



Requirements (SIR) to turn the 15% allowable contingency that can be included in the utility's Coordinated Electric System Impact Review (CESIR) cost estimates into a hard cap on an interconnection customer's final cost for distribution upgrades, provided that these upgrades are not unduly delayed by the interconnection customer; 3) direct New York's Investor-Owned Utilities (IOUs) to publish their itemized actual costs for common distribution upgrades on an annual basis; and 4) direct New York's IOUs to provide interconnection customers with a detailed, itemized, clear statement of final costs for all distribution upgrades. If adopted, NYSEIA's proposal will strengthen New York's interconnection process and prevent future complaints of this nature by creating a robust framework for utility distribution upgrade cost estimation, cost-certainty and final reconciliation of such upgrades.

## **II. National Grid Violated the SIR and Did Not Maintain a Good Faith Cost Estimate**

Altamont alleges that National Grid failed to provide an updated cost estimate following final project design. NYSEIA agrees with Altamont that, pursuant to the version of the SIR in effect when National Grid completed final project design on November 10, 2023, National Grid was obligated to provide an updated cost estimate due to the material scope modifications. Failure to provide the updated cost estimate following material scope modifications, and Altamont's request for the revised cost, constitutes a failure to maintain a good faith cost estimate. Without an accurate cost estimate, Altamont was unable to make an informed decision to proceed with the project based upon the final project design. Finally, Altamont alleges that National Grid failed to reconcile the costs in time for recovery. Based on a review of Altamont's complaint and dates in National Grid's SIR Inventory, NYSEIA concurs that the utility did not provide a reconciliation statement within the 60 day timeframe allowable pursuant to the SIR.

## **III. National Grid's Reconciliation Statements Do Not Substantiate their Costs Incurred**

NYSEIA agrees with Altamont's assertion that the costs for labor, material and overhead lack sufficient justification and transparency, making it impossible to verify they were prudently incurred in order to complete the interconnection upgrades. The final reconciliation statement includes a cost that is 218% of the original estimated cost. The backup materials include unintelligible line items, mathematical discrepancies, and omit critical information that would be necessary for one to verify that the billed costs are appropriately allocated to the project. This analysis would require a final design with a bill of materials, a list of contractors and their scopes of work, cost estimates from internal departments and subcontractors as well as construction schedules, change orders and final costs for all relevant scope items.

A review of the reconciliation statements found that critical data is missing; invoices like the one on the following page simply include a company name and a dollar amount, with no description of scope or when the work was completed. Therefore, these statements have little functional purpose and Altamont can't confirm that the costs are appropriate and attributable to the upgrades completed for their project.

11/25/2024

National Grid  
GENERATE CAPITAL  
Outside Services

Page: 31  
Invoice No: 800644756  
Invoice Date: 11/21/2024  
Customer number: 200157957  
Payment Terms: Net 30  
Due Date: 12/21/2024  
Sales Order #: 5210 / 750060711  
Reference #: 010029796046

Vendor Name	Voucher Number	Description	Net Amount
O'CONNELL ELECTRIC CO. INC.	9400025453		215.44
O'CONNELL ELECTRIC CO. INC.	9400025459		9.13
ASPLUNDH CONSTRUCTION LLC	9400032226		975.06
ASPLUNDH CONSTRUCTION LLC	9400040093		1,455.54
ASPLUNDH CONSTRUCTION LLC	9400052978		99.24
ASPLUNDH CONSTRUCTION LLC	9400015706		8,581.47
ASPLUNDH CONSTRUCTION LLC	9400015755		1,225.93
O'CONNELL ELECTRIC CO. INC.	9400025455		142.41
O'CONNELL ELECTRIC CO. INC.	9400025462		51.12
O'CONNELL ELECTRIC CO. INC.	9400025468		1,332.82
ASPLUNDH CONSTRUCTION LLC	9400032239		487.53
ASPLUNDH CONSTRUCTION LLC	9400040052		727.77
ASPLUNDH CONSTRUCTION LLC	9400040092		5,094.38
ASPLUNDH	9400032227		3,412.72

Drivers of Cost Increase

A review of National Grid’s Construction Results Summary (below) shows that the biggest driver of the cost increase was labor, followed by overheads, materials and taxes.

<b>Construction Results Summary:</b>					
Case	257886	Estimate	Actual	Difference	Actual/Estimate
Labor		\$ 297,635	\$ 869,218	\$ (571,583)	292%
Materials		\$ 318,924	\$ 531,138	\$ (212,214)	167%
Overheads		\$ 359,130	\$ 723,630	\$ (364,500)	201%
<b>SUB TOTAL</b>		<b>\$ 975,689</b>	<b>\$2,123,986</b>	<b>\$ (1,148,297)</b>	<b>218%</b>
Incremental AGR		\$ -	\$ -	\$ -	0%
Income Tax		\$ 111,793	\$ 244,988	\$ (133,195)	219%
Property Tax		\$ -	\$ -	\$ -	0%
Sales Tax		\$ -	\$ -	\$ -	0%
<b>TOTAL</b>		<b>\$1,087,482</b>	<b>\$2,368,974</b>	<b>\$ (1,281,492)</b>	<b>218%</b>

### Discrepancy in Labor Costs

Altamont's complaint highlights inconsistencies between the invoices and National Grid's reconciliation statements. The complaint also identifies excesses, such as the fact that National Grid billed 98 different company employees to this project in addition to subcontractors. Altamont's complaint also notes that National Grid billed 3,146.25 labor hours with average rates ranging between \$81 and \$100/hour. The construction of the distribution upgrade only took a handful of weeks, and NYSEIA agrees with Altamont that this project scope does not seem to justify the number of staff hours, nor did National Grid adequately justify their \$571,583 labor cost overrun on a project whose estimated cost was less than half that amount.

### Inflated Overhead Costs

In their complaint, Altamont asserts that "National Grid has not justified the exorbitant Overhead Cost and has not met its burden of demonstrating that such costs are either proper under the Tariff or just and reasonable under the circumstances". NYSEIA agrees with this statement. National Grid's final overhead cost for this project was more than twice the original estimate. The reason National Grid's overhead increased by \$364,500 is because the company uses a rudimentary formula to apply overhead costs to its capital projects<sup>1</sup>. Based on National Grid's approach, if the cost of equipment doubles, or if the utility fails to prevent labor cost overruns, the utility's overhead charges also double. In other words, the overhead amount charged to Altamont has no connection with actual overhead costs incurred that are attributed to the project. This may be a reasonable accounting methodology for capital projects that are broadly funded by the rate base; however, it is not a just and reasonable approach to cost allocation for distribution upgrades that are borne exclusively by interconnection customers. This approach both creates an incentive for utility cost overruns and results in Altamont being penalized twice for utility labor and materials cost overruns.

## **IV. Altamont Road Solar LLC Should be Granted Relief**

National Grid violated the SIR on multiple occasions and deprived Altamont of critical information it requested regarding estimated costs following the final design. The final cost figures vastly exceed the good faith cost estimate that was the basis for Altamont's decision to proceed with the community solar project, potentially wiping out the entire profit for the clean energy project that Altamont developed and constructed over multiple years. The magnitude of National Grid's cost overrun suggests that proper cost controls may not have been in place. Finally, the reconciliation statements and final invoices do not adequately justify the requested payment amounts. If the Commission finds that full relief is not warranted, NYSEIA recommends that the Commission grant National Grid two weeks to produce a more transparent and complete account of the costs they incurred to complete the upgrades, and to waive Altamont's payment obligations for any cost that are not demonstrated to be directly attributable to the distribution upgrade for this solar project.

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<sup>1</sup>National Grid Response to DPS Staff Questions, 02/03/2025. In the Matter of Timely Interconnection of Distributed Energy Resources. 24-E-0415.

## **V. The Altamont Complaint Highlights the Need for Greater Oversight of Utility Distribution Upgrade Costs for Distributed Energy Resources**

Final costs for distribution upgrades that are more than double the utility's good faith cost estimate are not reasonable, and undermine the integrity of New York's interconnection process. The Altamont Road Solar project is a cautionary tale that highlights the negative outcomes that can occur when interconnection customers bear an uncapped liability for utility cost overruns in an environment where utility costs and performance are not subject to regulatory oversight to ensure cost reasonableness. If and when independent power producers and financiers lose faith in New York utility cost estimates, this will have a chilling effect on our clean energy industry, increasing the cost of capital, slowing deployment and harming New York's solar and energy storage workforce.

Rather than letting the Altamont Road Solar project be a cautionary tale for would-be infrastructure investors considering projects in New York, NYSEIA urges the Commission to instead make it a cautionary tale for New York utility companies that do not manage their costs for distribution upgrades. This individual project and the associated complaint highlights the need for more robust oversight over distribution upgrade costs and guardrails to protect New York's clean energy programs and industry participants from utility cost overruns. NYSEIA's recently filed petition under Case 24-E-0621 seeks to address these issues systematically through SIR modifications that advance greater transparency, oversight and cost-certainty for distribution upgrades.

## **VI. Conclusion**

Altamont's complaint clearly demonstrates that National Grid violated the SIR multiple times throughout the interconnection process. It also demonstrates that National Grid did not provide and maintain a good faith cost estimate, nor did it adequately substantiate its \$1,288,485.26 cost overrun in the reconciliation statements provided. The retroactive imposition of unexpected and undisclosed costs on Altamont threatens significant and unmitigable financial harm to the complainant. This decision is being closely watched by clean energy stakeholders, and has implications for the integrity of New York's interconnection process and more broadly for the health of New York's solar and storage industry. For these reasons, NYSEIA urges the Commission to grant relief to Altamont and to address this set of issues raised in this complaint holistically through Case 24-E-0621. Thank you for the opportunity to provide input on this important matter.