STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on February 12, 2026

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
James S. Alesi
David J. Valesky
John B. Maggiore
Uchenna S. Bright
Denise M. Sheehan
Radina R. Valova

CASE 26-E-0045 - Proceeding on Motion of the Commission to Address Interconnection Reforms for Large Loads.

ORDER INSTITUTING PROCEEDING AND SOLICITING COMMENTS

(Issued and Effective February 12, 2026)

BY THE COMMISSION:

INTRODUCTION

In the State of the State address on January 13, 2026, Governor Kathy Hochul announced the Energize NY Development initiative to assess and modernize how large loads connect to the electric grid, while ensuring that projects driving significant system demand, such as data centers, pay their fair share of the associated costs. This endeavor reflects the State's objectives of providing greater certainty and predictability for new customers with large electric demands, while protecting other ratepayers from incurring incremental costs and ensuring electric system reliability is maintained.

New York has a long history of supporting large electric loads that drive economic development, manufacturing, and job creation. However, advanced manufacturing facilities,

cleantech, and other industrial development, including data centers, can require substantial electric service to operate. For these projects, timely, predictable, and cost-effective interconnection is essential to maintaining New York's competitiveness.

The Public Service Commission (Commission) has used a "beneficiary pays" principle to require that new load customers take responsibility for the costs of necessary grid upgrades that directly benefit them.[1] This principle is in alignment with requirements in the Public Service Law (PSL) and implementing regulations that obligate utilities to provide electric and gas service and outline how utilities should recover costs for system upgrades.[2] Given the anticipated significant and unprecedented load growth due to data centers and similar facilities, the Commission finds that it is necessary to ensure this principle continues to protect ratepayers from potential costs associated with these facilities, such as the costs to adequately interconnect and supply sufficient electricity.

Given the potential for an increased burden on customers related to rapidly growing demand from large loads, the Commission is exploring revisions to the existing approach for interconnection of new large electric load customers that would relieve these facilities' impact on rates. If improvements in the speed, efficiency, and cost-effectiveness of the interconnection process provide benefits to those new large electric load customers and encourage more economic development in the state, then there is the potential for all customers to benefit from the programs and policies around these new loads.

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[1] See Case 08-E-0539, Consolidated Edison – Electric Rates, Untitled Order (issued February 17, 2010).

[2] See PSL §§65 and 66 and 16 NYCRR §§98.2 and 98.3.

The Commission recognizes distinct challenges associated with large loads, such as data centers and similar facilities, that are looking to expand their footprint in New York State. As of February 2026, 11.9 gigawatts (GW) of load within the New York Independent System Operator, Inc. (NYISO) interconnection queue are attributed to future large load projects. In 2025 alone, more than 8.3 GW of new load entered the NYISO queue, exemplifying the emerging challenge presented by large load interconnections. These interconnection requests may introduce planning uncertainty through speculative or duplicative interconnection requests, and the projects themselves often require significant electric supply and may drive the need for major grid upgrades.

Consistent with the Governor's 2026 State of the State address, this Order initiates this proceeding to advance a large load interconnection framework, while acknowledging that certain large electric load facilities, such as data centers, often do not provide the same economic development or job creation opportunities relative to other strategic industries. The objectives of the proceeding are to: (1) modernize the interconnection process for all building loads; (2) improve transparency and predictability related to grid upgrades; (3) ensure that data centers and similar facilities bear the cost they impose on the electric system; (4) provide for the continued reliability of the electric system; (5) develop programs and policies for the interconnection of large loads that consider the objectives of the Climate Leadership and Community Protection Act; and (6) explore ways in which new large electric load could lead to downward pressure on rates for all customers.

The Commission's longstanding efforts to improve utility interconnection processes provide a strong foundation

for this work. This proceeding builds on those efforts by creating interconnection and cost allocation policies that adjust to the unique characteristics and system impacts of different categories of large loads. This proceeding will develop appropriate criteria to define the class of facilities to be considered "large loads" and establish sub-categories that characterize facility type, including data centers and similar facilities. These criteria will be refined through stakeholder input and technical analysis developed in this proceeding.

BACKGROUND

The Commission has previously acted to improve the interconnection process, streamline siting and permitting, create new cost sharing mechanisms, and provide cost certainty. The results and lessons learned from these efforts, as detailed below, may be valuable to inform the development process and policy improvements considered in this proceeding. Although the utilities apply an interconnection review process to both generation and load, those processes differ in scope, purpose, and technical requirements.[3] While enhancements identified through this proceeding may inform broader interconnection practices, the focus of this proceeding is on load interconnection.

Through the establishment of updates to the Standardized Interconnection Requirements (SIR), the Commission has created dedicated working groups to resolve issues and continuously improve the interconnection process. Through this SIR process, a new innovative cost sharing mechanism, Cost Sharing 2.0, was created to alleviate the cost burden for the "first mover" when an interconnection triggers a substantial

[3] New York Independent System Operator, Transmission Expansion and Interconnection Manual (effective date February 7, 2025).

system upgrade and to instead share the costs of such upgrades across each benefitting Distributed Energy Resource (DER).[4] As an extension of SIR improvements, the Commission initiated a proceeding in 2024 to evaluate interconnection timeliness and cost estimation practices to reduce barriers for DER interconnection and development.[5] The results and feedback from these related initiatives serve as foundational elements for the improvement of interconnection and cost allocation mechanisms for large loads, as envisioned by this proceeding.

Additionally, to improve system planning to better align infrastructure development with anticipated system needs, the Commission directed Department of Public Service (DPS) staff to develop the Coordinated Grid Planning Process (CGPP) and the Proactive Planning Proceeding.[6] The CGPP was created, in response to the Accelerated Renewable Energy Growth and Community Benefits Act, to improve the planning process for transmission and generation as part of the bulk system.[7] The Proactive Planning Proceeding assesses the distribution system to identify preemptive upgrades to the grid to streamline the interconnection process. The Commission's work to integrate transmission, distribution, and resources planning, has improved transparency and regulatory certainty to incentivize more efficient investment in these systems.

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[4] Case 20-E-0543, Petition of Interconnection Policy Working Group Seeking a Cost-Sharing Amendment to the New York State Standardized Interconnection Requirements, Order Approving Cost-Charing Mechanism and Making Other Findings (issued July 16, 2021).

[5] Case 24-E-0415, Interconnection of Distributed Energy Resources, Notice Soliciting Comments (issued July 16, 2024).

[6] Case 24-E-0364, Proactive Planning for Upgraded Electric Grid Infrastructure (Proactive Planning Proceeding).

[7] Case 20-E-0197, Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act.

On April 20, 2024, the Renewable Action through Project Interconnection and Deployment (RAPID) Act was enacted to streamline environmental review, permitting, and siting for major renewable energy projects. The RAPID Act integrated the Office of Renewable Energy Siting and Electric Transmission within the DPS, to administer a consolidated permitting process to enhance coordination and provide greater certainty for developers and host communities. These process improvements seek to reduce development time, improve transparency, and create certainty.

In November 2025, Governor Hochul announced the launch of the Promote Opportunity with Electric Readiness for Underdeveloped Properties (POWER UP) program, which is a $300 million initiative to support the development of electric ready sites. This program is administered by Empire State Development in consultation with DPS staff, to ensure power-ready sites have the utility power needed to attract businesses by proactively developing electrical infrastructure at key industrial sites, thereby reducing development time.

Additionally, the Commission authorized upstate municipal power authorities to adopt tariff classifications for high density load (HDL) customers in response to concerns that data centers and crypto mining business demand could drive up local electricity costs for existing ratepayers.[8] Customers of these municipal utilities benefit from an allocation of low-cost New York Power Authority hydroelectric power. When the municipality's allocation has been expended, more costly supplemental power is procured, and the costs are recovered from

[8] Case 18-E-0126, Tariff Filing by the New York Municipal Power Agency to Implement a New Rider A - Rates and Charges for High Density Load Service, Order Approving Tariff Amendments with Modifications (issued March 19, 2018) (HDL Order).

all customers. Serving HDL customers requires municipalities to increase their supplemental energy purchases. The HDL Order implemented protections against increased power costs associated with such purchases for New York Municipal Power Agency member customers, among other things. This example highlights how tariffs can be designed in specific cases to protect ratepayers by ensuring data centers and similar facilities pay their fair share.

In addition to these initiatives, New York's law and regulations have specific requirements to provide service and define the methods to recover costs for system upgrades. For example, utilities are obligated to provide service under Transportation Corporation Law §12 that states a utility must supply electric or gas service for a building within one hundred feet of a gas main or electric line after receiving a written application and payment and provides that the Commission may require applicants for electric or gas service to buildings in excess of one hundred feet from existing electric or gas infrastructure to pay or agree in writing to pay material and installation costs relating to the facilities to be installed. Also, 16 NYCRR Part 98.2 requires customers to pay installation costs for new facilities, such as infrastructure upgrades identified during the interconnection process. Utility tariffs implement these laws and regulations and will be evaluated as part of this proceeding to determine if modifications should be made to address large loads. While this regulatory framework supports a variety of project types, including large loads associated with manufacturing, cleantech, and other industries, there are inherent challenges with the scale and speed of demand associated with load directly tied to data center development.

Experiences outside of New York further highlight the changing landscape of large load interconnection challenges.

Regulators and utilities in other states have begun exploring alternative approaches for managing data center growth, including long-term contractual arrangements, capacity-based charges, and "bring your own generation" models. In addition, some data centers have publicly committed to paying higher electricity costs or procuring dedicated generation resources to mitigate grid impacts. These advancements underscore the need for New York to update interconnection and cost allocation frameworks that reflect distinct characteristics of different categories of large loads.

The Commission is also cognizant that, on October 27, 2025, the Federal Energy Regulatory Commission (FERC) issued a notice inviting comments on an Advance Notice of Proposed Rulemaking (ANOPR), which proposed that FERC determine to exert jurisdiction over the interconnection of large loads to the transmission system.[9] While FERC has not, to date, acted on the ANOPR and proposed a formal rule deciding to exert such jurisdiction, the Commission will monitor and closely examine any future FERC actions.

DISCUSSION

The Commission institutes this proceeding to review the planning and interconnection processes, cost-allocation mechanisms, and tariff structures relating to the integration of large loads within the State's transmission and distribution (T&D) systems. The goal of this initiative is to support new demand for electric power and to advance State economic development objectives without adversely impacting other ratepayers or the reliability of the electric system, and to do

[9] Federal Energy Regulatory Commission, Ensuring the Timely and Orderly Interconnection of Large Loads, ANOPR, Docket No. RM26-4-000 (issued October 27, 2025).

so in a way that is consistent with the Climate Leadership and Community Protection Act.

In line with Energize NY Development, the Commission is committed to supporting large load projects that drive job creation and economic growth, while maintaining energy affordability for ratepayers. For these projects, uncertainty related to interconnection timelines, upgrade costs, and planning assumptions can undermine investment decisions. This proceeding will examine opportunities to modernize the interconnection process, enhance transparency around grid upgrade requirements, and improve cost predictability for projects that deliver meaningful benefits.

The Commission also remains absolutely committed to ensuring system reliability and cost-effectiveness of investments in, and operations of, the T&D system. Accordingly, this proceeding will examine opportunities to further optimize upgrades potentially made necessary by the interconnection of new load. These may include: improved, timely, and effective engagement between large load applicants and utilities and the NYISO; more effective approaches (including data standards, forecasting, queue management especially of speculative load, and modeling) to ensure both efficient interconnection and system reliability; more effective approaches to customer-sited or customer-provided resources to optimize interconnection costs and reliability; and clear and equitable impact-based risk- and cost-sharing arrangements for necessary grid upgrades. In addition, this proceeding will consider the development of criteria to define and categorize large loads and establish appropriate requirements for facilities that provide limited public benefit but have significant electrical demand. For data centers, and similar facilities, the Commission may consider additional requirements such as customer-supplied generation or

storage, grid flexibility or curtailment, modifications to tariff cost sharing and cost recovery rules, the use of long-term contracts, or charges to protect ratepayers. Further, the Commission may consider requirements that are specifically designed for the new large electric load to lead to reduced rates for all customers.

In developing these approaches, the Commission will seek to build off lessons learned from prior initiatives to emphasize improvements in planning, coordination, transparency, and equitable allocation of costs, in line with the beneficiary pays principle. The Commission will also consider relevant and useful proceedings and practices from other jurisdictions dealing with this topic.

As we embark on the Energize NY Development initiative, we would be remiss in our deliberations if we did not explore all opportunities these loads may present to the State overall, as well as their impacts on or possible contributions to our climate objectives. Certain large loads may hold potential for the reuse of waste heat in a beneficial manner by serving as a thermal resource to a future thermal energy network (TEN) or providing thermal energy storage at times advantageous to the grid, thereby reducing the overall impact of the large load to the grid. As such, we direct DPS staff to recognize opportunities within this proceeding that could advance the potential beneficial use of waste heat from these large, interconnected loads and to ensure coordination with the Commission's proceeding to implement the requirements of the Utility Thermal Energy Network (UTEN) and Jobs Act.[10]

To help inform the Commission in regard to the objectives of this proceeding, DPS staff is directed to convene

[10] Case 22-M-0429, Utility Thermal Energy Network and Jobs Act.

at least one technical conference before December 31, 2026 (Technical Conference). Interested stakeholders are invited to file initial comments on or before April 13, 2026, in Case 26-E-0045, responsive to the questions posed in the Appendix to this Order. Stakeholders are also invited to submit reply comments, responsive to the initial comments, on or before May 13, 2026. The comments will be used to develop an agenda for the Technical Conference.

Additionally, DPS staff shall prepare a whitepaper, for Commission consideration, detailing the range of issues associated with large load interconnection, as addressed in this proceeding. The whitepaper will be informed by the comments received and input provided at the Technical Conference. The whitepaper is to be issued no later than one year from the issuance date of this Order and will be subject to New York State Administrative Procedure Act notice requirements.

CONCLUSION

The Commission finds that a proceeding is needed to advance the Energize NY Development initiative and to assess large load interconnection processes that can accelerate economic development, while establishing appropriate cost-responsibility frameworks for data centers and other high energy density facilities. The Commission expects this effort will leverage existing planning processes, integrate innovative tools, and engage with relevant stakeholders.

The Commission orders:

1. A proceeding is instituted to execute the Energize NY Development initiative.

2. Interested stakeholders shall file initial comments on the questions posed in the Appendix to this Order by April

13, 2026. Comments in response to the initial comments shall be filed by May 13, 2026. All comments shall be filed in Case 26-E-0045.

3. Department of Public Service staff shall convene at least one public technical conference before December 31, 2026, as discussed in the body of this Order.

4. Department of Public Service staff shall prepare a whitepaper addressing the interconnection and related issues considered in this proceeding within one year of the issuance of this Order. The whitepaper shall be informed by the technical conference in Ordering Clause 3, address the comments received in the responses to Ordering Clause 2, be subject to public notice and comment, and contain recommendations for the Commission's consideration.

5. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

6. This proceeding is continued.

By the Commission,

(SIGNED) MICHELLE L. PHILLIPS
Secretary

APPENDIX

Questions soliciting stakeholder comment on integrating large electric loads.

We invite stakeholders to provide examples of other state's relevant approaches when responding to the questions below.

1. How can large load demand be accurately forecasted and verified before being included in long-term load forecasts and system planning studies?
2. What innovative technology should be considered to improve interconnection cost estimates, reduce development time, and provide sensitivity analysis?
    a. How has this technology been utilized and what were the results?
3. What requirements should be applied to large loads and / or data centers to maintain grid reliability, protect ratepayers, and meet New York's climate goals?
4. What grid services such as load flexibility, demand response, on-site generation, energy storage, or alternative service be considered?
5. How should cost allocation be structured to ensure data centers or similar facilities bear the cost they impose on the electric system?
6. How can the state ensure transparency in the large load interconnection process and information sharing?
7. What interconnection rules should the Commission consider that would allow for leveraging of waste heat as part of thermal energy networks?
8. What additional measures should the Commission consider as part of this proceeding to ensure large load and data

centers are not causing cost increases to all other ratepayers, or adversely impacting reliability or the achievement of Climate Leadership and Community Protection Act objectives?