NEW YORK STATE | Department of Public Service

KATHY HOCHUL
Governor

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Chief Executive Officer

January 16, 2026

Hon. Michelle Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 24-E-0415 – In the Matter of Timely Interconnection of Distributed Energy Resources.

Dear Secretary Phillips:

Department of Public Service Staff provides the attached proposal to increase transparency in cost estimating by electric utilities under the 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.[1] A notice seeking comments from interested stakeholders will follow.

Sincerely,

Elizabeth Grisaru
Senior Advisor for Policy

[1] The current New York State SIRs and Application Process for New Distributed Generators and/or Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems are available on the Distributed Generation webpage of the Department of Public Service: https://dps.ny.gov/distributed-generation-information.

Case 24-E-0415 - In the Matter of Timely Interconnection of Distributed Energy Resources.

Department of Public Service Staff Proposal

The Renewable Action through Project Interconnection and Deployment (RAPID) Act, enacted on April 20, 2024, directs the Public Service Commission to examine any delays associated with the interconnection of distributed energy resources (DERs), consider metrics related to timely interconnection, and consider potential revenue adjustments associated with those metrics.[1] On July 16, 2024, the Secretary to the Public Service Commission (Commission) issued a set of questions in this proceeding to assess utility compliance with timelines established in the Standardized Interconnection Requirements (SIRs).[2] Subsequently, in response to concerns raised by DER developers in the interconnection working groups, the proceeding was expanded to examine the practices utilities use to develop and communicate interconnection cost estimates.

To that end, the Secretary issued a notice on December 5, 2024, requesting information and comments from utilities and stakeholders regarding methodologies, data sources, assumptions, internal procedures, and tools used to produce the cost estimates produced in accordance with the SIRs. Department of Public Service Staff (Staff) also continued to engage on these topics with the Interconnection Technical Working Group (ITWG), which includes utilities and DER developers.

On February 3, 2025, the utilities filed responses to the December 5, 2024, Notice Soliciting Comments. The responses explain how system upgrade cost estimates for DER interconnections are prepared, managed, and reviewed. The utilities also provided information on how costs have changed over time by identifying key cost drivers such as supply chain constraints, inflation, and workforce limitations. In addition, the utilities described the procedures, methodologies, and tools used to develop the cost estimates.

Staff's review of the information provided concerning utility cost estimation practices indicates that although the underlying methodologies vary across service territories, they generally rely on engineering assessment, historical experience, and utility-specific cost estimating tools. Staff believes these approaches and data sources are generally appropriate to the exercise, even if there are differences from utility to utility. However, there is opportunity for improvement, particularly in the area of transparency.

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[1] Chapter 58 of the Laws of 2024, Part O, Section 30.

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Commenters in the proceeding and participants in the ITWG raised concerns related to the level of transparency provided in SIRs cost estimates and final project reconciliations. Commenters noted that utilities present estimates as lump sum figures without itemizing major cost components such as labor, materials, equipment, or construction activities. They suggest this lack of detail can make it difficult for developers to understand the basis for cost drivers, evaluate reasonableness of estimates, or anticipate potential variability.

Staff believes a consistent approach for communicating and updating common cost categories used in cost estimating would address the transparency concerns. Staff notes that the ITWG worked collaboratively to develop an interconnection cost matrix intended to provide a common structure for presenting typical interconnection cost components. The cost matrix includes standardized descriptions of common utility work activities and their associated costs. This is intended to serve as a transparency tool rather than a prescriptive cost model. The utilities have agreed at the ITWG to maintain and update the cost matrix annually to ensure it remains accurate.

Staff proposes to incorporate the cost estimating matrix into the SIRs to ensure that this level of transparency is maintained into the future and that developers can rely on a predictable schedule of updates. Staff recognizes that engineering, procurement, and field conditions impact actual project costs, but a more consistent and structured documentation of the cost estimating could provide developers more reliable information for planning their projects. Therefore, Staff recommends that the SIRs be modified to require the utilities to publish the cost matrices developed through the ITWG, to present annual updates of the information to stakeholders, and to begin using the updated cost matrices in their cost estimating work on a fixed calendar date each year. Staff believes these measures will provide an effective means to improving transparency.