STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

PETITION OF NYSEIA, INDUSTRY PARTIES, AND THE JOINT UTILITES TO EXTEND THE COST-SHARING 2.0 MECHANISM OF THE NEW YORK STATE STANDARDIZED INTERCONNECTION REQUIREMENTS DURING THE PROGRAM REVIEW PERIOD

The New York Solar Energy Industries Association ("NYSEIA"), Industry Parties,[1] and the Joint Utilities[2] (collectively, the "Joint Petitioners") hereby petition the New York State Public Service Commission ("Commission") to authorize continuation of the Cost-Sharing 2.0 mechanism in the *New York State Standardized Interconnection Requirements and Application Process For New Distributed Generators and/or Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems* ("SIR") for an additional 24 months. Within this continuation period, the Joint Petitioners will evaluate and propose modifications for a longer-term cost-sharing framework.

Absent further Commission action, Cost-Sharing 2.0 is scheduled to sunset on April 14, 2027. A 24-month continuation of Cost-Sharing 2.0 would maintain stability for distributed energy resource ("DER") projects while allowing the Joint Petitioners, New York State

[1] The Industry Parties are Accord Power Inc., Blackhorse Energy Advisors LLC, BlueWave, Carson Power, LLC, CleanCapital Holdings LLC, Delaware River Solar, Distributed Sun LLC, GreenSpark Solar, Gridi, LLC, GS Power Partners, Johnson Controls, Kruger Energy Inc., Lightstar Renewables LLC, Lodestar Energy, National Energy Development, LLC, New Leaf Energy, Inc., NewEdge Renewable Power, Nexamp, Inc., NineDot Energy, OurGeneration LLC, Pure Power Engineering, RER Energy Group, RIC Energy, RWE Americas, LLC, Sol Source Power, LLC, Solar Energy Industries Association, Solar Liberty Energy Systems, Inc., Soltage, LLC, Sunkeeper Solar Electric LLC, and Syncarpha Capital, LLC.

[2] The Joint Utilities are Central Hudson Gas & Electric Corporation (CHG&E), Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation d/b/a National Grid (National Grid), Orange and Rockland Utilities, Inc. (ORU), and Rochester Gas and Electric Corporation (RG&E).

Department of Public Service Staff ("Staff"), and other stakeholders to complete the benefits and costs evaluation contemplated by the Commission and to develop recommendations regarding an appropriate longer-term framework.

I. BACKGROUND

In its July 16, 2021 *Order Approving Cost-Sharing Mechanism and Making Other Findings* ("Cost-Sharing 2021 Order"),[3] the Commission adopted Cost-Sharing 2.0 to modify the first-mover rule applicable to certain distribution system upgrades and directed the Joint Utilities to file amendments to the SIR for Commission approval. Prior to the Cost-Sharing 2021 Order, the first project triggering an upgrade generally bore the full upgrade cost, subject to reimbursement from later projects. Cost-Sharing 2.0 established mechanisms to more equitably distribute these initial upgrade costs among DER developers.[4]

As the Commission recognized in the Cost-Sharing 2021 Order, the Cost-Sharing 2.0 mechanism "exposes ratepayers to the risk that there will likely be hosting capacity developed that is not fully subscribed."[5] Accordingly, the Commission established a sunset of five years after approval of the SIR amendments implementing the Cost-Sharing 2.0 mechanism. The Cost-Sharing 2021 Order further provides that, absent further Commission action, upon sunset, cost-sharing associated with qualifying substation upgrades, including 3V0 upgrades and substation

[3] Cases 20-E-0543 et al., *Petition of Interconnection Policy Working Group Seeking a Cost-Sharing Amendment to the New York State Standardized Interconnection Requirements*, Order Approving Cost-Sharing Mechanism and Making Other Findings (issued July 16, 2021) (Cost-Sharing 2021 Order).
[4] *Id*., pp. 2-7.
[5] *Id*., p. 22.

transformer bank installations or replacements, will revert to full pre-funding of the Qualifying Upgrade by the Triggering Project or Participating Projects.[6]

The Commission subsequently approved the implementing SIR amendments submitted by the Joint Utilities and other participants in the Interconnection Policy Working Group (IPWG) on October 28, 2021 in its April 14, 2022 *Order Approving Compliance Filings, with Clarifications* ("2022 Cost-Sharing Order").[7] In doing so, the Commission stated that, "in order to determine if Cost-Sharing 2.0 should continue beyond the sunset date, the benefits and costs of the mechanism will need to be evaluated."[8] The Commission therefore required semiannual reporting by each of the Joint Utilities concerning, among other matters, upgrade costs and in-service dates, hosting capacity enabled and assigned, unrecovered costs, and subsequent reimbursements.[9]

The Joint Petitioners seek Commission approval of a continuation of Cost-Sharing 2.0 beyond the five-year sunset period for an additional period of approximately 24 months as further described in this petition and assert that this modest extension is warranted for two principal reasons. First, Cost-Sharing 2.0 has lowered the cost of first movers for certain Qualifying Upgrades, addressing a potential barrier to DER interconnection. Second, the Commission conditioned any long-term continuation decision on a benefits and costs evaluation. Initial implementation of Cost-Sharing 2.0 has surfaced aspects of the mechanism that warrant further evaluation and refinement before the Commission determines whether, and in what form,

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[6] The SIR defines Triggering Project as an application in the queue at a given substation or feeder whose proposed interconnection triggers the need for a Qualifying Upgrade. A Participating Project is either a Triggering Project or a Sharing Project that benefits from and shares the costs of a Qualifying Upgrade. A Participating Project must have a nameplate rating greater than 50 kW AC. *See* Cost-Sharing 2021 Order, pp. 22-23.
[7] Cases 20-E-0543 et al., *Petition of Interconnection Policy Working Group Seeking a Cost-Sharing Amendment to the New York State Standardized Interconnection Requirements*, Order Approving Compliance Filings, with Clarifications (issued April 14, 2022).
[8] *Id*., p. 22.
[9] *See id*., pp. 22-24.

Cost-Sharing 2.0 should continue on a longer-term basis. Appendix A to this petition provides initial data and analysis showing lowered costs to first movers as well as unrecovered costs that may shift to utility customers unless there are additional DER projects seeking to interconnect with the same infrastructure.

II. DISCUSSION

To preserve the benefits of Cost-Sharing 2.0 while providing sufficient time to complete the Commission's contemplated evaluation, the Joint Petitioners propose the following:

i. Continue Cost-Sharing 2.0 for Approximately Twenty-Four Months

The Joint Petitioners request that the Commission continue Cost-Sharing 2.0 through April 30, 2029. Cost-Sharing 2.0 has lowered the costs to first movers by providing mechanisms by which common infrastructure costs can be allocated among multiple DER projects benefiting from the resulting electric infrastructure increased capacity. However, Cost-Sharing 2.0 has not yet demonstrated that it protects utility customers from the risk of paying for qualifying upgrades. As shown in Table 1 of Appendix A, a September 2026 review of utility Cost-Sharing 2.0 project data finds that of 1,365 MW of hosting capacity has been added across 92 Qualifying Upgrades,[10] representing approximately $69.78M funded through Cost-Sharing 2.0. Of the 1,365 MW of added hosting capacity, 747 MW has been subscribed, representing $44.3M in investment by distributed solar and energy storage developers to date.[11] The financial risk to utility customers is the portion of costs that remains unrecovered after a Qualifying Upgrade has

[10] Qualifying Upgrades are defined in the SIR as system modifications which result in an increase to the Hosting Capacity of the utility's distribution system beyond that required to interconnect a Triggering Project that can be shared by multiple Distributed Generation/Energy Storage System projects and whose costs are greater than $250,000.

[11] This review excludes Line Upgrade work which requires a 100% mobilization threshold before utility work commences and therefore presents no utility customer risk.

been placed in-service for more than five years and is no longer eligible for cost-sharing payments from subsequent developers. As shown in Table 2 of Appendix A, considering all 92 mobilized upgrades with thresholds below 100%, no trend is observed between the unrecovered cost fraction and time after mobilization. While there are no upgrades that have been in-service for more than five years under the Cost-Sharing 2.0 program, there are 31 Qualifying Upgrades with less than three years of remaining Cost-Sharing 2.0 program eligibility representing $8.8M in unrecovered costs to date, or 48% of this group of projects' total costs. The current total unrecovered costs associated with the Cost-Sharing 2.0 program is $25.5M, representing 37% of the total upgrade costs. These unrecovered costs may decrease for the entire cohort of Qualifying Upgrades if additional solar and storage projects utilize and pay for their pro rata share of the hosting capacity created within five years of the in-service dates of the Qualifying Upgrades. As such, further evaluation and time is needed to properly assess the risks and benefits of Cost Sharing 2.0. Authorizing a limited approximate 24-month extension allows the Joint Petitioners and Staff to fully evaluate the successes and limitations of Cost-Sharing 2.0 and propose appropriate and implementable next steps related to cost sharing for SIR incorporation.

ii. Complete the Cost-Sharing 2.0 Evaluation and Develop Recommendations for a Longer-Term Framework Concurrent with the Requested Extension

During the 24-month continuation period for Cost-Sharing 2.0 as proposed herein, the Joint Petitioners would evaluate the initial five-year program experience and develop recommendations concerning a longer-term framework. The Joint Petitioners propose that this work be carried out through a designated Cost-Sharing 2.0 task force composed of representatives from the Joint Petitioners. The task force would report progress to Staff through the monthly Interconnection Policy Working Group (IPWG) meetings, present recommendations

to improve the program through IPWG within six months of a continuation order, and file a proposal within twelve months of the continuation order.

This Cost-Sharing 2.0 task force work would propose to address five principal areas:

(1) cost allocations and reimbursements over extended upgrade timelines, including the treatment of the cost basis for a Qualifying Upgrade where the scope and/or cost is modified between the time of an initial estimate and actual construction;

(2) infrastructure planning and queue coordination, including the interaction of multi-value distribution projects with parallel, Commission-directed efforts in proactive distribution planning and queue management;

(3) project commitment and payment refundability, including the appropriate timing and milestones at which payments become non-refundable;

(4) options for additional information on Market-Initiated Cost-Sharing projects to assist with developer decision making, and

(5) other rules to provide equitable distribution of framework costs and benefits.

iii. Continuation During the Program Review Period Will Allow for a More Complete and Durable Long-Term Framework

The Commission established Cost-Sharing 2.0 reporting requirements expressly so the benefits and costs of the mechanism could be evaluated before determining whether it should continue beyond the sunset date. A 24-month continuation is consistent with that purpose. It will allow the initial five-year period to conclude and provide additional time for upgrades, related project subscriptions, and reimbursements to mature, thereby permitting evaluation of utility customer exposure on a more complete record. The Joint Petitioners recommend that a longer-term determination should be based on the complete initial program experience rather than an incomplete snapshot immediately preceding the April 14, 2027 sunset date of Cost-Sharing 2.0.

Such a continuation period will also allow the Joint Petitioners and Staff to develop recommendations regarding which elements of Cost-Sharing 2.0 should be retained, modified, replaced, or coordinated with other Commission mechanisms.

III. CONCLUSION

For the foregoing reasons, the Joint Petitioners respectfully request that the Commission: (1) authorize continuation of the existing Cost-Sharing 2.0 framework for approximately 24 months, through April 30, 2029; and (2) permit the Joint Petitioners, Staff, and other stakeholders to use this continuation period to complete the Cost-Sharing 2.0 program evaluation and develop recommendations for an appropriate longer-term framework. Obligations for Qualifying Upgrades subject to the Cost-Sharing 2.0 framework before April 30, 2029 would survive expiration of the requested continuation period.

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Respectfully submitted,

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Appendix A

Preliminary Analysis of NY SIR Cost-Sharing 2.0 - September 2026

Summary of Findings

A September 2026 review of utility Cost-Sharing 2.0 project data finds that 1,365 MW of hosting capacity across 92 Qualifying Upgrades have met their mobilization thresholds, of which 747 MW has been reserved by distributed solar and energy storage projects to date. These upgrades represent approximately $69.8 million of qualifying upgrade costs, of which DER developers have paid approximately $44.3 million, or 63 percent. Over the last 4.4 years, the total unrecovered balance at risk for utility customers to cover is approximately $25.5 million, or 37 percent.

3V0 upgrades are the largest component of Cost-Sharing 2.0 Qualifying Upgrades, accounting for 77 of the 92 upgrades, totaling 1,119 MW of hosting capacity. Relays account for 7 upgrades, with 174 MW of total capacity, and other upgrades (which typically included regulators) account for 7 upgrades, with 48 MW of total capacity. Only one transformer upgrade mobilized, creating 24 MW of capacity in the first 4.4 years of the Cost-Sharing 2.0 program.

For Line Upgrades, which retained the 100% mobilization threshold of Cost-Sharing 1.0, 478 MW of nameplate DER capacity has interconnected via 123 Qualifying Upgrades, of which 123 MW was funded in NYSEG/RG&E service territories and 345 MW in the Con Edison service territory.

Table 1. Qualifying Upgrade Summarized by Utility (Excluding Line Upgrades)

Utility	Count of Upgrade Type	Hosting Capacity Created (MW)	Hosting Capacity Reserved by DER (MW)	Sum of Actual or Estimated Cost of Qualifying Upgrades	Sum of Payments Received	Sum of Unrecovered Cost	Percentage of Cost Covered by DER	Percentage of Unrecovered Cost to Date
National Grid	45	856	490	$ 27,904,668	$16,237,279	$ 8,935,968	58%	42%
NYSEG	37	416	208	$ 35,184,762	$24,115,098	$ 12,277,590	69%	31%
ORU	1	7	5	$ 290,634	$201,829	$ 88,496	69%	31%
RG&E	9	86	44	$ 6,400,582	$3,750,64	$ 2,449,569	59%	41%
CHG&E	0	0	0	$0	$0	$0	N/A	N/A
Con Edison	0	0	0	$0	$0	$0	N/A	N/A
Grand Total	**92**	**1,365**	**747**	**$ 69,780,646**	**$44,304,849**	**$25,475,797**	**63%**	**37%**

Table 2. Qualifying Upgrade Summarized by Years Since Placed In Service

Remaining Years of Eligibility for Developer Payments*	Number of Qualifying Upgrades	Hosting Capacity Created (MW)	Hosting Capacity Reserved by DER (MW)	CESIR Qualifying Upgrade Cost Est.	Sum of Estimated or Actual Qualifying Upgrade Cost	Sum of Payments Received After Reconciliation	Sum of Unrecovered Cost After Reconciliation	Percentage of Cost Covered by DER	Percentage of Unrecovered Cost to Date
<1	3	58	26	$ 1,477,998	$1,864,605	$838,949	$1,025,656	45%	55%
1–2	4	68	28	$ 2,328,491	$2,424,793	$851,692	$1,573,100	35%	65%
2–3	24	505	320	$ 13,315,572	$ 14,085,744	$7,882,748	$6,202,996	56%	44%
3–4	12	174	106	$ 6,538,335	$7,257,786	$4,840,974	$2,416,812	67%	33%
4–5	10	122	48	$ 4,972,676	$5,876,190	$3,185,336	$2,690,854	54%	46%
5–6	18	211	106	$ 12,481,666	$20,114,144	$13,645,180	$6,468,964	68%	32%
6–7	11	96	65	$ 10,517,193	$ 10,517,193	$8,162,575	$2,354,618	78%	22%
7–8	2	14	10	$ 2,075,280	$ 2,075,280	$1,678,965	$396,316	81%	19%
N/A	8	119	38	$ 5,564,911	$ 5,564,911	$3,218,430	$2,346,481	58%	42%
Grand Total	**92**	**1,365**	**747**	**$ 59,272,121**	**$ 69,780,646**	**$44,304,849**	**$25,475,797**	**63%**	**37%**

*New participating projects are not required to contribute to the cost of qualifying upgrades more than 5 years after the first in-service date of a project sharing the upgrade.
**For all projects that have completed construction and been reconciled, actual costs were used. Estimated costs were used only for projects at earlier stages for which actual costs were not yet available.

Table 3. Upgrade type per Utility

Upgrade Type	National Grid	NYSEG	ORU	RG&E	Grand Total
3V0	36	31	1	9	77
Other	2	5			7
Relay	7				7
Transformer		1			1
Grand Total	**45**	**37**	**1**	**9**	**92**

Methodology

First, available data was aggregated for each of the Joint Utilities' Qualifying Upgrades based on the utilities' semiannual reports, with supplemental data provided directly by each utility. Next, Qualifying Upgrades that have not yet reached their respective mobilization threshold were removed from the data set to enable an assessment focused on Cost-Sharing projects that have been or will definitely be completed. "Distribution and Sub-Transmission Lines and Underground Secondary Network Upgrades", referred to as Line Upgrades, were also excluded from the mobilized upgrade analysis and temporal analysis to provide a clear picture of costs associated with upgrades that did not require the triggering project to fund 100% of the costs. Qualifying Upgrades were categorized into 3V0, Station Rebuild/Transformer, Relays, Line Upgrades and Other. The Qualifying Upgrade costs were assigned based on the amount of capacity reserved and remaining unassigned to estimate DER payments received and unrecovered costs after reconciliation.

Two related analyses were performed to assess the cost and enabled capacity of the Cost-Sharing 2.0 framework. First, mobilized upgrade analysis included all upgrades that reached the mobilization threshold to identify upgrades funded and shared through the framework. Key data attributes included in the mobilized upgrades analysis were: 1) hosting capacity enabled; 2) nameplate capacity of DER projects assigned to an upgrade; 3) estimated/actual upgrade cost; 4) DER developer payments received to date; and 5) unrecovered costs. Next, a temporal analysis was completed to identify any trends over time as qualifying upgrades age beyond their placed-in-service dates. The temporal analysis also included: 1) grouping mobilized upgrades based on the time remaining until the actual or estimated in-service dates; and 2) DER developer payments made to reach the mobilization threshold.

Key limitations of this analysis include:

- A full five-year lookback is not yet possible for most Qualifying Upgrades in the portfolio. Many Qualifying Upgrades have not yet been placed in service or are newly in service, so the total DER developer payments to date and hosting capacity reserved are both at the low-end of the range of potential outcomes.
- Current unrecovered costs are a snapshot in time and may change if subsequent DER projects reserve capacity and make cost-sharing payments.
  Utility reporting is not fully uniform across all upgrade categories.