STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

Solar + Storage Parties Comments Re: Department of Public Service Staff Proposal for Managing DER Project Construction Version 2 Filed on November 18, 2025

I. Introduction

On September 24, 2025, the New York State Department of Public Service (DPS) filed a staff proposal ("Staff Proposal") with new proposed rules to manage the timely interconnection of distributed energy resources (DER). The Staff proposal was developed in direct response to the enactment of HR1 by the United States Congress and President, as well as the subsequent issuance of US Treasury Guidance that codifies cascading "commence construction" and "placed-in-service" deadlines associated with the rapid phase out of the federal Investment Tax Credit (ITC) for wind and solar projects. On November 18, 2025, Staff filed an updated proposal that incorporates some of the input provided by stakeholders on earlier drafts of the proposal. DPS Staff's stated purpose with this proposal is "to provide additional certainty for both interconnection applicants and the interconnecting utilities on scheduling the work necessary to bring projects into service. This additional certainty will help ensure that the utilities organize their resources to complete projects that qualify for federal tax credits on time."[1]

New York Solar Energy Industries Association (NYSEIA), New York Battery Energy Storage Technology Consortium (NY-BEST), Solar Energy Industries Association (SEIA), and Coalition for Community Solar Access (CCSA), collectively referred to herein as the "Solar + Storage Parties", sincerely appreciate this effort by the Hochul Administration and DPS, which seeks to maximize New York's leverage of the federal ITC by improving interconnection timeline certainty for ITC-eligible projects. The Solar + Storage Parties share this goal. The Solar + Storage Parties are also sympathetic to the needs of New York's utilities, who must plan for and execute distribution upgrades to enable these distributed energy resources (DER) to safely and reliably interconnect on-time. Our core objectives with this set of industry comments are to: 1)

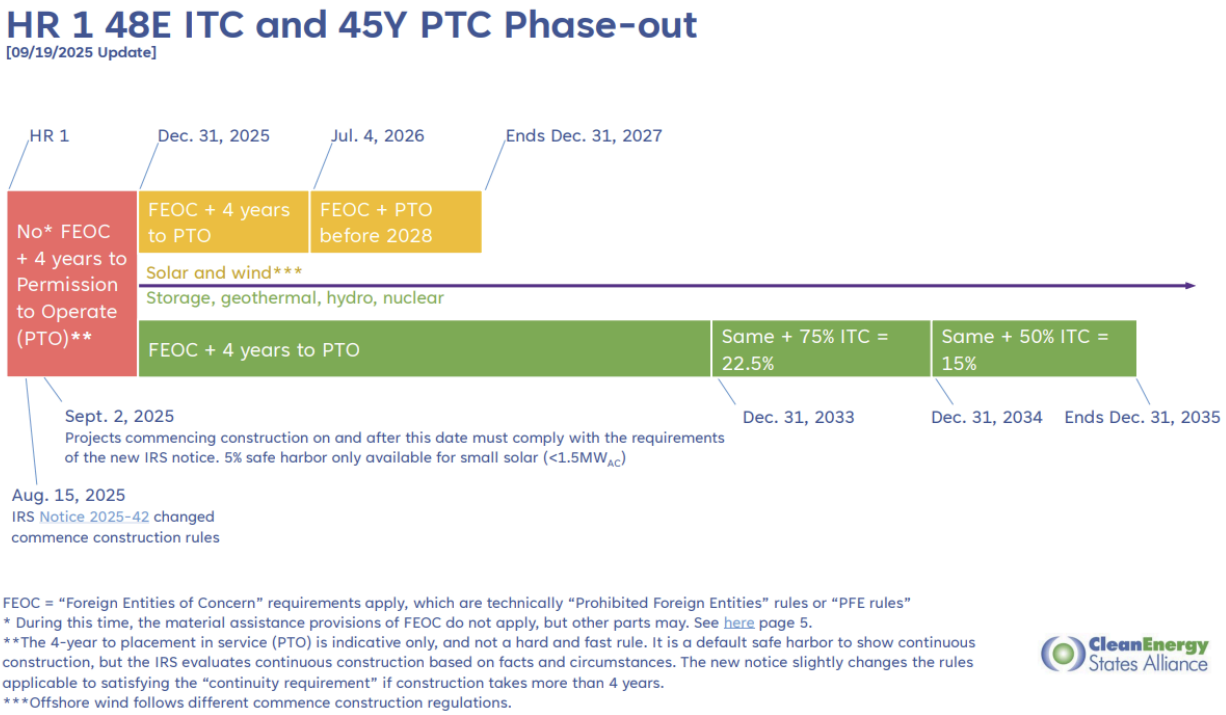
[1] Case 24-E-0621. In the Matter of Modifications to the New York State Standardized Interconnection Requirements and Application Process for New Distributed Generators and/or Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems. Department of Public Service Staff Proposal for Managing DER Project Construction Version 2. November 18, 2025.

clarify certain ITC qualification requirements; 2) provide Staff and the Commission with information about potential unintended consequences of the Staff proposal and; 3) offer suggestions for how DPS and the Commission can improve upon the Staff proposal, and ultimately enable more ITC-eligible DER to be deployed in New York while strengthening the New York State Standardized Interconnection Requirements (SIR) to benefit all future projects.

II. Background

HR1 phases out the federal ITC for solar energy and wind energy projects earlier than previously authorized under the Inflation Reduction Act while maintaining the ITC for battery energy storage systems (BESS), albeit with increasingly restrictive limits on content from Foreign Entities of Concern (FEOC), principally China, starting in 2026. HR1 imposes a series of cascading ITC qualification deadlines for solar and wind projects based on when the projects "commence construction" or are "placed-in-service".

The following graphic shows these cascading deadlines, with the top section for solar and wind and the bottom section for energy storage and other technologies:



Source: Clean Energy States Alliance. HR 1 48E and 45Y PTC Phase-out. September 19, 2025.

In general, solar projects must either commence construction by July 4, 2026 or be placed-in-service by the end of 2027 in order to qualify for the ITC. In general, projects that are placed-in-service by the end of the fourth calendar year after they commence construction

automatically satisfy the continuous construction requirements and therefore qualify for the ITC. However, there are numerous ways that solar projects can commence construction, and in certain cases projects can still satisfy the continuous construction requirements and qualify for the ITC even if they are placed-in-service more than four years after construction commencement. Furthermore, it is important to recognize that HR1 established limitations on Chinese content via Foreign Entities of Concern (FEOC) restrictions that tighten annually between 2026 and 2030 for solar and energy storage projects, driving both safe harbor and placed-in-service ITC deadlines which are four years after the FEOC safe harbor date. An energy storage project that qualifies for the ITC in 2026 may not qualify in 2027 due to tightened FEOC restrictions, resulting in the need for the project to safe harbor in 2026 and be placed in service by 2030. These nuances are important for the Commission to understand as it considers the Staff Proposal.

A. Commence Construction

There are two ways that solar projects can meet the IRS definition of having commenced construction for ITC qualification purposes: the Physical Work Test or the Five Percent Safe Harbor, as detailed in Notice 2018-59[2] and subsequent guidance.

Under the Physical Work Test, "a taxpayer may establish the beginning of construction by starting physical work of a significant nature." The notice further explains that this is not limited to onsite work, and certain offsite work, including the manufacturing of custom equipment such as transformers, counts for the purpose of the Physical Work Test:

> *Construction by Contract. For components of energy property that are manufactured, constructed, or produced for the taxpayer by another person under a binding written contract (as described in section 7.03(1) of this notice), the work performed and amounts paid or incurred under the contract are taken into account in determining when construction begins, provided the contract is entered into prior to the work taking place or the amounts paid or incurred.*

HR1 and the subsequent US Treasury Guidance leave the Physical Work Test largely unchanged. The Treasury Guidance issued in August 2025 states that "both off-site and onsite work (performed either by the taxpayer or by another person under a binding written contract) may be taken into account for purposes of demonstrating that physical work of a significant nature has begun." The Guidance further clarifies that "off-site physical work of a significant nature may include the manufacture of components, mounting equipment, support structures such as racks and rails, inverters, and transformers and other power conditioning equipment."[3] In some

[2] IRS. Notice 2018-59. Beginning of Construction for the Investment Tax Credit under Section 48. June 22, 2018.
[3] IRS. Notice 2025-42. Beginning of Construction Requirements for Purposes of the Termination of Clean

respects, the explicit inclusion of other components in the August 2025 Treasury Guidance is an expansion of the Physical Work Test, and could make it easier for some projects to qualify.

B. Five Percent Safe Harbor

IRS Notice 2018-59 states that a "taxpayer may establish the beginning of construction by meeting a safe harbor based on having paid or incurred five percent or more of the total cost of the energy property." Purchasing equipment and incurring other clearly documented project costs to satisfy the Five Percent Safe Harbor Test has been a common approach to satisfying the commence construction requirement for solar development for many years. It is common for ITC-eligible project developers using the Five Percent Safe Harbor to incur more than 5% of the total estimated project cost to account for the possibility of cost overruns and mitigate the risk that their safe harbor payments fall below the five percent threshold.

IRS Notice 2025-42, the updated guidance issued in August 2025, eliminates the option for the Five Percent Safe Harbor Test for solar projects above 1.5 megawatts-AC that commence construction on or after September 2, 2025 while maintaining this option for projects up to 1.5 MW-AC through July 4, 2026. This means that the Five Percent Safe Harbor option is available to all projects that incurred these costs before September 2025, often by procuring solar modules, inverters, transformers, or other equipment, and the option is still available for projects to 1.5 MW-AC though July 4, 2026.

C. Continuity Requirement

To maintain ITC eligibility, projects must maintain continuous construction after construction commencement. The simplest way to satisfy this requirement is to place the project in service by the end of the fourth calendar year after construction commencement. IRS Notice 2025-42, published in August 2025, states "if a taxpayer places an applicable wind or solar facility in service by the end of a calendar year that is no more than four calendar years after the calendar year during which construction of the applicable wind or solar facility began (Continuity Safe Harbor Deadline), the applicable wind or solar facility will be considered to satisfy the Continuity Requirement (Continuity Safe Harbor)." In order to satisfy this requirement, a project that commences construction in calendar year 2025 must be placed-in-service by the end of 2029 and a project that commences construction in calendar year 2026 must be placed-in-service by the end of 2030.

While the August 2025 Guidance *technically* allows for projects to maintain ITC eligibility in the case of certain delays outside the DER developer's control, these exceptions to the continuity

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Electricity Production Credits and Clean Electricity Investment Credits for Applicable Wind and Solar Facilities. August 15, 2025.

requirements do not guarantee ITC eligibility and present a significant risk. For the purpose of this proceeding the Solar + Storage Parties recommend that the Commission consider the end of 2030 a firm placed-in-service ITC deadline for projects that commence construction in 2026.

D. Placed-in-Service

Solar projects that start construction after July 4, 2026 can still receive the ITC if they are placed in service by December 31, 2027.

E. Implications of the Tax Credit Phaseout

The rapid phaseout of the federal ITC for solar PV projects has significant implications for DER in New York State. In general, solar companies are accelerating development activities to meet commence construction and placed-in-service deadlines, and there will be a rush to get projects that did not commence construction by July 4, 2026 placed-in-service at the end of 2027. Additionally, energy storage developers are accelerating development in order to commence construction before the end of calendar year 2025, when FEOC restrictions begin to take effect. The rush for energy storage projects to commence construction will continue in light of the annual increasing restriction to FEOC thresholds to qualify for the ITC.

Finally, solar and energy storage developers are also executing safe harbor strategies, i.e., commencing construction by contracting for equipment, which can meet either the Five Percent Safe Harbor or Physical Work Test. Safe harbor strategies are enabling some developers to secure large pipelines of early-stage projects, including many that will not show up in the DER interconnection queue between now and July 4, 2026. This is an important factor that influences the Solar + Storage Parties' recommendations to the Commission. In general, projects are seeking to interconnect as soon as possible, and within the four year window after construction commencement. We anticipate that HR1 will result in a large number of projects seeking to be placed-in-service in 2027, 2029 and 2030 depending on when they commenced construction.

III. Industry Feedback on the DPS Staff Proposal

Over the last two months, the Solar + Storage Parties have received significant DER industry feedback on each version of the DPS Staff Proposal disseminated since September through countless meetings, conversations, and surveys. The DPS Staff Proposal has evolved significantly over this time period. The following section summarizes the Solar + Storage Parties' key positions and feedback on the current DPS Staff Proposal. In short, the Solar + Storage Parties: A) oppose the Staff Proposal's creation of priority groups and additional interim deadlines, which impose new risks and uncertainty on DER development in New York; B) oppose the exclusion of Standalone BESS and the many other ITC-eligible projects that the Staff

Proposal excludes; C) strongly support the proposed enhancements to timeline transparency and certainty, and recommend they be expanded to all SIR projects; D) highlight the need for the Commission to authorize tools and practices to condense timelines and expedite interconnection; E) express concern regarding the significant administrative burden that creating and maintaining a master distribution upgrade work plan would impose on New York utilities; and F) recommend that the Commission take an extra month or two to get this proposal right rather than rushing a December Order.

A. Establishing Priority Groups and Additional Deadlines Creates New Risks and Uncertainty for DER Development in New York

While well-intentioned, several developers have raised concerns that the Staff Proposal will introduce new development risks and uncertainty that undermines their development pipeline in New York State. The DPS Staff Proposal establishes priority Groups A and B. Group A includes projects with no Cost Sharing upgrades that commence construction by July 4, 2026, whereas Group B includes projects that do have Cost Sharing upgrades and that make non-refundable deposits by July 4, 2026. As noted above, these priority groups will exclude many ITC-eligible projects.

DER developers do not have the full information necessary to assess the risk and impact of being deprioritized, but it is material. The Staff Proposal states that "Projects not included in either Groups A or B, and projects removed from Group A under these rules, shall be scheduled for construction and energization under the SIR, so long as no Group A or B project is delayed beyond its target in-service date thereby."

While this language asserts that the utilities must continue to follow the SIR, the Staff Proposal very clearly and intentionally prioritizes Group A and B projects over all others. Utilities are essentially being asked to prioritize a subset of solar projects over other solar projects and over all standalone BESS projects. Solar and energy storage developers have expressed major concern that having a project excluded from the proposed priority groups could result in excessive delays. Delays have a significant financial impact that can undermine project viability; financing interconnection deposits and development activities typically requires expensive capital, and delays tie up this capital for a longer period of time, eroding project values and imposing a significant opportunity cost on the developer and on New York State. Developers have also indicated that the mere possibility of being deprioritized in the interconnection queue based on the pending Staff Proposal has delayed their ability to close on financing for portfolios of projects that include both solar and energy storage assets. This should raise eyebrows at the Commission – financiers are more worried about the downside risk of New York materially modifying its interconnection queue than the upside benefit of providing a subset of projects with greater timeline certainty.

The Solar + Storage Parties strongly urge the Commission to avoid creating any priority groups, which inherently deprioritizes other projects, imposing new risks on ITC-eligible early-stage solar projects and retail BESS. We believe that eliminating priority groups can be done in a manner that maintains the spirit and core elements of the Staff Proposal, more effectively advances New York's objectives, and strengthens the SIR and its existing queue rules.

Additionally, for Cost Sharing projects, the DPS Staff Proposal creates a near-term deadline of March 15, 2026 by which "all developers who decide to continue to construction must make the full deposits required under the SIRs for both project specific and Qualifying Upgrade costs." The Staff Proposal continues to state that "Projects that do not make their deposits when due shall be removed from the queue without further action from the utility." Taken together, these two points effectively create a new risk that Cost Sharing projects will be removed from the queue if the DER developer is not ready to make a non-refundable Cost Sharing payment by March 15, 2026; a calendar date that may be sooner than a DER developer's current payment deadline under the SIR. We oppose the creation of this new March 15, 2026 payment deadline and urge the Commission to maintain the existing project-specific payment deadlines in the SIR.

B. The Staff Proposal Excludes Many ITC-Eligible DER

The DPS Staff Proposal would prioritize a subset of ITC-eligible DER, while deprioritizing other ITC-eligible resources. This could inadvertently negatively impact the viability of these projects, and undermine the intent of this proposal, which is to maximally leverage the ITC while it's available and deliver clean energy infrastructure to New Yorkers at a lower cost. From a project development and financing perspective, deprioritization is understood to allow and increase the likelihood of delays and timeline uncertainty which disincentivizes development of any new ITC eligible project that are excluded from priority groups. The Staff Proposal excludes the following ITC-eligible DER from the priority groups:

- Standalone BESS projects;
- Solar projects that commence construction by July 4, 2026 via Five Percent Safe Harbor or Physical Work Test, but reach SIR milestones at later dates than those identified in the DPS Staff Proposal; and
- DER that are targeting 2027 placed-in-service dates.

Based on New York's goal of maximally leveraging the federal ITC to build clean energy infrastructure in New York, the Solar + Storage Parties recommend that the Commission authorize a modified version of the Staff Proposal that supports the timely interconnection of all ITC-eligible projects.

C. Improved Timeline Certainty is Valuable for All DER

The Solar + Storage Parties truly appreciate the intent of the Staff Proposal, which would provide greater timeline certainty to a subset of DER. Greater timeline visibility/certainty is highly valuable to DER developers, and can also benefit utilities from a planning perspective. DER developers are constantly navigating deadlines as they work to advance their community solar and retail BESS development projects: deposit deadlines in the SIR; deadlines in land leases; deadlines from financiers; and deadlines from federal and state incentive programs. When timelines slip, it has a real financial impact on DER developers. Providing greater timeline visibility and certainty to DER developers, with target placed-in-service dates and clearly defined deposit release dates, will signal New York's commitment to improving timeline certainty, allowing more projects to commence construction ahead of tax credit deadlines so they can ultimately get constructed with federal support. Greater visibility and certainty will benefit all projects, including technologies that are not ITC-eligible but are subject to the SIR. Finally, providing greater timeline certainty will improve DER developers' and utilities' ability to efficiently plan and construct a large portfolio of DER and the associated distribution upgrades.

The Solar + Storage Parties are strongly supportive of the DPS Staff Proposal's directive for utilities to provide a "proposed in-service date" ahead of the project's "IRS in-service date" along with a "Release Date", defined as the date by which the "funds on deposit per the SIR must be released in order for the utility to achieve the target in-service date". As detailed later in these comments, we recommend that the Commission expand this proposed practice to all DER, including the many ITC-eligible DER that are not included in the DPS Staff Proposal. To achieve this, we similarly recommend that DER developers reach out to the utility with a "proposed in-service date", based on which a "target in-service date" and "Release Date" are provided by the utility. Similarly, for Cost Sharing upgrades, the utility could provide the DER developer with a "target in-service date" and an "outside mobilization threshold date", i.e., the date by which the mobilization threshold needs to be met for the utility to achieve the target in-service date.

D. New York Can Authorize Tools and Practices to Expedite Interconnection

In addition to providing DER projects with greater timeline certainly through target placed-in-service dates and deposit release deadlines, the Solar + Storage Parties urge the Commission to authorize tools and practices to expedite DER interconnection in New York so DER developers and utilities can meet placed-in-service deadlines. The DPS Staff Proposal includes a few passages that advance this objective, and we recommend that these be clarified and strengthened:

1. **Expedite Procurement of Long Lead-Time Items**

On Page 2, the Staff Proposal states that "an applicant may release its deposit in whole or in part at any time prior to the Release Date for the utility to start procurement of long lead time equipment." This is already true pursuant to the SIR. However, it is common for utilities to wait for many months after the developer authorizes them to expend their deposit and procure long lead time equipment before placing these equipment orders. In some cases, these delays are attributable to the fact that the utility wants to first complete detailed design and engineering work. In other cases, the delays are attributable to the utilities' internal processes and the slow assignment of a Project Manager/Field Planner to manage the project to completion. The Solar + Storage Parties recommend that the Commission go further than reasserting the existing allowance for developers to release their deposits early; we recommend that the Commission direct New York utilities to, upon request, place orders for long lead-time equipment identified in Coordinated Electric System Impact Reviews (CESIR) within ten (10) business days of such request. This explicit allowance could empower developers to materially accelerate their distribution upgrades timelines.

2. **Enable "Bridge-to-Wires" Solutions for ITC Compliance**

On Page 3, the Staff Proposal states that "In the event a utility cannot complete a Qualifying Upgrade on schedule, the utility shall consider alternative approaches to interconnecting projects that will meet the relevant IRS in-service deadline, if requested by any of the Participating Projects." We appreciate this inclusion of potential alternative interconnection solutions when upgrades can not be completed before ITC deadlines. Our understanding is that this refers to the "bridge to wires" concept.[4] At the same time, the current language "the utility shall consider alternative approaches" is advisory, can be interpreted differently by each utility and may not provide a consistent and predictable pathway for eligible projects.

On November 26, 2025, the District of Columbia Public Service Commission issued an order that seeks to maximize DC's leverage of the federal ITC that includes a Temporary Conditional Interconnection Program[5], essentially authorizes temporary conditional PTO using verified non-export or limited-export configurations when upgrades can not be completed in time. The District of Columbia's Commission found that that IEEE 1547-2018 and UL 1741 SA/CRD certifications, already implemented in NY, provided adequate assurance that smart inverters and

[4] Bridge to wires refers to the concept of granting projects temporary conditional PTO at reduced output while utility upgrades are completed, as presented by NYSEIA at the September 2025 IPWG following the passage of HR1.

[5] Public Service Commission of the District of Columbia. FORMAL CASE NO. 1050, IN THE MATTER OF THE INVESTIGATION OF THE IMPLEMENTATION OF INTERCONNECTION STANDARDS IN THE DISTRICT OF COLUMBIA, Order No. 22745, Page 14. November 26, 2025. https://edocket.dcpsc.org/apis/api/Filing/download?attachId=233680&guidFileName=b4d7ea0e-33bf-4a9c-9f84-b5d30e8ec3ec.pdf.

power-control systems can safely operate in a non-export or limited-export mode. The non-export mode is likely most beneficial for the subset of behind-the-meter ITC-eligible solar projects that are seeking to achieve PTO by the end of 2027, many of which will not commence construction by July 4, 2026. A similar authorization in New York could enable more such solar projects to move forward and secure the federal ITC. The limited-export mode could be useful for both behind-the-meter and front-of-the-meter use cases, supporting DER developers to achieve project-specific placed-in-service deadlines.

We recommend that the Commission provide explicit authority for the utilities to issue conditional PTO upon verification of safe non-export or limited-export settings during project testing. We also recommend the Commission direct DPS, NYSERDA, the Joint Utilities (JU) and DER stakeholders to further flesh out this recommendation in the Interconnection Policy and Technical Working Groups during 2026, with the goal of having clearly defined rules for "bridge-to-wires" and other solutions that could allow certain projects to be safely placed-in-service before distribution upgrades are fully completed. Additionally, while the Staff Proposal specifically refers to Qualifying Upgrades (i.e., Cost Sharing projects), we recommend that any solutions that can enable projects to be safely placed-in-service sooner be considered for all DER, not just those participating in Cost Sharing.

3. Address Real Estate Challenges that Slow Distribution Upgrades

In addition to allowing DER developers to expedite procurement for long lead-time equipment and directing the JU to consider bridge-to-wires solutions, we recommend that the Commission direct utilities to secure easements for utility-owned infrastructure, particularly in cases such as reconductoring where the utility has an existing easement and relationship with the land owner, or has existing infrastructure but no recorded easement. It is common for a large DER to trigger line reconductoring or other utility distribution upgrades that require private land owners to grant updated easements to the local electric utility. DER developers are often directed to secure these easements on the utilities' behalf; an undertaking that can be complicated, especially because the DER developer does not have a preexisting relationship with the landowner nor are they party to the easement between the landowner and the utility company. If the Commission were to direct the utilities to secure such easements, we anticipate that this could materially shorten the interconnection timeline for large DER in New York, enabling more projects to reach their placed-in-service deadlines.

E. The Proposed Resource Planning Exercise in the DPS Staff Proposal will Place Significant Administrative Burden on New York's Utilities

The DPS Staff Proposal directs New York's utilities to develop a work plan in 2026 in order to manage the orderly completion of the distribution upgrades for all Group A and Group B

projects ahead of ITC placed-in-service deadlines and no later than June 30, 2030. The proposal also directs the utilities to publish and update their work plans on a monthly basis until all projects in Group A or B are interconnected.

Our understanding is that Staff's intent with this directive is to ensure that New York's utilities are able to coordinate all of their planned distribution upgrades, and to avoid any bottlenecks caused by a rush of projects that are seeking to be placed-in-service in 2030. The Solar + Storage Parties support this intent, however, we are concerned that the development of a work plan in the first half of 2026 will divert critical utility staff resources from the task at hand; processing interconnection applications and efficiently completing distribution upgrades for projects that have made their interconnection payments and have authorized the utility to expend their funds to complete the work. Our concern is most acute for National Grid and NYSEG; the utilities with the largest number of projects that would fall into Groups A or B based on the Staff Proposal.

The Solar + Storage Parties also question the practicality of developing such a work plan; while it is conceptually valuable to develop a master schedule for dozens (or hundreds) of distribution upgrades so they can be carefully orchestrated, we anticipate that reality will get in the way of such plans. Every project is subject to delays and challenges that are outside the control of the utility, most notably financing delays and delays associated with the NYS Department of Environmental Conservation issuing Jurisdictional Determinations, reviewing and approving permit applications, and obtaining zoning and ministerial permit approvals from the local Authority Having Jurisdiction (AHJ). Once a handful of projects get off of their original schedule, it will have a cascading impact on other projects and create new bottlenecks to manage. We posit that any work plan for the entire universe of distribution upgrades developed in 2026 that goes out through 2030 will provide a false sense of precision, and the work plans will be subject to frequent modification, rendering them an ineffective tool for utility resource planning.

Rather than conducting a planning exercise in the near-term that incorporates all Group A and Group B projects, we instead recommend that utilities use their interconnection queue to forecast high-level workload, and develop detailed project-specific schedules once projects make their full interconnection deposit, and that this timeline be solidified when the DER developer authorizes the utility to expend these funds. This will ensure that the utilities' valuable planning resources are only allocated toward projects that are ready to move forward, and it will avoid the need for utilities to divert resources from processing applications and completing upgrades in the near-term.

The Solar + Storage Parties recommend that the Commission advance the goal of this section by directing New York's utilities to continuously evaluate their interconnection queue and to ensure the utility is properly staffed/resourced to handle a higher volume of projects over the next

several years due to the ITC phaseout and the associated rush to get projects placed-in-service. Self-performance of certain engineering, procurement, and construction tasks could also ease the workload on New York utilities (see section IV). We also recommend that New York leverage its existing SIR Inventory, which the utilities already update monthly, to track progress toward target placed-in-service dates, rather than creating a new, separate work plan for the utilities to maintain and for DPS Staff and stakeholders to monitor.

F. This Proposal is Too Important to Rush

The Solar + Storage Parties appreciate the sense of urgency from DPS Staff and the Commission to take near-term action to maximally leverage the federal ITC while it is available. However, DER developers have identified significant new risks that the Staff Proposal could introduce to New York's DER market. The Solar + Storage Parties are confident that these risks can be mitigated, however, this will require thoughtful consideration of stakeholder feedback. We urge the Commission to avoid the urge to issue an Order in December 2025, which would not provide adequate time between the comment deadline and Order issuance for feedback to be considered and integrated. We ask the Commission to consider allowing additional collaboration, perhaps including a technical conference in January, before making a final determination on this proposal. Spending a few additional months to integrate stakeholder feedback and improve the Staff Proposal will not negatively impact New York's ability to maximally leverage the ITC; however, a rushed proposal that introduces new risks could undermine this objective.

IV. Recommendations to Strengthen the DPS Staff Proposal

This section summarizes the Solar + Storage Parties's recommendations to strengthen the DPS Staff Proposal and to achieve New York's objective of ensuring that New York maximally leverages the federal ITC to build clean energy projects in New York State at a lower cost to ratepayers.

The Solar + Storage Parties encourage the Commission to:

1. Direct New York utilities to ensure adequate staffing/resources to process increased interconnection applications, design distribution upgrades, secure easements/rights of way, construct distribution upgrades for DER, and complete witness tests/commissioning over the next five years.

2. Advance the Staff Proposal while eliminating priority groups: direct New York utilities to provide a **Target Placed-in-Service** date to any project that has made its full deposit and requests an in-service date along with a **Deposit Release Deadline**. Direct New York

utilities to make best efforts to provide Target Placed-in-Service dates that enable the project to meet ITC deadlines.

3. Direct New York utilities to take the following actions, which will allow New York to maximally leverage the ITC by enabling DER developers to expedite their placed-in-service dates to meet tax credit deadlines:

a. At the request and risk of the Applicant, place orders on long lead-time equipment based on CESIR or initial mitigation option, i.e., before a detailed design is performed, within ten (10) business days of such request. If the utility is unable to procure equipment in a timely manner, authorize Applicants to procure compliant equipment directly.
b. Secure easements and rights of way for utility-owned equipment associated with distribution upgrades for DER interconnection in cases where the utility has a preexisting easement, existing infrastructure in place, and/or relationship with the land owner.
c. Bridge-to-wires solutions: in cases where distribution upgrades cannot be completed by the DER Applicant's requested placed-in-service date, consider offering provisional Permission to Operate, with derated output for limited hours of violations until the distribution upgrade is complete. For behind-the-meter projects, grant conditional PTO to projects targeting year-end placed-in-service dates conditioned upon the use of inverter and power control non-export functionality. This "bridge-to-wires" concept should be further developed through the IPWG and ITWG, with any proposals that require Commission action filed by the end of Q3 2026.
d. Self-performance: enable DER Applicants to self-perform certain distribution upgrades so they can exert greater control over their costs and timelines. Self-performance will also free up utility resources to support other projects. The self-performance concept shall be further developed through the IPWG and ITWG, with any proposals that require Commission action filed by the end of Q3 2026.
e. Expand flexible interconnection: flexible interconnect can eliminate the need for costly and time intensive distribution upgrades. As New York seeks to accelerate deployment, we recommend that the Commission direct New York utility to rapidly expand existing flexible interconnection pilots and identify opportunities to leverage smart grid controls to actively manage DER as a faster, lower-cost alternative to traditional distribution upgrades.
f. Ensure adequate stock of equipment for common distribution upgrades. If necessary, the Commission could direct utilities to file equipment availability and procurement plans to demonstrate that they have adequate quantities of commonly

required communications hardware, relay protection equipment, and telemetry devices.

4. Direct New York utilities to include the following new fields in their monthly SIR inventory to support workload forecasting and transparency. This is our suggested alternative to the Staff Proposal that utilities create and maintain a work plan that is additional to the SIR inventory:
    - **Requested In-Service Date:** this is the PTO date requested by the DER developer.
    - **Utility Target In-Service Date:** this is the PTO date the utility offered to the DER developer in response to their Requested In-Service Date.
    - **Deposit Release Deadline:** this is the date by which the DER developer must release their deposit for the utility to realistically meet the Utility Target In-Service Date.
    - **Deposit Release Date:** this is the date that the DER Developer authorizes the utility to spend their deposit.
    - **Anticipated Start Date of Upgrade Construction:** this is the date the utility expects to start onsite construction in order to achieve PTO prior to the Utility Target In-Service Date.
    - **Start Date of Upgrade Construction:** The date the utility actually begins onsite construction of the required upgrades.
    - **Estimated Upgrade Duration (Months):** this is the amount of time that the utility estimates the distribution upgrade will take based on the CESIR.

5. Direct New York utilities to, upon request, hold monthly progress meetings with DER Applicants that have projects for which they have released their deposit and construction is underway. Strengthening communication between the utility and the DER developer will be mutually beneficial and will reduce the likelihood of miscommunication while improving efficiency.

V. Conclusion

The rapid phaseout of the federal ITC is placing significant pressure on New York's pipeline of DER under development. The Solar + Storage Parties sincerely appreciate this effort by the Hochul Administration and DPS, which seeks to maximize New York's leverage of the federal ITC by improving interconnection timeline certainty for ITC-eligible projects. We strongly support core elements of the Staff proposal, including providing DER developers and utilities improved timeline certainty and transparency by establishing Utility Target In-Service Dates and Deposit Release Deadlines. We also strongly support the Staff Proposal's directive that utilities expeditiously process requests to place equipment orders for long lead-time equipment and that,

in cases where the utility is unable to meet a requested placed-in-service date, the utility considers alternative approaches such as bridge-to-wires. We strongly oppose creating priority groups, which creates new risks for the thousands of ITC-eligible projects that will not be in the Groups defined in the Staff Proposal. Instead, we recommend that the Commission afford the benefit of improved timeline transparency and certainty to all DER as outlined in our comments above.

With the modifications outlined herein, we are confident that a forthcoming Commission Order will meaningfully advance New York's objective of maximizing our leverage of the federal ITC for clean energy projects in New York. The Solar + Storage Parties thank DPS Staff for its tireless efforts, and we thank the Commission for its attention to this critical matter.