the current system capabilities and future potential of each of the State’s four EDCs. Such a rigorous and studied approach will allow for the implementation of electric grid modernization in an organized, efficient and cost-effective manner. RECO has organized its comments set forth below so as to provide certain general observations and proposed revisions to draft Interconnection Rules.

**GENERAL OBSERVATIONS**

Working Groups

As noted above, the draft Interconnection Rules address certain topics that naturally lend themselves to initial consideration and exploration by stakeholder working groups. For example, the draft Interconnection Rules seek to address the requirements of FERC Order No. 2222. Given that FERC is still considering such requirements, this effort is plainly premature. The Board would be better served by addressing this topic at a later date after FERC’s direction is clear. At that time, stakeholder working groups can provide input regarding how the Board’s

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<sup>1</sup> *In the Matter of Modernizing New Jersey’s Interconnection Rules, Processes, and Metrics*, BPU Docket No. QO21010085, Notice (dated January 27, 2023).

Interconnection Rules may best complement the FERC’s articulated requirements regarding FERC Order No. 2222. The draft Interconnection Rules effort to address DER aggregation is similarly premature. They seek to allow the interconnection of a Customer-generator facility that operates as part of a DER aggregation. However, the Board has not developed definitive rules governing DER aggregation for “entities with interconnection agreements.” By focusing on the nature of the entity (*i.e.*, a Customer-generator facility that operates as part of a DER aggregation) rather than the operating characteristics of the project, the draft Interconnection Rules implicitly ignore the EDC’s statutory responsibility to provide safe and reliable service. The EDCs must be able to review the specific characteristics of the DER aggregation, as they may directly affect interconnection requirements. The entire subject of DER aggregation and interconnection cries out for detailed examination and review by a stakeholder working group. Only after that process will this topic be ripe for inclusion in the Board’s Interconnection Rules.

RECO looks forward to engaging with Board Staff, the other EDCs, and interested stakeholders in developing principles and methodologies to transform the current distribution system into a modern electric grid that can interconnect increasing amounts of renewable energy and support electrification initiatives. During the stakeholder session of February 10, 2023 (“Stakeholder Session”), Board Staff readily acknowledged the need for future working groups. In its observations regarding specific sections of the draft Interconnection Rules, the Company identifies various unresolved topics that will benefit by working group consideration. The Board should not adopt those provisions of the draft Interconnection Rules that require additional development.

The Company has experience, through its corporate parent, Orange and Rockland Utilities, Inc., and affiliate, Consolidated Edison Company of New York, Inc., in electric grid modernization efforts. In light of this experience, RECO strongly recommends that the draft Interconnection Rules focus on areas that can be accomplished now and not merely reference a future state that has not been vetted and developed. In addition, the Company recommends that topics addressed in these draft Interconnection Rules but currently the subject of ongoing stakeholder work in other forums should be moved to those existing working groups, such as the discussion of FERC Order No. 2222<sup>2</sup> and certain DER aggregations.<sup>3</sup> To align with work already undertaken by other entities, such as PJM, those topics should be removed from the draft Interconnection Rules and may be reintroduced once the parameters are established by the appropriate entities.

Likewise, establishment of a Proactive System Upgrade Planning process in anticipation of the EDCs’ Integrated Distribution Plans (“IDP”) is premature. Developing this process through a single rule has far-reaching implications that should be the subject of the future work on IDPs. Without input from the EDCs or stakeholders, this process has been developed prematurely. For example, the draft Interconnection Rules provide that EDCs must consider non-wires alternatives (“NWA”) as part of their cost estimates.<sup>4</sup> Yet, no Board process currently exists to authorize the use of NWAs; the 2020 Energy Master Plan recommends that plans for a pilot non-

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<sup>2</sup> See, *e.g.*, Proposed Section 14:8-5.2(j).

<sup>3</sup> Proposed Section 14:8-5.2(p).

<sup>4</sup> Proposed Section 14:8-5.12(c)(v).

wires solution program should be part of IDP guidelines, which have yet to be developed.<sup>5</sup> This patchwork approach will lead to more confusion than certainty for both developers and EDCs.

Other topics that need additional analysis and discussion by interested stakeholders include cost allocation methodologies and mechanisms, grid flexibility services, non-exporting technology, and expansion of net energy metering. The Company recommends that all of these topics be removed from the draft Interconnection Rules and reintroduced at a later time once the issues are evaluated through a focused stakeholder process. For this reason, the EDCs have removed this material in their markup of the draft Interconnection Rules. Including these topics in the draft Interconnection Rules provides a false impression that they have been fully analyzed and resolved by the Board. By failing to reflect the current status of the interconnection landscape, the draft Interconnection Rules will serve to impede an orderly and informed effort to modernize the State's electric grid.

#### Common Interconnection Agreement Process

RECO supports the need for a consistent approach to the interconnection process, which includes an online interconnection platform, common agreements, consistent application forms, and a structured approach to processes. RECO currently uses a robust interconnection online application platform, PowerClerk, that offers the functionality called for by the draft Interconnection Rules. PowerClerk is a critical component of the Company's interconnection process and facilitates a positive developer experience, as well as reporting capabilities that enable transparency of information to regulators. RECO agrees that the portals should provide a consistent experience that is based on functionality and meeting the requirements of the Interconnection Rules. The Company does not support either the implementation of portal-specific rules or the selection of a specific Statewide vendor. Instead, the portals must support the Interconnection Rules' standards for timelines, fees, and other requirements, but otherwise remain flexible based on each EDC's capabilities and information technology ("IT") investment plans.

It is unclear how PowerClerk is used to support a Solar Permitting Application Software, such as SolarAPP+. Obtaining a permit from a municipality is the responsibility of the developer; the EDC is not, nor should be, involved for these third-party owned assets. Once obtained, the developer must advise the EDC as part of the application process.

#### Hosting Capacity Maps

RECO currently hosts a robust hosting capacity map. The Company acknowledges the benefits of the draft Interconnection Rules' effort to develop a common methodology for determining capacity and a consistent approach to the information displayed on each of the EDC's maps.<sup>6</sup> However, given that each EDC currently offers a hosting capacity map, requiring identical maps may not be cost-effective, particularly when measured against the incremental benefits provided to third parties. RECO supports a collaborative approach to developing a common methodology, taking into account the input of stakeholders, and balancing the capabilities and

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<sup>5</sup> Strategies 5.1.1 and 5.1.4.

<sup>6</sup> Proposed Section 14:8-5.11, Hosting Capacity Maps.

data availability of each EDC and the differences in their electric grids. In addition, any changes will require an investment of both time and money. Any collaborative approach should not make the existing hosting capacity maps less robust. RECO supports updating the hosting capacity maps on a quarterly basis.

Moreover, the addition of a “range of budgetary cost estimates” to the hosting capacity maps may not provide significant value given that they are high level estimates. Applicants would still need to go through the application process and receive study results, including cost estimates, all of which will depend on the characteristics of the intended individual interconnection project. Estimates of upgrades for an EDC’s entire electric system are difficult and an added administrative responsibility. Such estimates may lead developers and DER owners to make significant business decisions based on incomplete information.

#### Proactive System Upgrade Planning (“PSUP”) Process

The Company strongly opposes the inclusion of a PSUP process in the draft Interconnection Rules,<sup>7</sup> as this process has not been vetted, requires information that is difficult to obtain, and references strategies, such as NWAs and grid flexibility services, that have not been developed or approved by the Board. In addition, the proposal contemplates that an EDC would realign its investment and planning strategy to build infrastructure to increase capacity for DER projects. The proposal also appears to encourage the pre-building of infrastructure but is markedly silent as to cost recovery. Although during the Stakeholder Session Board Staff characterized the PSUP as a pre-cursor to the EDCs individual IDPs, the proposal does not tie the two together or sunset the PSUP obligation. For all these reasons, the EDCs have deleted Proposed Section 14:8-5.12 in their markup of the draft Interconnection Rules.

Given this uncertain landscape, a PSUP process must be subject to a working group and/or future discussion, to which the EDCs are significant stakeholders with important knowledge and expertise. The EDCs have a statutory obligation to provide their customers with safe and reliable service. Modifying this obligation to account for developers’ wishes through a PSUP process risks the improper and inefficient diversion of resources from projects necessary for system reliability and resiliency. In addition, determining a cost per kW value for additional capacity infrastructure upgrades likely will be based on estimates until the actual work is needed, may not be based on current factors, and leaves open the question of who bears the remaining cost for the investment.

RECO recommends that a PSUP process be vetted thoroughly by a future working group focused on IDPs. Moreover, the IDP may obviate the need for a separate PSUP process and filing.

#### Use of IEEE 1547 and UL 1741 Standards and Definitions

The Company recommends that the draft Interconnection Rules refer to IEEE 1547, UL 1741, and any other generally accepted national standards where available, instead of another state’s individual rules (*e.g.*, California Rule 21). Establishing different definitions for interconnections and equipment in New Jersey produces uncertainty, especially for those developers doing business in multiple states. These organizations have evaluated many processes and

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<sup>7</sup> Proposed Section 14:8-5.12, Proactive System Upgrade Planning.

equipment, taking into account analyses, studies, and data from a wide variety of stakeholders. Incorporating these rules into New Jersey's rules will facilitate future changes and updates in technologies and processes without the need for specific review. Moreover, referencing these standards in general will allow for any updates to be incorporated organically and on a timely basis into New Jersey interconnection process. In marked contrast, incorporating rules enacted in another state would require specific review by the Board to evaluate the underlying analysis, particularly to determine whether that rule was enacted to address a state-specific concern.

#### Interconnection Queue Management Process

An Interconnection Queue Management process is essential to maintaining a vibrant renewable energy environment that encourages and enables developers to deploy increased amounts of renewables in furtherance of the State's clean energy goals. The EDCs have revised the Interconnection Rules<sup>8</sup> to include such a process in order to expedite the application process, eliminate non-viable or stalled applications, provide developers with a more accurate picture of available capacity, and support the EDCs' forecasting activities. Establishing timelines for both EDCs and applicants is critical to this process and RECO already maintains a robust process.

#### Modification Process

Applicants may want to make changes to their interconnection application after it is submitted and deemed complete, or they may want to upgrade equipment after the resource has been interconnected. Establishing a formal modification process for both of these situations is important, especially processes that distinguish between modifications that may be minor changes, and **material** modifications that require an entirely new application. These types of modifications are different from the modifications referenced in the draft Interconnection Rules, which address necessary distribution system upgrades required by an EDC to accommodate the interconnection. All of these types of changes require the establishment of applicable processes and timeframes.

A material modification to the equipment of an already interconnected resource would require a new application and a new queue position if the applicant decides to move forward. In the case of an application change, withdrawal of the original application also would be required. The EDC would make the final determination that a proposed change is a material modification, with an explanation to the applicant. A change that is not deemed to be material may still require evaluation and acceptance by the EDC. Processes with specific timeframes will facilitate an expeditious interconnection queue management process while providing certainty to developers. This proposed process will discourage and/or eliminate "placeholder" applications resulting in a more accurate picture of available capacity.

The draft Interconnection Rules contain rules for EDC-required distribution system upgrades which are labeled as Modifications. The EDCs have revised the draft Interconnection Rules to establish a process for "Distribution System Upgrades" and added a new process for applicant-initiated Modifications to an application.

#### Energy Storage

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<sup>8</sup> *E.g.*, Proposed Section 14:8-5.2(r), General interconnection provisions.

Energy storage offers the potential for multiple value streams to developers, the EDCs, the electric grid, and all customers. Use of energy storage to manage the grid peak can benefit multiple stakeholders and third parties, including customers. While the Company supports the deployment of energy storage, specific standards need to be developed regarding the features and use of energy storage, including mobile energy storage devices. The Company recommends that references to storage be removed from the draft Interconnection Rules and studied separately, including how storage impacts interconnection studies.

#### Non-exporting Technology and Grid Flexibility Services

“Non-exporting technology” is defined as an electric device that is designed to ensure that a Customer-generator is a non-exporting system or that limits the amount of injection past the Point of common coupling.<sup>9</sup> As reflected in the EDCs’ markup of the definition of this term in the draft Interconnection Rules, “non-exporting technology” should be a device designed to “restrict export” and conform with IEEE 1547 Standards and UL 1741 Standards. As discussed above, linking qualifying technology to these nationwide standards, which are vetted and updated regularly, will provide clarity and certainty to developers, the EDCs, Board Staff, and other stakeholders.

EDC grid flexibility services are defined as control capabilities procured from a Customer-generator and compensated by the EDC that help to maintain distribution system reliability and safety, whether separately or as part of a DER aggregation. Volt VAR provided by smart inverters is listed as one example.<sup>10</sup> It is premature to include these services in the rules prior to examining this topic fully, including potential compensation, in future working groups. For example, EDCs do not pay for Volt VAR services in New York. Rather Volt-VAR functionality is a mitigating tool for projects that may cause voltage violations as identified in the impact study.

#### Tariffs

The Company agrees that development of standardized protocols governing the various studies, timelines, and related agreements will establish certainty and set reasonable expectations for developers and the EDCs. Such standardized protocols will help to streamline the interconnection process by advising developers at the outset of the requirements needed prior to undertaking a study. Inclusion of these standards and agreements on an EDC’s website and/or Interconnection Online Application Platform is sufficient to provide notice to third parties. Requiring their inclusion in EDC tariffs, however, will needlessly extend the timeline and increase the administrative burden on both the EDCs and the Board, for approval of the inevitable updates. Publication on the EDCs websites, rather than in their tariffs, is consistent with a collaborative process that may be undertaken prior to making any updates. For this reason, the EDCs removed the tariff filing requirement references in their markup of the draft Interconnection Rules.<sup>11</sup> Moreover, to the extent that updates are minor or administrative in nature, requiring a tariff update may hinder the interconnection process with delays.

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<sup>9</sup> Proposed Section 14:8-5.1, Interconnection definitions.

<sup>10</sup> Proposed Section 14:8-5.1, Interconnection definitions.

<sup>11</sup> See, Proposed Section 14:8-5.6 Level 3 Interconnection Review; Proposed Section 14:8-5.11(a), Hosting Capacity Maps; Proposed Section 14:8-5.13(a), Dispute Resolution.

Standardizing protocols and processes will encompass a joint analysis and process that may involve the EDCs, Board Staff, and other stakeholders.

#### Cost Recovery

Given all of the changes set forth in the draft Interconnection Rules, including system upgrades and added administrative responsibilities, the EDCs will need full and timely cost recovery for all system changes and additional personnel required to comply with these responsibilities. The Company recommends that cost recovery be accomplished via the use of a surcharge, similar to the one established for the collection of costs for the Community Solar Energy Pilot Program.

#### Expansion of Net Metering

The Company supports the allowance of net metering compensation to Class I renewable energy generators. Prior to allowing these generators to be coupled with energy storage or other non-Class I renewable energy sources, rules must be developed so that the metering configurations exist to separate the energy flowing to the electric grid between net metering eligible and non-eligible sources. An example is energy storage discharge that was charged from the electric grid and from Class I renewable energy sources. Implementation of this rule without parameters, and other details will cause confusion and may result in varying implementation processes. Moreover, technical standards must be developed that limit compensation to eligible generation only.

Overall, RECO recognizes the importance that rates play in encouraging adoption of clean energy resources and recommends that compensation of such resources be evaluated in a separate proceeding or work stream that considers net metering and other rate and compensation methodologies. With the increased adoption of clean energy resources, it is important that rates should reflect the fair value of the services customers receive from their EDC for grid connection and customers should receive fair value for any benefits they provide to their EDC and the electric grid. Current compensation pursuant to the net metering rate structure produces a cost-shift to customers without clean energy resources. Therefore, developing rate designs that consider these values will minimize or eliminate increases to customer bills, as well as cost-shifts to customers (many of whom are low- and moderate-income) that do not deploy these resources.

#### Alternating Current ("AC")

All references to direct current ("DC") in the draft Interconnection Rules should be changed to AC to be consistent with how EDCs operate their electric systems.

### **CONCLUSION**

The Board should revise the draft Interconnection Rules consistent with the comments above and the EDCs markup of the draft Interconnection Rules.