September 9, 2019

Elizabeth Grisaru
DPS IPWG Co – Chair
Houtan Moaveni
NYSERDA IPWG Co – Chair

RE: Interconnection Cost Sharing Proposal

Dear Liz and Houtan,

With the adoption of the country’s most ambitious law to address the effects of climate change, New York State is poised to experience a rapid proliferation of distributed energy resources (DER). In order to meet the targets, set by the Climate Leadership and Community Protection Act (CCPA), a significant investment in utility transmission and distribution infrastructure is needed. Currently, the New York State Standardized Interconnection Requirements (NYSIR) attempts to lessen the infrastructure upgrade cost burden on developers through a pro-rata cost sharing mechanism.

The cost sharing mechanism mandates that the first queued project to trigger substation upgrades, “first mover”, pay for 100% of the upgrade costs and as subsequent projects enter the queue, the first mover is reimbursed on a pro-rata basis.

On August 22nd, 2019, the IPWG Co-Chairs presented an improved cost sharing mechanism that attempts to address the concerns of inefficient utility construction planning and placing the liability of full upgrade costs on first movers. The IPWG proposal calls for an integrated planning process, aligning utility 5-year capital plans with DER development. While Dimension Energy agrees that the IPWG proposal will likely offer significant cost savings to developers, Dimension Energy does not believe that this is sufficient to help facilitate the State law of 100% carbon free electricity by 2040.

The current NYSIR cost sharing mechanism and the IPWG proposed mechanism only address substation upgrades. In order to meet the requirements of the CCPA, a long-term forward-looking solution is needed, as significant transmission system upgrades will be required. Traditional solutions to mitigate overloading conditions on transmission systems require reconductoring and new substation transformers. The current and proposed cost sharing mechanisms would require developers to pay for these upgrades without any additional incentives to the developers.
Dimension Energy would like to propose an interconnection cost sharing mechanism that minimizes risk to ratepayers, efficiently coordinates utility construction planning, and incentives developers to pay for system upgrades. Dimension's proposal is as follows:

1. During the CESIR, utilities should identify when Non-Wire Alternatives (NWA) would be adequate to mitigate the system impacts identified in the CESIR.

2. When an NWA solution is applicable, the CESIR should allow for two options: i) a utility procured NWA solution and ii) a developer procured NWA solution.

3. If the developer elects to proceed with the utility owned NWA solution, the utility shall incorporate the solution into their 5-year capital plan and the developer shall be responsible for their pro-rata share of upgrades. As additional developers enter the queue, the utility would be able to recoup the costs of the NWA solution. In order to minimize utility and ratepayer risk, the utility would be allowed to deploy the asset(s) in NYISO wholesale market and receive an added revenue stream.

4. If the developer elects to proceed with the developer owned NWA solution, the developer would pay for 100% of the NWA costs. As additional developers enter the queue, the developer would be able to recoup the costs of the NWA solution. In order to minimize developer risk, the developer would be allowed to deploy the asset(s) in NYISO wholesale market and receive an added revenue stream.

Thank you for your time and consideration of this proposal. We look forward further discussions.

Sincerely,

Dimension Energy