



November 18, 2025

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-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.

Dear Secretary Phillips:

Department of Public Service Staff submits the attached updated proposal for management of the interconnection queue for new distributed Generators and/or energy storage systems five megawatts or less connected in parallel with utility distribution following the issuance of Internal Revenue Service Notice 2025-42 on August 15, 2025.¹ The initial straw proposal was filed on September 11, 2025, in this proceeding. The updated proposal was discussed in the Interconnection Policy Working Group on November 5, 2025. Materials from that meeting are available at the following webpage: <https://dps.ny.gov/event/ipwg-meeting-november-2025>. To provide interested stakeholders with additional time to consider and comment on the updated proposal, Department of Public Service Staff requests that the comment period related to the proposal be extended to December 10, 2025.

Sincerely,

Jalila Aissi
Assistant Counsel

¹ See Internal Revenue Service Notice 2025-42 issued on August 15, 2025 (available at <https://www.irs.gov/pub/irs-drop/n-25-42.pdf>).

Department of Public Service Staff Proposal for Managing DER Project Construction
Version 2
11/18/2025

On August 15, 2025, the Internal Revenue Service (IRS) issued guidelines on renewable energy project eligibility for certain federal tax credits¹ pursuant to §§ 70512 and 70513 of Public Law 119-21, 139 Stat. 72 (July 4, 2025) and Executive Order 14315.² The IRS guidelines require projects seeking such credits to meet specific construction and in-service deadlines. In light of the IRS action, and to clarify the obligations of both renewable project developers and interconnecting utilities, Department of Public Service Staff proposes to establish rules governing the construction and interconnection of distributed energy resources (DERs) subject to the Standardized Interconnection Requirements (SIRs), as outlined below:

The purpose of these rules is to provide additional certainty for both interconnection applicants and the interconnecting utilities on scheduling the work necessary to bring projects into service. This additional certainty will help ensure that the utilities organize their resources to complete projects that qualify for federal tax credits on time. The utilities shall continue to process interconnection applications while these processes are in effect, as discussed below.

These rules do not apply to stand-alone battery storage facilities.

The rules will recognize two groups of DER interconnection applicants. Group A are projects that do not require Qualifying Upgrades for their interconnection; Group B are projects that do require such upgrades.

Group A will consist of projects meeting the following criteria:

They have commenced construction, as defined by the IRS, before the effective date of these rules; or

They commence construction, as defined by the IRS, after the effective date but before July 4, 2026; and

Their interconnection does not require Qualifying Upgrades, as determined through the CESIR process.

¹ Internal Revenue Service Notice 2025-42, issued August 15, 2025 (available at <https://www.irs.gov/pub/irs-drop/n-25-42.pdf>).

² 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>).

The interconnecting utilities shall schedule and manage the work necessary to interconnect Group A projects such that each project is placed in-service, as defined by the IRS, within the time frame allowed pursuant to the IRS Notice. To accomplish this objective, promptly after the effective date of these rules, developers who qualify for Group A as of that date shall report to the relevant utilities the date on which they commenced construction, as defined by the IRS, and the date by which the IRS requires them to be in-service in order to obtain tax credits (IRS in-service date). Each Group A project developer and the relevant utility shall meet to confirm the project's construction plan and a proposed in-service date that is in advance of the IRS in-service date. Following that consultation, the utilities shall provide a schedule and target in-service date, which may or may not be the date originally proposed by the developer. The schedule shall indicate the date when funds on deposit per the SIR must be released in order for the utility to achieve the target in-service date (the Release Date).

The utility shall establish the Release Date in consideration of current information about long lead time equipment, developer and utility permitting requirements, allowances for unanticipated site conditions, and all other material factors that influence the utility's ability to complete the necessary work. The utility may adjust the Release Date following completion of the initial field visit. The utility shall share the information underlying its designation of the Release Date with the applicant.

Applicants who do not authorize the interconnecting utility to spend the deposit by the Release Date shall be removed from Group A, and the utility shall no longer be required to complete the interconnection in time to meet IRS deadlines. An applicant may release its deposit in whole or in part at any time prior to the Release Date for the utility to start procurement of long lead time equipment.

Projects that qualify for Group A after the effective date shall be processed in the same way, and the utilities shall be required to provide schedules, target in-service dates, and Release Dates to accommodate them. In determining the schedules for later Group A projects, utilities shall avoid delaying previously-scheduled Group A projects.

Certain projects starting construction after July 3, 2026 may qualify for tax credits if they are placed in-service by January 1, 2028. A developer seeking tax credits in this group shall notify the utility of its planned in-service date as soon as possible after the effective date of these rules. If the utility determines it can meet that date without delaying any other project subject to these rules, it shall schedule the work accordingly.

The utilities shall have discretion to schedule their work as necessary to meet all IRS in-service dates.

If a Group A project is cancelled, the interconnecting utility will stop work and refund any remaining deposits to the developer.

Each utility shall publish its queue of Group A projects, their Release Dates, and their target in-service dates. The queue shall be updated monthly until all projects are in-service.

Group B consists of projects that require Qualifying Upgrades, as defined in the SIRs, to interconnect. The rules will recognize subgroups B.1 and B.2.

Promptly after the effective date, all projects that (1) have received notice of their Qualifying Upgrade Share, and (2) have met the IRS' commencement of construction standard shall notify the connecting utilities of their status (Group B.1). The utilities shall develop preliminary work plans for constructing the Qualifying Upgrades necessary to interconnect the Group B.1 projects and shall meet with project developers between January 15 and March 15, 2026 to present and discuss the schedules. During this period, deposit due dates under the SIRs shall be paused for this group. At the end of the period, all developers who decide to continue to construction must make the full deposits required under the SIRs for both project specific and Qualifying Upgrade costs. (qualified projects who can't make deposit payment yet – Group B.2?)

Next, after the deposit due date, the utilities shall develop and publish a work plan for the Qualifying Upgrades needed to interconnect the Group B.1 projects that have made their full deposits (Participating Projects). If B.1 project deposits do not meet the thresholds established in the SIRs with respect to a particular upgrade, the utilities shall hold the schedule (better wording?) for that upgrade until the B.2 projects are identified.

The work plan must be organized for all Participating Projects to be in-service within the time allowed by the IRS Notice and in no event later than June 30, 2030. The utility may modify and re-publish its work plan as needed but all revisions must schedule the remaining work so all Participating Projects can meet the relevant IRS in service deadline.

If, in developing the work plan, the utility determines that a Qualifying Upgrade cannot be constructed in time to achieve the Participating Projects' in-service dates, the utility shall (1) confer with the Participating Project developers to determine whether they wish to go forward, and proceed so long as the necessary funding thresholds are maintained; or (2) if enough developers do not continue, cancel the upgrade and return the deposits to the Participating Projects.

In the event a utility cannot complete a Qualifying Upgrade on schedule, the utility shall consider alternative approaches to interconnecting projects that will meet the relevant IRS in-service deadline, if requested by any of the Participating Projects.

Group B.2 consists of projects that establish safe harbor status between the effective date and July 4, 2026 and that are responsible for Qualifying Upgrades. By August 1, 2026 the utilities will provide preliminary work plans for constructing the Qualifying Upgrades necessary to interconnect the Group B.2 projects and shall meet with project

developers to present and discuss the schedules. Any projects that have not previously been required to make their deposits shall submit all deposits to the utilities within 30 days of the meeting, and the Group B.2 developers that submit their deposits shall be considered Participating Projects. The utilities shall develop and publish a work plan for the Qualifying Upgrades needed to interconnect the Group B.2 Participating Projects. Any Upgrades previously put on hold shall be added to the work plan if the B.2 deposits satisfy the balance of the relevant threshold.

Projects that do not make their deposits when due shall be removed from the queue without further action from the utility.

The utilities shall publish and update the work plans on a monthly basis until all Participating Projects are interconnected.

Utilities are authorized to spend deposit funds or draw on any standby letters of credit as needed to meet the work plan.

The utilities shall provide individual project schedules to Participating Projects, as required for Group A.

While these rules are in effect, interconnection applicants and the utilities shall continue to follow the SIR process. Projects not included in either Groups A or B, and projects removed from Group A under these rules, shall be scheduled for construction and energization under the SIR, so long as no Group A or B project is delayed beyond its target in-service date thereby.