

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

Proceeding on Motion of the Commission)
to Implementation a Large-Scale) Case 15-E-0302
Renewable Program and a Clean Energy)
Standard.)

In the Matter of New York Independent)
System Operator, Inc. Proposed Public) Case 22-E-0633
Policy Transmission Needs for)
Consideration for 2022.)

**NYSEG AND RG&E COMMENTS ON
COMMISSION NOTICE SOLICITING COMMENTS REGARDING
UTILITY OWNERSHIP OF RENEWABLE GENERATION**

New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E) (collectively, the Companies) submit these comments in response to the State of New York Public Service Commission’s (Commission) January 27, 2026, *Notice Soliciting Comments*¹ regarding utility ownership of renewable generation.²

I. Introduction

On October 31, 2025, the Companies submitted comments on utility-owned generation in response to the Commission’s July 30, 2025, *Notice Soliciting Comments*³ (the “October comments”). As noted in those comments, the State faces a pressing need to accelerate renewable deployment. This past winter’s extended cold snap highlighted that need, as the New

¹ Case 22-E-0633, *In the Matter of New York Independent System Operator, Inc. Proposed Public Policy Transmission Needs for Consideration for 2022*, Notice Soliciting Comments (issued January 27, 2026) (Notice).

² Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Order Adopting Clean Energy Standard Biennial Review as Final and Making Other Findings, (issued May 15, 2025) (Biennial Review Order), pp. 65-66.

³ Case 22-E-0633, *In the Matter of New York Independent System Operator, Inc. Proposed Public Policy Transmission Needs for Consideration for 2022*, Notice Soliciting Comments (issued July 30, 2025).

York Independent System Operator (NYISO) system relied heavily on dual-fuel generation and imports from the Pennsylvania-New Jersey-Maryland (PJM) interconnection and other neighboring regions to maintain reliability, underscoring the urgency of expanding in-state renewable resources.

Despite the New York State Energy Research and Development Authority's (NYSERDA) competitive solicitations process, market-based procurements have not consistently resulted in the timely construction of renewable generation capacity required to stay on track with state targets. This shortfall reflects challenges driven by exogenous factors outside NYSERDA's control, including macroeconomic conditions and supply-chain disruptions that are well documented in this proceeding.

The persistent headwinds that the Companies identified in the October comments (including supply-chain volatility, financing pressures, and siting and interconnection challenges) continue to impact renewable development across the State. It remains exceedingly challenging for any market-based procurement mechanism to be designed with enough flexibility and resilience to manage these pressures while simultaneously securing large volumes of renewable generation and protecting consumers from excessive costs.

While the State should continue to rely on NYSERDA's market-based procurements as a pathway for large-scale renewable energy development, that approach alone will not maximize the probability of achieving its energy policy goals. More direct and complementary action is needed, beyond establishing competitive procurement rules and repeatedly revising them in response to emerging challenges that continue to drive significant attrition among contracted projects. As is discussed more fully below, the Companies strongly favor a regulated self-build

pathway for utility-owned renewable generation and believe that such approach is the means by which the Companies can best contribute to satisfying the state's clean energy goals via direct ownership of generation. However, given the scale of renewable generation needed in the coming decades, an all-hands-on-deck approach is warranted. The Commission may therefore wish to consider authorizing development under all proposed pathways to maximize the probability of meeting the state's targets.

To help the State achieve its energy policy goals and reduce the uncertainty inherent in market-based development, in the October Comments the Companies have proposed a regulated self-build pathway designed to complement, not replace, existing Commission-authorized procurement mechanisms, including NYSERDA's competitive solicitations and New York Power Authority (NYPA) public renewables program.⁴ A regulated self-build pathway would directly complement, rather than compete with, NYSERDA's solicitations by helping fill procurement gaps, accelerating project delivery, and providing a stable, utility-led backbone for achieving the State's long-term decarbonization goals. Under the approach proposed by the Companies, utility self-build projects would be fully regulated by the Commission, giving the State a more direct and reliable means of ensuring meaningful progress toward its clean energy objectives through regulated development of large-scale renewable generation resources.

The State should consider a regulated utility-owned self-build model as a means to accelerate progress toward its ambitious clean energy targets in addition to current pathways. The 2025 State Energy Plan⁵ recommends that the State evaluate authorizing utility ownership of clean energy resources. The Companies believe that a utility ownership self-build pathway can

⁴ L. 2023, Ch. 56, Part QQ codified in Public Authorities Law § 1005(27-a)(a).

⁵ New York State Energy Plan, December 2025, 01 Electricity, p. 68.

expedite the pace and cost-effectiveness of clean energy investments by leveraging a utility's proven ability to deliver large infrastructure projects in New York. We recognize that some parties in this proceeding continue to advocate against utility ownership of generation. At the same time, a number of stakeholders, including some renewable developers, acknowledge that a carefully structured, complementary pathway for utility-owned generation can coexist with contracted merchant development, provided that concerns related to customer protections and potential impacts on competitive generation are effectively addressed.⁶

In the Notice, the Commission poses the right questions to determine how its established regulatory framework can address the concerns raised and support a complementary pathway for utility-owned generation that advances the State's energy policy goals. With that framework in place, the Companies submit the Commission can effectively resolve the identified issues and regulate the successful coexistence of multiple procurement and ownership approaches as part of the all-hands-on-deck strategy needed to meet the State's climate targets.

Developing, building, owning, and operating Commission-regulated infrastructure is our core business. Our project delivery, procurement, compliance, and operation capabilities are already in place and can be applied directly to the development of regulated renewable generation. Where additional specialized expertise in generation development is needed, the Companies can readily retain and integrate those specialists into existing teams.

⁶ October 31, 2025 comments in Case 15-E-302 and Case 22-E-0633: NYSERDA comments at P. 2-7, EDF Power Solutions, Inc. comments at 2.

Below, the Companies provide responses to the Commission's questions in this proceeding, addressing the design and implementation of a complementary Commission-regulated self-build pathway for utility-owned renewable generation.

II. Responses to the Commission's Questions

- 1) Identify the financial impacts and risks to ratepayers of the various options proposed by BMR Energy (build transfer, develop transfer, or milestone-based transfer), Indicated Utilities (build transfer agreement), and New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation (self-build model) as described in response to the July Notice. To the extent possible, include potential ways in which the risks and or impacts could be avoided, mitigated, or managed.***

The self-build option has the lowest financial impact and risk to ratepayers.

A Commission-regulated utility self-build model offers a streamlined, cost-effective path to expand New York's renewable portfolio while preserving customer protections. Under traditional cost-of-service ratemaking and Commission regulation self-build aligns end-to-end accountability for development, construction, and lifecycle operations, and gives the Commission the ability to assess prudence and to adjust to external cost and schedule pressures without defaulting to project cancellation.

The Companies believe that the self-build model compares well with other procurement approaches as part of an all-hands-on-deck approach to satisfying the state's clean energy goals. Each mechanism has its own strengths, and a key strength of the utility self-build approach is that it can be achieved with a single entity (the utility) earning a return on investment, which would be financed at the utility's typically lower cost of capital, with savings flowing to customers through the revenue requirement.

In addition, projects originating through a self-build pathway are more likely to be incremental to those advanced through NYSERDA solicitations. Utility-led development would be approached through a different lens than that of non-regulated developers, with distinct considerations and priorities. When a utility develops projects from inception, it is more likely to focus on opportunities and site locations informed by local interest in incorporating renewables into their community. As a result, these projects are more likely to complement, rather than duplicate, the NYSERDA pipeline. This ground-up perspective on where, when and how to add renewable generation can help ensure progress toward the state's goals while minimizing overlap.

Absent the ability to transfer ownership to a utility, most developer-originated projects would continue to advance through NYSERDA's solicitations. While rules can be effectuated to prevent "venue shopping" for projects such that they cannot participate in both a NYSERDA solicitation and a utility Request for Proposal (RFP) for transferred projects, at the early development stages it is likely that many projects will be developed by non-regulated entities with a view towards keeping their options open until the point where they need to decide between NYSERDA solicitations or sale to the utilities.

Financial and risk management under a Commission-regulated self-build model

Ratepayer risks under a Commission-regulated self-build model can be effectively managed through established oversight tools designed to ensure that projects are developed and operated at the least cost to customers.

The Commission could authorize a project to proceed based on an approved cost-estimate band, with a requirement that the utility update the estimate and seek re-authorization if

pre-construction costs increase beyond a defined threshold before any significant ratepayer funds are committed (e.g., before entering into major equipment purchases or acquiring land). This gating framework allows the Commission to actively balance the risk of cost escalation (including the ability to halt a project if costs become unreasonable), against the risk of undermining project benefits to ratepayers or State policy goals when modest, justified cost adjustments would prevent project attrition driven by external factors such as supply-chain constraints or inflation. These controls would be reinforced by traditional prudence and reconciliation reviews in a dedicated cost-of-service proceeding, ensuring focused oversight without burdening general rate cases.

The Commission's ability to weigh impacts on ratepayers is an important step toward maintaining a steady pipeline of renewable generation, particularly at a time when market volatility could otherwise lead to widespread cancellations of fixed-price or indexed Renewable Energy Certificates (REC) contracts.

Additional Considerations

The current NYSERDA solicitation environment encourages developers to submit the lowest possible bids simply to secure an award, even when those bids may be too low to withstand challenges driven by external macroeconomic or supply-chain pressures.

Under the self-build option, projects would be developed by utilities on a true cost-of-service basis, ensuring that customers directly benefit from any reductions in project costs that arise from changing market conditions. For example, if supply-chain pressures ease or new tax credits become available, those savings would flow through to customers and lower the net cost of the project. Unlike fixed-bid models, where developers build in risk premiums and

retain any upside, any improvements in project economics under a cost-of-service approach would be passed directly to customers.

As with all Commission-regulated, rate-based projects, the Commission would retain full authority to conduct prudence reviews to ensure that costs were incurred reasonably. As noted above, the Companies propose using dedicated cost-of-service proceedings, separate from general rate cases, for this purpose.

As a matter of sound cost-management practice, utility self-build projects would rely on competitive procurement for construction services, equipment, materials, and engineering support. This approach maintains cost discipline by requiring the utility to solicit market-based bids for major project components. The Companies are particularly well positioned to secure favorable pricing through the global supply chain capabilities of their parent company, Iberdrola, S.A. As one of the world's largest renewable energy developers, Iberdrola's purchasing power and long-standing vendor relationships enable access to competitively priced equipment and materials, with the resulting savings flowing directly to customers.

2) ***What advantages and disadvantages would utilities face overall in terms of siting renewable projects that may not have been considered previously? Identify any potential shortcomings of the advantages described and any remedial action the utilities could take to address any disadvantages described.***

Utilities offer several advantages for siting large-scale renewable generation that can improve project viability, reduce total costs, and shorten development timelines:

- First, utilities maintain long-standing relationships with host communities, local leaders, and other stakeholders, along with a strong understanding of land-use constraints across their service territories. These relationships and insights allow utilities to anticipate

municipal considerations, tailor early outreach to community priorities, and identify high-probability development opportunities.

- Second, as long-term operators responsible for maintaining safe and reliable service, utilities have incentives aligned with siting renewable facilities in ways that remain compatible with community needs over the life of the asset. This alignment supports durable relationships, more efficient resolution of construction and operational issues, and responsible long-term stewardship of site impacts.
 - Third, utilities employ experienced internal and external teams who are well versed in New York’s siting and permitting processes, including reviews conducted by the Office of Renewable Energy Siting (ORES) and other state processes for major electric facilities. That experience, combined with established utility project-management capabilities, can improve application completeness and quality and reduce schedule risk.
 - Fourth, the Companies maintain a network of service centers across their service territories that can support efficient operation and maintenance of utility-owned renewable facilities sited in the Companies territory. Leveraging this existing footprint reduces response times, avoids duplicative overhead, and lowers ongoing O&M costs, which, under cost-of-service ratemaking, reduces the project’s revenue requirement to the benefit of customers.
- 3) ***Identify the potential of a utility to exercise vertical or horizontal market power related, but not limited to: (a) property ownership adjacent or in close proximity to beneficial interconnection assets; (b) decisions to build or upgrade facilities that increase hosting capacity or otherwise grow its rate base; (c) impacts on the function or structure of earning adjustment mechanisms; or (d) other traditional utility functions maintained by a utility after the unbundling of generation.***

Vertical market power (VMP) concerns can be effectively addressed through established Commission regulatory safeguards. These concerns are further mitigated by the fact that

utility-owned generation would participate in NYISO-administered markets as a price-taker. Because all market revenues would flow back to customers, utilities would have no financial incentive to engage in conduct that could distort market outcomes.

While property ownership or local knowledge of suitable land near beneficial system assets may give utilities an advantage in identifying viable sites, this is not an unfair advantage in the context of utility-owned generation, where market benefits ultimately flow to customers. Particularly, any utility-owned project would still be required to proceed through the NYISO interconnection process and be subject to the same allocation of system upgrade costs under NYISO's cluster interconnection rules. As a result, other generators may actually benefit from shared upgrade costs associated with a utility-owned project. Instances where this occurs would benefit customers.

Decisions to build or upgrade facilities that increase hosting capacity or otherwise expand a utility's rate base would remain subject to Commission regulation and oversight. The Commission would therefore retain full authority to review such investments for prudence and to assess any potential market power concerns.

Utility-owned generation would not impact the function or structure of earning adjustment mechanisms, the Companies propose that cost recovery for new utility-owned generation occur outside of traditional rate cases. Moreover, if recovery is administered through a mechanism operated by NYSERDA rather than through local utility rates, these projects would not be expected to affect existing earnings adjustment mechanisms.

4) How would the utilities provide certainty and transparency to ensure that their renewable energy project(s) are not unduly favored over other non-utility projects that

are further along in the Standardized Interconnection requirements queue and/or in a better position to be built more quickly?

The VMP concern related to the interconnection process is a red herring. The NYISO's process is transparent and does not allow a transmission owner to engage in self-dealing. NYISO, not the utilities, administers the large generator interconnection process, and it is highly unlikely that a utility could engage in self-dealing without it being immediately apparent to NYISO.

The NYISO interconnection process is a cluster process, not a serial one. Projects that enter earlier are included and studied in an earlier NYISO interconnection study cluster, but within each class year, projects are queued together. Because the queue operates as a class-year cluster, projects within the same class year are treated equally (there are no projects that are "further along" in the cluster than others).

The Federal Energy Regulatory Commission (FERC) Standards of Conduct would apply to utilities exercising the self-build option. Under these standards, utilities must maintain a strict separation between transmission employees and generation (market-function) employees and must implement "walling-off" procedures to prevent non-public transmission information, including the granting or denial of transmission service requests, from being shared with generation personnel. The Companies conduct required annual training on FERC's Standards of Conduct and have been recognized by the Ethisphere Institute for maintaining a best-in-class ethics and compliance program.

Taken together, the safeguards built into the NYISO interconnection process, along with the applicable FERC Standards of Conduct and the Companies' robust compliance programs,

ensure that no inappropriate self-dealing will occur to the detriment of other renewable energy developers.

- 5) *Under the build transfer agreement scenarios presented in comments (Indicated Utilities), the utilities would conduct statewide joint competitive solicitations and then purchase projects after they are successfully completed by developers. How would the utilities ensure that such solicitations would be competitive, and what criteria would be applied to determine if the winning bids were competitive regarding price and other factors?*

The Companies have no additional comments in response to this question.

- 6) *In response to the questions posed in the July Notice, commenters suggested a Milestone-Based Transfer in which the purchase of the project would occur through a series of milestone-based payments where the developer would be responsible for obtaining the land, interconnection, permits, and developing the energy performance contract prior to the utility transfer, while the utility would be required to make payments at each development milestone. What safeguards could the utility put in place to ensure completion of the project or limit/eliminate risk to ratepayers while making the milestone payments under this model?*

The Companies have no additional comments in response to this question.

- 7) *In its response to the questions posed in the July Notice, the Indicated Utilities (on page 20) stated that “the intermittency of large-scale renewables severely limits any market manipulation risk” and that if the utilities were to own co-sited energy storage in the future, “utilities would develop transparent operating rules in consultation with the Department of Public Service (DPS) that mitigate market power and that it would include rules that optimize providing value to the bulk power and transmission system rather than maximizing market revenues.” Specifically, prior to any DPS consultation, what criteria would be utilized to ensure that the operating rules would result in strategically optimizing the bulk power and transmission system rather than utility revenues?*

NYISO’s most recent System & Resource Outlook highlights the rapid pace of change across New York’s energy landscape and emphasizes that the evolving system “requires

continuous re-examining of how to efficiently and cost-effectively balance resources and demands". Energy storage resources, capable of both absorbing and injecting power rapidly, are uniquely positioned to address these challenges. Depending on system conditions at any point in time, a storage installation may operate as a transmission and distribution (T&D) asset, as a generation resource, or as a hybrid providing both functions.

Energy storage is a highly flexible asset class capable of delivering a wide range of system and customer benefits. Given this versatility, each storage installation should be designed around one or more primary use cases that address specific system needs, while retaining the flexibility to serve alternate functions when appropriate. This project-specific, needs-driven approach maximizes the value of storage resources and ensures that the resulting benefits flow directly to customers.

Examples of primary use cases for energy storage, tailored to local system needs, include, but are not limited to:

- Colocation with renewable generation: Storage sited alongside renewable resources can mitigate intermittency, improve market dispatch performance, and avoid system upgrades that may be required only during a limited number of hours each year, such as those driven by infrequent high-voltage events.
- Transmission system services: Storage can serve as a transmission asset to address localized voltage concerns or to provide reactive power and Voltage-Ampere Reactive (VAR) support.

- Peak shaving: Storage deployed for peak shaving can reduce load during periods of high demand and help manage transmission and distribution system constraints, including supporting asset deferral opportunities.

At the time a project is proposed for Commission approval, the utility would identify the primary intended use case(s), as well as any potential secondary uses, for each renewable generation installation that includes energy storage. The utility would provide an analysis demonstrating how the storage resource would be optimized across its primary and secondary functions to maximize transmission and distribution system benefits and overall customer value. Customers benefit when storage can be dispatched for alternate functions during periods when the primary use case is not required or when the secondary use yields greater value.

Consistent with the treatment of utility-owned generation and other utility assets, utilities should recover the full cost of service for storage installations and earn a reasonable rate of return. Revenues earned through NYISO market participation or other value streams should be credited back to customers. To encourage utilities to maximize wholesale market revenues during times when the storage asset is not needed for T&D reliability, the Commission could adopt a modest incentive mechanism. A revenue-sharing structure between customers and shareholders, similar to that approved in Case 18-E-0130⁷, would appropriately align incentives and ensure that market revenues are optimized for customer benefit when the asset is not performing a T&D function.

⁷ Case 18-E-0130, *In the Matter of Energy Storage Deployment Program* (Storage Proceeding), Order Establishing Energy Storage Goal and Deployment Policy (issued December 17, 2018), p55.

The NYISO wholesale market is designed to optimize bulk power system operations through competitive bidding from generators and storage resources. Any utility participation in these markets should fully comply with NYISO market rules, ensuring transparency and maintaining the efficiency and integrity of market outcomes.

8) *If Utility Owned generation were to be allowed, what approaches should be considered in order to optimally ensure projects are completed cost-effectively and timely. Identify the role competition should play, and how proposed approaches should be structured to leverage competition to arrive at least cost resources.*

A Commission-regulated self-build model can ensure cost-effective and timely development by applying established oversight tools, including upfront cost-estimate bands, re-authorization requirements when costs change, and dedicated cost-of-service proceedings for focused prudence review. As described above in response to question 1, this gating structure gives the Commission clear checkpoints to prevent unreasonable cost escalation while allowing measured adjustments that avoid unnecessary project attrition during volatile market conditions. A cost-of-service framework also ensures that any downward shifts in development costs, whether from easing supply-chain pressures or new federal or state incentives, flow directly to customers rather than being retained through risk premiums embedded in fixed-price bids.

Competition would be central to cost control under a self-build pathway. To ensure the utility self-build option fully leverages competitive processes to reduce costs, the Commission can require utilities developing renewable generation to maximize the use of competitive bidding for construction services and for materials and equipment procurement, whether conducted directly by the utility or by utilizing the competitive buying power that comes with being part of a larger global organization. This approach ensures that construction and material sourcing are disciplined by market competition, supporting least-cost project delivery.

To ensure that utility self-build projects are delivered at a cost to customers that is comparable to, or better than, the long-term costs associated with NYSERDA's market-based procurements, the Commission can undertake comparative cost analyses. For such comparisons to be accurate, the analysis should capture the full range of benefits associated with utility-owned generation, including those that accrue to customers after the expiration of competitively sourced REC contracts. It should also quantify the cost and environmental benefits that result from reduced project attrition under a utility-owned model. This comparative assessment should be performed at a time far enough into the future for the data to be meaningful and statistically robust, helping to avoid premature or misleading conclusions. The results can then inform future decisions on the optimal mix of procurement and ownership pathways.

For timely and improved cost transparency, the Commission could require semi-annual reporting on cost and schedule variances, similar to the reporting requirements applied to the transmission projects being developed by the Companies and other New York utilities in Case 20-E-0197.

III. Energy and Capacity Market Design

The Companies' response to all five questions posed by the Commission regarding Energy and Capacity Market Design is included in a separate filing by the Joint Utilities. The Companies have no additional comments regarding those questions at this time.

IV. Conclusion

For the reasons outlined above, NYSEG and RG&E respectfully request that the Commission give full consideration to utility-owned development of regulated large-scale

renewable generation. This model aligns with the State Energy Plan and can play a critical role in meeting New York's clean energy and climate mandates. We further encourage the Commission to permit utilities to submit proposed development plans for continued dialogue, stakeholder engagement, and Commission review. The Companies appreciate the opportunity to provide their perspective on this important matter, and we look forward to ongoing collaboration with the State advances its energy transition.