

# Developer Experience with Cost Sharing

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# Changes in the market since cost sharing was implemented

- Queue management reduced the queue size
- Late 2017 VDER Phase decision provided many project extensions. Some of these projects are just now starting to pay 75% payments
- Occasionally utilities include major upgrade costs in CESIRs, then reverse decision
- Moratoria have been lifted in some jurisdictions but have included larger setbacks than expected, necessitating the downgrading of system sizes and reducing the need for upgrades

# Experience with Cost Sharing is limited

Because of the drastic market changes in the past year, experience is limited, however...

- A number of projects have moved forward and paid their initial 25% CESIR payment due to the potential for cost sharing.
- These projects are still viable because of cost sharing, whether or not they ultimately needed to rely on it
- Mandatory aspect of policy makes it easier for a developer to share costs among several of their own projects
- Given the urgency of the problem last year, this cost-sharing mechanism was useful as a stop-gap measure toward a more permanent solution

# Challenges remain

- First mover pays, without any guarantee that projects will come behind them. Risk is borne by developers.
- Multiple projects are required to pay for the same upgrade in advance and then be reimbursed at a later date.
- NYISO applicants do not participate

# Examples

## Cost Transparency

- 2016 CPUC Decision ordered utilities to produce a “Unit Cost Guide” that provides a readily available price list of typical interconnection facilities and equipment to make cost data transparent to prospective IX applicants.

## Cost Certainty

- MA and CA cap a developer's liability to within a 25 percent "cost envelope" of the utility's original estimate.
- In MA, early ISA's allow developers to confirm costs sooner in the process

## Cost Allocation

- In CA NEM 2.0 customers connecting systems less than 1.0 MW are not be required to pay study fees and distribution upgrade costs

# Moving Forward – High Level Questions

How does cost sharing fit in with REV and the grid of the future?

Do DERs share the benefits of upgrades with existing load? Can those benefits be partitioned?

Who should bear the majority of the risk?

How do you mitigate under-recovery of upgrade costs?

How do energy storage systems fit in as both generator and load?

# Moving Forward – Process

Determine the overarching goal of cost sharing



Agree upon basic principles that align with REV and future of DER development



Build a framework from the goal and principles