PSC No: 19 - Electricity

Rochester Gas and Electric Corporation

Initial Effective Date: May 1, 2022

Superseding Revision: 9

Issued in compliance with Order in Case Nos. 19-E-0566 and 20-E-0543, and 21-E-0536 dated April 14, 2022.

10. DISTRIBUTED ENERGY RESOURCE (DER) INTERCONNECTION REQUIREMENTS

Applicable to any customer installing a Distributed Energy Resource (DER) unit (e.g. distributed generator or energy storage system) 5 MW or less, connected in parallel with the Company's utility distribution system.

These requirements are not applicable to a DER unit which is not connected to the Company's distribution grid. Compliance with all other tariff provisions applicable to the Customer is required.

A. Definitions

The terms are defined as the New York State Standard Interconnection Requirements and Application Process for New Distributed Generators and/or Energy Storage System 5 MW or Less Connected in Parallel with Utility Distribution Systems, as the same may be revised, modified, amended, clarified, supplemented or superseded, as posted on the NY PSC website at www.dps.ny.gov/distgen.htm, and as set forth within Addendum-SIR of this Schedule.

The Standardized Interconnection Requirements (SIR), including the standard applications and contracts, are set forth within the Addendum-SIR to this Schedule.

B. Queue Management

1. Applications submitted to the Company shall be subject to the Queue Management process as set forth within Addendum-SIR, Section II, J.

ISSUED BY: Joseph J. Syta, Vice President, Controller and Treasurer, Rochester, New York

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10. DISTRIBUTED ENERGY RESOURCE (DER) INTERCONNECTION REQUIREMENTS

B. Queue Management (Cont'd)

2. Projects that fail to meet the requirements defined in each step shall be removed from the queue with no further action required by the Company.

C. Payment

Payments made by check shall be deemed paid when the checks clear.

D. Cost Sharing Mechanisms

1. Limited Mandatory Interconnection Upgrade Cost Sharing Mechanism

This methodology applies to projects that do not otherwise meet the requirements for Cost Sharing 2.0 as defined in Rule 10.D.2.

This interim cost sharing mechanism applies to any initial projects that meet all of the following criteria: Use Eligible Technologies.

This mechanism is applicable to projects and technologies interconnecting to the distribution grid under the NYSIR.

2. Cost Sharing

A. This mechanism is not available to projects that have 100% paid for upgrade costs, or were required to have paid for upgrade costs prior to January 25, 2016. Any project that makes 100% payment of upgrade costs after January 25, 2017, is eligible for cost sharing.

a. Specific Eligible Upgrades

This mechanism applies to upgrades that can be used by more than one project. Specifically, the following technologies are eligible for interim cost sharing:

- i. Substation 3V0 installation;
- ii. Substation transformer upgrades; and
- iii. Other substation-level shared upgrades.

b. Minimum Cost Threshold

The mechanism is limited to eligible upgrades that cost \$250,000 or more.

c. Applicability

This mechanism applies to subsequent projects that shall utilize the upgrades and meet the following criteria:

- i. Projects 200 kW or Greater in Size Any subsequent project that is equal to, or greater than, 200 kW at one point of common coupling (PCC) and uses the upgrade shall share in the upgrade cost according to this mechanism.
- ii. Projects Aggregating to 200 kW or Greater in Certain Situations Subsequent projects that utilize the upgrades, which are completed by a single developer and are equal to, or greater than, 200 kW in aggregate, and whose applications are filed within eight-months of each other.
- iii. A developer is defined as the entity that submitted the interconnection application. A single developer includes all legal entities associated or affiliated with a given company, including subsidiaries, LLCs, etc.

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10. DISTRIBUTED ENERGY RESOURCE (DER) INTERCONNECTION REQUIREMENTS

- D. Cost Sharing Mechanism (Cont'd)
 - 2. Cost Sharing (Cont'd)
 - d. Payment

The mechanism shall function as follows:

The initial project that triggers the need for the eligible upgrade pays 100% of the upgrade cost in accordance with the NYSIRs deadlines. The cost sharing mechanism is available after the initial project developer pays 100% of the required upgrade costs. The interconnecting company shall disclose the portion of the total upgrade cost that is eligible for this mechanism to the initial project developer in the CESIR, or in the Preliminary Technical Report or Supplemental Review Report if no CESIR is required.

Subsequent project developers are required to pay their prorated share of the eligible upgrade cost.

- ii. This payment is made to the Company and then passed through to the project developer(s) that have previously paid for the upgrade, minus a Company processing fee. The developer(s) are responsible for any reallocation of received funds to project financiers or owners, per their own business arrangements. For all types of eligible upgrades, the prorated share for projects after the initial triggering project is based on the fraction of each MW project size compared to the total MWs of aggregated projects benefiting from the upgrade to date, including the newest project's MWs. Each project developer's prorated share of the upgrade cost shall be included in the CESIR, or in the Preliminary Technical Report or Supplemental Review Report if no CESIR is required.
- iii. The Company shall deduct a processing fee from each subsequent developer check issued after the initial developer pays 100% of the upgrade costs. This \$750 administrative fee may be reassessed if it is proven inadequate in practice.
- e. Cost Sharing Limit

The cost sharing of an upgrade shall end when one of the conditions below is met:

- i. Maximum Capacity
 - When the capacity of the upgrade is exhausted by projects, this limited mandatory interconnection cost sharing mechanism ends.
- ii. Cost Sharing Threshold
 - When project developers benefitting from the eligible upgrade have expended net costs of \$100,000 or less, because each developer was reimbursed by subsequent developers, cost sharing ends. Project developers that use the eligible upgrade after this point incur no mandatory interconnection upgrade cost sharing.

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10. Distributed Energy Resource (DER) Interconnection Requirements (Cont'd.)

D. Cost Sharing Mechanism (Cont'd)

- 2. Interim Cost-Sharing Mechanism ("Cost-Sharing 2.0")
 - 1. The Company shall determine if a project is eligible for the Interim Cost Sharing Mechanism as defined in Appendix E of the Standardized Interconnection Requirements ("SIR"). The SIR including standard applications and contracts, are set forth within Addendum-SIR to this Schedule.
 - 2. SIR deadlines applicable to these applications shall be suspended and the interim cost-sharing mechanism shall apply. If the Qualifying Upgrades are not pre-funded through the interim cost-sharing mechanism, the already submitted applicants shall remain in the queue and subject to Cost Sharing as described in Rule 10.D.1.
 - 3. The Company shall continue to manage applications received in accordance with the SIR. Interconnection deposit payment deadlines shall be temporarily suspended for applications at locations impacted by a Qualifying Upgrade. Later applications may opt to be treated as Participating Projects if the Qualifying Upgrade is able to accommodate them.
 - 4. To determine the allocation for a Participating Project under the Cost-Sharing 2.0 mechanism, the following steps apply:
 - a. initially determine the capacity contribution; the project's capacity divided by the sum of all projects sharing the line.
 - b. the percentage of distribution line footage contribution, if applicable, is determined by dividing the Participating Project's footage use divided by the first mover project's footage. If the Participating Project uses more than the first mover's footage, then the Participating Project footage percentage will be 100%.
 - c. the capacity contribution is multiplied by the footage contribution percentage to the final percentage contribution.

E. Payment

- 1. Payments in full of the estimate shall be made as set forth in the SIR.
 - a. State Agencies shall not be required to deposit funds into an escrow account pursuant to Appendix A-2 of Addendum-SIR to this Schedule.
- 2. Construction of the Qualifying Upgrade shall begin once full payment of the estimate has been made by the Triggering Project, or the Sharing Project(s).

F. Allocation of Unrecovered Costs

The Company shall reconcile the outstanding upgrade costs, including carrying charges using the weighted pretax cost of capital, on an annual basis, or more frequently, if needed.