



## ***Call for Immediate Relief:***

### **Con Edison Must Lift Newly-Imposed Restrictions on Energy Storage Interconnections**

January 2026

**Con Edison has unilaterally limited new energy storage interconnections in New York City, without stakeholder input or Commission approval, threatening deployment of a critical reliability resource.** Beginning in August 2025, the utility issued notices effectively halting new energy storage interconnections across approximately 85% of its service territory. The utility has since instituted a change in the way it studies energy storage interconnection applications under the Coordinated Electric System Interconnection Review (CESIR) process, such that most projects receive CESIR results stating that costly infrastructure upgrades are required before they can interconnect to the grid. These expensive upgrades render most energy storage projects economically unviable.

To justify the change in CESIR methodology, Con Edison has pointed to a growth in energy storage queues compounded with static tariff structures.<sup>1</sup> **However, this rationale is flawed for two reasons:**

1. **Queues:** CESIR studies should evaluate each project based on whether a constraint is identified under *current* grid conditions. The Standardized Interconnection Requirements (SIR) process already provides a self-limiting process to only interconnect as many projects as can be accommodated before upgrades are needed. The new CESIR methodology artificially and inappropriately lowers the threshold for triggering an upgrade to provide a buffer for anticipated future deployment.
2. **Static tariffs:** Energy storage interconnections today should not be limited because of the potential for static tariff structures to pose challenges in the future. NY-BEST agrees that static tariff structures, which have been effective to launch energy storage to date, must evolve as deployments continue to scale. However, this requires a collaborative effort to revise interconnection and market rules – not a sweeping limitation of interconnections in the near-term based on potential future constraints that have not yet arisen.

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<sup>1</sup> Joint Utilities of New York. *Distributed System Platform (DSP) Enablement Q4 Quarterly Newsletter*, December 2025, page 14. Accessed online [here](#).

**Given the urgency of meeting State energy needs, such a sweeping limitation of energy storage interconnections is unacceptable.** While NY-BEST wholeheartedly supports a stakeholder process to reform outdated interconnection and market rules, in the meantime, energy storage development must continue, especially in light of the following:

- Both NYISO and Con Edison point to imminent **reliability capability shortfalls**, which distributed energy storage can help address, as further described in our whitepaper, *Unlocking Distributed Energy Storage to Address Reliability Needs in New York City*;
- Federal tax incentives supporting clean energy projects **will become harder to obtain** with each passing year, reducing the benefits captured by New Yorkers;
- New York is facing an **energy affordability crisis** that energy storage can directly mitigate, specifically by:
  - **Providing direct bill savings** to customers that participate in energy assistance programs and live in disadvantaged communities, through the Statewide Solar for All Program, with greater bill credits available as more distributed energy storage is interconnected and enrolled;
  - **Lowering transmission system costs** by at least \$2 billion by 2050, as modeled in NYSERDA's 6 GW Energy Storage Roadmap<sup>2</sup>;
  - **Lowering distribution system costs** by avoiding or deferring expensive traditional infrastructure needs.

**Distributed energy storage can provide reliable load relief at a much lower annual cost to ratepayers than traditional solutions.** For example, in its recent rate case, Con Edison identified 735 MW of load relief needs by 2034. To resolve this gap, the utility proposed projects that would provide 3,000 MW of capacity, more than four times the stated need, at a cost of over \$11 billion.<sup>3</sup> Many of the networks with capacity needs already have robust interconnection queues of energy storage that could help fill the need, but these are not factored into the utility's planning. Ensuring that Con Edison harnesses the power of energy storage to address load relief needs is critical to ensuring cost-effective outcomes for ratepayers, particularly as energy storage is: (a) much less expensive than traditional solutions, (b) can be incrementally right-sized to avoid the need for overbuilding, and (c) can be built significantly faster than traditional infrastructure, with an average build time of 3-5 years shorter than substation projects.

**Con Edison's actions further illustrate a fundamental misalignment between utility financial incentives and New York's energy affordability goals.** Utilities earn a guaranteed rate of return on capital expenditures for traditional distribution infrastructure upgrades, but do not earn returns on facilitating third-party energy storage interconnections under VDER that could reduce or eliminate the need for those investments. Thus, when interconnection and market rules limit third-

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<sup>2</sup> New York State Department of Public Service (DPS) and the New York State Energy Research and Development Authority (NYSERDA), *New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage*, March 15, 2024. Accessed [here](#).

<sup>3</sup> See [Case 25-E-0072](#) – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service.

party energy storage from behaving optimally for the grid, Con Edison has no financial motivation to correct this misalignment.

**Specifically, Con Edison has changed its CESIR study methodology to limit the available capacity for energy storage at each substation before triggering a costly infrastructure upgrade.** Rather than evaluating new energy storage projects based on whether they cause constraints under *current* grid conditions, projects will now typically trigger upgrades if charging (under static tariff windows) would contribute to a load curve that is greater than 70% of the total thermal capacity of the substation, impacting almost all new projects. Con Edison has noted an exception to this treatment: projects that are modeled to result in loads that are greater than the 70% substation capacity threshold, but are less than the annual network peak, may not trigger upgrades; the utility explained this exception by noting that some substations already operate regularly at over the 70% threshold, and that Con Edison is separately evaluating upgrades for these networks via typical load planning processes. This methodology poses two major concerns. First, this calls into question the technical justification behind the 70% thermal capacity threshold, which is already exceeded at many substations, and is not in place for Con Edison's other load interconnection requests. Second, this threatens to severely impact the Standardized Interconnection Requirements (SIR) process, since it would incentivize developers to withdraw and reapply projects as annual network peaks change, imperiling the integrity of the queue.

**Con Edison's new methodology has significantly restricted viability of new energy storage interconnection applications, and troublingly, it has also retroactively impacted projects that had already received a favorable CESIR study result.** For at least 34 projects (totaling 161 MW) that had previously received CESIR results showing minimal or no interconnection upgrade needs, Con Edison issued unsolicited re-studies under the new methodology that resulted in an average **\$21M, or 14-fold, increase in upgrade costs per project**, mostly relating to construction of new substations. The constraints cited in the restudies were not identified in past CESIR studies and cannot be replicated using Con Edison's publicly available data. Unlike other instances in which utilities have reasonably issued CESIR restudies due to clearly identified engineering errors, Con Edison has not provided an engineering rationale behind constraints reflected in these restudies, has not provided evidence on how many hours per year the alleged constraints would occur, and has not identified any error in the original CESIR studies.

The Commission should immediately direct Con Edison to **amend its CESIR methodology** to reflect that in place prior to August 2025, specifically by eliminating the 70% substation capacity threshold described above. In addition, the Commission should direct Con Edison to allow new projects to be evaluated using **curved charging profiles**. This would reduce the potential for constraints to arise during the beginning and end of a charging window, when loads are typically higher, and would be a straightforward step on the path to a more dynamic framework for energy storage interconnection studies. Finally, the Commission should immediately initiate a **6-12 month stakeholder-based process to improve Con Edison's interconnection and market rules**, and to **realign utility incentive structures** to ensure cost-effective outcomes for ratepayers. NY-BEST's

whitepaper *Unlocking Distributed Energy Storage to Address Reliability Needs in New York City*, provides additional discussion of this recommendation.

## **SUMMARY OF RECOMMENDATIONS**

NY-BEST respectfully requests that the New York State Public Service Commission take the following actions:

1. Immediately direct Con Edison to **amend its current CESIR methodology** to reflect that in place prior to August 2025, specifically by eliminating the 70% substation capacity threshold described above.
2. Direct Con Edison to allow new projects to be evaluated using **curved charging profiles**, a straightforward step on the path to a more dynamic framework for energy storage interconnection studies.
3. Initiate a **6-12 month stakeholder-based reform process** to improve Con Edison's interconnection and market rules, and to realign utility incentive structures to ensure cost-effective outcomes for ratepayers. NY-BEST's whitepaper *Unlocking Distributed Energy Storage to Address Reliability Needs in New York City*, provides additional discussion of this recommendation.

**These actions are critical to ensure that New Yorkers can realize the full reliability and cost-savings benefits energy storage can offer.** NY-BEST looks forward to working collaboratively with the Commission, the utilities, and other stakeholders to unlock energy storage's full potential in service of New York's energy future.