STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Verified Complaint of Nexamp, Inc. and Affiliates	**)**	
Against Niagara Mohawk Power Corporation d/b/a	**)**	
National Grid Pursuant to the New York State	**)**	**Case 25-E-0469**
Standardized Interconnection Requirements	**)**	

New York Solar Energy Industries Association (NYSEIA) Comments in Support of Nexamp's Complaint Against National Grid Regarding Utility Cost Overruns

I. Introduction

On August 7, 2025, Nexamp and Affiliates (Nexamp) filed a verified complaint against Niagara Mohawk Power Corporation dba National Grid (National Grid) regarding the utility's cost overruns for distribution upgrades to interconnect fourteen recently completed community solar projects in the service territory. Nexamp's complaint contests $3,615,637 in excess charges, which it asserts it was invoiced for in violation of the New York Standardized Interconnection Requirements (SIR). Nexamp's complaint asserts that National Grid failed to comply with the timelines under the SIR, did not provide cost estimates in good faith, failed to communicate cost increases prior to incurring increased costs, and did not adequately justify the costs included in final reconciliation invoices.[1]

In response to Nexamp's complaint, in September 2025, National Grid requested that the Commission direct Nexamp to fully fund an escrow account with the total amount of their alleged cost overruns while the dispute is resolved via mediation. Nexamp responded, urging the Commission to reject these requests while noting that the complaint it filed is the prescribed step outlined in Section 1, Part C, Step 11 of the SIR in instances where a party is not satisfied with a final reconciliation.[2] On September 24, 2025, the Commission issued a notice soliciting comments on Nexamp's complaint. New York Solar Energy Industries Association (NYSEIA) respectfully offers these comments in response to the September 24, 2025 SAPA notice.

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[1] Case 25-E-0469. Verified Complaint of Nexamp, Inc. and Affiliates Against Niagara Mohawk Power Corporation d/b/a National Grid Pursuant to the New York State Standardized Interconnection Requirements. August 7, 2025.
[2] Case 25-E-0469. Nexamp Response to National Grid Letter Requesting Mediation. September 4, 2025.

II. Background

NYSEIA is a nonprofit trade association that represents approximately 230 distributed solar + storage companies that operate in New York State. NYSEIA's mission is to accelerate the deployment of distributed solar and energy storage in New York State while driving down costs and growing the total addressable market. NYSEIA advances this mission through legislative and regulatory advocacy, public education, and capacity-building for industry stakeholders. In recent years, interconnection has become a major focus area for NYSEIA. For large DER (1-5 megawatts), interconnection costs have increased significantly; a trend that threatens to slow New York's progress deploying cost-effective clean energy resources to meet the State's rising demand for electricity. NYSEIA represents the distributed energy resource (DER) industry on the New York State Department of Public Service (DPS) Interconnection Policy and Technical Working Groups (IPWG and ITWG) and we dedicate significant staff resources toward working with industry, utilities, and DPS to improve New York's interconnection process. NYSEIA's interconnection-related work has three primary focuses: 1) lowering interconnection costs through process efficiencies, improved engineering practices, and 21st Century technologies; 2) accelerating interconnection timelines; and 3) improving interconnection cost-certainty through improved cost estimation, transparency, and accountability. Nexamp's complaint is directly related to the third focus: improving interconnection cost-certainty through improved cost estimation, transparency and accountability.

Unfortunately, Nexamp's complaint regarding utility cost overruns for distribution upgrades is not an isolated incident. A growing number of DER developers are receiving reconciliation statements from New York utilities whereby they are being charged retroactively for utility cost overruns that materially exceed the utility's cost estimate and the 15% allowable contingency. The retroactive imposition of uncapped utility costs overruns on DER projects is untenable, undermines the SIR, and will limit New York's ability to efficiently leverage private capital to build clean energy infrastructure in New York State. Conversely, if the Commission were to affirm New York's commitment to accurate cost estimates, greater transparency into distribution upgrade costs, and guardrails to protect DER development from utility cost overruns, this would strengthen New York's interconnection process, positioning New York to leverage more private capital and federal funding to build clean energy infrastructure at a lower cost to ratepayers.

In these comments, NYSEIA urges the Commission to: 1) grant Nexamp's requested relief; and 2) address the underlying issue by establishing guardrails to protect DER developers and ratepayers from uncapped utility cost overruns.

III. Nexamp's Requested Relief Should be Granted

The New York State Standardized Interconnection Requirements (SIR) are a bedrock foundation for New York's highly successful multibillion dollar distributed energy resource (DER) market. The SIR outlines straightforward interconnection rules for DER developers, providing confidence to invest in clean energy infrastructure in New York. Utility cost overruns for distribution upgrades are a growing issue in New York, and constitute a major threat to New York's most successful clean energy sector. Nexamp's complaint provides a clear picture of the nature of this issue; National Grid is not appropriately managing costs for distribution upgrades or following the SIR, and is retroactively invoicing for cost overruns long after the upgrades are complete and the systems are operational. Nexamp's complaint notes that they received 14 reconciliation statements from National Grid between September 2024 and August 2025 with an average cost overrun of 52%, and that they expect to receive more invoices for utility cost overruns in the near future. Nexamp's complaint notes that, in many cases, these reconciliation statements were issued well outside of the 60-day period after project completion – a clear violation of the SIR.

The complaint notes that "National Grid cites three cost drivers to support the Cost Increase: (1) use of external contractors; (2) cost escalation in materials since the CESIR Studies were issued; and (3) addition of sales and income taxes not included in the original CESIR Study. National Grid's use of external contractors, in particular, caused final labor costs to more than double the original estimate. National Grid incurred these costs without any direction from, or notice to, Nexamp."

In addition to these cost drivers, Nexamp's complaint highlights the unreasonably high overhead charges being applied to projects, including for outside services and equipment purchases. NYSEIA agrees with Nexamp's position that equipment cost increases should not automatically entitle National Grid to charge additional overhead using a percentage-based formulaic approach. It defies logic to require a solar project to pay for tens of thousands of additional dollars toward National Grid's organizational overhead because the cost of a transformer increased; in such an instance, the true overhead cost incurred by National Grid to complete the project would remain unchanged. Additionally, it is inappropriate for National Grid to charge the same overhead rate for internal work it directly manages and that of external contractors. Close scrutiny of National Grid's application of overhead charges is needed.

With regard to National Grid's request that Nexamp set aside the full amount requested by National Grid in an escrow account while the conflict is mediated, NYSEIA vehemently objects to this request, which flies in the face of the SIR and due process. Utilities have the burden of proof to demonstrate the necessity of any costs they incur in excess of their "good faith cost estimate" provided in the CESIRs. Requiring an interconnection customer to pay for National

Grid's cost overruns before they present such proof and while a complaint is under consideration would set a dangerous precedent. NYSEIA reminds the Commission that these requested funds are in addition to the 15% contingency that, pursuant to the SIR can be charged prior to the completion of a distribution upgrade. A "guilty until proven innocent" approach toward resolving disputes through the reconciliation process will undermine investors' confidence in Interconnection Agreements with New York utilities and harm New York's ability to cost-effectively leverage private capital to finance clean energy infrastructure in the State. NYSEIA urges the Commission to dismiss this request outright and remind National Grid that, as the party that incurred cost overruns in excess of the allowable contingency, they have the burden of proof if they want to recover more than the amount in the CESIR that was the basis for the Interconnection Agreement.

IV. The Commission Should Establish Guardrails to Protect DER Developers and Ratepayers from Uncapped Utility Cost Overruns and to Ensure that New York Maximally Leverages the Federal Investment Tax Credit

As a practical matter, clean energy companies cannot finance projects that include a blank check for utility cost overruns. If New York does not establish guardrails to protect against uncapped utility cost overruns, this risk will negatively impact DER developers, financiers and ultimately ratepayers. Retroactive invoices for utility cost overruns have a clear, linear negative impact on DER developers and financiers. However, the harm to ratepayers is also significant; if DER developers and financiers cannot rely upon utility cost estimates or signed Interconnection Agreements in New York, it will deter investment in New York and ultimately increase the cost of capital for clean energy development in the State. Additionally, the higher interconnection costs will negatively impact the economics of proposed community solar and retail BESS projects, requiring greater ratepayer investment to achieve the same levels of deployment.

The good news is that these negative outcomes are not preordained, and the Commission can take immediate action to address the underlying issue of utility cost overruns for distribution upgrades. In February 2024, NYSEIA filed a petition under Case 24-E-0621 that seeks to provide greater transparency and cost certainty for DER interconnection in New York State. This petition underwent the required public comment period pursuant to SAPA, and the Commission can act on the petition any time. NYSEIA's petition requests that the Commission:

> *1) direct New York's utilities to increase the level of detail in cost estimates for distribution upgrades; 2) modify the Standardized Interconnection Requirements (SIR) to turn the 15% allowable contingency that can be included in the utility's Coordinated Electric System Impact Review (CESIR) cost estimates into a hard cap on an interconnection customer's final cost for distribution upgrades, provided that these upgrades are not unduly delayed by the interconnection customer; 3) direct New York's*

Investor-Owned Utilities (IOUs) to publish their itemized actual costs for common distribution upgrades on an annual basis; and 4) direct New York's IOUs to provide interconnection customers with a detailed, itemized, clear statement of final costs for all distribution upgrade.[3]

These are common sense improvements to the SIR that will encourage utilities to generate accurate distribution upgrade cost estimates and to complete upgrades within their allotted budgets. The proposal will also pressure DER developers to advance their projects quickly, as cost-certainty would be contingent upon the DER project's timely advancement. Additionally, NYSEIA's proposal would not prohibit utilities from recovering prudently incurred costs for distribution upgrades that are in excess of their cost estimate for unforeseen circumstances; it would simply subject recovery for such overruns to the same level of regulatory oversight as the rest of the utilities' costs while shielding New York's clean energy programs from an uncapped risk program participants have no ability to control or manage. NYSEIA believes that this oversight will encourage utilities to more judiciously manage costs, ultimately delivering distribution upgrades and clean energy projects at a lower cost to ratepayers.

Finally, it is important to consider interconnection cost-certainty in the current federal policy context. The recent passage of HR1 by the United States Congress has created a series of near-term deadlines by which solar projects must commence construction (either by meeting the IRS' physical work test, or, in certain cases, the 5% cost test) or be placed-in-service. The phaseout of federal tax credits could significantly increase the cost of renewable electricity in New York State, and it is clearly in the public interest for New York to maximally leverage the federal ITC while it is available.

Improving interconnection cost-certainty is one of the most impactful near-term actions the Commission can take to ensure that New York maximally leverages the federal ITC. Strengthening interconnection cost-certainty will de-risk New York's DER project pipeline, enabling more projects to commence construction by July 3, 2026, thereby securing the federal Investment Tax Credit while it's still available. Improving interconnection cost-certainty will also make New York a more attractive market for independent power producers and developers with safe harbored equipment to invest over the medium-term, allowing community solar development in New York to continue well beyond July 2026 while still leveraging the federal ITC. Finally, establishing guardrails to protect against utility cost overruns will benefit New York's nascent but rapidly expanding retail battery energy storage system (BESS) market by preventing similar issues from arising in leading retail BESS markets, i.e., Con Edison territory.

[3]Case 24-E-0621. Petition of New York Solar Energy Industries Association Seeking Modifications to the New York State Standardized Interconnection Requirements to Provide Greater Transparency and Cost Certainty for New Distributed Generators and/or Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems. February 2025.

V. Conclusion

Nexamp's complaint has merit, and is symptomatic of a broader challenge facing New York's DER programs and industry. NYSEIA urges the Commission to grant Nexamp the requested relief and to affirm that utilities bear the burden of proof that cost overruns are justified and unavoidable prior to imposing any additional financial obligations on DER interconnection customers via the reconciliation process. Finally, we urge the Commission to address the underlying issue of interconnection cost-certainty by taking swift and decisive action on NYSEIA's February 2024 interconnection cost-certainty petition under Case 24-E-0621.

At a time when the federal government is taking actions that threaten to drive up electricity prices and undermine the clean energy industry and workforce, it is critical for New York to counter those actions with no-regrets initiatives to rein in costs and strengthen the foundation for New York's distributed solar + storage industry and our nation-leading clean energy programs. Advancing interconnection cost-certainty will allow New York to leverage more federal funding through the ITC and lower the cost of clean energy projects for New York ratepayers. It will also strengthen New York's SIR and lay the groundwork for New York to continue deploying cost-effective DER, delivering meaningful progress toward New York's clean energy and affordability goals.

Thank you for your consideration of this important matter.