

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on January 22, 2026

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
James S. Alesi
David J. Valesky
John B. Maggiore
Uchenna S. Bright
Denise M. Sheehan, recusing
Radina R. Valova

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.

ORDER ON INTERCONNECTION QUEUE MANAGEMENT

(Issued and Effective January 23, 2026)

BY THE COMMISSION:

INTRODUCTION

On August 15, 2025, the Internal Revenue Service (IRS)
issued IRS Notice 2025-42, which established criteria and
timelines that renewable energy projects are required to meet to

claim certain federal tax credits.¹ On September 12, 2025, Department of Public Service (DPS) staff filed a proposal for managing the queue of projects subject to the Commission's Standardized Interconnection Requirements (SIRs) to facilitate maximum capture of federal investment tax credits under the IRS guidance.² Following discussions with stakeholders in the Interconnection Policy Working Group (IPWG), DPS staff submitted an updated proposal on November 18, 2025 (together with the September 12, 2025 filing, the Proposal). DPS staff's proposal would add a temporary framework to the SIRs for scheduling the construction and energization of tax credit-eligible projects. Through this Order, we adopt DPS staff's proposal, with the modifications identified herein, to enable those interconnection applicants to secure federal tax credits.

BACKGROUND

The IRS has established qualifying criteria applicable to solar, wind, and energy storage projects, including deadlines that such projects must meet to claim federal investment tax credits. The initial threshold that most developers must meet is a demonstration that their projects have "commenced

¹ The IRS Notice was issued in response to President Trump's Executive Order 14315, Ending Market Distorting Subsidies for Unreliable, Foreign Controlled Energy Sources, issued July 7, 2025 (available at <https://www.whitehouse.gov/presidential-actions/2025/07/ending-market-distorting-subsidies-for-unreliable-foreign%E2%80%91controlled-energy-sources>) and Internal Revenue Service Notice (IRS) 2025-42 issued on August 15, 2025 (available at <https://www.irs.gov/pub/irs-drop/n-25-42.pdf>) (IRS Notice).

² The New York State SIRs apply to new distributed generators and/or energy storage systems sized at 5 MW or less that connect in parallel with utility distribution systems. The current version is available on the Distributed Generation webpage of the Department of Public Service: <https://dps.ny.gov/distributed-generation-information>.

construction.”³ The IRS defines two ways of “commencing construction.” The first is referred to as the “physical work test” and requires the developer to have taken steps to begin construction of the project, which may or may not include on-site work. The second allows a project to qualify based on having incurred five percent or more of the total cost of the project.

A project that satisfies the “commencement of construction” requirement in either of these ways is eligible to claim tax credits if it is placed in service within the period specified by the IRS for that type of project and technology. While there are other requirements developers must address, such as content restrictions and continuity of construction rules, the construction commencement and in-service dates are the key prerequisites that relate to the SIRs interconnection process.

THE DPS STAFF PROPOSAL

The Proposal would require the Utilities to develop schedules and work plans for completing the utility-side work necessary to interconnect distributed energy resource (DER) projects that are seeking tax credits.⁴ To accomplish this, the Proposal distinguishes two groups of projects that are potentially eligible for tax credits: Groups A and B.

Group A consists of projects that have met the IRS’ initial “commencement of construction” qualification with

³ This threshold is not required for projects that are placed in-service by the end of 2027.

⁴ As referenced in this Order, the Utilities include Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc.; New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation d/b/a National Grid; Orange and Rockland Utilities, Inc.; and Rochester Gas and Electric Corporation.

relatively simple interconnections that do not require Qualifying Upgrades, as determined through the Coordinated Electric System Interconnection Review (CESIR) process specified in the SIRs. The Proposal would require the Utilities to schedule the work to interconnect these projects so that they are placed in-service by the applicable IRS deadline and authorizes the Utilities to fix a date by which developers must release their interconnection deposits so that the utility can perform the work needed to meet the schedule. Developers that do not release their funds on time would risk being dropped from the interconnection queue. The Proposal would also give the Utilities discretion to schedule the work as they deem necessary to meet all Group A in-service dates.

Other projects with interconnections dependent on Qualifying Upgrades, as defined in the SIRs, would be categorized as Group B projects.⁵ DPS staff proposes to divide Group B into subgroups B.1 and B.2. The first subgroup would include all projects that have received notice of their Qualifying Upgrade Share and commenced construction by the time these proposed rules go into effect. Group B.2 consists of projects that commence construction after the effective date.

The Proposal would require the Utilities to develop plans for constructing the upgrades needed for these projects and to discuss those plans with the project developers. All developers wishing to continue as part of a work plan would be required to pay the relevant SIRs charges to be considered Participating Projects with respect to the necessary Qualifying Upgrades. Utility work plans would be organized to achieve the

⁵ Qualifying Upgrades are specific types of expensive equipment that are subject to cost sharing under the Commission's existing rules. As a general matter, Qualifying Upgrades often require significant lead time construct.

IRS in-service dates for all Participating Projects. The proposal would allow the Utilities to revise work plans, as needed, within the limit of the IRS deadlines.

The Proposal includes provisions recognizing the continuing applicability of the SIRs, setting rules for refunds in case of project cancellations, and transparency and reporting requirements.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rule Making (Notice) was published in the State Register on October 1, 2025 [SAPA No. 24-E-0621SP4] related to DPS staff's Proposal. The Proposal was discussed in the IPWG on October 1, November 5, and December 10, 2025.⁶ On November 18, 2025, DPS staff filed an updated proposal, along with a request to extend the comment period. The Secretary issued a Notice Soliciting Comments and extended the comment period through December 10, 2025. The comments received are summarized and addressed below.

COMMENTS

City of New York

The City of New York (the City) expresses support for the stated goals of staff's proposal but recommends that the Commission take alternative actions. The City states that the proposal's focus on solar projects might result in delays to stand-alone battery storage development. The City further asserts that the definitions of Groups A and B will result in deprioritizing projects that do not fall in the groups. The City also cautions that the additional administrative work and

⁶ Materials from the IPWG meeting are available at the following webpage: <https://dps.ny.gov/event/ipwg-meeting-november-2025>.

reporting by Utilities that is required under staff's proposal may slow down and increase the costs of the interconnection process.

Instead of adopting staff's proposal, the City recommends that the Commission act to ensure that Consolidated Edison Company of New York, Inc. (Con Edison) does not unreasonably and unnecessarily delay development of battery storage. The City also suggests that the Commission consider expanding the virtual power plant model that was utilized by Orange and Rockland Utilities, Inc. in a demonstration project to Con Edison's service territory to maximize behind the meter storage deployments in New York City. In addition, the City proposes that the Value of DER (VDER) Value Stack be reformed to provide more value to participating customers and better align compensation mechanisms with utility grid needs. Lastly, the City urges the Commission to provide more cost certainty to developers and to improve utility response times. The City points to pending proposals where the cost cap issue has been raised and expresses support for the concept.⁷ The City also asks the Commission to reduce the amount of time allowed under the SIRs for the Utilities to conduct system impact studies for new interconnections, and to establish turnaround times for the project construction phase.

Coalition for Community Solar Access (CCSA), New York Battery Energy Storage Technology Consortium (NY-BEST), New York Solar Energy Industries Association (NYSEIA), Solar Energy Industries Association (SEIA)

CCSA, NY-BEST, NYSEIA, and SEIA (collectively, the "Solar + Storage Parties" or the "Parties") express appreciation

⁷ The City references the Proposed Modifications of Cost Estimation Provisions in the SIRs filed by Department of Public Service Staff on January 10, 2025, and the Petition Seeking Modifications to the SIRs filed by NYSEIA on February 14, 2025.

for the effort made by staff to maximize the State's leverage of the ITC by strengthening interconnection timeline certainty. The Solar + Storage Parties are sympathetic to the needs of the Utilities that must plan for and execute the upgrades required to enable DERs to safely and reliably interconnect on time. The Solar + Storage Parties share their summary of the federal ITC eligibility requirements, particularly the ramping up of limitations of components from Foreign Entities of Concern (FEOCs), warn of potential unintended consequences that may result from implementation of staff's proposed process, and offer recommendations for improvement upon staff's proposal.

The Solar + Storage Parties urge the Commission to avoid establishing any priority groups. The Solar + Storage Parties caution that prioritizing projects assigned to Groups A and B inherently deprioritizes others and warns that the proposal risks excluding many ITC-eligible projects. Specially, the Parties point out that standalone storage projects, DER projects that target 2027 in-service dates, and solar projects that reach SIRs milestones at later dates than identified in the staff Proposal would be left out. The Parties encourage the Commission to ensure all ITC-eligible projects interconnect on time to capture the tax credits.

The Parties also oppose the proposed March 15, 2026 payment deadline for upgrades subject to cost sharing, as that date may be sooner than a project's current deadline under the SIRs. They assert that this deadline and the possibility of removal from the queue creates new risks to otherwise viable projects. The Parties urge the Commission to maintain the existing payment deadlines in the SIRs.

The Solar + Storage Parties strongly support the proposed directive for utilities to provide a target in-service date and a release date for developer deposits. They suggest

that this measure would provide increased timeline certainty and allow more projects to achieve tax credit deadlines. Because timeline certainty benefits all projects, the Parties also recommend that the Commission expand the directive beyond the tax credit-eligible projects to include all DERs.

The Solar + Storage Parties offer several suggestions they assert would expedite interconnections. To accelerate distribution upgrade timelines, the Solar + Storage Parties ask the Commission to direct utilities to place orders for long lead time equipment within 10 business days of an applicant's request. The Parties further propose that the Commission consider directing utilities to file equipment availability and procurement plans to demonstrate adequate stock on-hand for common distribution upgrades.

The Parties also recommend that the Commission adopt a practice recently introduced in the District of Columbia whereby utilities may issue conditional Permission to Operate (PTO) when upgrades cannot be completed on time. The Parties explain that conditional PTO would allow the Utilities to authorize operation upon verification of safe non-export or limited-export settings during testing.⁸ In addition, the Parties urge the Commission to direct DPS staff, the New York State Energy Research and Development Authority, the Utilities, and DER stakeholders work through the Interconnection Policy and Technical Working Group to propose clear rules for "bridge-to-wires" and other solutions that could allow projects to be placed in-service safely before distribution upgrades are completed.

⁸ The Parties cite Case No. 1050, In the Matter of the Investigation of the Implementation of Interconnection Standards in the District of Columbia, Order No. 22745, p. 14 (issued November 26, 2025), available at <https://edocket.dcpsec.org/apis/api/Filing/download?attachId=233680&guidFileName=b4d7ea0e-33bf-4a9c-9f84-b5d30e8ec3ec.pdf>.

Similarly, the Parties urge the Commission to expand existing flexible interconnection pilots and identify opportunities to leverage smart grid controls as alternatives to traditional distribution upgrades. The Solar + Storage Parties further suggest that self-performance of some distribution upgrades could ease the workload of utilities while allowing developers to exert greater control over their costs and timelines.

To materially shorten the interconnection timeline for large DER projects, the Parties recommend that the Commission direct utilities to secure easements for utility-owned infrastructure, particularly in cases where the utility has an existing relationship with the landowner. The Parties explain that developers must often secure such easements on the Utilities' behalf, which can be complicated, especially because the developer lacks a relationship with the landowners and is not a party to the easement.

Instead of requiring the Utilities to develop a workplan for 2026 to manage the completion of upgrades for all Group A and Group B projects, the Parties propose that the Commission direct the Utilities to continuously evaluate their interconnection queue to ensure proper staffing and resources to address a high volume of projects over the next several years. The Parties recommend that the Commission leverage its existing SIRs Inventory, which is updated by the Utilities monthly, to track progress toward in-service target dates with the inclusion of new fields to increase transparency and workload forecasting. The Solar + Storage Parties recommend additional project reporting requirements and suggest that the Commission direct utilities to hold monthly progress meetings with interconnection applicants. The Parties also ask the Commission to avoid issuing an order on queue management in December 2025 and

instead take additional time to allow further stakeholder collaboration before making a determination.

Joint Utilities (JU)

The Joint Utilities (JU) support the updated staff proposal but seek clarifications and provide recommendations for its implementation. The JU suggest that a new Appendix L be established in the SIRs to include the new queue management provisions, such as release of advanced payment funds and other milestones. The JU recommend that a timeframe be defined for application of the queue management process and that data related to the proposed queue management process be reported separately from the SIRs inventory, as they assert it is a shorter-term effort. In addition, the JU propose that the solar component of hybrid solar-storage projects be addressed in separate interconnection applications, due to the varying IRS deadlines applicable to those technologies and the permitting challenges facing storage projects.

The JU offer several suggestions to improve the proposed queue management framework. Several of these would limit the number of DER projects subject to scheduling. These are: (1) to exclude DER projects reliant on a utility Capital Investment Plan (CIP) project that will not be completed in time to qualify for an ITC from Group A; and (2) to exclude DER interconnections requiring a transformer upgrade and projects with upgrades not scheduled for completion by the end of 2028 from Group B. The Joint Utilities ask for discretion to adjust Release Dates as a result of delays outside the Utilities' control, such as projects encountering issues with property rights acquisition, environmental or local permitting requirements, or a local moratorium. The Joint Utilities also ask for clarifications of payment timelines and the process for cancelling an upgrade when a utility is unable to complete

construction by the target in-service date. Finally, the Joint Utilities propose to modify language in the updated staff proposal to state, "In the event a utility cannot complete a Qualifying Upgrade on schedule to allow the participating project to meet the IRS in-service deadline, the utility shall consider alternative approaches to projects that will meet the relevant IRS in-service deadline and would not impact electric system reliability with any additional cost borne by the interconnecting project, if requested by any of the Participating Projects."

New York Power Authority (NYPA)

NYPA expresses support for the goals of Straw Proposal and requests that the Commission consider feedback provided by the Utilities regarding their capacity to implement the proposed process. NYPA recommends that the Commission establish an additional project grouping to address projects that may not meet the July 2026 construction deadline but are aiming for the 2027 in-service deadline under the IRS guidelines, noting that governmental procurement requirements may make it challenging for public sector projects to meet the July 2026 deadline. More specifically, NYPA recommends that the directives for the additional group mirror those proposed for Group B in the proposal, including the utility providing a targeted in-service date to enable developers to assess the likelihood of receiving a tax credit before making interconnection deposits. NYPA suggests that the Commission require reasonable reporting from the Utilities that would not interfere with their ability to advance interconnection applications and construction activities. Similarly, NYPA emphasizes the importance of maintaining the pace for all generation and transmission projects, including those that do not anticipate receiving the ITC.

RIC Energy (RIC)

RIC supports the central components and goals of staff's proposal but opposes the priority group framework. RIC cautions that prioritization of some projects may result in de-prioritization of others and negatively impact financing for projects. RIC warns that the proposal increases risks for developers, as utilities do not have experience with prioritizing projects, that some projects may be eligible for the ITC but not fall within the definitions of the prioritized groups ("edge cases"), and that early funding for utility upgrades is likely to commit deposits before developers have acquired necessary permits. RIC notes that there is no consequence proposed for utilities failing to meet the targeted in-service dates. RIC also expresses concern that energy storage projects are excluded from the proposed priority groups despite being subject to the increasing federal Foreign Entity of Concern restrictions that limit the eligibility for projects to receive the ITC when they incorporate a threshold percentage of foreign components.

RIC offers several alternative proposals, including "bridge-to-wires" technology options that it suggests would allow projects to be placed in service before all distribution system upgrades necessary to export the projects' full capacity are complete. RIC also suggests increasing cost certainty for interconnection upgrades, ordering of long lead time equipment by utilities upon an applicant's request, and streamlining witness testing through early confirmation of equipment settings before utility site visits, and/or allowing third-party licensed Professional Engineers to witness testing and report the results to the utility at the expense of a project developer.

RIC proposes modifications to staff's proposal if the Commission declines to implement the alternatives offered by

RIC. The modifications proposed by RIC include requiring utilities to provide schedules and target in-service dates within a reasonable timeframe, defining specific deposit payment deadlines for Group B.1 projects, and clarifying when deposits for B.1 projects will be returned.

LEGAL AUTHORITY

The Commission has broad authority over the manufacture, conveyance, sale, or distribution of electricity, supervision of electric corporations, and the responsibility to ensure that all service, instrumentalities, and facilities furnished shall be safe and adequate and all charges made by such corporation for any service rendered shall be just and reasonable.⁹ Additionally, the Commission has the authority to direct the treatment of DERs by electric corporations.¹⁰

DISCUSSION

After reviewing the Proposal and the comments, we conclude that establishing procedures to schedule the construction of projects that are qualified to claim federal tax credits will ultimately benefit New York ratepayers. We further find that many of comments would improve DPS staff's proposal. The attached Appendix includes the text of the rules adopted pursuant to this Order.

Rationale for Grouping

As an initial matter, we address the comments raising concerns that the groupings established in the Proposal are unnecessary or too narrowly defined to ensure that all projects

⁹ Public Service Law (PSL) §§5, 65, and 66.

¹⁰ PSL §§5(2), 66(1), 66(2), 66(3), 66-c, 66-j, and 74.

potentially eligible for tax credits get the benefit of timely scheduling. We note that RIC goes so far as to suggest we should not "prioritize" projects that may receive tax credits above others that may not. We believe that this most basic line-drawing is necessary, since we have a strong interest in focusing the Utilities' resources on capturing as many tax credits as possible prior to their expiration. Thus, we accept DPS staff's proposal and direct the Utilities to manage tax credit-eligible projects according to rules that are not applicable to other projects and that prioritize timely interconnection of tax-credit eligible projects.

We further find that additional distinctions among projects that are eligible for tax credits will make it easier for the Utilities to manage the construction queues. We find it is appropriate to recognize the two types of tax-eligible projects identified in the Proposal - Groups A and B - because their system impacts and paths to construction are different. A project that does not require Qualifying Upgrades - Group A - can be scheduled and built independently of other projects. In contrast, Group B projects depend on other developers sharing the costs of the Qualifying Upgrades that they all need for interconnection, and on those developers making funding commitments in time for the utility to complete the work. Thus, we accept the proposal to establish different approaches for managing these distinct types of projects.

While we accept the concept of grouping, we agree with the comments that DPS Staff's initial approach to defining Groups A and B is too narrow and risks "deprioritizing" potentially tax-eligible projects. In particular, we reject DPS Staff's original exclusion of storage technology from the scheduling protocols. The objective of this Order is to require the Utilities to plan their engineering and construction work so

that as many qualifying projects as possible, regardless of how or when they qualify, meet the IRS' in-service deadlines to qualify for the tax credits. Thus, as indicated in the Appendix, we hold that eligibility for scheduling in Group A or B depends on one criterion: whether the project is qualified within the meaning of the IRS guidance. For many projects, but not all, this initial qualification depends on the "commencement of construction" milestone. As NYPA and the City note in their comments, other projects qualify for tax credits if placed in-service by the end of 2027 and are not required to demonstrate the "commence construction" criterion. We include these DERs in Group A to allow them to be scheduled early in the process, as discussed below. We reject the limiting qualifiers in the DPS Staff Proposal and recognize that projects may qualify to be scheduled in either Group A or Group B based on their individual IRS compliance choices.

Initial Scheduling of Group A

The Appendix requires the Utilities and an initial set of projects to start the scheduling process within 15 days of the effective date of this Order. This initial group consists of (1) projects that will have "commenced construction" by that time, and (2) projects that are eligible for tax credits if they are placed in service by the end of 2027. These projects have already made, or shortly need to make, substantial commitments to capture tax credits and may be facing earlier in-service dates than projects that have not yet commenced construction. For these reasons, we will require them to enter the scheduling process ahead of other Group A projects, and we will require the Utilities to provide schedules for this initial group within 75 days of the effective date of this Order. These steps provide confidence that currently eligible projects will be scheduled well enough in time to achieve the IRS deadlines.

Beginning on May 1, 2026, Group A developers qualifying for tax credits after the effective date are free to begin opting in to the scheduling mechanism. We choose this date as one that gives the Utilities time to deliver schedules to the initial group described above. The Appendix requires the Utilities to provide schedules and Release Dates for these later entrants as for the initial group, while avoiding delays to projects previously scheduled. Thus, developers will have maximum flexibility to plan their projects and to choose when to commit to a construction schedule, although we caution that earlier entrants may fill up the Utilities' schedules, and developers bear the risk of entering the process too late to meet their IRS in-service dates.

We reject the Utilities' proposed limitations on the scope of Group A. First, they argue that DER applications relating to CIP projects should not be included. As a threshold matter, it is not clear to us that the SIRs allow a utility to defer interconnecting a project pending completion of a CIP investment.¹¹ We understand the SIRs to require the interconnecting utility to determine what is needed to interconnect the applicant in the near term, not at some future point in time, even if interconnecting to the existing system would require costly upgrades. If there is no set of upgrades that would allow the DER project to meet the applicable IRS in-service date, the solution is for the utility to re-prioritize the CIP work, not to prevent potentially qualifying DER projects

¹¹ We direct the Utilities to explain how this circumstance arises and to file a report on the number tax credit-eligible DER projects that depend on CIP projects and their IRS in-service dates. This report and explanation shall be filed by June 1, 2026.

from capturing tax credits.¹² Therefore, we reject the Utilities' proposal.

The Utilities also recommend that DER projects that require re-study due to a Material Modification be excluded from Group A. Again, we reject this proposal. If a project is qualified for tax credits, ratepayers would benefit from it achieving its IRS in-service date. All such projects should be eligible for scheduling under the Group A rules. Therefore, any re-studies shall be conducted as promptly as possible, with the objective of scheduling the utility interconnection work in time to capture the tax credits.

Management of Group A

DPS Staff's Proposal to manage Group A projects (whenever they enter the scheduling queue) by establishing Release Dates is the key to balancing developers' and utilities' obligations. Commenters including the Solar + Storage Parties and RIC strongly support the use of this mechanism.

The Release Date is a firm deadline for a developer to release its project's SIRs deposits.¹³ This approach, which is not currently part of the SIRs, provides the utility certainty as to when it can begin spending the funds on its engineering and construction work. It also allows the utility to establish a staggered work schedule that avoids potentially cascading

¹² We note that the Solar + Storage Parties' suggested "bridge to wires" alternative might also address this concern. See discussion below.

¹³ To ensure the effectiveness of this mechanism, Group A developers must make their full SIRs deposits on or before their Release Dates. See Appendix, section A(7).

numbers of projects approaching year-end IRS deadlines.¹⁴ A developer may ask for a revised schedule and Release Date, but the developer will fall out of the schedule if it fails to release the funds by the second assigned Release Date, or if it is simply too late for the utility to reschedule the work and meet the IRS deadline. We note here that projects that fall out of Group A will not be removed from the interconnection queue, as the Proposal would require, but will be scheduled for construction with projects that do not qualify for tax credits.

The Utilities propose that we authorize them to adjust Release Dates based on external events affecting the DER project, such as local permitting delays. We do not adopt this suggestion. We emphasize that the Utilities should set Release Dates based on their assessment of their own resource availability and the time they need to interconnect a given project, in the context of all the projects they expect to construct. Utilities are free to consider the status of an interconnecting project's permitting (and other factors) when establishing a target in-service date, but the Release Date must reflect the programmatic demands on the utility's resources. This is necessary because those resources are limited, and we cannot allow projects experiencing development challenges to jeopardize the Utilities' ability to construct the projects that stay on track.

For similar reasons, we reject the Utilities' proposal to add milestone requirements for Group A projects. Again, the Release Date is intended to discipline the process, and additional milestones will increase administrative complexity

¹⁴ The Solar + Storage Parties anticipate a "rush" of projects at year-end in the years 2027, 2029, and 2030. See Parties' comments at 5. We expect the Utilities to use their authority under these rules to establish an orderly progression and avoid the year-end "rush."

without any obvious additional benefit. Developers bear the risk of delays and obstructions in the development of their projects. If a project is not sufficiently advanced to release its funds when the utility must start work to meet the IRS deadline for that project, it will fall out of the group schedule.

The Appendix, like the Proposal, requires the Utilities to manage all Group A projects "such that each project is placed in-service within the applicable time frame required by the IRS." We recognize that this is a significant challenge for the Utilities. Our objective is not to guarantee that a particular project will meet its deadline. Rather, this Order balances the needs of individual developers with the Utilities' resource constraints. Therefore, we adopt DPS Staff's proposed rule authorizing the Utilities to consider the full queue of tax-credit projects waiting for interconnection and to adjust individual schedules as needed "to maximize the number of projects that achieve the IRS in-service dates."¹⁵ Our intent is to require the Utilities to deploy their resources to complete as many of these projects within the IRS deadlines as possible, considering the scale of the overall effort.

Finally, the Appendix recognizes that a Group A developer may cancel its project. In that case, the utility is required to stop work and to reconcile its costs in accordance with existing SIRs procedures.

Management of Group B

As noted above, we adopt the definition of Group B projects as those requiring Qualifying Upgrades for interconnection, and we adopt DPS Staff's proposal for the Utilities to schedule these projects under work plans developed

¹⁵ Appendix, p. 2.

for the Qualifying Upgrades. The Appendix preserves the cost sharing paradigm that applies to these types of upgrades and addresses the practical difficulties associated with upgrade projects that involve expensive equipment and long lead times. We also adopt DPS Staff's proposal to recognize two subgroups, B.1 and B.2, but with modifications.

Because these are complex and expensive upgrades, Group B developers will have flexibility to choose when to enter the scheduling process. The Utilities will offer a first scheduling opportunity to those Group B developers electing to begin the scheduling process within 30 days of the effective date of this Order by providing written notice to the Utilities of their commencement of construction dates and required IRS in-service dates.¹⁶ These early-acting developers will be the B.1 subgroup. The Utilities will develop preliminary work plans for the B.1 projects by May 1, 2026. The B.1 developers may opt in to a proposed work plan by submitting or confirming their Qualifying Upgrade payments on or before June 1, 2026. Once sufficient payments are received or confirmed, the Utilities will finalize and publish on their websites the work plans for the Qualifying Upgrades that the participating B.1 projects have agreed to fund.¹⁷ Those Participating Projects will also receive individual schedules and target in-service dates.

We reject DPS Staff's original definition of the B.2 group in favor of a more inclusive approach. As defined in the Appendix, Group B.2 will consist of all other projects,

¹⁶ This approach, which makes participation in a scheduling cohort optional, resolves RIC's concern that the DPS Staff proposal would artificially force developers to commit funds before de-risking their projects. See RIC comments, p. 3.

¹⁷ Upgrades will be considered funded when the relevant mobilization threshold is met, as provided in the Appendix E to the SIRs.

including projects that do not opt in to a Group B.1 work plan, that elect to be scheduled after the first round.¹⁸ We find that this approach eliminates the risk of any qualifying project being “deprioritized” and allows Group B developers maximum flexibility to decide when to enter the scheduling process and when to make their Qualifying Upgrade payments.

Under the Appendix, B.2 projects that depend on an upgrade previously identified for one or more B.1 projects may be added to the relevant work plan by paying their Qualifying Upgrade Charges. If a B.2 project triggers a new Qualifying Upgrade, and the utility determines it can be constructed in time, the utility will begin developing a work plan for the new upgrade and publish on their websites a payment due date by which the SIRs cost sharing mobilization threshold must be met. The utility will publish the work plan for the new Qualifying Upgrade once developer payments meet the SIRs mobilization threshold.

The Appendix expressly requires the Utilities to execute on the published work plans – those which a threshold number of DER projects have funded – and to construct the Qualifying Upgrades. We recognize that the time frames for constructing some Qualifying Upgrades may be lengthy and there is a risk that tax-credit projects may not be placed in-service in time. To address the possibility of the utility missing IRS in-service milestones, we accept DPS Staff’s proposal to have the utility consider alternative approaches to meeting IRS deadlines, with the Utilities’ suggested clarifications. Alternatives could include measures such as those identified by the Solar + Storage Parties as “bridge to wires” solutions.

¹⁸ We recognize that it is possible no B.1 work plans will result from the first round if developers do not agree to fund the Qualifying Upgrades at that stage.

However, the record is not sufficient here for us to determine what alternatives are feasible and what additional rules would be necessary to implement them. Therefore, we direct the Utilities to prepare a proposal on this topic, for discussion among stakeholders in the interconnection working groups, no later than July 1, 2026. Following the stakeholder discussions, the Utilities shall file their proposal, with any modifications raised in the stakeholder discussions that are acceptable to the Utilities, for the Commission's review no later than December 1, 2026.

If no alternative that will achieve timely in-service dates is available, the Appendix provides rules for determining whether to continue with a Qualifying Upgrade. The Appendix requires the utility to consult with the Participating Projects when either (1) circumstances beyond its control have made it impossible to meet the schedule, or (2) costs increase significantly above the levels assumed when the Qualifying Upgrade was identified. The rules allow developers to limit their cost exposure by paying their shares of the costs incurred to date and withdrawing from the Qualifying Upgrade work plan.¹⁹ Developers choosing to continue will be interconnected once the upgrade is complete.²⁰ These provisions acknowledge the importance of the federal tax credits to the economics of DER projects and protect ratepayers in the event those tax credits are not achievable.

¹⁹ This withdrawal provision is an exception to the SIRs' cost sharing rules. Withdrawing projects will remain in the interconnection queue but will be interconnected as the schedules for tax credit projects allow.

²⁰ If all Participating Projects withdraw from a work plan, the utility should consult with DPS Staff and consider the application of the cost cap rules under the SIRs before proceeding with the Qualifying Upgrade.

We note here that the Utilities proposed limitations that would impact Group B projects. First, the Utilities would exclude projects requiring transformer upgrades from the scheduling rules, on the ground of unspecified "lead time and mobilization challenges." We do not accept this limitation. The rules adopted by this Order require the Utilities to make the effort of anticipating those challenges and determining case-by-case whether a particular Qualifying Upgrade can be constructed within the IRS deadlines. We also reject the Utilities' proposal to pre-determine which upgrades cannot be constructed by 2028 and to exclude the dependent DERs from scheduling. At the same time, we emphasize that the Appendix does not require the Utilities to create work plans for upgrades that, as a practical matter, cannot be completed in time for the interconnecting projects to claim tax credits.²¹

In addition, we address the Utilities' request for clarification on Group B payment due dates. The Appendix supersedes the SIRs payment milestones for Qualifying Upgrade Charges due from Group B projects. The rules adopted here align those payments with the point in time when the utility needs to start work on an upgrade to achieve IRS deadlines. For example, the Appendix requires the B.1 developers electing to participate in the initial work plans to make their payments on a single date, June 1, 2026, so the Utilities can begin work promptly after that point.²² Similarly, for any Qualifying Upgrades not

²¹ This conclusion is subject to the requirement to consider alternatives, as noted above.

²² We recognize that it is possible that this date may be sooner than the payment date that would otherwise be applicable under the SIRs, but as we determine above, the Appendix supersedes SIRs payment deadlines for tax credit-eligible projects. Developers are not compelled to make this payment if they are not ready to commit to funding the Qualifying Upgrade by June 1, 2026.

funded by that date, the Appendix authorizes the Utilities to establish payment deadlines that support the Utilities' construction schedules for the Qualifying Upgrades. Group B developers who do not meet the due dates established pursuant to the Appendix should not expect to be scheduled for interconnection in time to meet IRS in-service deadlines.

Provisions Applicable to All Projects

The Appendix includes general provisions to guide the process. It acknowledges the ongoing effectiveness of the SIRs but provides that DER projects not scheduled under the rules will be scheduled so long as no tax credit-eligible project is delayed. A second provision grants the Utilities' discretion to revise schedules and work plans, as necessary to maximize the number of projects that meet their in-service dates. Finally, the Appendix includes a provision authorizing the Utilities to spend deposit funds or draw on letters of credit as needed to meet the schedules established under these rules.

Role of DPS Staff in Disputes

In recent years, DPS Staff has had an important but informal role assisting developers and utilities with implementation of the SIRs. We find that a similar DPS Staff role will be critical to the success of the scheduling protocols we are establishing with this Order. Experience with interconnection has shown that managing a queue of projects fairly and transparently is no easy task, and decisions in support of one project may have negative effects on others. The looming expiration of the federal tax credits makes efficient queue management critical to our success.

Therefore, we authorize DPS Staff to resolve interpretive questions that arise under these rules when such action is necessary to fulfill our objective of maximizing the capture of federal tax credits. We grant DPS Staff authority to

ensure the queues of tax-credit eligible projects are managed efficiently toward that goal. In exercising this authority, DPS Staff should avoid dropping or excluding a tax credit-qualified project from the scheduling queue, so long as the utility's ability to manage its resources and connect other eligible projects is not adversely affected. DPS Staff should work with the parties within the guidelines set by the Appendix and this Order so that all tax-credit eligible DER projects receive schedules, and so that the Utilities deploy their resources to interconnect as many of the scheduled projects as possible by the IRS deadlines. We further require the Utilities to comply with DPS Staff's determinations when queue management issues arise. The authority granted under this Order shall not extend to modifying the amounts of any payments due under the SIRs. Parties who dispute DPS Staff's determinations may seek recourse at the Commission.

Transparency and Reporting

We agree with commenters that transparency is essential to the success of this effort. The Appendix requires the Utilities to publish work plans, payment due dates, and information about Qualifying Upgrades that could be constructed within IRS deadlines but have not yet been funded. Published work plans will be updated monthly until the Group B projects are interconnected. To improve transparency, we also direct the Utilities to provide additional data in their monthly SIRs inventory reports and reject their proposal to separate reporting on tax credit-eligible projects from the inventory. Adding relevant data points to the existing inventory will allow DPS Staff and interested parties to track the progress of tax-credit eligible projects, using the inventory, which is a familiar tool. Specifically, beginning with the inventory filing due on May 15, 2026, the Utilities shall add a

designation - Group A or Group B - to the applications in their queues. The Utilities shall include Release Dates for Group A projects, target in-service dates for both Group A and B projects, and the mobilization threshold payment deadlines for all Qualifying Upgrades required for Group B projects, as they are identified. The Utilities' reports shall also indicate when a developer makes a deposit or a Qualifying Upgrade payment and the date when physical construction of a Qualifying Upgrade starts.

Miscellaneous Comments

Commenters offered several other suggestions relating to the interconnection process. We discuss here those proposals not addressed above.

We decline the Solar + Storage Parties' request that we delay adopting these rules. First, we are satisfied that the three stakeholder meetings and the public comment period provided adequate opportunities for interested parties to critique and propose modifications to the Proposal. Second, we find that it is imperative to let market participants know what the pathway to interconnection is for projects seeking tax credits, so that they can make decisions with confidence. To the extent implementation questions arise, the guidance we have given in this Order will be sufficient for DPS Staff to resolve them promptly and consistently with our objectives.

We also reject the assertion that the queue management rules we approve with this Order are too burdensome on the Utilities. We maintain that having clear rules for managing the flow of projects over the coming years will help all parties achieve the goal of capturing tax credits. We further note that the Appendix addresses some of the possible complexities by scheduling Group A projects that are ready and Group B projects that opt in early first, requiring other projects to wait for

the first round of schedules to be delivered before the Utilities start scheduling later entrants, thus reducing the administrative burden.

The Solar + Storage Parties propose that we require the Utilities to order long lead-time equipment within ten business days of a developer's request. RIC also asks us to expedite the Utilities' procurements. We reject these suggestions as unrealistic. As the Solar + Storage Parties note, utilities often need to do design and engineering work prior to ordering specific equipment, and we find this practice is important to managing the interconnection process efficiently. Developers and utilities may agree to fund procurements in advance of a project's Release Date, and we encourage this approach when it is feasible, but we will not mandate it.

The Solar + Storage Parties also assert that the Utilities delay interconnections by requiring DER developers to secure easements for utility infrastructure. Without evidence pertaining to this issue in the record, we are reluctant to direct a change in utility practices. However, we expect the Utilities to allocate the necessary resources so that a real estate issue does not complicate a DER's path to securing tax credits.²³ Similarly, we reject the Solar + Storage Parties' request that we order the Utilities to enhance their staffing. Our objective in this Order is for the Utilities to prioritize existing resources to interconnect DER projects in time to capture tax credits. We also reject the proposal to have the Utilities file procurement plans, as the authority we are giving

²³ If a utility decides to secure rights needed to interconnect a DER project itself, the costs of that effort may be recovered from the DER developer at reconciliation, after the project is energized.

them here to manage their construction queues should facilitate bulk procurement when that is appropriate.

RIC and the City propose clarifications for the construction phase that would be beneficial for all projects, not limited to projects seeking tax credits. At the present time, the SIRs do not contain many milestones specific to this phase. RIC suggests rules for witness testing and the City suggests we set turnaround times for construction-related submittals. We direct DPS Staff to bring these proposals to the relevant stakeholder working groups for further elaboration. However, we will permit DPS Staff to determine when to raise these issues, as our other directives under this Order and the ongoing priorities of the groups may allow. Once DPS Staff initiates the discussion, we require the Utilities to work with DPS Staff and stakeholders to develop potential amendments to the SIRs on these topics and to file their proposals no later than six months after that point in time.

The JU suggest separating the solar and storage components of a hybrid project into separate applications. We do not accept this proposal because it does not address potential complications, but we clarify that the Utilities may schedule the work needed to interconnect the solar component separately from the storage component, if the IRS deadline for the solar facility precedes the deadline applicable to the storage.

We reject other suggestions that are not supported by any material in the record of this proceeding and that are not directly related to the scheduling challenge that is the subject of the Appendix. Thus, we do not adopt the Solar + Storage Parties' request that we fix a deadline for work being done in the stakeholder groups on developer performance of certain distribution upgrades. We prefer to allow DPS Staff and the

group participants to manage that effort. Nor will we use this proceeding to direct the Utilities to “expand flexible interconnection pilots” and “leverage smart grid controls.” For the same reasons, we do not adopt the City’s requests that we improve the DER markets, reform the Value Stack compensation formula, resolve barriers to storage installations, develop virtual power plants, or impose caps on DER developers’ cost obligations. These suggestions may have merit, but they belong in other forums.

Environmental Compliance

Pursuant to the Climate Leadership and Community Protection Act (CLCPA) §7(2), the Commission finds that the actions taken herein will not interfere with the attainment of the statewide greenhouse gas (GHG) emission limits established under the CLCPA.²⁴ The interconnection queue management framework adopted in this Order will enable renewable energy projects to interconnect in time to qualify for federal tax credits and thereby enable more clean energy facilities to be deployed in furtherance of the State’s climate goals. Accordingly, the actions taken in this Order will aid in the attainment of statewide GHG emissions limits.

The Commission also finds that approval of these queue management procedures will not disproportionately burden

²⁴ Climate Leadership and Community Protection Act (CLCPA), Chapter 58 of the Laws of 2020, Part JJJ. Section 7(2) of the CLCPA requires that State agencies, in considering and issuing permits, licenses, and other administrative approvals and decisions, “consider whether such decisions are inconsistent with or will interfere with the attainment of the statewide [GHG] emissions limits” established under Article 75 of the Environmental Conservation Law (ECL) and, if so, provide “justification as to why such limits/criteria may not be met, and identify alternatives or [GHG] mitigation measures to be required where a project is located.”

disadvantaged communities, consistent with CLCPA §7(3).²⁵ The adoption of the framework described herein simply implements improvements to the interconnection process in a neutral manner and does not involve the approval of any facilities.

The Commission further notes that the action herein relates to “practices by utilities concerning administration and management of utility functions,” and therefore constitutes a Type II action under the State Environmental Quality Review Act (SEQRA).²⁶ Accordingly, the action is not subject to review under SEQRA.

CONCLUSION

For the reasons discussed in the body of this Order, we approve the revised framework for managing tax credit-eligible DERs contained in the Appendix and direct the Utilities to submit tariff amendments incorporating the Appendix as approved, on not less than five days’ notice, to become effective February 9, 2026.²⁷ As this Order was the subject of substantial public process, the requirements for newspaper publication of the tariff amendments are waived.

The Commission orders:

1. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and

²⁵ Section 7(3) of the CLCPA requires that State agencies, in considering and issuing permits, licenses, and other administrative approvals and decisions, “shall not disproportionately burden disadvantaged communities” as identified pursuant to ECL §75-0101(5).

²⁶ See 16 NYCRR §7.2(b)(2).

²⁷ The Utilities will add the Appendix to the SIRs as Appendix M.

Rochester Gas and Electric Corporation shall file tariff amendments to incorporate into their electric tariffs the revised Standard Interconnection Requirements set forth in the Appendix. These tariff amendments shall be filed on not less than five days' notice, to become effective on February 9, 2026.

2. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1, related to newspaper publication of the tariff amendments directed in Ordering Clause No. 1, are waived.

3. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall provide additional data in their monthly inventory reports, beginning May 15, 2026, as discussed in the body of this Order.

4. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file a report identifying the number federal investment tax credit-eligible Distributed Energy Resource projects that depend on Capital Investment Plan projects and their targeted in-service dates no later than June 1, 2026, as discussed in the body of this Order.

5. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall prepare a proposal on alternative approaches to meeting Internal Revenue Service deadlines for discussion among stakeholders in the

interconnection working groups no later than July 1, 2026, as discussed in the body of this Order.

6. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file their proposal on alternative approaches to meeting Internal Revenue Service deadlines, following discussions with stakeholders, no later than December 1, 2026, as discussed in the body of this Order.

7. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file their proposals on shortening the timeframe for construction no later than six months following the initiation of stakeholder discussion by Department of Public Service Staff, as discussed in the body of this Order.

8. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

9. This proceeding shall be continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary

Appendix M –

Temporary Rules Relating to Applicants Seeking Federal Tax Credits

Introduction. On August 15, 2025, the Internal Revenue Service (IRS) issued guidelines on renewable energy project eligibility for certain federal tax credits pursuant to §§ 70512 and 70513 of Public Law 119-21, 139 Stat. 72 (July 4, 2025) and Executive Order 14315. The purpose of these rules is to support the timely interconnection of as many projects that are eligible for federal tax credits as possible.

Capitalized terms used in this Appendix not otherwise defined here shall have the meanings given to them in the Standardized Interconnection Requirements (SIRs).

These rules shall apply to all projects that are eligible for federal tax credits under the IRS guidance, regardless of technology.

A. Provisions Applicable to Group A Projects.

1. The initial participants in Group A shall be (i) those projects that have commenced construction on or before the effective date of these rules and do not require Qualifying Upgrades, and (ii) projects that must be in-service by December 31, 2027, to qualify for tax credits. Projects that commence construction after the effective date of these rules and intend to seek tax credits shall be added to Group A as provided in section 3, below.
2. Within 15 calendar days of the effective date of these rules, developers of projects included in paragraph (1) above shall provide to the relevant utilities the date on which they commenced construction, where applicable, and proposed in-service dates. Each developer and interconnecting utility shall discuss the feasibility of the proposed in-service dates. Following that consultation, the utility shall provide all developers whose projects do not require Qualifying Upgrades a schedule and a target in-service date, which may or may not be the date originally proposed by the developer, and the date when deposits required under the SIR must be released in order for the utility to achieve the target in-service date (the Release Date). The utilities shall complete this scheduling process for the initial Group A projects no later than 75 calendar days after the effective date of these rules. If a project covered by A(1)(ii) requires a Qualifying Upgrade, and the developer wishes to initiate a work plan for the upgrade, the procedures set out in section B(5)(c) below shall apply, and the projects shall be treated as Group B projects.
3. A project that commences construction after the effective date of these rules and intends to seek federal tax credits may receive a schedule as a Group A project by notifying the utility of the date on which it commenced construction and its proposed in-service date. Notifications may be made at any time after May 1, 2026. The utility shall discuss the proposed in-service date as provided above and provide the developer a schedule, target in-service date, and Release Date within 15 Business Days of receiving the notification. In establishing schedules for entering Group A projects, utilities shall avoid delaying others previously scheduled.

4. The interconnecting utilities shall schedule and manage the work needed to interconnect Group A projects such that each project is placed in-service within the applicable time frame required by the IRS. The utilities may adjust target in-service dates and Release Dates as necessary to maximize the number of projects that achieve the IRS in-service dates. Utilities shall notify affected developers in writing via their DG portals of any change to either target in-service dates or Release Dates and the reason for the change.
 5. Group A projects who do not release their deposits on or before the Release Date assigned by the utility shall be removed from Group A and shall not be scheduled under these rules. If a Group A developer anticipates missing a project's assigned Release Date, the developer may request a revised schedule. Such requests must be submitted to the utility in writing at least 15 Business Days prior to the Release Date and must include a proposed in-service date. The utility shall make reasonable efforts to re-schedule its work to meet the in-service date allowed by the IRS but shall not be required to meet the project's proposed in-service date. The utility shall provide the developer a new Release Date and, if necessary, a new target in-service date within 15 Business Days of receiving the developer's request. A project that requests a revised schedule shall be removed from Group A if:
 - a. the utility cannot reschedule the work in time to meet the IRS in-service deadline for that project; or
 - b. the developer does not release the deposit by the second Release Date.
 6. If a project is cancelled, the interconnecting utility will stop work. Within 60 Business Days of the cancellation, the utility shall submit a final reconciliation statement as required by Step 11 of the SIRs.
 7. Except for projects included in A(1) above, projects that have not initiated scheduling under these rules shall make their deposits according to the deadlines in Section 1.D of the SIRs. SIRs deposit deadlines applicable to Projects included in A(1) shall be paused until their respective Release Dates. Projects scheduled as Group A projects shall deposit 100% of the cost estimates assigned to them on or before the Release Date.
- B. Provisions relating to Group B Projects. These projects require Qualifying Upgrades to interconnect. The rules recognize subgroups B.1 and B.2.
1. Qualifying Upgrade Charge payments not due prior to the effective date shall be due when required under these rules.
 2. Group B.1 consists of all projects that notify the utility in writing within 30 days of the effective date of these rules that (1) they have been assigned a Qualifying Upgrade Share, and (2) they have commenced construction as defined by the IRS. In the notification, developers shall provide the date on which they met the construction requirement and the date by which the IRS rules require them to be in-service. The

utilities shall develop preliminary work plans for completing the Qualifying Upgrades necessary to interconnect the Group B.1 projects within the IRS deadlines. The utilities shall provide the preliminary work plans to the Group B.1 developers no later than May 1, 2026. Developers who decide to participate in a work plan shall make their Qualifying Upgrade Charge payments no later than June 1, 2026. Projects that paid Qualifying Upgrade Charges prior to the effective date may opt in to a work plan by confirming their payments by the same date. All projects that make or confirm payments by June 1, 2026, shall be considered Participating Projects.

3. The utilities shall revise and publish on their websites the work plans for the Qualifying Upgrades that have reached the mobilization thresholds established in Appendix E of the SIR with Group B.1 payments. Such work plans shall be published no later than July 15, 2026. A work plan shall include key development steps, time for starting and completing engineering and design, equipment procurement schedules, and construction mobilization dates. The work plan must deploy the utility resources necessary for all Participating Projects to be in service within the time allowed by the IRS. The utility may modify and re-publish a work plan as needed but all revisions must schedule the remaining work so all Participating Projects can meet the relevant IRS in-service deadline.
4. If Group B.1 project payments submitted or confirmed by June 1, 2026, do not meet the mobilization threshold with respect to a particular Qualifying Upgrade, the utility shall determine whether it can complete the upgrade in time to meet IRS deadlines. If the utility determines it can do so, it shall publish the date by which the mobilization threshold must be reached in order to complete the upgrade on time. Such a Qualifying Upgrade shall be considered open to participation. Information identifying the Qualifying Upgrade, the mobilization threshold payment deadline, and the funds needed to meet the threshold shall be posted on the utility's website. The utility shall make these determinations and publish this information no later than July 15, 2026.
5. Group B.2 consists of all other projects that commence construction and are allocated Qualifying Upgrade Shares at any time. Developers of these projects may elect to be scheduled under these rules by notifying the utility of the date when they commenced construction and their IRS in-service deadline.
 - a. When a B.2 project requires a Qualifying Upgrade that is the subject of a published work plan, the B.2 project shall pay its Qualifying Upgrade Charge with the notification required above, and the utility shall add the project to the work plan.
 - b. When a B.2 project requires a Qualifying Upgrade that is open to participation under section B(4) above, the project shall pay its Qualifying Upgrade Charge on or before the mobilization threshold deadline set by the utility. The utility shall publish the work plan for the upgrade once developer payments reach the mobilization threshold.

- c. When a B.2 project requires a Qualifying Upgrade not covered in (a) or (b) above, the utility shall determine whether the Qualifying Upgrade can be constructed in time to meet the project's IRS deadline. If the utility concludes that the Qualifying Upgrade can be completed in time, the utility shall inform the developer and any other developers sharing the Qualifying Upgrade of the deadline by which the mobilization threshold must be met in order for the utility to construct the identified Qualifying Upgrade and meet the IRS deadlines applicable to their projects. The utility shall also post this information on its website. The deadline fixed hereunder shall be the payment due date for Qualifying Upgrade Charges from projects that depend on the same Qualifying Upgrade. If developer payments meet the mobilization threshold on or before the deadline, the utility shall publish the work plan for the upgrade.
6. Qualifying Upgrade Shares will not be refunded once the mobilization threshold is met, except under the circumstances identified in B(8) below.
7. The utilities shall diligently perform the work required to execute published work plans and construct Qualifying Upgrades in time to capture tax credits. The utilities shall update the published work plans monthly until all Participating Projects are interconnected.
8. If, after the mobilization threshold for a Qualifying Upgrade is reached, the utility determines that (1) circumstances beyond its control have made it impossible to complete the upgrade in time to achieve the in-service dates that are required by the IRS; or (2) its costs for the upgrade have increased 50% or more above the costs estimated by the utility at the time the Qualifying Upgrade was identified, the utility shall confer with the Participating Projects to determine whether they wish to proceed to interconnection.
 - a. If Participating Project developers notify the utility that they choose to withdraw, the utility shall invoice the withdrawing developers for, and the developers shall pay, their shares of the actual costs incurred by the utility to that point.
 - b. Participating Project developers that continue to interconnection shall not be responsible for any costs attributable to the withdrawing developers. Costs attributable to withdrawing projects shall be collected from projects that interconnect later. Any withdrawing projects that re-apply shall be charged and shall pay their shares of the actual costs incurred by the utility through completion of the upgrade, plus any non-shared cost, less any amounts paid at the time of withdrawal.
9. In the event a utility determines it cannot complete a Qualifying Upgrade in time, the utility shall consider alternative approaches to meeting IRS in-service deadlines, if requested by any of the Participating Projects. Alternative approaches must not impact system reliability, and Participating Projects must bear the cost of

implementing the alternative. Nothing in these rules requires a utility to develop a work plan for a Qualifying Upgrade that cannot be completed in time to meet IRS deadlines.

10. The utilities shall provide individual project schedules and target in-service dates to all Participating Projects, simultaneously with the publication of the relevant work plans.

C. Provisions Applicable to All Projects.

1. Except as provided in these rules, interconnection applicants and the utilities shall continue to follow the SIR. Projects that do not qualify for tax credits, and projects that are not scheduled hereunder as participants in Groups A and B, shall be scheduled for construction and energization in accordance with the SIR so long as no Group A or B project is delayed thereby.
2. The utilities shall have discretion to schedule their work and to revise in-service dates and work plans as necessary to maximize the number of tax credit-eligible projects that meet the in-service dates required by the IRS.
3. Utilities are authorized to spend deposit funds or draw on any standby letters of credit as needed to meet the schedules established under these rules.