Memorandum in Support of the Accelerate Solar for Affordable Power ("ASAP") Act

May 2025 | S.6570 (Harckham)

Synopsis: *As New York endeavors to lower household energy costs and meet growing electricity demand, it will be critical for the State to increase energy supply quickly and cost-effectively. Accelerating rooftop and community ("distributed") solar deployment while driving down interconnection costs will advance New York's Affordability Agenda by lowering energy costs for homes and businesses across the State. The ASAP Act of 2025 raises New York's "distributed" solar goal from 10 gigawatts by 2030 to 20 gigawatts by 2035 ("20X35"), advances utility interconnection reforms to lower costs and expedites deployment, and directs NYSERDA to develop an implementation plan to sustain cost-effective rooftop and community solar deployment.*

INTRODUCTION

In October 2024, New York surpassed the State's 6 gigawatt distributed solar goal more than a year ahead of schedule. New York is also on track to achieve the State's 10 gigawatt (GW) by 2030 solar goal ahead of schedule and under budget. New York's solar industry deployed more than 1.2 GW of distributed solar in 2024 alone. Based on NYSERDA's 2024 New York Clean Energy Industry Report, the local solar industry employs 15,490 workers, and the distributed solar industry has invested approximately $10B of private capital to build renewable electric infrastructure in the State. Despite this momentum, serious headwinds, including the sunsetting of NY-Sun funding, and the lack of long-term certainty threaten to undermine New York's most successful clean energy sector. In 2024, the activity to initiate new distributed solar development declined to its lowest level since 2018. In addition to siting and permitting challenges, the primary causes for the slowdown are rising utility interconnection costs and dwindling NYSERDA NY-Sun program capacity. We strongly support the ASAP Act of 2025 (Harckham S.6570) which will address these challenges head on by: 1) raising New York's distributed solar goal to 20X35; 2) advancing interconnection reforms and proactive investment in the distribution system to lower costs and shorten timelines; and 3) directing NYSERDA to develop an implementation plan to cost-effectively achieve the expanded rooftop and community solar goal.

BENEFITS OF 20X35

An additional 10 GW of distributed solar will provide valuable economic, workforce development, and environmental benefits to New Yorkers. Estimated benefits include:

- $50B in direct utility bill savings for New York households and businesses, and $28B in indirect electric ratepayer savings through wholesale energy price impacts.
- $3.6B in direct financial benefit to host communities, including $1.8B in lease revenue to rural landowners and $1.8B in tax revenue to local governments and school districts.
- 15,000 additional solar industry jobs across the state, including blue-collar and white-collar positions. A significant portion of these jobs will be with New York-based businesses, a unionized workforce, and/or pay prevailing wages.
- 145 million metric tons of avoided greenhouse gas emissions and improved public health outcomes by displacing fossil fuel combustion with emissions-free solar.
- Reduced land use impacts by prioritizing rooftop and community-scale solar projects.

CORE ELEMENTS OF THE ASAP ACT OF 2025

The ASAP Act includes three major initiatives: 1) amending Environmental Conservation Law to raise New York's distributed solar goal to 20 gigawatts by 2035; 2) directing New York's utilities to implement interconnection reforms, to enable flexible interconnection, and to make proactive investment in the distribution system to lower costs and shorten timelines; and 3) continuing NYSERDA's NY-Sun program to provide long-term market certainty and attract private investment while establishing stage gates to limit program costs.

I. RAISE NEW YORK'S DISTRIBUTED SOLAR GOAL TO 20X35

Distributed solar is New York's most successful clean energy sector. While utility-scale solar projects are larger individually, they have proven more difficult to actually finance and construct. As of 2024, 93% of New York's installed solar capacity is rooftop and community solar. New York's distributed solar program is the only sector that is achieving Climate Leadership and Community Protection Act (CLCPA) goals ahead of schedule and under budget. Last year, New York deployed 1.2 GW of distributed solar at a time that other market segments are struggling to deploy. As of February 2025, New York has 9.75 GW of distributed solar capacity installed or in advanced stages of development.

Despite the segment's historical success, the initiation of new projects has declined for the last two years. Without a more ambitious goal and supportive programs, the market will contract, resulting in job losses and increasing energy costs as demand outpaces energy supply. An ambitions target will serve as a north star in policy and decision making; we have already seen disinvestment from New York's distributed solar programs because the 10 GW goal is on track to be achieved. On April 24, 2025, the Public Service Commission issued an Order that diverted previously approved funding from NYSERDA's distributed solar program to other unspecified initiatives. The Commission's justification rests upon the State being on track to achieve its 10 GW goal, finding that it is not imperative to continue the program. Meanwhile, the need for affordable, local clean energy is as great as ever.

Raising New York's distributed solar goal and doubling down on this successful market segment can help New York close its renewable electricity supply gap while delivering immense financial and workforce development benefits to New York families, businesses and local governments. Raising the goal will also send an important market signal and attract private investment to the state, bolstering local economic development and replenishing New York's pipeline of distributed solar projects under development.

II. LOWER COSTS THROUGH INTERCONNECTION REFORM AND PROACTIVE PLANNING

Over the last five years, the average cost to interconnect a new community solar project has increased by 5X, well outpacing inflation. Rapidly escalating utility interconnection costs are attributable to dwindling hosting capacity on the electric grid as solar adoption increases as well as inefficient utility design and construction practices that rely upon 20th century technology. Rising interconnection costs negatively impact the financial viability of community solar projects, and increase reliance on ratepayer-funded incentives. Interconnection reforms that lower costs will decrease New York's reliance on ratepayer-funded incentives, advancing energy affordability in the near-term and long-term.

1. **Decrease Traditional Upgrade Costs Through Transparency, Competition and Accountability.**

Utilities are responsible for completing upgrades to the electric distribution system to accommodate community solar projects; however, these upgrades are fully paid for by the solar companies. This results in misaligned incentives: the solar company paying for upgrades has no visibility into or control over costs, and, meanwhile, the utility has no motivation to avoid excessive cost overruns. As costs have increased and utilities have incurred cost overruns, this has negatively impacted the economic viability of solar projects and harmed the overall health of New York's distributed solar market. The ASAP Act of 2025 seeks to address this market challenge through transparency, competition and accountability.

Transparency: the Act requires New York's electric utilities to file their actual cost to complete common distribution upgrades with the Department of Public Service each year, and to base cost estimates upon these recent actual costs. This transparency mechanism will allow parties to identify anomalous/high costs and also increase the accuracy of utility cost estimates.

Competition: the Act requires New York's electric utilities to establish programs to allow solar and energy storage companies to construct their own point-of-interconnection facilities ("self-performance"). To ensure safety and high labor standards, all work must meet the utilities' technical specifications, be completed by qualified contractors and pay Prevailing Wages. Self-performance of point-of-interconnection facilities is already allowed for utility-scale generators in New York State, and it is allowed for distribution interconnections in other states. We anticipate that solar companies will effectively manage subcontractors and competitively procure equipment because they are paying for the upgrades and therefore have skin in the game. Recent self-performance pilot programs from Maine and Massachusetts demonstrated a 33-48% cost reduction for point-of-interconnection facilities while also shortening project timelines[1].

Accountability. The Act requires the Public Service Commission to consider proposals to create greater interconnection cost-certainty and to counteract utility cost overruns. Currently, utility cost overruns for distribution upgrades are borne exclusively by the solar company. As utility cost overruns become more common in New York, solar companies and their financiers are losing trust in the value of utility interconnection cost estimates and associated interconnection agreements with New York utilities. Many states, including California, Massachusetts, and Rhode Island, have established caps on utility cost overruns to protect solar companies and ratepayers from utility cost overruns. Not only could this incentivize utilities to establish prudent cost controls, it also protects financiers and solar investors from overruns which will allow New York to access and benefit from lower cost capital.

2. **Flexible Interconnection**

The Act requires New York utilities to enable flexible interconnection, or the use of smart-grid technology to monitor and actively manage distributed energy resources, as a cost-effective alternative to traditional distribution upgrades. Currently, New York's utilities primarily require traditional infrastructure upgrades, which cost millions of dollars and take years to complete, to ensure reliability in rare light load and contingency scenarios. Flexible interconnection utilizes lower-cost, reliable alternatives to these

[1] New York Interconnection Technical Working Group. Cost Savings Data from Nexamp. https://dps.ny.gov/system/files/documents/2025/01/2401-16-self-performance-industry-proposal.pdf. January 2025.

traditional upgrades, providing significant financial savings to solar companies, accelerating deployment, and increasing utilization of New York's existing electrical infrastructure. We estimate that flexible interconnection could roughly double New York's cost-effective hosting capacity for solar and energy storage. National Grid and Avangrid have both implemented successful flexible interconnection pilot projects and are seeking to expand these pilots. The Act fast tracks this process and ensures that New York's other utilities also participate so flexible interconnection benefits can be realized statewide.

3. Expand Hosting Capacity for Distributed Energy Resources.

The Act requires New York to create or unlock additional cost-effective utility infrastructure to interconnect solar energy systems. First, the Act directs the Public Service Commission to establish a distribution system investment program whereby the utilities and state energy agencies identify and implement proactive distribution system investments that will allow solar projects to interconnect cost-effectively and with a predictable price. The Act also establishes a clear definition of the threshold between the transmission and distribution system for the purpose of accessing New York's Standardized Interconnection Requirements and the Value of Distributed Energy Resources tariff. This change will create a uniform approach across New York's utilities and allow more distributed solar projects to cost-effectively interconnect to sub-transmission lines owned by distribution utilities in Upstate New York.

III. NYSERDA IMPLEMENTATION PLAN

The Act requires NYSERDA and the Department of Public Service to develop a proposal to achieve the expanded distributed solar goal through cost-effective mechanisms that support rooftop solar for homes and businesses as well as community solar.

FISCAL IMPACT

The Act does not have any fiscal impact on the New York State budget. The interconnection reforms outlined in this legislation will lower the cost to build new solar projects in New York State. Any programmatic investments identified by NYSERDA in their implementation plan would be subject to public comment and approval by the New York Public Service Commission to ensure that any investments are prudent and pay dividends through long-term reduction in utility bills. The financial benefits of 10 gigawatts of incremental rooftop and community solar capacity include $50B in gross utility bill savings for participating homes and businesses and an estimated $28B in indirect utility bill savings for all electric customers who will enjoy lower wholesale energy prices due to the increased electricity supply during times of peak demand.

CONCLUSION

Distributed solar is New York's most successful clean energy sector. However, federal policy headwinds and rising interconnection costs threaten to undermine New York's momentum. The ASAP Act will address these threats and accelerate rooftop and community solar deployment by: 1) establishing an ambitious but attainable distributed solar goal to attract investment; 2) reducing utility interconnection costs and timelines through interconnection reforms and flexible interconnection; and 3) directing NYSERDA to develop a proposal to cost-effectively achieve the expanded rooftop and community solar deployment goal. Each of these proposals are impactful. In combination, the ASAP Act will reestablish New York as a growth market for distributed solar, protect and create thousands of good local jobs, and advance New York's Affordability Agenda by lowering electricity bills across the State.