

## **40.25.9 APPENDIX 9 TO ATTACHMENT HH**

### **ALLOCATION OF OVERAGE COST**

An Example of the Allocation of Overage Cost Among Interconnection Customers for Cluster Study Projects, in accordance with Section 40.12.2.6 of Attachment HH:

- There are five Interconnection Customers projects in a Cluster Study.
- The Cluster Project Assessment (“CPA”) determines that ten (10) System Upgrade Facilities (“SUFs”) are needed to reliably interconnect the Cluster Study Projects, at a total cost of \$30 million.
- The Cluster Baseline Assessment (“CBA”) determines that seven (7) SUFs would be needed to meet Applicable Reliability Requirements without the Cluster Study Projects, at a total cost of \$20 million. (Note: The CBA may have included some generic “projects” identical to or similar to some of the Cluster Study Projects, but not necessarily. Also, some of the SUFs identified by the CBA may be the same as those identified in the CPA, but not necessarily.)

- (1) The total cost of CPA SUFs allocated to the Transmission Owners (“TOs”) is equal to the total cost of the CBA SUFs (\$20 million).
- (2) The total cost of CPA SUFs allocated to the Interconnection Customer, the Overage Cost, is the net of the total cost of the CPA vs. CBA SUFs (\$30 million - \$20 million = \$10 million).
- (3) The ratio of the Overage Cost to the total cost of CPA SUFs, the Overage Cost Percentage, is used to compute the Interconnection Customers’ cost allocations for each CPA SUF. In this example, the Overage Cost Percentage, the ratio, =

\$10 million/\$30 million = 1/3 (The Interconnection Customers pay 1/3 the cost of each CPA SUF). Assume the cost of one of the CPA SUFs (SUF No. 1) is \$3 million. The Interconnection Customers' share of the cost of that SUF =  $1/3 \times \$3 \text{ million} = \$1 \text{ million}$ .

- (4) The Interconnection Customers' share of the cost of each CPA SUF is allocated among all the Interconnection Customers that have at least a *de minimus* impact causing the need for that SUF. In this example, the CPA determines that 3 of the 5 Cluster Study Projects have at least a *de minimus* impact causing the need for SUF No. 1.
- (5) The Interconnection Customers' cost of an CPA SUF is allocated to each Interconnection Customer that has at least a *de minimus* impact in accordance with the Contribution Percentage, or ratio of that Interconnection Customer's measured impact, its electrical contribution, to the sum of the measured impact of all the Interconnection Customers that have at least a *de minimus* impact.

In this example, the measured impacts of the three projects are 200, 300, and 500 amps, respectively. Thus, the pro rata shares of the projects' cost of SUF No. 1 are \$200,000, \$300,000, and \$500,000, respectively.