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A non-profit Association of Industrial, Commercial, Institutional and Governmental Large Energy Users

Mary L. Cottrell
Secretary of the Department
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

September 21, 2006

Re: D.T.E. 02-38, Investigation by the Department on its own Motion into Distributed Generation

Reply Comments on 2006 DG Collaborative Report filed June 30, 2006

Dear Ms. Cottrell:

The Energy Consortium, TEC, herewith submits reply comments on this docket. TEC agrees with and supports the Division of Energy Resources, DOER, Initial Comments and Petition submitted on the 2006 DG Collaborative Report. TEC's Initial Comments listed as 1, 2, 3, ...9 are confirmed by the DOER Comments listed as 1a, 2a, 3a,...9a as noted:

1. TEC - the DG Collaborative did make progress on updating Tariff technical elements.
- 1a. DOER - "By opening these proceedings in 2002, the Department recognized the important benefits to be gained by encouraging the development and deployment of DG. The 2006 Report and Revised Model Interconnection Tariff provide a significant step toward that goal."
2. TEC- Customer energy needs, load response and transmission constraints had minimal discussion.
- 2a. DOER - "estimates that if all the potential DG customers in the NSTAR territory installed CHP it could amount to as much as 1,838 MW of capacity."
3. TEC - The distribution system deferral has a marginal benefit.
- 3a. DOER - "through the work of the Distribution Planning Working Group the members agreed on the inclusion of numerous benefits when establishing the value of installing DG in constrained areas where utilities might be capable of deferring distribution line upgrades.

4. TEC - would support the DTE in opening a docket to address a Standby Rate Policy that reduces entry barriers for DG.
- 4a. DOER – “DG Is an Important Component of Meeting the Commonwealth’s Future Energy Demands. In announcing his energy plan for Massachusetts, Governor Romney stated on August 10, 2006 in Massachusetts’ Energy Future. A Balanced Approach (“Next-Gen”), that DG should play an increased role in addressing the Commonwealth’s energy needs. In order to increase that role, he has identified a lowering of standby rates as a way to encourage the installation of efficient, on-site generation.”
5. TEC - Transmission constraints were not addressed adequately.
- 5a. DOER – “The 2005 Report identified continuing tasks for 2006, including tracking new interconnections to assess costs and time frames; assessing potential solutions to the technical and operational challenges in connecting to spot and area networks; analyzing eight identified distribution planning opportunities; and creating 2-4 pilot projects and assessing this data.”
6. TEC - opposes opening a docket to investigate if utilities can install and own DG as part of a targeted distribution-constraint-relief project, or as part of distribution improvement.
- 6a. DOER – not addressed in comments
7. TEC - Customers would take advantage of demand response or peak shaving opportunities when the ISO capacity market is implemented.
- 7a. DOER – “it is now appropriate for the Department to conduct a generic investigation into the unresolved issue of standby rates as a hurdle to the successful implementation of DG.”
8. TEC - supports the DG Collaborative recommendation for a northeast regional-level effort to address opportunities and mechanisms for deployment of distributed generation that provide benefits to the ratepayers of the region.
- 8a. DOER - “The conclusions of the 2006 Report provide an appropriate segue for the Department to delve deeper into the effect of standby rates as an economic barrier to the successful implementation of Distributed Generation.”
9. TEC - recommends that the DTE continue to investigate DG and Standby Rates to insure this aspect of resource adequacy meets Distribution Company and customer needs across the state.
- 9a. DOER- “petitions the Department to continue its investigation in this or a new docket in order to examine the economic barriers to the development of DG caused by standby rates.”

TEC is concerned about its members and other large customers that are far from fully utilizing the capacity of their Massachusetts facilities due, in part, to high energy cost and they are moving production and

services away from the area. An innovative Massachusetts DG policy may provide the needed financial incentive for existing customers to stay and expand in the state and entice new facilities.

I thank you for the opportunity to comment on behalf of TEC.

Respectfully submitted,

Roger Borghesani

Roger Borghesani, Chairman

The Energy Consortium

cc: Jesse S. Reyes, Hearing Officer