

New York Battery and Energy Storage Technology Consortium

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May 4, 2026

Submitted Electronically

TO: Hon. Michelle L. Phillips, Secretary
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

RE: **Case 25-E-0764: Proceeding on Motion of the Commission to Address New York City Reliability Needs**

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

Case 18-E-0130: In the Matter of Energy Storage Deployment Program

Dear Secretary Phillips,

The New York Battery and Energy Storage Technology Consortium (NY-BEST) is pleased to submit comments in response to the notice filed by Consolidated Edison Company of New York, Inc.'s (Con Edison) related to its assessments of current upstream constraints and hosting capacity criteria impacting energy storage interconnection requests, filed January 14, 2026. We also reiterate the comments filed in our petition and whitepaper on January 13, 2026, related to the interconnection of energy storage facilities in Con Edison's service territory.

We greatly appreciate the Commission's consideration of our comments. If you have any questions about these comments or need additional information, please contact us at 518-694-8474 or by email at info@ny-best.org. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "William Acker".

Dr. William Acker
Executive Director

A handwritten signature in black ink, appearing to read "Claudia Villar-Leeman".

Claudia Villar-Leeman
Sr. Director, Policy and Regulatory Affairs

ABOUT NY-BEST

NY-BEST is a nonprofit industry trade association with a mission to grow the energy storage industry in New York. We act as a voice of the energy storage industry for more than 180 member organizations on matters related to advanced batteries and energy storage technologies. Our membership includes global corporations, start-ups, project developers, leading research institutions and universities, and numerous companies involved in the electricity and transportation sectors.

NY-BEST and our members have been actively engaged in the implementation of the State's 6 GW by 2030 Energy Storage Roadmap. NY-BEST is committed to helping meet New York State's need for a reliable, affordable, and modernized electricity grid, while achieving 100% clean electricity by 2040.

BACKGROUND

Beginning in August 2025, without Commission approval or stakeholder input, Con Edison changed the methodology it uses to evaluate battery energy storage system (BESS) interconnection applications. This new "Two-Part Test" imposes a 70% substation capacity threshold that renders most new storage projects economically unviable across the majority of New York City.

On January 13, 2026, NY-BEST filed a [Call for Immediate Relief](#) and a [Whitepaper](#) (collectively, "Petition") proposing interconnection and market rule reforms. The following day, Con Edison filed a "[Notice on SIR Energy Storage](#)" ("Notice") defending its methodology. On March 11, NY-BEST and NYSEIA filed a [Motion for Emergency Rulemaking](#) arguing Con Edison's Two-Part Test is causing irreparable harm, is arbitrary and discriminatory, and was implemented without legal justification. Con Edison filed [Reply Comments](#) on March 19, 2026 requesting the Commission deny the Motion.

COMMENTS

NY-BEST provides the following three overarching points for the Commission's consideration, further discussed below:

1. Blocking battery storage hurts New Yorkers.
2. Con Edison's Two-Part Test rests on flawed assumptions and faulty arguments.
3. Con Edison is not financially rewarded for enabling battery storage instead of expanding infrastructure.

1. Blocking battery storage hurts New Yorkers.

New York City is at a critical moment for its energy future. The grid faces growing reliability shortfalls, rising electricity costs, and persistent air quality and health concerns associated with

traditional generation, particularly in dense urban environments. Battery energy storage is a critical tool to address all three challenges simultaneously, providing reliable capacity, lowering costs for ratepayers, and enabling cleaner air by displacing the highest-emitting units.

NYSERDA's Energy Storage Roadmap identifies a need for at least 2,000 MW of storage in New York City's Zone J by 2030, growing to 4,600 MW by 2035.¹ Hundreds of megawatts of that storage are already in development. Con Edison's unilateral decision to restrict energy storage interconnections is putting that progress at serious risk, at precisely the moment New York City can least afford it.

There are several ways energy storage contributes to affordability:

- **Deferring or avoiding the need for distribution infrastructure expansion.** For example, in its 2025 rate case, Con Edison requested approval for 3 GW of new substation capacity to meet forecasted load growth of just 590 MW through 2034, more than five times the incremental demand, at an annual ratepayer cost expected to exceed \$1 billion once completed.² Battery storage, by contrast, can be sized precisely to meet actual need, deployed faster, and at a fraction of the cost. Analysis of the Corona No. 1 substation upgrade, one project in Con Edison's capital plan, found that deploying BESS instead would save ratepayers approximately \$1.95 billion over ten years.³
- **Direct bill credits to those who need them most.** The Statewide Solar for All program directs a portion of storage revenues as direct bill credits to low-income households enrolled in utility energy assistance programs, relief that grows as more storage is deployed and enrolled. Blocking storage interconnections means blocking that relief.
- **Reducing system costs.** NYSERDA's 6 GW Energy Storage Roadmap found that deploying 6 GW of storage statewide by 2030 would yield an estimated \$1.94 billion in net societal benefits through avoided electricity system expenditures.⁴
- **Reducing energy prices.** A January 2026 Synapse Energy Economics study found that meeting New York's storage and solar deployment goals would save ratepayers \$1 billion per year statewide through wholesale price suppression alone, savings that benefit all New Yorkers.⁵

¹ Case 18-E-0130. New York State Department of Public Service and the New York Energy Research and Development Authority, *New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage*, filed March 15, 2024, "Figure 22. Storage Build by Location," p. 74.

² Case 15-E-0751 and Case 19-E-0283. NineDot Energy, *Initial Comments on DPS Staff Proposal on Updating DRV and LSRV for VDER Compensation*, filed March 16, 2026, p. 23 and Appendix 8. See also: Case 25-E-0072. Con Edison, *Electric Infrastructure and Operations Panel (EIOP), System Expansion & New Business Capital Expenditures*, Exhibit EIOP-7 (filed January 31, 2025) and Exhibit EIOP-7-UPD (filed April 10, 2025).

³ Case 15-E-0751 and Case 19-E-028. NineDot Energy, *Reply Comments on DPS Staff Proposal on Updating DRV and LSRV for VDER Compensation*, filed April 6, 2026, p. 15.

⁴ Case 18-E-0130. New York State Department of Public Service and the New York Energy Research and Development Authority, *New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage*, filed March 15, 2024, p. 25.

⁵ Synapse Energy Economics, *Sunlight and Storage into Savings: Evaluating Energy Cost Savings from Distributed Solar and Storage Additions in New York*, January 2026, p. 6. Available [here](#).

Energy storage will also enable cleaner air and improved health outcomes for New York City residents, especially frontline communities. New York State’s 2019 DEC Peaker Rule⁶ was designed to retire the fossil fuel peaker plants that have for decades concentrated air pollution in low-income communities and communities of color, but many of those plants cannot close without new or repowered resources to replace them.

Battery storage is a low-cost, clean solution that can fill that gap, providing a reliable alternative and allowing those plants to finally close in line with State law. Indeed, greater than 95% of operating energy storage capacity in New York City was successfully discharged during the Summer 2025 ICAP Market Peak,⁷ and Con Edison reported that Auto-DLM resources achieved 109% performance in 2025, injecting a higher level of power during Auto-DLM events than they committed.⁸ Systems enrolled in Auto-DLM or other reliability programs in 2025 had an average 97% response rate to utility calls. These achievements illustrate the high reliability of these resources when properly signaled and compensated. Further, a March 2026 study by PowerGEM found that energy storage can meet the reliability needs that Con Edison recently identified for New York City, while saving ratepayers money and reducing emissions at the same time.⁹

Con Edison’s moratorium is directly blocking that transition: as of February 2026, at least 25 storage projects totaling 153 MW have been cancelled, and 91 more totaling 446 MW are at risk,¹⁰ and those numbers have continued to grow. The Commission has directed Con Edison to “turn over every stone” to find clean, cost-effective solutions to New York City’s reliability needs.¹¹ Blocking battery storage is the opposite of that.

2. Con Edison’s Two-Part Test rests on flawed assumptions and faulty arguments.

Con Edison’s Two-Part Test rests on a series of assumptions that warrant rigorous scrutiny before being used to determine outcomes for hundreds of megawatts of storage projects. Instead, Con Edison implemented the methodology unilaterally, without stakeholder input or Commission approval, and even began applying it retroactively to projects that had already received favorable study results, without an explanation of any previous error in the CESIR study analysis that needed to be corrected. At least 34 projects totaling 161 MW saw their interconnection costs increase by

⁶ New York State Department of Environmental Conservation, *Ozone Season Oxides of Nitrogen (NOx) Emission Limits for Simple Cycle and Regenerative Combustion Turbines*, 6 NYCRR Part 227-3, adopted December 11, 2019.

⁷ New York Battery and Energy Storage Technology Consortium (NY-BEST), *Survey of Companies with Operating Assets in New York City*, January 2026. Surveyed companies had a total of 40 MW of operating energy storage assets in NYC, with 19 MW enrolled in Auto-DLM or other reliability programs. The Installed Capacity Alternative 3 (“ICAP Alt 3”) for VDER is defined as the peak hour of electricity demand during non-holiday weekdays in July and August.

⁸ Case 14-E-0432. Con Edison, *2025 Demand Response Annual Report*, November 21, 2025, p. 4.

⁹ PowerGEM, *Ability of Energy Storage to Address Transmission Reliability Needs in New York City*, prepared for the New York Battery and Energy Storage Technology Consortium (NY-BEST), March 26, 2026.

¹⁰ New York Battery and Energy Storage Technology Consortium (NY-BEST), *Survey of Seven Active Clean Energy Developers in New York City*, February 20, 2026.

¹¹ Case 25-E-0764. New York State Public Service Commission, Order Initiating Proceeding and Directing Reliability Contingency Plan, issued December 18, 2025, p.16.

\$21M, or an average of 14 times as a result, rendering the projects infeasible.¹² The Commission should immediately direct Con Edison to halt use of this methodology, and should require that it be subject to full stakeholder review and Commission approval before it can be applied.

Con Edison's core justifications for the Two-Part Test, described in their Notice and Reply Comments to the NY-BEST and NYSEIA Motion for Emergency Rulemaking, each deserve examination:

- *Con Edison points to rapid growth in the interconnection queue as problematic.* Con Edison points to a 300% increase in interconnection requests over two years as evidence of an unprecedented constraint requiring a change to the interconnection methodology. But this growth should not have come as a surprise; it is a direct result of State policy, including NYSEIRDA's storage incentive programs and the Commission's own directives to expand storage deployment. Rather than treating this growth as a problem, Con Edison should have been proactively planning for this growth by working with stakeholders to review and update energy storage interconnection and operation rules to maximize the value these projects can provide to the grid and to ratepayers.

Further, project attrition was not accounted for; historically, nearly two-thirds of queued projects are withdrawn before construction, and the level of completed projects remains at only around 100 MW.¹³ That figure is dramatically short of what the State actually needs. NYSEIRDA's Energy Storage Roadmap, published in 2022, identified a need for at least 2,000 MW of storage in Zone J by 2030, growing to 4,600 MW by 2035,¹⁴ a need that has been clear for years and is likely to continue to grow. Notably, Con Edison's analysis focuses narrowly on load flattening on distribution circuits as the primary benefit of energy storage, while overlooking the broader system-level value these resources provide: reducing wholesale electricity costs, maximizing the capacity of existing transmission infrastructure to deliver power to New York City, integrating an increasing share of renewable generation, and improving overall grid resilience. A methodology that treats storage primarily as a load to be managed, rather than a flexible resource to be optimized, will systematically undervalue its contribution and lead to the wrong policy conclusions.

Further, the Standardized Interconnection Requirements (SIR) process was wisely designed to be self-limiting: if the queue grows too large in a particular location, the next project will face upgrade costs that naturally constrain further development. That mechanism makes a unilateral methodology change unnecessary; instead of allowing the SIR to function as designed, Con Edison's revised methodology artificially triggers unnecessary upgrade obligations by misapplying charging windows for energy storage and enforcing an

¹² New York Battery and Energy Storage Technology Consortium (NY-BEST), *Survey of Companies with Operating Assets in New York City*, January 2026.

¹³ *Ibid.*

¹⁴ Case 18-E-0130. New York State Department of Public Service and the New York Energy Research and Development Authority, *New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage*, filed March 15, 2024, "Figure 22. Storage Build by Location," p. 74.

unwarranted 70% threshold. While an opportunity exists to reform charging parameters through a proper stakeholder process, the self-limiting nature of the SIR ensured that there was no emergency justification for imposing additional restrictions on interconnection like the 70% threshold.

- *Con Edison claims BESS is creating upstream capacity constraints, including at or upstream of the area substation level.* Con Edison states, “Because there is a large volume of projects clustered in specific areas, there could be, for the first time, significant impacts from BESS charging on infrastructure upstream of primary feeders, such as at area stations and sub-transmission infrastructure” (emphasis added).¹⁵ However, Con Edison has not provided evidence that this is currently occurring for projects in the interconnection queue. The 70% threshold appears to function as a buffer against potential future constraints that may arise during contingency scenarios if all energy storage in the queue charges during the restrictive windows assumed in the Two-Part Test; it is not a response to constraints that exist today, as required by the SIR. The charging window assumptions are overly simplistic, fail to account for actual grid needs, and could be readily revised to produce a more accurate and less restrictive analysis. Applying a system-wide methodology change premised on overly conservative and easily revisable charging assumptions without stakeholder input or Commission approval, and in a manner that blocks most new energy storage projects, is not an appropriate response.
- *Con Edison claims the 70% threshold is necessary to protect system reliability.* However, Con Edison applies this restriction exclusively to storage, with no equivalent restriction on any other load type. The change is embedded in Con Edison Bulletin B-424, dated November 1, 2025, which modifies EOP-5051, the internal engineering guidance governing how Con Edison performs Coordinated Electric System Interconnection Reviews (CESIRs). Section 12 of EOP-5051 previously directed engineers to contact Distribution Engineering (DE) if “accumulated DER charging load reaches 85% of network/feeder peak.” B-424 replaced that threshold with 70%, without providing energy storage companies or the public any technical justification beyond a vague reference to upstream infrastructure constraints. A recent study by Danovo, a Quanta company, found that energy storage should be able to charge to the 100% capability threshold, noting, “A key operational enabler for planning to 100% of station capability is Con Edison’s interconnection SCADA standard for new DER customers, which includes explicit mechanisms to block charging (and, separately, block export) when needed.”¹⁶ SCADA is already required for energy storage interconnection in Con Edison territory, and should be leveraged to enable a higher threshold of capability.
- *Con Edison claims the creation of new overnight peaks justifies the methodology.* Con Edison’s methodology assumes that all storage projects will charge simultaneously, at a flat rate, during the same static eight-hour overnight window, every night. This is not how storage

¹⁵ Case 24-E-0621, et al. Con Edison, *Notice on SIR Energy Storage*, filed January 14, 2026, p. 3.

¹⁶ Case 25-E-0764. Danovo (Chad Abbey, Khash Mahani, Farnaz Farzan, and Ralph Masiello), *Optimizing BESS Interconnection in Constrained Distribution Networks*, April 10, 2026. Accessed [here](#).

should be operated. The Two-Part Test further restricts available hosting capacity with a questionable methodology; Con Edison integrates the BESS load from 11:00pm - 12:00am within its constraints analysis, effectively applying a nine-hour period for setting charging limitations (e.g. to determine the peak hour of the off-peak period), but an eight-hour period for charging load (12:00am - 8:00am), artificially reducing hosting capacity at at least 58% of substations with available data.¹⁷ By applying a uniform 12:00am to 8:00am charging window across all substations and networks, the Two-Part Test further underestimates hosting capacity in a manner that does not align with the SIR.

The B-424 bulletin itself points to a better approach: it references language in Section 12 indicating that engineers should notify DE if they “plan to change or extend the default charge window,” reflecting a prior practice of working collaboratively with storage developers to adjust charging windows to maximize grid value. In the past, each BESS interconnection study assumed a unique charging window based on local feeder load shapes and applied time-varying, project-specific charging rates, which are straightforward to set and apply and are common practice across the utility industry. Con Edison’s own Rider Q proposal¹⁸ includes locationally-variant twelve-hour charging windows, and Con Edison has developed curved charging profiles under its existing interconnection standards that could materially reduce overnight loads.¹⁹ That collaborative, case-by-case approach is no longer occurring. Instead, the Two-Part Test applies worst-case, uncontrolled charging assumptions that do not reflect how these assets will actually operate on the grid, and predetermines a binary outcome on whether upstream upgrades are required without regard to the specific circumstances of individual projects.

Storage projects are already equipped with SCADA controls that allow Con Edison to restrict or trip charging during contingency events, meaning that exceedances, on the few hours of the year they may occur, could be managed without costly infrastructure upgrades. This option was not meaningfully evaluated before the Two-Part Test was imposed. As a result, most storage projects are now receiving a pro-rata share of a multi-billion dollar substation expansion in their CESIR interconnection costs, even when that expansion would likely be unnecessary under adjusted charging assumptions. Other utilities have already demonstrated viable alternatives: Central Hudson has used Direct Transfer Trip technology to manage contingency scenarios without blocking storage development since 2020,²⁰ and National Grid implemented similar solutions at approximately 150 substations in February 2026.²¹ Con Edison has not explained why comparable approaches are not available in its service territory.

¹⁷ Case 24-E-0621. NY-BEST and NYSEIA, *Motion for Emergency Rulemaking*, filed March 11, 2026, p. 17-18 and Appendix A.

¹⁸ Case 18-E-0130. Con Edison, *Rider Q Filing*, filed October 18, 2024.

¹⁹ See Con Edison Bulletin B-380

²⁰ Sensus, "Central Hudson Expands Distributed Energy Resource Capabilities with Sensus," Business Wire, July 7, 2020, available [here](#).

²¹ Viscariello, Gabe, "National Grid NY Preparations for N-1 Solutions," presented at the Interconnection Technical Working Group, January 21, 2026, available [here](#).

- *Con Edison has failed to address how its methodology will function in practice.* Beyond its analytical shortcomings, the Two-Part Test creates significant procedural problems that Con Edison has not addressed. First, the framework lacks any protocol for reallocating capacity when projects at the front of the queue, particularly those that do not trigger substation upgrades, are withdrawn. Given that historically nearly two-thirds of queued projects are withdrawn before construction, this is not a hypothetical concern. Without a clear mechanism to reassign freed capacity to downstream projects, viable projects will remain in limbo, unable to proceed even when capacity becomes available. Second, the Two-Part Test creates a moving target: because a project passes the test if it does not add load beyond the existing peak demand, natural load growth over time will incrementally expand the number of allowable projects. However, without a defined process for capturing that capacity, developers may be forced to repeatedly resubmit identical CESIR applications in an attempt to do so. This would impose unnecessary administrative burdens on developers as well as Con Edison's own SIR process, and introduces significant queue dysfunction.
- *Con Edison points to clustering of projects at certain substations as a problem caused by market behavior.* In fact, the geographic concentration is largely a result of Con Edison's own programs and signals. High-need designations, Locational System Relief Value (LSRV) zones, and prior restrictions that limited interconnections to certain network areas have all directed developers toward specific locations. Nine of the ten most active substations for storage development are locations where Con Edison's own programs explicitly encouraged development. Notably, Con Edison has sited its own utility-owned storage projects at two of these same substations. If clustering is a concern, the appropriate response is to update the signals that are causing it, not to impose a system-wide methodology change that blocks interconnections more broadly.
- *Con Edison claims the infrastructure expansions would not be required "but for" the energy storage projects.* Con Edison argues that the storage projects, and not underlying load growth, are responsible for triggering the need for upstream infrastructure upgrades. However, at least eighteen of the substations Con Edison has designated as constrained serve the same networks where Con Edison has already proposed expensive substation expansions in its rate case to address load growth, as demonstrated in Table 1 below. The "but for" framing is difficult to sustain when some infrastructure needs exist independently of storage, driven primarily by load growth. Indeed, Con Edison has never demonstrated a technical engineering issue with the original CESIR analyses that found projects could effectively interconnect without substation expansions, prior to issuing restudies under the new methodology. Far from triggering the need for expansion, energy storage could in many cases defer or eliminate the need for those expansions entirely, delivering direct savings to ratepayers.

Ironically, nine of the substations Con Edison now designates as constrained to energy storage are the very same locations it has simultaneously designated as preferred sites

under its own bulk storage procurement programs, as shown in Table 1 below. If Con Edison believes additional operational signals or performance requirements will be needed to maximize the value of VDER-compensated storage as deployment increases, it has the tools to pursue those reforms through the appropriate stakeholder process, and industry would be eager to collaborate on that front. However, Con Edison cannot justify requiring costly and unnecessary infrastructure expansions as a condition of interconnection for the same technology it is actively soliciting through its own programs to defer those same expansions.

Notably, ten of the twenty-nine substations Con Edison has designated as constrained have zero or de minimis energy storage in the interconnection queue, and seven have low off-peak BESS charging loads compared to area substation capability, as shown in Table 1, undermining Con Edison’s core claim that battery storage is the driving cause of upstream constraints in these networks.

Table 1: Inconsistencies in Con Edison’s Analysis

The table reviews each network Con Edison has designated as “Constrained” due to energy storage in the interconnection queue, and identifies those that have:

- *“Nearly Zero”*: Networks with zero or de minimis energy storage in the interconnection queue.
- *“High Need”*: Networks that were listed as Preferred Locations for Con Edison’s Bulk Solicitation, that have an active Non-Wires Solutions solicitation, or are designated as a Locational System Relief Value (LSRV) area.
- *“Upgrade Need”*: Networks with capacity expansion and load-transfer projects already requested or underway, totaling \$11.8 billion in planned CapEx.²²
- *“Low BESS”*: Networks with relatively low offpeak energy storage load compared to area substation capability (22% or less).

Substation	Networks Con Edison has designated as “Constrained”	Nearly Zero	High Need	Upgrade Need	Low BESS
Brownsville No. 1	3B - Crown Heights 5B - Ridgewood		✓	✓	
Brownsville No. 2	9B - Richmond Hill		✓	✓	
Fresh Kills	1R - Fresh Kills		✓		
Glendale	2Q - Borden 6Q - Maspeth 10Q - Sunnyside			✓	
Woodrow	5R - Woodrow				
Washington St	1W/9W - Washington St			✓	✓

²² See Case 25-E-0072 Rate Case and Case 15-E-0751 MCOS filings.

Millwood W	7W - Millwood West			✓	✓
Ossining W	6W - Ossining West			✓	✓
Bensonhurst No. 1	7B - Ocean Parkway 10B - Sheepshead Bay			✓	✓
Bensonhurst No. 2	4B - Flatbush 11B - Brighton Beach		✓	✓	✓
Parkchester No. 2	5X - Northeast Bronx			✓	
Mott Haven	4X - Central Bronx			✓	
Jamaica	5Q - Jamaica			✓	
E. 179th Street	3X - Fordham				✓
Corona No. 1	7Q - Flushing	✓		✓	
Bruckner	2X - West Bronx		✓		
Greenwood	8B - Bay Ridge	✓		✓	
Granite Hill	10W/15W - Granite Hill	✓			
Grasslands	19W - Grasslands		✓	✓	
Wainwright	3R - Wainwright				✓
Corona No. 2	3Q - Rego Park 9Q - Jackson Heights	✓		✓	
Willowbrook	4R - Willowbrook	✓	✓		
Water Street	6B - Williamsburg 12B - Prospect Park	✓		✓	
Hellgate	3M - Yorkville		✓		
Avenue A	7M - Cooper Square	✓	✓	✓	
W 19th St	13M - Chelsea	✓			
E 75th St	24M - Lenox Hill	✓			
W 110th St No. 2	17M - Central Park	✓			
29 substations	36 networks	10	9	18	7

- *Con Edison states that energy storage developers are seeking to shift billions of dollars of infrastructure costs onto ratepayers. Con Edison states that private energy storage developers aim to “shift to electric customers billions of dollars of infrastructure costs,”*²³

²³ Case 24-E-0621, et al. Con Edison, *Reply Comments to NY-BEST and NYSEIA Motion for Emergency Rulemaking*, filed March 19, 2026, p. 1.

and that removing the two-part test would “force customers to fund billions of dollars of otherwise unnecessary upgrades to maintain reliability.”²⁴ This framing fully mischaracterizes the issue. It is worth noting that the SIR already requires storage developers to pay for infrastructure upgrades that are needed as a result of their projects; that is not in dispute. The real question before the Commission is not whether developers should pay for necessary upgrades, but whether the upgrades Con Edison is requiring under the Two-Part Test are actually necessary, given realistic assumptions about how storage will operate on the grid. When the methodology assumes worst-case, simultaneous, flat-rate charging by every project in the queue along with a threshold limiting peak loads to 70% to capacity, it will inevitably identify upgrade needs that would not arise under realistic operating conditions.

Notably, New York City’s grid operates at an average annual utilization rate of only 49%,²⁵ with peak demand occurring only a handful of hours out of the year, a pattern consistent with the national average of approximately 50%, as documented in a March 2026 Brattle Group report, “The Untapped Grid.”²⁶ Traditional infrastructure expansions are built to meet those brief peak moments, leaving expensive assets underutilized for the vast majority of the year, with costs borne by ratepayers over 30 to 50 year cost recovery periods. Energy storage, when provided with the correct charging and discharging signals, can increase grid utilization and reduce or eliminate the need for those expansions while maintaining reliability, and can be deployed in one to five years, compared to five to ten years for traditional infrastructure.

Notably, Con Edison did not analyze whether energy storage was a viable alternative to its proposed expansions before requesting billions of dollars in new infrastructure spending in its 2025 rate case. Storage developers want to build projects that *avoid* the need for costly infrastructure expansions and save money for ratepayers, in line with State programs designed to expand DER deployment for exactly that purpose. Con Edison, by contrast, is directly financially incentivized to invest in infrastructure expansion rather than more cost-effective alternatives, as discussed further in Section 3.

- *Con Edison claims the VDER and MCOS proceedings have a direct bearing on the Commission’s review of the Two-Part Test.* Con Edison points to its March 16 filing proposing significant changes to VDER’s structure as having “the potential to significantly impact project economics for energy storage projects going forward.”²⁷ Anticipated changes to project economics, however, should not be used as justification for a technical engineering analysis regarding hosting capacity. In the longer term, as more flexible interconnection rules are developed through a proper stakeholder process, those rules should be designed in

²⁴ Ibid., p. 8.

²⁵ NY-BEST analysis of NYISO load data for 2025.

²⁶ Hledik, Ryan, Long Lam, and Kate Peters. *The Untapped Grid: How Better Utilization of the Power System Can Improve Energy Affordability*. The Brattle Group, March 2026. Prepared for GridLab and Utilize Coalition.

²⁷ Case 24-E-0621, et al. Con Edison, *Reply Comments to NY-BEST and NYSEIA Motion for Emergency Rulemaking*, filed March 19, 2026, p. 7

harmony with tariff structures to ensure that charging and discharging signals, compensation mechanisms, and interconnection agreements are optimized together to maximize value to the grid and to ratepayers, as described in NY-BEST's January 13 Whitepaper. However, in the immediate term, the potential for future tariff reform is not an appropriate justification for Con Edison's unilateral limitation of storage interconnections via the Two-Part Test.

- *Con Edison claims NY-BEST and NYSEIA ask that "the Commission...approve every utility engineering procedure that impacts an interconnection request."*²⁸ This mischaracterizes the request. The issue is not that Con Edison exercised typical and reasoned engineering judgment, but that it implemented a new system-wide standard that fundamentally alters how all distributed BESS interconnection applications are evaluated, without going through the established process for doing so. Historically, technical barriers and challenges associated with the SIR have been worked through collaboratively via the Interconnection Technical Working Group (ITWG), whose stated goal is to "identify, discuss and resolve technical barriers and challenges associated with the DER interconnection process and the Standardized Interconnection Requirements in New York State in an efficient and effective manner."²⁹ NY-BEST and NYSEIA are not asking the Commission to pre-approve routine engineering decisions. We are asking that a significant, uniform change to the interconnection methodology be subject to the stakeholder review and Commission approval; the methodology has material consequences for hundreds of projects and billions of dollars in clean energy investment, and if those projects are not built, ratepayers face the alternative of overreliance on costly traditional infrastructure expansion, continued operation of fossil fuel peaker plants that could otherwise be retired, and reduced progress toward the State's affordability and clean energy goals. Precedent supports this, as major changes to how the SIR is applied have historically gone through the ITWG before taking effect.
- *Con Edison claims it has met its share of the State's 2030 storage deployment target, citing a 500 MW allocation for its service territory.* This figure comes from page 59 of the Commission's June 2024 Order establishing minimum targets for the 1.5 GW retail energy storage procurement program, which requires that at least 30% of off-site retail projects be located in Zone J. However, this minimum threshold is far below the actual modeled need. NYSERDA's Energy Storage Roadmap shows a need for over 2,000 MW of storage in New York City by 2030, growing to 4,600 MW by 2035. Further, NYSERDA's Implementation Plan, subsequently approved by the Commission's February 2025 Order, allocated a minimum of 50%, or 750 MW, of the retail program to the New York City region. The most recent modeling done by the NYISO for the Coordinated Grid Planning Process (CGPP) shows a

²⁸ Case 24-E-0621, et al. Con Edison, *Reply Comments to NY-BEST and NYSEIA Motion for Emergency Rulemaking*, filed March 19, 2026, p. 8.

²⁹New York State Department of Public Service, Interconnection Technical Working Group (ITWG), available [here](#) (accessed April 23, 2026).

need for 4-6 GW of energy storage in Zone J by 2035 and 5-8 GW by 2042.³⁰ Both the Commission and NYSERDA have repeatedly acknowledged that Zone J represents the greatest opportunity for peaker plant replacement and benefits to disadvantaged communities. Con Edison should not artificially limit interconnections on the basis that it has satisfied a minimum program threshold, when the modeling need for its service territory so substantially exceeds that threshold.

- *Con Edison claims it has been transparent and provided detailed information.* However, the information shared on the hosting capacity map is not accurate. For example, the Cooper Square network is designated as an emerging constrained area with the note that it "is experiencing a high volume of energy storage project applications, which may cause future substation or upstream infrastructure constraints," yet the Cooper Square network does not have a single energy storage project application in the SIR queue. This is not an isolated example: at least five network areas designated as constrained cite a high volume of applications as justification, despite having zero publicly proposed energy storage projects in the queue.³¹

While Con Edison has offered meetings with NY-BEST and NYSEIA, those meetings have included illustrative examples only, without providing actual data on the nature, location, frequency, or duration of the claimed upstream constraints. The upstream analysis Con Edison applied to restudied projects is not a genuine engineering evaluation. It simply assigns a pro-rata share of a multi-billion dollar substation expansion to any project that exceeds the 70% threshold and creates a new network peak, based on rigid charging assumptions, without exploring whether adjustments to charging behavior could avoid triggering those constraints in the first place. True transparency would require Con Edison to provide the underlying data and methodology in sufficient detail for independent verification, which it has not done.

The assumptions underlying Con Edison's Two-Part Test are not supported by the evidence provided in its Notice or Reply Comments to the Motion. The Commission should immediately direct Con Edison to revert to its pre-August 2025 methodology while a stakeholder process evaluates the technical basis for any revised approach.

3. Con Edison is directly financially incentivized to expand infrastructure rather than enable energy storage.

³⁰ Case 20-E-0197 – Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act. New York Independent System Operator (NYISO). *CGPP Stage 5: Capacity Expansion Results*, April 20, 2026, p. 31-32. Available [here](#). Note: these estimates result from the State Scenario and Scenario 2; Scenario 3 indicated slightly less short-duration energy storage, but significantly more Dispatchable Emissions-Free Resources (DEFERs), which could be supplied by long-duration energy storage.

³¹ These networks are Cooper Square, Chelsea, Yorkville (Hellgate), Lenox Hill (East 75th Street), and Central Park (West 110th Street No. 2).

The concerns raised in this proceeding reflect a deeper structural problem: Con Edison's financial incentives are not aligned with the goal of deploying cost-effective solutions for ratepayers. Under the current regulatory framework, Con Edison earns a guaranteed rate of return on capital expenditures for traditional infrastructure. It earns no comparable return for facilitating third-party storage interconnections, and is directly incentivized to limit those interconnections, as they could reduce or eliminate the need for capital investments that generate a rate of return. While requiring substation expansion as a condition of storage interconnection typically renders the project unviable, if a developer were to proceed by funding the expansion, Con Edison still benefits from the associated engineering, project management, and overhead recovery that contribute to corporate profitability, even when developers bear those upgrade costs.

Con Edison has been candid about this in its own Security Exchange Commission (SEC) filings. In its 2025 annual 10-K filing, Con Edison identifies distributed energy resources, including storage, as a competitive risk to shareholder value, noting that Distributed Energy Resources (DERs) "provide an alternative source of electricity for the Utilities' electric delivery customers" and that changes to "the competitive landscape... could significantly impact the value of the Utilities' energy delivery facilities."³² Con Edison's characterization of third-party DERs as a business risk to be declared to shareholders and filed with federal regulators, helps to explain why, despite stating in its 2022 Annual Report that battery storage "will become an essential component of our systems" as it sought permission to build it itself, the utility has simultaneously taken steps that make storage development significantly harder for third party developers. In this proceeding, Con Edison has attempted to frame storage developers as financially motivated actors seeking to shift costs onto ratepayers. The Commission should weigh that argument in light of Con Edison's own SEC disclosures, which make clear that the utility itself has a direct financial interest in limiting third-party storage deployment.

This misalignment of incentives is also visible in how Con Edison treats storage differently across its own programs. Con Edison actively solicits and prioritizes storage through its Bulk Energy Storage RFP and Non-Wires Solutions programs, both of which involve utility cost-sharing arrangements that provide Con Edison with financial rewards for participation. By contrast, VDER-compensated third-party storage projects, which Con Edison does not receive comparable incentives for enabling, are the projects limited by the Two-Part Test. Further, the Earnings Adjustment Mechanisms that were designed to reward Con Edison for enabling storage deployment were not extended in the most recent rate case. It is worth noting that nine of the ten priority locations under Con Edison's own Bulk Storage RFP are simultaneously classified as constrained under the Two-Part Test, as illustrated in Table 1 above. The difference in treatment is based on flawed charging assumptions for the VDER-compensated projects that Con Edison does not apply to projects under its other programs.

Con Edison already has the tools to treat third-party storage as a reliability resource. It requires SCADA equipment on every storage project, giving it real-time visibility and control. Stakeholders

³² Consolidated Edison, Inc., Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2024, filed with the Securities and Exchange Commission, 2025, p. 19.

are ready to work collaboratively with Con Edison to update the operational signals for VDER-compensated storage to ensure maximal value to the grid, especially during high-stress days. Con Edison's decision to instead limit interconnection by amending the Standardized Interconnection Requirements (SIR) process and adopting the restrictive Two-Part Test methodology is not acceptable.

The Commission must address this structural misalignment alongside any changes to interconnection rules. As the Brattle Group concluded in its March 2026 study, updating performance incentives, cost-recovery rules, and planning requirements can reward utilities for least-cost outcomes and ensure benefits are shared with customers.³³ Without reform, utilities will maintain strong financial incentives to build infrastructure and limited incentives to enable the alternatives that would better serve ratepayers.

CONCLUSION

NY-BEST urges the Commission to take the following actions, in line with the requests in our January 13, 2026 filing:

- Immediately direct Con Edison to revert to its pre-August 2025 CESIR methodology, eliminating the arbitrary 70% substation capacity threshold.
- Direct Con Edison to allow curved charging profiles as an interim step toward more dynamic interconnection studies.
- Initiate a 6–12 month stakeholder reform process to update interconnection and market rules so that energy storage is treated as the flexible, controllable reliability resource it is.
- Reform utility incentive structures to align Con Edison's financial interests with outcomes that most cost-effectively address reliability needs for ratepayers.

Battery energy storage is deployed and operating in New York City today. The Commission has the authority and the obligation to ensure Con Edison is not standing in the way of the clean, affordable, and reliable grid New Yorkers deserve. Thank you for the opportunity to provide these comments.

³³ Hledik, Ryan, Long Lam, and Kate Peters. The Untapped Grid: How Better Utilization of the Power System Can Improve Energy Affordability. The Brattle Group, March 2026. Prepared for GridLab and Utilize Coalition. p.34.