

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

Proceeding on Motion of the Commission	)	
Address Interconnection Reforms	)	Case No. 26-E-0045
Program for Large Loads	)	

**COMMENTS OF CON EDISON AND ORANGE & ROCKLAND ON THE MOTION
OF THE COMMISSION TO ADDRESS INTERCONNECTION REFORMS FOR
LARGE LOADS**

On February 12, 2026, the Commission requested comments on eight questions to assist it in developing a regulatory framework for large load customers.¹ Large load customers present both challenges and opportunities for New York State. On one hand, interconnecting large load customers could strain planning processes, drive substantial system upgrade costs, and introduce uncertainty for utilities, customers, and other stakeholders. On the other hand, well-designed interconnection, planning, and cost allocation rules can support economic development, encourage efficient investment, and advance the State’s climate and energy policy objectives.

The Commission should establish a regulatory framework for large load customers that prevents undue cost shifts from large loads to other customers, and improves interconnection timeliness, transparency, and predictability. Among other actions, the Commission should adopt requirements that create more certainty for utilities about load requests in order to improve forecast accuracy and interconnection study efficiency. For large loads that complete studies and connect to the system, the Commission should require adherence to enhanced measures that will support grid reliability. The Commission should also adopt measures that allocate the revenue requirements associated with the upgrade costs to the large load customers who benefit from those upgrades while limiting the costs and risks to other ratepayers. Finally, the Commission should consider requiring large load customers to procure renewable energy credits to allow for connection of new large loads without driving more emissions.

¹ While there is no universally accepted definition of a “large” load, the New York Independent System Operator, Inc. (“NYISO”) Load and Interconnection Manual is a useful starting point for classifying which loads are sufficiently “large” because they connect at the transmission level. *See* NYISO, Transmission Expansion and Interconnection Manual, at 64 (Feb. 2025), https://www.nyiso.com/documents/20142/2924447/tei_manual.pdf/ (“[T]he NYISO Load interconnection procedures apply to Load interconnections that are either: a) greater than 10 MW connecting at a voltage level of 115 kV or above, or b) 80 MW or more connecting at a voltage level below 115 kV. Proposed load interconnections that fall outside these criteria are not subject to the NYISO procedures, but instead fall under the Transmission Owner’s procedures.”). Consolidated Edison Company of New York, Inc. (“Con Edison”) and Orange and Rockland Utilities, Inc. (“O&R”) take no position at this time on how to define large loads but urge the Commission to consider the NYISO definition to avoid inconsistent treatment.

Responses to Commission Questions

1. How can large load demand be accurately forecasted and verified before being included in long-term load forecasts and system planning studies?

The Commission should adopt requirements, including late withdrawal or modification fees, as well as minimum charges, to encourage potential large load customers to be more accurate in estimating their expected demand. Additionally, requiring separate winter and summer load projections will support development of more nuanced load forecasts.

Accurate load forecasting is an integral part of maintaining a reliable electric system. System planners and other stakeholders rely on load forecasts to ensure system reliability and to direct investments to where they will be most effective.

Data center project announcements from across the country indicate that electricity demand from individual projects, when fully developed, can range up to one gigawatt.² At these levels, a single data center could have significant impacts on the electric system to which it connects. As such, forecasting when and where the electric demand might emerge is increasingly important.

To forecast demand, Con Edison and O&R require an applicant for new and expanded electric service to provide a detailed load letter explaining the customer's plans. These submissions must include a requested service date, location, load estimate, and ramp rate, as well as a site plan and a description of equipment characteristics. The Companies then use load demand factors and diversification methods, based on historical data, to increase the accuracy of load estimates. Once validated, the Companies incorporate prospective loads into future planning and forecasting studies until the load either materializes or exits the interconnection process.

Despite this process, however, Con Edison and O&R have found that load letters tend to overestimate demand and therefore can introduce errors in load forecasts. Due to their potential scale, large loads may introduce significant errors into these forecasts. The Companies recommend that the Commission adopt requirements that will encourage potential large load customers to be more accurate in estimating their expected demand. For example, the Commission should require deposits from large load customers that they would fully or partially forfeit if they withdraw or modify their load forecasts beyond a certain point in the process.

As explained below in response to Question 5, the Commission should permit utilities to base cost recovery for large load customers on the level of demand requested and the revenue requirement associated with the facilities constructed by the utility for the large load customer, regardless of whether the projected load materializes as projected, such as by requiring

² Martin C. Offutt et al., *Data Centers and Their Energy Consumption: Frequently Asked Questions*, Congressional Research Service, at 5 (Jan. 23, 2026), https://www.congress.gov/crs_external_products/R/PDF/R48646/R48646.7.pdf.

minimum demand or fixed charges. Additionally, the Commission should require large loads to provide separate summer and winter projections. This level of detail will enable more nuanced forecasts and support for planning efforts as the State prepares to become winter peaking.

2. What innovative technology should be considered to improve interconnection cost estimates, reduce development time, and provide sensitivity analysis?

- **How has this technology been utilized and what were the results?**

Con Edison and O&R support the use of advanced tools inasmuch as they can improve existing processes and evaluating and implementing those tools in the ordinary course. However, the Companies have not currently identified specific and sufficiently mature innovative technologies to improve interconnection cost estimates, reduce development time, and conduct sensitivity analysis. As such, the Commission should not require the use of any particular technology in the interconnection cost estimate process. Nevertheless, as new technologies emerge and begin to mature, the Companies would, with funding approved by the Commission, be open to assessing the technologies and exploring opportunities for them to demonstrate their usefulness.

The Companies intend to adapt current cost estimation processes used in the generator interconnection context when upgrades are identified for potential large load customers. Clear, well-supported cost estimates improve transparency and predictability for customers and other stakeholders. Con Edison and O&R routinely incorporate new technologies, market trends, and up-to-date construction practices when developing cost estimates for system upgrades. By using the Companies' internal cost estimating procedures, site-specific knowledge, and historical/current internal data, the Companies are able to enhance the accuracy and timeliness of their cost estimates.

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?

In addition to applicable reliability standards and utility best practices, the Commission should require large load customers to implement additional capabilities, including those related to ride-through of frequency disturbances, mandatory participation in transmission owner automatic under-frequency load shedding programs, and active power ramp rate limits. These requirements will specify how large loads must behave during or in response to incidents on the grid and are essential for maintaining operational reliability.

Large loads can have undesirable effects on the reliability of the electric system if they fail to conform to applicable reliability standards and utility requirements. For example, if large loads are not subject to voltage ride-through requirements, then during a voltage disturbance on the grid the load could prematurely disconnect itself instead of "riding-through" the disturbance while the grid resolves the event, thereby causing cascading reliability issues and leading to even broader loss of load and other undesirable outcomes.

The Commission should also adopt measures to enable NYISO System Impact Studies to play a more consequential role in interconnecting large load customers. For instance, the Commission should prohibit interconnected large loads from operating at full capacity if reliability violations identified by NYISO through its System Impact Study have not been fully addressed. Furthermore, with a few exceptions (e.g., if the large load provides critical services such as in healthcare or other critical areas), the Commission should require most large loads to participate in load flexibility programs where they must reduce power usage during grid stress events. Also, large loads can play a role in achieving the State's climate objectives. To this end, the Commission should consider requiring large loads to procure New York State-generated renewable energy credits, in coordination with NYSERDA programs, allow for connection of new large loads without driving more emissions.

Please see the response to Question 5 below for more on protecting ratepayers from unreasonable cost increases.

4. What grid services such as load flexibility, demand response, on-site generation, energy storage, or alternative service be considered?

Large loads are well placed to provide valuable grid services to the electric system. As stated above in response to Question 3 above, Con Edison and O&R recommend that the Commission, with a few exceptions, require large loads to participate in load flexibility programs.

The programs may be administered by the connecting utility or NYISO. They may include demand side programs such as demand response. Large load participation in these programs will support the reliable operation of the electric system at times when it might otherwise come under strain and might also postpone the need for expensive system upgrades.

To be effective, these programs should define clear requirements for the timing, frequency, and duration (in hours) of the load curtailments. Also, given the operational differences between the distribution and transmission systems, the Commission should allow requirements applicable to large loads seeking interconnection to the transmission system to be distinct and separate from those on the distribution system.

5. How should cost allocation be structured to ensure data centers or similar facilities bear the cost they impose on the electric system?

Con Edison and O&R share the goal of minimizing potential cost shifts from large loads such as data centers to other customers. As such, the Companies recommend that the Commission adopt measures consistent with its "beneficiary pays" framework, including the minimum billing and enhanced financial security requirements discussed below.

Con Edison's and O&R's respective tariffs recognize that certain infrastructure upgrades may be required to serve new or significantly expanded customer loads. Under the Companies' "cost of service" approach, each Company sets rates for each customer class based on studies of the cost of providing service to customers in that class. The Companies' tariffs further require that new customers pay costs that exceed any customer entitlements to connect

to each Company's distribution system. These provisions are in line with and, in some cases, expand on the Commission's line extension rules.³ For instance, Con Edison can require that customers take service at high voltage to reduce Con Edison's costs and to contribute toward the cost of building new distribution facilities above a certain threshold.⁴

The Companies' rate design processes and tariff provisions are generally designed to avoid burdening existing customers with costs that do not enhance systemwide reliability or capacity. As observed across the country, however, the investments required to serve data centers can be significant and differ materially from the costs for infrastructure to serve other customers. Existing cost allocation frameworks may not adequately address the financial risk that this emerging class of large load customers poses to other customers and the utilities that serve them. As such, these frameworks must be augmented to appropriately assign the cost and risk responsibility for electric facility investments needed to serve large load customers consistent with the "beneficiary pays" principle recognized in the Commission's Order Instituting Proceeding.

Consistent with the Commission's existing frameworks, a well-designed cost allocation framework for large loads must minimize undue cost shifts from large loads to other customer groups. For example, the Commission should allow utilities to create a separate service classification for large loads and to require large load customers to bear significant responsibility for the recovery of costs incurred, to provide them with electric service. However, in recognition of the fact that other customers may derive benefits from upgrades triggered by large loads, the Commission should consider when, how and to what extent other customer groups should contribute toward the costs of those upgrades.

Furthermore, given the uncertainty over whether large load projects will reach their expected levels of operation, a robust cost allocation framework should include safeguards against lower-than-expected revenues if projects like data centers are never built or do not ramp up to the requested level of service within a specific time. To reduce this risk, the Commission should set minimum billing requirements that would allow data centers to be billed based on their actual demand or a minimum percentage of the level of service they requested over a specific time, whichever is higher. This would not only support the recovery of costs to which data centers have contributed but should also encourage greater discipline by customers when estimating what level of service they will need and when.

The Commission should also allow utilities to require adequate forms of security from large load customers to limit other ratepayers' financial exposure if a utility makes investments to serve a data center but the data center is not ultimately built, if the data center customer ceases taking service before adequate cost recovery from that customer has occurred, or in the event of unforeseen circumstances.

³ See 16 NYCRR Part 98.

⁴ See P.S.C. No. 10 – Schedule for Electricity, General Rules 4.3 and 4.6 (Characteristics of Service); General Rule 5.3.5 (Customer Responsibility for Incremental Costs).

6. How can the state ensure transparency in the large load interconnection process and information sharing?

Transparency of the large load interconnection process can be improved through improvements to NYISO load interconnection studies, which are similar to NYISO's generator interconnection studies. While the Commission cannot direct changes to NYISO tariff procedures, the Commission should encourage NYISO and utilities to adopt detailed processes for performing interconnection studies for large load customers in clusters, clear inclusion rules, performance requirements and assumptions, and rules governing when and how study results will be made available to stakeholders. Cluster studies conducted at fixed intervals will provide greater predictability to both large load customers and transmission planners so that they can consider the system impacts from all proposed projects simultaneously.

The Commission should require that large load developers disclose whether they are pursuing interconnection requests for substantially similar projects in other jurisdictions or with other utilities in order to discount potentially duplicative large load interconnection requests from forecasts and system impact studies. Understanding the extent to which large load developers are "forum" or "utility" shopping could potentially allow NYISO and each utility to account more accurately for the possibility that large load customers will not materialize.

The open flow of information between large load customers on one hand, and utilities and NYISO on the other, improves the interconnection process for all stakeholders. A transparent interconnection process builds stakeholder confidence and supports process efficiency, proper planning, and investor decision-making.

By the same token, the results of these studies will only be as good as the information provided by large load customers. Therefore, the Commission should allow utilities to require in their tariffs that large load customers provide firm details on their forecasted energy usage, construction plans and timelines, demand flexibility, anticipated demand profiles, and plans for associated generation. The Commission should also set clear deadlines for customers to submit this information to utilities and rules governing the conditions under which customers may modify their submissions after the interconnection study process has commenced.

Information required by the Commission should, where appropriate, complement similar requirements by NYISO in its large load interconnection process.

Furthermore, changes to load facilities should undergo a facilities modification process. While such a process currently exists only for generator interconnections, adopting a similar framework for large load interconnections would involve a technical evaluation by NYISO, in coordination with the Connecting Transmission Owner, to determine if the large load customer's proposed changes constitute a material modification. The evaluation would only allow the interconnection to move forward after determining that adjustments to a facility's configuration or project schedule would not adversely impact system reliability or other projects in the queue. The process, and the subsequent posting of results on NYISO's website,

ensures full transparency by providing stakeholders with equal access to the information needed to make informed decisions.

7. What interconnection rules should the Commission consider, that would allow for leveraging of waste heat as part of thermal energy networks?

Con Edison and O&R support interconnection rules that would allow for the use of waste heat from large customers in Utility Thermal Energy Networks. Several types of large loads produce large amounts of heat as a byproduct of their regular operations. This waste heat may be used as an input in other value-adding processes. Among the available options are Utility Thermal Energy Networks through which the captured heat can be distributed to customers in the community. These systems will not only support efficient economic outcomes but could also play a significant role in achieving New York State's decarbonization goals.

Con Edison and O&R recommend that the Commission encourage large load customers with anticipated recoverable waste heat to make a firm, verifiable commitment regarding the quantity, quality, and availability of recoverable waste heat. The large load customers should also be required to provide sufficient technical and operational information to enable utilities to evaluate the reliability and deliverability of the thermal energy. This data may be used by the utilities, at their discretion, to conduct a Utility Thermal Energy Network feasibility study and impact analysis to determine whether the recoverable waste heat can be practically and efficiently used as part of a Utility Thermal Energy Network system.

If a Utility Thermal Energy Network system is determined to be viable after completion of the feasibility study, which means the system has a clearly defined thermal energy delivery pathway and identifiable end use, then the utility may plan for a Utility Thermal Energy Network system in the designated area. Insights gained from Utility Thermal Energy Network pilot projects conducted under Case No. 22-M-0429 will facilitate a more streamlined and effective development process for feasibility studies. To limit the cost impact on utility ratepayers, we recommend that the Commission consider requiring large load customers to pay for both the feasibility study and a portion of Utility Thermal Energy Network construction expenses.

Following utility review and approval, and only where the waste heat is associated with a planned or existing Utility Thermal Energy Network, utilities could incorporate the committed resource into interconnection study assumptions and system impact analyses. This approach would allow utilities, in their Utility Thermal Energy Network planning role, to include waste heat as a credible thermal resource if there is a clear delivery method and system use, provided the Commission permits cost recovery for networks integrating large load customers.

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?

Please see the response to Question 3 above.

Conclusion

Con Edison and O&R respectfully request that the Commission accept these comments and take them into consideration as it formulates its policy regarding the interconnection of large load customers.

Respectfully submitted,

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