Cost Share 2.0

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Cost Share 2.0

- DPS Case 20-E-0543 - *Petition of Interconnection Policy Working Group Seeking a Cost-Sharing Amendment to the New York State Standardized Interconnection Requirements*

- DPS Case 19-E-0566 - *Joint Petition for Certain Amendments to the New York State Standardized Interconnection Requirements (SIR) for New Distributed Generators and Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems*

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Cost Sharing for Qualifying Upgrades

- Two categories of system modifications
    1. Utility-Initiated Upgrades
    2. Market-Initiated Upgrades

- Both utilize pro rata approach where applicant pays only for the hosting capacity assigned to the project for these system modifications
    - Estimated Upgrade Cost ($) ÷ Hosting Capacity (kW) = $ / kW
    - ($ / kW) × Project AC Nameplate Rating (kW) = Applicant Pro Rata Cost Share

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Pro Rata Example

- Estimated Upgrade Cost ($) ÷ Hosting Capacity (kW) = $ / kW
  - $3,000,000 for a New Feeder
  - 6,000 kW of new Hosting Capacity
  - $3,000,000 ÷ 6,000 kW = $500 / kW
- ($ / kW) × Project AC Nameplate Rating (kW) = Applicant Pro Rata Cost Share
  - 4,000 kW proposed interconnection
  - $500 / kW × 4,000 kW = $2,000,000 Pro Rata Cost Share

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Examples of Qualifying Upgrades

- Substation Upgrades:
  - 3V0 substation upgrades
  - Load tap changers ("LTCs")
- Substation Transformer Installation/Upgrade
- Distribution/ Sub-transmission Line Upgrades:
  - Three-phase extensions
  - Three-phase line reconductoring
  - New three-phase feeders

- The following system modifications are not Qualifying Upgrades:
  - Equipment dedicated solely to the interconnection of one project
  - Any system modification whose gross cost is less than $250,000.

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Utility-Initiated Upgrades

- Substation Transformer Installation/Replacement
- Proactive Zero Sequence Voltage (3V0) Installation
- Utility shall identify upgrades per annual Capital Investment Plan (CIP)
  - Upgrades where the utility plans to complete engineering within the next twenty-four (24) months
  - Utility will provide planned design/construction schedules and funding estimates required to accommodate additional DG interconnections

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Multi-value Distribution Projects

- Multi-value Distribution (MVD) project:
  - Project in which a substation transformer bank upgrade can increase Hosting Capacity while solving a pre-existing asset condition or capacity issue, and there is market interest that indicates DG growth above capacity of existing bank
  - Utility funds the cost of the baseline project, Participating Projects fund the difference between baseline and MVD project cost
- Utilities will publish an application deadline for these projects on the system data portal
- Participating Projects must participate in MVD Project Study in addition to CESIR

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Market-Initiated Upgrades

- Qualifying Upgrades
  - System Modifications that increase Hosting Capacity beyond requirements to interconnect Triggering Project
  - Upgrades that can be shared, increase Hosting Capacity, and greater than $250,000
- Utility provides Qualifying Upgrade use case and details in project CESIR results
  - CESIR will assign Qualifying Upgrade Charge
  - After Triggering Project makes first payment, the utility shall designate the upgrade as a “DG/ESS Encumbered Line.”

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Market-Initiated Upgrades *continued…*

- Utility will publish Qualifying Upgrade Disclosure to system data portal
- Utility will calculate the pro rata share based on capacity of DG project and footage used
- When Sharing Projects make their full payments, Triggering Projects *and previously paid Sharing Projects* shall be reimbursed by the utility
- After five years from the first project interconnection, or when the Triggering Project's contribution after reimbursement becomes less than $100,000, *whichever occurs first*, the line will no longer be considered a "DG/ESS Encumbered Line"

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Market-Initiated Cost Sharing 2.0 Mechanisms

Market- Initiated Qualifying Upgrade	CESIR Cost Responsibility		Mobilization Threshold	Refundability and Reconciliation
	Triggering Project	Sharing Project		
Distribution and Sub-Transmission Lines	100% of Qualifying Upgrade Cost	Pro-Rata Share based on kW Capacity and Footage	Upon payment of 100% of Qualifying Upgrade Cost by Triggering Project	Qualifying Upgrade Costs are non-refundable for the Triggering Project until a Sharing Project provides payment such that the utility has receipt of 100% of Qualifying Upgrade Cost. Upon receipt of additional payments by Sharing Projects the utility shall reconcile with the Triggering Project based on a calculated estimated pro-rata share. Remaining reconciliation for Qualifying Upgrade Cost to occur pursuant to Section I-C of the SIR.
Transformer Bank	Pro-Rata Share of Qualifying Upgrade Cost based on kW Capacity	Pro-Rata Share of Qualifying Upgrade Cost based on kW Capacity	Upon payment of 75% of Qualifying Upgrade Cost by Triggering Project and Sharing Project(s)	Qualifying Upgrade Costs are non-refundable until another Sharing Project provides payment such that the utility has received payments equal to the pro-rata share of the Qualifying Upgrade. Remaining reconciliation for Qualifying Upgrade Cost to occur pursuant to Section I-C of the SIR.
Other Qualifying Substation Upgrades	Pro-Rata Share of Qualifying Upgrade Cost based on kW Capacity	Pro-Rata Share of Qualifying Upgrade Cost based on kW Capacity	Upon payment of 25% of Qualifying Upgrade Cost by Triggering Project and Sharing Project(s)	Qualifying Upgrade Costs are non-refundable until another Sharing Project provides payment such that the utility has received payments equal to the pro-rata share of the Qualifying Upgrade. Remaining reconciliation for Qualifying Upgrade Costs to occur pursuant to Section I-C of the SIR.

Capital Project Queue

- Utility will create a Capital Project Queue at the substation or feeder level for each Utility-Initiated Upgrade or Market-Initiated Upgrade
  - Utility will note on HC Map that the station/feeder is impacted by Capital Project Queue
- Pending applicants at time Capital Project Queue is created will be placed into queue upon consent
  - New applicants will be placed in queue following preliminary analysis
- When the utility upgrade for a given substation is within eighteen (18) months of the expected completion date, the projects will be removed from the Capital Project Queue and the projects will advance through the remaining SIR steps

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Unsubscribed Capacity

- Utilities will collect contributions from Participating Projects up to five (5) years after Qualifying Upgrade is placed in service – or - all Hosting Capacity is used
- If the HC needs of the Triggering and Sharing Project(s) are below the minimum subscription threshold, the Triggering and Sharing Project(s) can agree to fund shares beyond their capacity needs
  - Therefore minimum subscription threshold criterion is met
  - Triggering and Sharing Project(s) have provided contributions in excess of the Capacity Increase Shared Cost rate multiplied by their respective Hosting Capacity

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