**NEW YORK STATE**
**PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| Proceeding on Motion of the Commission to Address New York City Reliability Needs | ) | Case 25-E-0764 |
| 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 24-E-0621 |
| In the Matter of Energy Storage Deployment Program | ) | Case 18-E-0130 |

**Comments of New York Solar Energy Industries Association (NYSEIA) in Response to Notice Filed by Consolidated Edison Company of New York, Inc. (Con Edison) related to its assessments of current upstream constraints and hosting capacity criteria impacting energy storage interconnection requests, filed January 14, 2026, and New York Battery Energy Storage Technology Consortium's (NY-BEST) petition seeking relief from Con Edison's unilateral modifications to its method of assessing energy storage interconnection requests filed on January 13, 2026.**

## I. Introduction

On February 20, 2026, the New York State Public Service Commission (PSC or Commission) issued a Notice Soliciting Comments related to filings pertaining to the interconnection of distributed Battery Energy Storage Systems (BESS) in Con Edison territory under the New York State Standardized Interconnection Requirements (NY-SIR). The Notice Soliciting Comments references a Petition and White Paper filed by NY-BEST on January 13, 2026 that seeks: 1) a directive that Con Edison revert to its previous evaluation methodology for new energy storage interconnections; 2) a directive that Con Edison allow new projects to be evaluated using curved charging profiles; and 3) the initiation of a stakeholder process designed to reform and improve Con Edison's interconnection and market rules.[1] The Commission Notice Soliciting Comments also references a January 14, 2026 filing by Con Edison which provides post facto information regarding Con Edison's 2025 unilateral modifications to its interconnection practices for distributed BESS, including its assessment of current upstream constraints, how these constraints impact interconnection requests, and the associated hosting capacity criteria.[2]

[1] Case 24-E-0621 et al. Notice Soliciting Comments. February 20, 2026.
[2] Id.

New York Solar Energy Industries Association (NYSEIA) is a nonprofit trade association that represents hundreds of distributed energy resource (DER) companies active in the New York State market. In recent years, distributed solar has been New York's most successful energy sector, with more than one gigawatt of capacity additions for each of the last two calendar years, largely driven by community solar projects between 1-5 MWac each. In 2024, New York achieved its statutory distributed solar goal in the Climate Leadership and Community Protection Act (CLCPA) more than a year ahead of schedule, and New York is currently on track to achieve its 10 GWdc by 2030 distributed solar goal three years ahead of schedule and under budget. New York is leveraging the same policy and rate design infrastructure that delivered the State's most notable clean energy success to enable retail BESS development. At the same time, a combination of federal and state policy and market changes are driving a growing number of NYSEIA's members to shift their focus from community solar development to retail BESS development.

Not only can DER development support progress toward State energy policy goals; it can also help to lower electricity rates for New Yorkers by aligning supply and demand to suppress wholesale electricity rates[3], defer the need for costly traditional transmission and distribution system expansion, and counteract erosion to New York's reliability margins on a short-term time horizon. However, rising interconnection costs and dwindling hosting capacity are critical barriers to the continued success of the DER sector, especially for large DERs (1-5 MWac) such as community solar and retail BESS. Therefore, NYSEIA seeks to address emergent interconnection barriers through all available regulatory avenues, including rate cases, generic proceedings such as these, and the Department's Interconnection Policy and Technical Working Groups. Through these forums, NYSEIA invests considerable industry resources to work collaboratively with the Department and the Joint Utilities to foster greater understanding of technical and policy issues, build consensus, and, where possible, to advance solutions. NYSEIA's members have a vested interest in preserving and strengthening the integrity of the interconnection process, which is foundational to our sector, and we appreciate the opportunity to comment on this matter before the Commission.

**Background**

Beginning in August 2025, Con Edison changed the methodology it uses to evaluate BESS interconnection applications under the NY-SIR. Con Edison implemented a "Two-Part Test" as an additional screening layer, applied on top of the preexisting rigid planning assumptions for the project-specific engineering review required under the NY-SIR. In August 2025, Con Edison issued a letter to DER interconnection customers to inform them that their applications were being placed "on hold effective immediately" and that: "(1) no new interconnection agreements would be issued for projects in impacted areas until further evaluation was completed; and (2) Con Edison would contact all projects that already had fully executed interconnection agreements to discuss potential impacts." In late 2025, at the direction of the Department, Con Edison resumed CESIR studies in accordance with the NY-SIR, but indicated that cost-prohibitive substation capacity expansions would be needed to accommodate overnight BESS charging for future projects on many of its networks. This series of actions by Con Edison has resulted in a significant number of BESS project cancellations, and jeopardizes many more proposed projects, at a time when New York faces dwindling capacity margins and the Commission has directed Con Edison to proactively seek clean, dispatchable resources to meet New York City's reliability needs.

[3] Synapse Energy Economics. Sunlight into Savings: Evaluating Energy Cost Savings from Distributed Solar and Storage Additions in New York. January 2026.

On January 13, 2026, NY-BEST filed a Call for Immediate Relief and an accompanying whitepaper (collectively, the "Petition"), proposing reforms to interconnection procedures and market rules to address the newly introduced barriers to retail BESS integration in Con Edison territory. On January 14, 2026, Con Edison filed a Notice defending its revised methodology and actions which asserted that they were necessary to maintain system reliability. On March 11, 2026, NY-BEST and NYSEIA filed a Motion for Emergency Rulemaking, noting that Con Edison's Two-Part Test is causing irreparable harm to the energy storage market, is arbitrary and discriminatory in application, and was implemented without legal justification or Commission approval. Con Edison filed Reply Comments on March 19, 2026, requesting that the Commission deny the Motion.

**Discussion**

Con Edison's actions with regard to retail BESS interconnection were arbitrary and not in the public interest. These actions are functionally stopping the development of clean, flexible grid resources in New York's most constrained load zone at the exact same time that the Commission has directed Con Edison to develop an NYC Reliability Contingency Plan[4] that relies upon non-emitting resources, including BESS. In addition to Con Edison's unilateral, discretionary actions with regard to DER interconnection, Con Edison and the Joint Utilities have also adopted a newly antagonistic position in the Value of Distributed Energy Resources (VDER) proceeding, where the Joint Utilities recently claimed, without evidence, that VDER-compensated resources shift costs to ratepayers with limited deferral values. The Joint Utilities made this unsubstantiated claim in the same set of comments that openly flaunt a directive from the Department to file proposed tariff language to maximize the deferral value of dispatchable DERs in locations where the utilities' Marginal Cost of Service (MCOS) is highest.[5]

NYSEIA encourages the Commission to consider what, if any, financial incentives exist that would encourage Con Edison to oppose the deployment of DERs compensated under VDER to defer the need for costly traditional system expansion or other reliability solutions that could be added to the utility's rate base. While it is not possible to know what Con Edison's intent was with its modifications to the interconnection process, we can make factual assertions about the impacts. Con Edison's imposition of the new Two-Part Test last summer undermined progress toward State policy goals and resulted in BESS project cancellations at the very same time that NYISO is raising red flags about resource adequacy for summer peaks in Con Edison service territory. Con Edison's assertion that there is *too much* BESS development ignores the fact that little has been deployed yet, and project attrition is a common feature of competitive development for DERs and other resources. NYSEIA urges the Commission to consider Con Edison's newly adopted interconnection practices in the broader context of New York City's near-term reliability needs, and to consider whether Con Edison's actions were consistent with the Commission directive for the utility to develop a "comprehensive portfolio of solutions that prioritizes and leverages all available clean and non-emitting options, including, but not limited to, demand side management (e.g., energy efficiency, demand response, and virtual power plants, among other potential options), energy storage, distributed renewable resources, and other non-emitting generation resources."[6]

[4] Case 25-E-0764 NYC Reliability Contingency Plan Order. December 2025.
[5] Case 15-E-0751 Joint Utilities' Reply Comments on DRV and LSRV Proposal. April 6, 2026.
[6] Id.

## II. NYSEIA Comments

### A. Con Edison's "Two-Part Test" is Arbitrary, Unilateral, and Overly Conservative for Flexible Resources

**No Evidence Was Provided**

Con Edison's Two-Part Test, adopted in August 2025, employs an arbitrary 70% derate to the utility's area substation hosting capacity for BESS charging. Con Edison's Two-Part Test is premised on a series of overly conservative grid planning assumptions, incorrect BESS operational flexibility assumptions, and does not account for typical interconnection queue attrition rates. Con Edison has not provided any evidence of if, and by how much, BESS charging is violating its current 70% threshold, its previously used 85% threshold, or its actual 100% rating at area substations or sub-transmission infrastructure. Assuming the previous 85% threshold functioned as a buffer to account for future load growth, Con Edison should at minimum provide load forecasts for area substations or sub-transmission infrastructure where the addition of proposed BESS would exceed the 15% buffer previously in effect.

**Impactful Changes to Engineering Practices were Implemented Unilaterally by Con Edison, to the Detriment of Public Policy Goals, With Post Facto Disclosure and Justification**

However, the derate assumption was amended in an internal Bulletin B-424 on November 1, 2025 without providing any justification, public disclosure, or engaging with the utility regulator to seek permission for a utility policy modification that would have material impacts on State policy goals and DER resource integration. EOP-5051 previously directed the utility representative to contact Distribution Engineering (DE) if "accumulated DER charging load reaches 85% of network/feeder peak" which allowed Con Edison to work collaboratively with BESS developers to adjust charging windows or make other changes to enable projects to proceed and maximize grid utilization. The Two-Part Test replaced the reasonable buffer and collaborative process with an overly rigid approach, undermining private investment in clean energy resources that advance State policy goals. Critically, this was not done through a formal filing with the Commission, or even an informal disclosure via the Interconnection Technical Working Group. Instead, it was done without any transparency or disclosure, and Con Edison's changes were only disclosed after January 2026 due to significant public pressure.[7] Undisclosed modifications to utility practices that impact DER interconnection and have broad ramifications for State policy goals are inappropriate and threaten to undermine the integrity of the NY-SIR.

[7] New York Focus. Lawmakers Join Battery Developers in Fight With ConEd Over NYC's Grid. March 2025. https://nysfocus.com/2026/03/13/coned-battery-storage-nyc.

**The Two-Part Test is an Overly Conservative Policy Overlaid on Rigid Planning Assumptions for Highly Flexible Resources**

Con Edison's Two-Part Test employs a 30% derate to the nameplate rating of infrastructure, and this is applied on top of the utility's preexisting N-1 / N-2 planning criteria. In essence, the practice treats BESS as an inflexible grid load that receives discriminatory priority in comparison to other loads (which are not subject to a 30% derate), instead of treating it like a flexible grid resource that can be controlled and optimized, ignoring some of BESS' greatest strengths. The purpose of Con Edison's N-1 and N-2 contingency planning criteria are to ensure that inflexible loads, such as buildings, can continue to be served in rare contingency scenarios where one or two transformers are offline. By contrast, BESS are flexible grid resources that help balance the electric system and defer the need for traditional system expansion by charging during times of low load and discharging during peak hours. While BESS owners do require the ability to charge in order to operate as intended, the N-1 and N-2 planning criteria were not developed with standalone BESS in mind, and these criteria are overly conservative for these resources. Additionally, Con Edison's SCADA enclosure and RTU architecture (a requirement for all BESS interconnections), can issue control actions to customer equipment to block charging of any or all BESS downstream of the contingency. The same infrastructure that is used to ensure BESS projects comply with the fixed block schedule also serves a potential foundation to contingency response. In essence, Con Edison's reliability planning criteria and Two-Part Test are contributing negatively to New York's reliability margins by undermining the retail BESS market and blocking the deployment of resources that can increase the utilization rate of existing substations.

**B. Con Edison's Allegation that BESS Could Increase Costs for Ratepayers has No Factual Basis**

Con Edison States that eliminating the Two-Part Test would "force customers to fund billions of dollars of otherwise unnecessary upgrades to maintain reliability"[8] and that BESS charging load would require buildout of new utility infrastructure at the area substation or sub-transmission level to increase Hosting Capacity, which would not be required but for the BESS. This is simply false. The NY-SIR is grounded in a cost-causation principle: a DER project that triggers an upgrade is responsible for funding the grid upgrades necessary to accommodate its proposed capacity, regardless of whether the utility also anticipates future load growth. The sole exception is where the required upgrade has already been identified in the utility's approved five-year capital investment plan.[9] Con Edison has potentially misused the cost causer principle by implementing a 70% system wide derate, forcing BESS developers to pay for distribution upgrades that may not truly be required.

[8] 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.

[9] JU Capital Investment Plans.
https://jointutilitiesofny.org/utility-specific-pages/system-data/capital-investment-plans

Con Edison has both misapplied the cost-causation principle while, at the same time, foreclosing on opportunities to maximize existing hosting capacity through no-cost or low-cost operational solutions, such as modified charging schedules or more effectively utilizing untapped N-1 / N-2 capacity. Con Edison has not demonstrated how its current approach is sufficient to mitigate reliability needs in constrained locations identified in Con Edison's January filing.[10] Con Edison's stated concerns regarding rising costs and affordability ring hollow when the utility has not provided any evidence to support the claim, and has not evaluated any less harmful alternatives to enable proposed BESS to interconnect cost-effectively under the NY-SIR.

## III. NYSEIA Recommendations for Immediate Relief

### A. Implement Updated Charging Profiles

The current reliance on a 8-hour fixed nameplate charging window imposes unnecessarily rigid operational limits on BESS and ignores BESS capability as a bi-directional flexible resource. Assuming that all projects charge at fixed nameplate capacity over the same limited timeframe artificially concentrates load, exacerbates area station constraints and materially understates the true hosting capacity of the system.

To better align interconnection practice with operational reality, there is a clear need to transition toward a dynamic charging window that enables project-specific charging windows, with charging capacity varying on an hourly basis. NYSEIA recommends that the Commission replace the current charging assumption with a 12 hour window using a Curved Charging Schedule as an interim step toward more flexible interconnection studies. This proposal was outlined in the Danovo Interconnection Study filed in this docket in April, and is summarized here:

> Curved Charging Schedule: 12-hour charging window from 11 PM to 11AM, using a tapered, triangular charging profile rather than a fixed charging rate. Charging nameplate gradually increases to a defined peak during off-peak hours and then decreases. Where warranted the 12-hour window can be moved to meet unique load profiles at area substation/ sub-transmission level.

A recent analysis conducted by Danovo across six substations demonstrates that implementing a curved charging window can increase hosting capacity by 6-28%.[11] To ensure this approach enables reasonable charging capacity to warrant a modification, we urge the Commission to direct Con Edison to evaluate the application of curved charging schedule to evaluate whether such profiles (1) produce measurable increases in hosting capacity at constrained substations and (2) more accurately align with BESS operations with actual system load conditions.

---

[10] Case 25-E-0764. Proceeding on Motion of the Commission to Address New York City Reliability Needs. Con Edison Response to DPS Staff. February 9, 2026

[11] Case 25-E-0764. Danovo Interconnection Study. April 10, 2026. P.p 18

A longer charging window allows BESS projects to charge at reduced nameplate capacity over an extended period, lowering coincident peak demand. To ensure that installed and queued BESS with the current operational requirement amended in signed interconnection agreements do not reduce available system capacity, such projects should be provided an opt-in option to utilize this schedule to maximize aggregate charging capacity. Any such modification should not be considered as material modification, as it supports the local area station and sub-transmission load curve and increases overall utilization rate.

Ideally, Con Edison should accommodate Optimal Charging Schedules to utilize the full capacity available at any given hour. We recognize that this approach requires continued oversight from utility operations to avoid violation of constraints as BESS operation is now closer to system threshold. However, since this oversight already exists in utility operational practices, optimal charging schedules represent a low-cost option to fully utilize available capacity and serves as a building block toward implementing N-1 / N-2 tripping solutions that can unlock far more available hosting capacity.

> Optimal charging: a 12-hour charging window from 11 PM to 11AM, the charging nameplate is optimized for each hour to avoid constraint and maximize utilization. Pre-set hourly nameplate ratings at project level aggregate load is below system capability.

Since the optimal scenario is contingent on how confidently operators can manage the loss of an asset, we recommend that the Commission implement curved charging schedules as an interim solution until Con Edison deploys a solution to mitigate N-1 and N-2 scenarios.

**B. Allow BESS to Utilize Capacity Reserved Under N-1 and N-2 Capability**

Con Edison states that without the Two-Part Test, BESS charging needs will consume capacity needed to future load and allocate those costs to ratepayers. If affordability and future load accommodation are the central concern, rather than broadly constraining BESS interconnection through arbitrary screening tools, Con Edison could preserve capacity for future load while still enabling near-term BESS deployment by explicitly conditioning incremental charging capacity on the availability of N-1 and N-2 assets.

Con Edison's SCADA enclosure and RTU architecture provides the utility with the ability to issue real-time operational control actions to customer energy storage systems to block charging or curtail output[12] for system reliability or operational constraints, including during N-1 and N-2 contingency conditions. THe primary purpose of the architecture is to enforce system-level constraints such as maximum import/export limits and predefined charging time windows. These controls are already implemented as

[12] Case 25-E-0764. Danovo Interconnection Study. April 10, 2026. P.p. 16

standard requirements for energy storage interconnections for compliance with fixed 8-hour charging schedules.

The same infrastructure that is used to ensure BESSs are complying with an 8-hour fixed charging schedule can be used for implementing a curved or optimal charging window and to utilize N-1 and N-2 capacity.

NYSEIA urges the Commission to direct Con Edison to utilize its existing operational control infrastructure more effectively by developing, within a reasonably short time period, the capability to actively manage distributed energy resources during system constraints and contingency events.

National Grid, NY recently released a wireless DTT solution to mitigate N-1 scenarios for both charging and discharging. The DTT scheme communicates through radio or cellular technologies to enable a cost-effective tripping solution. While the National Grid DTT solution is slightly different from what NYSEIA might recommend in Con Edison territory, where greater operational control may be necessary, National Grid's recently adopted N-1 DER solution highlights the opportunity for Con Edison to embrace and leverage readily-available technology to address constraints and better utilize available hosting capacity.

**C. Eliminate 70% Derate and Extend the Limit to 100% of Capability**

We urge the Commission to eliminate the arbitrary 70% derate capacity and allow interconnection studies to reflect 100% of available capability. To address the rare scenario where unexpected load growth could necessitate system upgrades, we recommend the Commission require Con Edison to maintain the 85% derate capacity threshold from its previous Bulletin B-424, as a criterion beyond which all new BESS projects are contracted under the availability of N-1 and N-2 assets. This ensures that load customers have guaranteed uninterrupted capacity while BESS can optimize the underutilized capacity.

**D. Improve Queue Management**

We recommend enforcement of clearly defined and transparent activity milestone requirements for DER applicants to ensure all participants advance project development in good faith. NYSEIA and Joint Utilities have worked collaboratively through the IPWG to develop a Queue Management proposal that reflects the different development practices of upstate and downstate resources. We support revisiting and refining this proposal to maintain an efficient interconnection process.

**E. Direct Con Edison to File Tariff Language for LSRV to Meets its Reliability Requirements with VDER-Compensated Resources**

It is important to consider interconnection constraints in conjunction with rate design, as the underlying driver of conservative planning assumptions for third-party energy storage is closely tied to the current Demand Response Value (DRV) and Locational System Relief Value (LSRV) framework and price signals. These underlying price signals influence how DERs behave, including energy storage, directly determining how DER are characterized in planning and operational contexts.

Earlier this year, DPS staff issued a notice[13] that directed the Joint Utilities of New York to file LSRV tariff revisions intended to address concerns raised in prior technical conferences regarding resource availability and operational flexibility. In particular, the Staff proposal sought proposals to ensure that the LSRV tariff maximizes the performance and value of dispatchable resources in areas with the highest Marginal Cost of Service in order to maximize the reliability and affordability value of these grid resources. The Joint Utilities did not file tariff language or concrete proposals to resolve the concerns identified through more than two years of stakeholder engagement.

We therefore urge the Commission to require Con Edison to file an updated LSRV tariff proposal within 30 days that appropriately recognizes energy storage as a dispatchable grid resource, rather than defaulting to assumptions that treat these assets as static loads in interconnection and planning studies.

## IV. NYSEIA Long-Term Recommendations for Reliable and Flexible Grid

### A. Leverage DERMS to Actively Schedule ESS Operation

The implementation of optimal charging scenarios and solutions that enable N-1 and N-2 capability can be effectively supported through the deployment of local DERMS at area-substations. At minimum, an area-station local DERMS could manage one constraint at the area-substation level. Given that many of these constraints are thermal at the area-substation level, a local DERMS may be sufficient to coordinate and manage BESS charging behavior without necessitating a centralized DERMS architecture.

The recent increase in BESS applications and electrification are policy-driven outcomes that utilities are obligated to plan for as part of their distribution planning and operations responsibilities. In this context, DERMS is not optional or experimental; it is the operational platform that allows utilities to move from static interconnection constraints to active system management of flexible load and generation.

Con Edison should be expected to expedite area-station level DERMS deployment to begin using it to actively coordinate and schedule energy storage operation in a manner that maximizes utilization of existing infrastructure while maintaining reliability. We recommend that the Commission require Con Edison to provide quarterly updates on DERMS development, functionality, and operational readiness, including clear

[13] 19-E-0283 Notice Soliciting Comments. December 31, 2025

implementation milestones. If area station level DERMS capability is not sufficiently developed within a 24 months timeframe, the Commission should evaluate whether interim third-party frameworks are necessary to ensure that available system capacity is not unnecessarily underutilized.

**B. Embrace Performance-Based Ratemaking to Strengthen Alignment between Con Edison's Incentives and the Public Interest**

The issues in this proceeding reflect a structural incentive imbalance. Under the current regulatory framework, Con Edison earns a regulated return on traditional capital investments in traditional system expansion, while receiving comparatively limited direct financial benefit for increasing utilization of existing infrastructure or enabling third-party distributed energy resources (DERs), including energy storage. This creates an inherent bias toward capital solutions over least-cost non-wires alternatives, and creates bias toward system expansion rather than more efficient system utilization.

This misalignment is also reflected in program design. Con Edison advances storage through utility-led solicitations such as its Bulk Energy Storage Request for Proposals and Non-Wires Solutions programs, which operate within utility-controlled cost recovery frameworks. However, Con Edison does not have any financial incentive to support VDER-compensated resource integration under the NY-SIR. These incentives create biases toward solutions that are not necessarily the least-cost or fastest-to-deploy options, biases that could perhaps manifest as the kinds of policies and actions that are the subject of this proceeding, to the detriment of ratepayers.

Technical solutions to the alleged overnight charging constraints are readily available, and Con Edison already has the technical capability to integrate distributed BESS as a real-time flexible operational resource, including through SCADA and telemetry infrastructure used for monitoring and dispatch coordination of distributed assets. However, Con Edison has no financial incentive to embrace these solutions, and is actually incentivized to block their deployment which creates the need for traditional upgrades and other reliability solutions that are eligible rate basing.

The Commission should address this incentive alignment issue to eliminate any biases and ensure that utilities are incentivized to advance solutions that result in lower costs for ratepayers and increased clean energy integration.

## V. Conclusion

Retail BESS, and DERs in general, are the fastest-to-deploy resources available in New York today. Deploying DERs quickly, intelligently, and cost-effectively in Con Edison territory will be a win-win-win for New Yorkers, strengthening grid reliability, lowering costs for ratepayers, and eliminating air pollution. NYSEIA urges the Commission to grant NY-BEST's petition and to quickly restore a fairer, more transparent interconnection process for the benefit of all New Yorkers. Additionally, we urge the Commission to create a framework to advance longer-term solutions that evolve rate design and interconnection practices in tandem with the goal of increasing system utilization, and also to ensure that utility incentive structures are well-aligned, so the utilities, the DER industry, regulatory agencies and other stakeholders can work efficiently toward shared goals. NYSEIA thanks the Commission for the opportunity to provide input on these critical matters.