Summary of Order on Interconnection Costs and Study Timelines (8/17/26)

24-E-0621 and 24-E-0415

On August 17, 2026, the Public Service Commission (PSC) issued its Order on Interconnection Costs and Study Timelines in Cases 24-E-0621 and 24-E-0415. The order is in response to several overlapping State and NYSEIA initiatives around interconnection costs and timelines, including two legislative directives - the 2024 RAPID Act and 2026 ASAP Act and three regulatory petitions filed under 24-E-0621 - two Department of Public Service (DPS) Staff proposals on cost estimation and the NYSEIA 2025 Cost Transparency and Certainty Petition.

The PSC declined to adopt NYSEIA's proposal to cap developers' interconnection cost obligation to 115% of the CESIR estimate for projects completed in a timely manner, but adopted NYSEIA's proposal for greater transparency into cost estimation, CESIR estimates, and actual costs to perform grid upgrades.

NYSEIA's February 2025 Cost Transparency and Certainty Petition

NYSEIA's February 2025 petition sought broader reforms addressing both the transparency and certainty of utility interconnection costs. Among other measures, NYSEIA proposed a 115% cap on final upgrade costs, greater detail in cost estimates and reconciliations, annual publication of actual utility upgrade costs, and ongoing auditing of utility estimates.

115% Cost Cap

Proposal: NYSEIA proposed limiting a developer's obligation for distribution upgrade costs to 115% of the CESIR estimate for 36 months.

Decision: The PSC rejected NYSEIA's proposal, stating that a fixed cap would shift inflation and cost-overrun risk from interconnection applicants to utility ratepayers and would conflict with cost-causation principles.

Formalize Annual Update to Cost Estimates/ Cost Matrix

Proposal: NYSEIA and DPS both proposed formalizing the interconnection cost matrix, which is a tool that we advanced through the ITWG to provide greater transparency into utility cost estimates. Updating the cost matrix annually through a docketed proceeding will minimize the issuance of outdated estimates and provide greater cost transparency.

Decision: as required by the ASAP Act, this informal process is now formalized by the PSC, requiring each utility to publish its cost matrix on its DER interconnection portal and 24-E-0621 by March 31 of each year. The PSC also requires the utilities to base their CESIR estimates on the cost information used to develop the current cost matrix, while allowing adjustments or additions required for the specific DER project..

Annual Actual Cost Reporting

Proposal: utilities must provide actual costs for completed upgrades as part of their annual cost-matrix filings, including detailed work papers to enable evaluation by stakeholders.

Decision: the PSC declined to require the utilities to file detailed workpapers, however, the annual cost matrix filing must also be accompanied by supporting documentation that identifies the actual costs of upgrades completed for projects that were interconnected in the prior calendar year, broken down by upgrade and equipment type, as required by the ASAP Act.

Annual Audit to Utility Cost Estimates

Proposal: NYSEIA proposed a formal annual audit process to verify utility estimating practices and alignment with actual costs.

Decision: while the PSC rejected NYSEIA's request for annual PSC audit of utility cost estimates, beginning March 31, 2027 the utilities are required to annually file data comparing CESIR estimates and actual project costs over a rolling five year period.

Greater Detail in CESIR Estimates

Proposal: NYSEIA's petition requested that the PSC require more detailed CESIR estimates, including equipment type and quantity, technical specifications, estimated internal and subcontract labor costs, labor rates and hours, and escalation assumptions.

Decision: the PSC declined the itemized breakdown of CESIR estimates and instead directed DPS to explore additional cost estimate details through ITWG within 90 days of the order, stating any additional information must demonstrate usefulness for the project.

Greater Detail in Reconciliation Statement

Proposal: NYSEIA's petition requested that utilities provide a detailed accounting of how interconnection upgrade funds were spent and explain deviations where actual costs exceed the CESIR estimate by more than 15%.

Decision: The PSC order included SIR modifications, which requires the utility to meet with the developers after delivery of the reconciliation statement and to explain any cost increases that exceed 15% contingency. The PSC also directed the utilities to work through the IPWG (within 90 days from order) to identify the minimum amount of time needed to produce a complete/accurate reconciliation statement.

High Confidence Estimation

Proposal: the PSC's interpretation of NYSEIA's petition is that "some developers might benefit from an opportunity to request an estimate designed to a higher confidence level than the Utilities are currently targeting…for their individual project financing purposes."

Decision: the PSC found that the Utilities could deliver more granular cost estimates if given sufficient time to develop them, and that the current CESIR timelines are at least partly a limitation in utility's ability to develop such estimates.

The PSC therefore directed the utilities to file a proposal no later than January 15, 2027 in Case 24-E-0621 identifying (1) the methods they will use to provide a cost estimate at an increased level of confidence, if requested by a developer, and (2) the amount of additional time they need to produce such cost estimates.

The PSC did not adopt a specific cost estimating standard, which the utilities say would require several additional months of engineering work. Instead the PSC required the utilities to engage with the ITWG to develop a workable approach that provides additional confidence, the standard may be the AACE Class 3 or some other standard that the parties determine is supportive of investment decision-making. The PSC further requires the utilities to consider when a site visit is necessary for a high-level estimate and to identify the types of applications that they believe should require a site visit before a high-confidence estimate is finalized. The PSC also asked that the utilities' proposal identify what level of detail will be included in such cost estimates and explain the rationale for that level of detail.

Other Related Issues

- The PSC rejected NYSEIA's proposal to disallow the collection of "indirect costs and overheads" on cost overruns. The PSC did not require the utilities to itemize the costs they include in overhead calculations as this information is identified in the Uniform System of Accounts (PSL §§5, 65, 66, and 66-j).
- The PSC rejected DPS staff's proposal to eliminate the 15% contingency from cost estimates.
- The PSC reiterated that if NYSEIA or any other stakeholder believes further modifications to the SIRs are necessary, they should bring them forward at the IPWG and ITWG in a prioritized, methodical, and stepped manner.

Rapid Act

The PSC's assessment of utility fillings and a NYSERDA analysis of CESIR study timelines for projects studied between 9/1/19 to 8/31/24 led to the conclusion that the utilities have not delayed the interconnection study process. However, to facilitate effective oversight of timelines established in the SIR, the PSC directed the "Utilities to annually file data indicating the number of business days taken to complete a CESIR and identifying the duration of any extension agreed upon pursuant to the SIRs, for each CESIR completed in the prior calendar year, beginning March 31, 2027, in Case 24-E-0621." The PSC declined to establish performance metrics or penalties related to interconnection timelines.

NYSEIA comments recommended that the DPS review of interconnection delays should evaluate the overall interconnection process, including stages that are not bound by NY-SIR, i.e. design package review timelines, site visit scheduling, and upgrade construction. Based on the PSC's understanding that DER projects take between 2.75 and 4.5 years to complete, the PSC concluded that the "extended times to completion are due to factors such as local permitting, financing delays, and equipment procurement, all of which occur outside the interconnection process established by the SIRs".