NEW YORK STATE
PUBLIC SERVICE COMMISSION

In the Matter of Timely Interconnection of Distributed Energy Resources	))))	Case 24-E-0415
In the Matter of Modifications to the New York State Standardized Interconnection Requirements and Application Process for New Distributed Generators and/or Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems	))))))	Case 24-E-0621

Comments of New York Solar Energy Industries Association in Response to the January 2026 Staff Proposal Regarding Distribution Upgrade Cost Estimation Transparency

I. Introduction

On January 16, 2026, the New York State Department of Public Service filed a proposal to increase transparency in cost estimating by electric utilities under the Standardized Interconnection Requirements (SIR) and Application Process for New Distributed Generators and/or Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems. The Staff Proposal seeks to increase transparency into utility cost estimating practices and to formalize the process by which the utility Cost Matrix is updated and incorporated into the SIR. New York Solar Energy Industries Association (NYSEIA) appreciates the opportunity to submit comments on the Staff Proposal, and we look forward to continued engagement with the Joint Utilities and Staff to improve interconnection cost estimation and transparency.

Background

On July 16, 2024, pursuant to the Renewable Action through Project Interconnection and Deployment (RAPID) Act, the New York State Public Service Commission (Commission) issued a set of questions in this proceeding to assess utility compliance with timelines established in the SIRs. Subsequently, in response to concerns raised by Distributed Energy Resource (DER) developers in New York's Interconnection Policy and Technical Working Groups, the proceeding was expanded to examine utility practices for developing and communicating interconnection cost estimates.

In parallel with the RAPID Act proceeding, DER developers were struggling to navigate a sudden and unexpected change to National Grid's cost estimation methodology, which resulted in a ~71% increase to average interconnection costs for proposed solar and energy storage projects in the summer of 2024.[1] This issue highlighted the urgent need for New York to strengthen regulatory oversight of utility practices for

[1] National Grid. National Grid - DG cost estimate revision July 2024.xlsx. Transmitted on July 15, 2024

estimating the costs of distribution upgrades, as well as utility practices for managing their costs to avoid cost overruns and prevent retroactive imposition of unplanned costs onto DER developers.

On February 3, 2025, the utilities filed responses to the December 5, 2024, Notice Soliciting Comments regarding CESIR cost estimation practices. The utilities' responses explained how cost estimates for DER interconnections were prepared, managed, and reviewed. The utilities also provided information on how costs have changed over time, identifying key cost drivers such as supply chain constraints, inflation, and workforce limitations. In addition, the utilities described the procedures, methodologies, and tools used to develop the cost estimates. On January 10, 2025, Staff filed a proposal under Case 24-E-0621 proposing modifications to the SIRs to address cost estimation issues.[2] On February 14, 2025, NYSEIA responded to the January 2025 Staff Proposal and filed a petition seeking to address cost estimation, cost transparency and cost certainty for interconnection customer-funded distribution upgrades. From March through May of 2025, various parties submitted comments in response to the January 2025 Staff Proposal and NYSEIA's February 2025 Petition.

On January 16, 2026, Staff filed its latest proposal regarding utility cost estimation practices, and noted that "there is opportunity for improvement, particularly in the area of transparency."[3] Accordingly, the Staff Proposal seeks to improve transparency and consistency for utility cost estimation for interconnection customer-funded distribution upgrades.

II. Summary of DPS Proposal

The Staff Proposal asserts that "a consistent approach for communicating and updating common cost categories used in cost estimating would address the transparency concerns."[4] Staff notes that the Interconnection Technical Working Group (ITWG) worked collaboratively to develop an interconnection cost matrix, and that Staff believes this Cost Matrix is intended to serve as a transparency tool rather than a prescriptive cost model. According to Staff, New York utilities have agreed at the ITWG to maintain and update the cost matrix annually to ensure it remains accurate.[5]

Staff's Proposal references concerns raised by ITWG participants related to the level of transparency provided in SIRs cost estimates and final project reconciliation, restating that utilities present estimates as lump sum figures without itemizing major cost components such as labor, material, equipment or construction activities.

The Cost Matrix was developed collaboratively by Interconnection Technical Working Group (ITWG) stakeholders in July 2022. The Cost Matrix functioned as a transparency tool but lacked a regulatory framework to ensure the estimates were reliable and accurate. Since its formation the Cost Matrix underwent informal updates in 2024, 2025 and 2026. These updates were in response to developer concerns regarding cost estimation accuracy and utility cost overruns, whereby Staff representatives in ITWG facilitated an informal process to update Cost Matrix on an annual basis.

[2] Case 24-E-0621. New York State Department of Public Service. Staff Proposal. January 10, 2025.
[3] Case 24-E-0415. New York State Department of Public Service. Staff Proposal. January 16, 2026.
[4] Id.
[5] Id.

In this proposal, Staff recommends formalizing an annual process for utilities to update the Cost Matrix in the SIRs, ensuring that the benefits of the Cost Matrix endure, that greater transparency is offered, and that developers can rely on a predictable schedule of updates. In essence, Staff recommends that the SIRs be modified to require the utilities to publish the Cost Matrix developed through the ITWG, to present annual updates of the information to stakeholders, and to begin using the updated cost matrices in their cost estimating work on a fixed calendar date each year.

III. NYSEIA Comments on DPS Proposal

NYSEIA supports Staff's finding regarding the need for improved cost transparency for utility interconnection upgrades funded by DER interconnection customers. NYSEIA also agrees with Staff that the informal process of updating the Cost Matrix should be formalized and an annual cycle should be established. The Staff proposal seeks to improve transparency across three core areas: **Utility Cost Estimates, Cost Estimation Processes, and Actual Costs Expended by the Utility**.

The proposal to modify the SIRs to incorporate annual updates of the Cost Matrix, along with annual presentations to stakeholders on updates to cost estimation methodologies and assumptions represents a meaningful improvement. However, while the Staff proposal seeks to enable transparency into utility cost estimates and their estimation process, Staff intends for the Cost Matrix to serve as a transparency tool rather than a prescriptive cost model for CESIR studies. As a result, cost estimates provided to projects in CESIR studies can still potentially be disconnected and diverge significantly from the values reflected in the Cost Matrix.

NYSEIA respectfully recommendations incorporating additional transparency elements from NYSEIA's February 2025 Cost Transparency and Cost Certainty Petition[6] into this proposal to more comprehensively address issues of cost estimation, CESIR estimates, and actual costs. The NYSEIA Petition includes proposed SIR modifications to effectuate the general changes outlined in Staff's proposal. NYSEIA offers following feedback on how the transparency component of the proposed SIR modifications address issues identified in Staff's proposal.

A. <u>Standardize Cost Matrix Scope</u>

NYSEIA Position 1: The Commission should adopt the Staff Proposal to formalize the Cost Matrix in NY-SIR. NYSEIA supports Staff's proposal to update the cost estimates on a fixed calendar date each year, and urge the Commission to establish a fixed date by which: 1) Updated Cost Matrix is published; 2) annual updates are presented to stakeholders; 3) Stakeholder feedback and questions are addressed; and 4) The new Cost Matrix is formally adopted. The NYSEIA Cost Transparency and Cost Certainty petition includes SIR language that effectuates the recommendations in the Staff Proposal. Section V of these comments includes a slightly modified version of proposed SIR language for consideration.

[6] Case 24-E-0621. New York Solar Energy Industries Association. Petition Regarding Cost Certainty and Transparency for Distribution Upgrades. February 14, 2025

NYSEIA Position 2: The Cost Matrix should be the basis for CESIR study cost estimates. The Staff Proposal indicates that the Cost Matrix is principally intended to serve as a transparency tool rather than a prescriptive cost model. NYSEIA supports greater transparency, however, the Cost Matrix must be applied to cost estimation in order to be useful. For example, if a utility indicates an approximate cost in dollars-per-mile for reconductoring in the Cost Matrix, and this estimate is based on the utility's best estimate, NYSEIA's expectation is that this same figure will be used for CESIR study cost estimates during the year, until a new Cost Matrix is published, vetted and adopted. We appreciate that the Cost Matrix does not account for project-specific nuances that could influence cost estimates; however, the unit price of major items in the Cost Matrix should not vary those used in cost estimates generated within the same year. NYSEIA recommends adopting a prior Staff proposal[7] requiring that utility provided CESIR estimates be based on the information published in the utility's Cost Matrix. This would ensure the transparency enabled by the Cost Matrix is accurate and related to CESIR estimates.

NYSEIA Position 3: The Commission should prevent retroactive changes to interconnection cost estimates. While the Cost Matrix, and newly generated utility cost estimates should be updated annually to reflect current costs, CESIR estimates, which are the basis for interconnection agreements, non-refundable deposits, and project financing, should be valid for at least 36 months, consistent with the typical development timeline for large DER. To shield DER customers from frequent cost volatility, NYSEIA recommends that the SIR prohibit utilities from reissuing CESIR estimates within this 36-month period or in cases when a project has mobilized for construction, unless an updated estimate is explicitly requested by the interconnection customer.

NYSEIA Position 4: The Commission should authorize a formal annual regulatory process to update the Cost Matrix, including the opportunity for discovery. Through the informal process, it is common for neighboring utilities to have materially different costs and assumptions for the same scope of work. It is also common for costs to increase materially without the utility providing documentation justifying the increased expense. Utility cost estimates are the basis for binding contracts (interconnection agreements), non-refundable deposits under the SIRs, and multi-million dollar investments in clean energy infrastructure in New York State. Applying a greater level of regulatory oversight over utility cost estimation practices and assumptions will ensure that estimates are as accurate as possible. NYSEIA recommends that the "Cost Matrix" undergo an annual cycle of public review, analysis/discovery, and a public comment period before adoption by the Commission. This additional transparency will allow DPS Staff and other stakeholders to identify discrepancies among the utilities' costs and to raise issues regarding accuracy before an updated Distribution Upgrade Cost Matrix is adopted for use by the utilities in their cost estimation process.

NYSEIA Position 5: The Commission should direct New York utilities to use uniform approaches to the presentation of costs in the Cost Matrix. Currently, utilities have different approaches to applying the 15% contingency and sales tax in the Cost Matrix. Some estimates include a contingency and sales tax, while others report the estimated cost of the scope of work, and directly apply contingency and taxes separately in CESIR estimates. Additionally, some utilities provide average per unit pricing, whereas

[7] Case 24-E-0621. Staff's Proposed Modifications of Cost Estimation Provisions in the SIRs. January 10, 2025

others provide wide ranges that are not particularly useful. NYSEIA recommends that all elements in the Cost Matrix be clearly defined and uniform across the utilities.

B. Establish Minimum Transparency Requirements and Standardization for CESIR Estimates

NYSEIA Position 1: The Commission should require utilities to itemize CESIR costs. Currently, the Joint Utilities tend to aggregate their cost estimates for specific equipment and work to general line items before they are shared with interconnection customers in CESIR study results. Rather than aggregating this data, NYSEIA urges the Commission to direct New York's utilities to provide a detailed, itemized cost estimate with CESIR study results. The cost estimate should include equipment type, quantity/units (e.g. linear feet), technical specifications, and estimated internal and subcontract labor costs. CESIR cost estimates should disclose labor cost assumptions, including whether overtime or base rates are applied.

NYSEIA Position 2: CESIR cost estimates should be based on standard internal or contractor labor rates routinely applied to all distribution system capital projects, and should not automatically include potential overtime charges. In cases where it is not feasible for distribution upgrade work to be completed by utility personnel, utilities should be expected to procure a reasonable labor rate based on the scope of work defined in the CESIR. Overtime and contractor cost adjustments should only be allowable when a developer requests an accelerated timeline, or requests work outside the defined scope (e.g., extra design work to relocate a pole at the request of a local municipality). Application of overtime or contractor cost adjustments should require explicit written developer approval before the developer's funds are spent. Otherwise, the utility should either perform the work internally or secure a contractor at a cost reasonably aligned with the original CESIR estimate.

NYSEIA Position 3: The 15% contingency should only be applied to material and labor costs. In general, "a contingency is a predetermined amount or percentage of the contract held for unpredictable changes in the project."[8] Utility overhead costs are calculated on a monthly or annual basis by each utility, but are highly predictable and do not vary in a manner that is unpredictable. The typical 15% contingency is excessive in this case, and should not be applied to overhead cost. By limiting the application of contingency to elements of the scope that are most likely to change based on external factors, the Commission can help ensure that CESIR estimates are transparent and reasonable, and avoid unnecessarily large deposits that increase financing charges and other costs for DERs in New York.

C. Establish Minimum Transparency Requirements for Reconciliation Statements

Staff's Proposal correctly identifies the lack of transparency in project reconciliations. While the proposed modification to the SIRs would improve transparency in the Cost Matrix and estimation process, it does not address the larger issue of transparency into actual utility expenditures. Reconciliation statements are typically presented as lump sum figures without itemization of major cost components such as material, equipment, labor, and overhead. It is not reasonable for utilities to request that DER developers make payment for utility cost overruns if they are not adequately documented.

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[8] Hart, David, FAIA. Managing the contingency allowance. American Institute of Architects. https://www.aia.org/resource-center/managing-the-contingency-allowance. November 30, 2023.

NYSEIA Position 1: **The Commission should require the utilities to itemize and differentiate material cost, internal labor costs and contractor labor costs in a reconciliation statement**. The utility reconciliation statement should include an itemized breakdown of all costs incurred to complete distribution upgrades, including equipment, labor, and any other directly allocable costs with a granular breakdown of all equipment units, utility work hours and subcontracting work hours.

NYSEIA Position 2: The Commission should direct utilities to explain the root cause of cost overruns. In cases where the utility's actual costs to complete interconnection work exceed the CESIR cost estimate, the utility should provide a narrative explaining why the final cost deviated from their estimate, and why it was necessary for the utility to spend some or all of the contingency. Having imprecise reconciliation statements creates the need for challenges and disputes as well, further burdening utility, DPS, and developer resources. Additionally, DER developers should not find out about utility cost overruns at the time of reconciliation; the utility should proactively inform the DER interconnection customer prior to incurring costs that are likely to result in cost overruns, and any such costs should only be incurred after the utility receives explicit written approval from the DER developer. Lastly, any increase to equipment or labor costs should not result in corresponding increases to utility overhead cost allocation. If the utility cannot itemize and directly attribute any increase in overhead to the specific project, such costs should not be eligible for recovery from the DER interconnection customer. Allowing such unsubstantiated overhead adjustment further exacerbates the cost impact on projects and undermines their ability to fund actual costs that are directly attributed to the specific project. This disallowance should require utilities to track and itemize all costs they seek to recover from DER interconnection customers.

D. Greater Cost Certainty Is Needed

In addition to the recommendation put forward by Staff, which will improve cost transparency, NYSEIA urges the Commission to take action to improve cost-certainty. CESIR cost estimates are the basis for interconnection agreements, non-refundable deposits, and multi-million dollar investment decisions. Cost estimates that are generated through the robust SIR process envisioned by Staff and that include a 15% contingency should be firm for at least 36 months, as proposed in NYSEIA's February 2025 petition. By including a contingency and a time limitation, the Commission can protect ratepayers from the risk of cost overruns while providing greater certainty to DER developers and financiers so they can justify continued investment in New York projects. NYSEIA's Cost Transparency and Cost Certainty petition has already undergone a full SAPA period, with robust public comments in 2025, so there is no regulatory or procedural barrier preventing the Commission from taking action on cost-certainty in conjunction with the Staff Proposal to improve cost transparency.

IV. Conclusion

New York's SIRs are foundational to the State's most successful clean energy sector. Improving utility cost estimation and providing greater transparency into utility distribution upgrade costs will strengthen New York's interconnection process and reduce friction between DER developers, utilities and Staff at the time of project reconciliation. The Staff Proposal will improve cost estimation and transparency. For the reasons outlined above, NYSEIA urges the Commission to adopt the Staff Proposal, with the modifications described in these comments. Thank you for the opportunity to provide input on this important matter, and for the Department's continuing efforts to improve interconnection through the collaborative working groups and through these and other regulatory proceedings.

V. Proposed SIR Language to Effectuate the Staff Proposal

NYSEIA offers the following proposed SIR redlines to effectuate the DPS Staff Proposal:

Section C, Step 3: Potential Applicant Files an Application

A completed application shall be placed in the utility's interconnection queue. If the required documentation is presented in this step, it will allow the utility to move to Step 4 and perform the required reviews and allow the process to proceed as expeditiously as possible.

Any cost estimates provided by the utility using the following procedures shall be based on the information published in the utility's cost estimating matrix, as provided at Step 6 below.

The utility will refund any advance payments for services or construction not yet completed should the applicant be removed from the utility's interconnection inventory. If the costs incurred by the utility exceed the advance payments made by the applicant prior to removal from the interconnection inventory, the applicant will receive a bill for any balance due to the utility.

Section C, STEP 6: Utility Completes the CESIR

The CESIR will consist of two parts:

1) *a detailed review and explanation of the impacts to the utility system associated with the interconnection of the proposed system, and*
2) *a detailed review and explanation of the proposed system's compliance with the applicable criteria set forth below.*

A CESIR will be performed by the utility to determine if the proposed generation on the circuit results in any protective coordination, fault current, thermal, voltage, power quality, or equipment stress concerns.

The CESIR shall be completed within sixty (60) Business Days of receipt of the information set forth in Step 5. For systems utilizing type-tested equipment, the time required to complete the CESIR may be reduced. The utility shall complete the CESIR within sixty (60) Business Days, absent extraordinary circumstances, following authorization, receipt of the CESIR fee, and complete information set forth in Step 5. If the applicant fails to provide the utility authorization to proceed, CESIR fee and information requested within thirty (30) Business Days, the interconnection request shall be removed from the queue and no further action on the part of the utility is required.

The applicant and the utility may agree to allow up to an additional forty (40) Business Days beyond the time specified above for completion of the CESIR, provided that no other application is adversely impacted.

Upon completion of the CESIR, the utility will provide the following, in writing, to the applicant: 1. notification of whether the proposed system meets the applicable criteria considered in the CESIR process;

2. utility system impacts, if any;

3. a description of where the proposed system is not in compliance with these requirements;

4. detailed description of reasoning and justification for any system upgrades and associated equipment deemed necessary for interconnection of the project; this detailed description of system upgrades shall include a scope of work with an itemized list that includes technical specifications and quantities of all equipment and an estimate of labor hours associated with installing each component of the required upgrade;

5. a good faith, detailed estimate of the total cost of completion of the interconnection of the proposed system and/or a statement of cost responsibility for any system upgrades and associated equipment deemed necessary for interconnection of the project~~;~~. This detailed cost estimate shall include the itemized costs of all equipment including technical specifications, labor rates, and any other direct costs attributable to the distribution upgrades. Indirect costs and overheads shall not be allowable cost categories, however, actual costs that are commonly included in overhead rates may be included if they are itemized and demonstrably attributable to the distribution upgrade scope of work. Any costs that would be incurred by the utility if not for the distribution upgrade shall not be included in CESIR cost estimates and shall not be recovered from interconnection customers. Additionally, the figures in the utility's Distribution Upgrade Cost Matrix in effect at the time of the interconnection application submission must be the basis for the utility's cost estimate; and

6. a Qualifying Upgrade Disclosure, if applicable

Appendix E sets forth the responsibility each applicant shall have with respect to the actual cost of the system upgrades and equipment necessary for the interconnection of the project. Utility cost estimates provided in the CESIR shall ~~be~~ detail~~ed~~ equipment type, quantity/units (e.g. linear feet), technical specifications, and all applicable internal and subcontract labor costs and broken down by specific equipment requirements, material needs, labor, overhead, and any other categories or efforts incorporated in the estimate. Utility cost estimates provided in CESIR shall not include any overhead or costs that cannot be itemized by the utility. The utility may include a contingency with the cost estimate. Contingencies associated with the cost estimates shall not exceed 15%, and must be clearly identified as a line item on utility cost estimates.

The utility is expected to issue cost estimates that are valid for at least 36 months, as such the utility may not issue a revised CESIR estimate within this 36 month period or once the applicant has authorized the utility to commence construction of the distribution upgrades. The utility may issue a revised cost estimate after the 36 month period if the project has not yet authorized construction, or upon receiving a written request to revise the CESIR estimate.

Each utility shall publish on its website a "Distribution Upgrade Cost Matrix" identifying the estimated cost of the equipment typically required to interconnect DG projects, including equipment necessary to construct system modifications. Each utility shall update its cost matrices at least annually, by January 31 of each year to reflect the utility's most recent actual costs. The utility may provide ranges for estimated costs such that ranges are appropriate median of the sample costs. Utility cost estimates provided in the CESIR shall be based on the same cost information used to develop the "Distribution Upgrade Cost Matrix" in effect at the time of delivery of the CESIR. The "Distribution Upgrade Cost Matrix" should be itemized into equipment, labor, overhead and any other cost categories applicable to the CESIR. All Cost Matrix estimates should represent the base cost and not include contingency and taxes. Annual distribution upgrade cost filings shall be accompanied by cost data and workpapers so DPS Staff and interested parties can review and validate the filings for accuracy. Upon issuance of a new Cost Matrix, the cost matrix will undergo SAPA Notice to solicit stakeholder questions and concerns.

At any time the utility expects to incur costs that are likely to exceed CESIR estimates the utility shall disclose this information to DER customer and seek written approval prior to incurring the new costs.

A utility may not revise a CESIR after it has been delivered to the applicant without the applicant's consent, except as provided in Section H.

Section C, STEP 11: Final Acceptance and Utility Cost Reconciliation

Except as provided in Appendix E, final project costs shall be reconciled pursuant to this section. If the utility witnessed the verification testing, then, within ten (10) Business Days of the completion of such testing, the utility will issue to the applicant either a formal letter of acceptance for interconnection or a detailed explanation of the deficiencies in the installed DG system, ESS, or Hybrid Project. If the utility did not witness the verification testing, then, within ten (10) Business Days of receiving the written test notification from Step 9, the utility will either issue to the applicant a formal letter of acceptance for interconnection, or will request that the applicant and utility set a date and time to witness operation of the installed DG system, ESS, or Hybrid Project. This witnessed verification testing must be completed within twenty (20) Business Days after being requested. Within ten (10) Business Days of the completion of any such witnessed testing, the utility will issue to the applicant either a formal letter of acceptance for interconnection or a detailed explanation of the deficiencies in the installed DG system, ESS, or Hybrid Project. Within sixty (60) Business Days after issuance of the utility's formal letter of acceptance, ~~or submittal of final as-built drawings to the utility, whichever occurs last,~~ the utility shall prepare and submit to the applicant a final reconciliation statement of its actual costs less any CESIR and construction advance payments made by the applicant. The reconciliation statement shall include an itemized costs breakdown of all costs incurred to complete distribution upgrades, including equipment, labor and overhead with a granular breakdown of all equipment units, utility and subcontracting labor hours, their hourly rates and if applicable escalations to hourly rates. Within twenty (20) Business Days after delivery of the reconciliation statement, the applicant will receive either a bill for any balance due or a reimbursement for overpayment from the utility as determined by the utility's *reconciliation. The applicant may contest the reconciliation with the utility. If the utility's final reconciliation invoice states a balance due from the applicant, unless it is challenged by a formal complaint interposed by the applicant, it shall be paid to the utility within thirty (30) Business Days or the utility reserves the right to lock the generating system offline. If the utility's final reconciliation invoice states a reimbursement for overpayment to be paid by the utility, unless the reimbursement amount is challenged by a formal complaint interposed by the applicant, it shall be paid to the applicant within thirty (30) Business Days. If the applicant is not satisfied, a formal complaint may be filed with the Secretary to the Commission.*