Date Filed: October 28, 2026

Witness: David L. Gladey, Lavelle Freeman, John P. Dipaola-Tromba, Jennifer A. Schilling and Elli Ntakou
Request from: Department of Energy and Environmental Protection

Question:

Refer to Exhibit CLP-TSP-1 pp. 29-30. Has the Company raised this change in load growth pattern and the cost implications in a proceeding before the Authority in any of the Equitable Modern Grid Dockets and annual dockets that were the outgrowth of those dockets. Also include in your response, an explanation of:

a. the cost implications to non-participating customers as a result of the phenomena described;
b. are the costs described here included within the interconnection costs of the DERs that are interconnecting in these areas;
c. is whether or not the Company is proposing that the costs described here should be borne by all ratepayers or the interconnecting customers.

Response:

Please refer to the Company's response to BETP-029[i] for the Company's response. Yes, the Company has raised these issues in various proceedings before the Authority, such as 22-06-29 RE01.

a. The testimony does not describe a specific cost impact to non-participating customers. Rather, it explains how changing patterns of customer load growth and distributed energy resource ("DER") development are creating new planning challenges for the distribution system.

   To the extent infrastructure investments are required to maintain safe and reliable service and support customer load growth, those investments are evaluated and implemented in accordance with existing distribution planning practices and cost recovery mechanisms.

   In contrast, upgrades required solely to accommodate the interconnection of a DER facility are generally the responsibility of the interconnecting customer. As discussed elsewhere in this filing, the proposed SHARE framework is intended to facilitate a more equitable allocation of DER-related interconnection costs among participating beneficiaries and does not shift those costs to non-participating customers.

b. DER developers bear the cost of system upgrades required to interconnect a DER facility. Under the current interconnection framework, when a DER project triggers the need for

upgrades to accommodate its interconnection, those upgrade costs are generally assigned to the interconnecting customer. As a result, the first developer whose project causes a system constraint to be identified may be responsible for funding upgrades that subsequently provide benefits to future interconnection customers. Here is a first pass at this:

For localized distribution line upgrades, this cost allocation approach may not be prohibitively expensive. However, for larger infrastructure investments, such as substation upgrades required to mitigate hosting-capacity limitations, the costs can become substantial and may present a barrier to interconnection for individual developers.

The proposed SHARE framework is intended to address this issue by allowing the Company to facilitate a group study for multiple interested interconnection customers seeking capacity within the same constrained area. Through this process, the costs of interconnection upgrades identified through the group study would be allocated among participating DER developers on a pro-rata basis. Accordingly, the types of costs described in the testimony would continue to be borne by interconnecting customers; however, under the proposed SHARE framework, such costs could be shared among multiple participating beneficiaries rather than being assigned to a single developer under the traditional interconnection process.

c. The question appears to be mixing two different aspects of the reference into a single bucket for discussion. First, for DER development, the Company's SHARE proposal would allocate costs based on a beneficiary pays principle.

New load in the region is required to pay, net of any revenue credits, cost for their interconnection. Substations which run out of available load serving capacity, and if triggered by load growth, will be paid for by ratepayers unless they can be part of a SHARE region – in which it then goes back to beneficiary allocation of cost.

The Company is not proposing that the costs of DER-driven interconnection upgrades be borne by all ratepayers. Rather, the Company proposes that such costs continue to be borne by the interconnecting customers that benefit from the additional hosting capacity created by those upgrades.

The proposed SHARE framework modifies the allocation of such costs among participating DER developers but does not alter the underlying beneficiary-pays principle. Under the current interconnection process, the first developer to trigger a system constraint may be required to fund the full cost of a necessary upgrade. Under the proposed SHARE framework, the Company would facilitate a group study and allocate the costs of identified interconnection upgrades among participating DER developers on a pro-rata basis.

To the extent a project also addresses separate load-serving, reliability, or other system needs, those benefits would continue to be evaluated consistent with existing planning and cost-allocation practices. The Company's proposal is intended to ensure that the costs associated with creating additional DER hosting capacity are borne by the customers benefiting from that capacity while allowing project implementation costs to be shared more efficiently among participating stakeholders.

Prior Referenced Response:

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[i] BETP-029 Question:

Refer to Exhibit CLP-TSP-1 pp. 29-30. The Company implies a change in the load growth pattern that is changing the investment needs. Please provide examples of this and identify, if possible, what is causing the growth and if the growth is happening in areas with a definable set of characteristics.

BETP-029 Response:

In the referenced section of CLP-TSP-1 the Company outlines a couple of key items:

1. Over the past decade, the Company has used all available methods to increase the load-serving ability of the distribution system by transferring loads from heavily loaded substations and circuits to neighboring infrastructure. On this point, it is important to note that load transfer between substations does not increase system capacity, but instead, actually diminishes operational flexibility by using transfer capacity intended for emergency conditions to serve load. Load transfer also increases area-wide constraints and risks by moving load to substations outside the natural service area and places the system in a less reliable, off-nominal configuration, compared to the native design. The result of these actions is that, over time, on large portions of the system, the Company is now faced with very little spare capacity and room to maneuver.

2. A compounding effect of Item #1, above, is that load growth, especially driven by larger commercial developments, such as shipping and storage facilities that require significant amounts of land, generally materializes in electrically weaker areas where the infrastructure design is a function of lower-demand rural use, which is now causing these types of substations to be loaded beyond respective thermal capacity limits very quickly. With the area electric system so constrained (as discussed in Item #1), the Company has limited maneuverability to accommodate large new loads and economic growth, which results in the need for substation upgrades to maintain safe, reliable operation of the system and provide the required quality of service for customers.

3. Another effect is that DER growth has developed in a proportionally inverse manner to load density and consequently to infrastructure strength and capacity. Land is the single largest indicator for large-scale solar development potential and land is cheap and abundant in most areas where electric demand is low. This potentially leads to large amounts of generation injected into areas of the system that were not designed for the ensuing thermal capacity loading on distribution equipment.