STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

JOINT UTILITIES' COMMENTS IN RESPONSE TO THE COMMISSION'S ORDER INSTITUTING PROCEEDING AND SOLICITING COMMENTS CONCERNING THE INTERCONNECTION OF LARGE LOADS

I. Introduction

On February 12, 2026, the New York State Public Service Commission (Commission) issued an *Order Instituting Proceeding and Soliciting Comments* in this proceeding[1] to examine the planning, interconnection, and cost allocation frameworks applicable to large electric loads. To inform its review, the Commission posed eight targeted questions seeking stakeholder input on load forecasting, interconnection cost estimation, reliability requirements, cost allocation, transparency, grid services, waste heat utilization, and additional measures necessary to protect ratepayers and system integrity. The Joint Utilities[2] provide the following comments in response to the Commission's eight questions with the objective of supporting a balanced regulatory framework that promotes large load development while continuing to preserve safe, reliable, and affordable electric service for all customers in the State.

The Joint Utilities recognize both the economic development opportunities large load projects present to communities and the importance of ensuring that the benefits of such development are broadly shared with all electric customers. Among other things, this includes clarifying rules and requirements and allocating the risks and costs associated with large load interconnections in a manner consistent with established regulatory principles, system reliability needs, and the public interest. We emphasize that large loads have the potential to benefit electric customers by increasing electricity sales, thereby spreading fixed costs over a larger rate base and helping moderate delivery rates for all customers.

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1 Case 26-E-0045, *Proceeding on Motion of the Commission to Address Interconnection Reforms for Large Loads*, Order Instituting Proceeding and Soliciting Comments (February 12, 2026) (Initiating Order).

2 The Joint Utilities are Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation d/b/a National Grid (National Grid), Orange & Rockland Utilities, Inc. (Orange & Rockland), and Rochester Gas and Electric Corporation (RG&E).

II. Responses to the Commission's Specific Questions

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

Key take-away:

Traditional load forecasting methodologies are mature in identifying generalized load growth trends. Larger load requests, especially those that are tentative in nature, require a separate, stepwise evaluation that reflects development risk, project maturity, and level of certainty. The Joint Utilities recommend continuing collaboration among the utilities, NYISO and State agencies, to include large loads in forecasts in a graduated manner that reflects the achievement of milestones and securing of commitments.

Discussion:

The Joint Utilities' longstanding load forecasting methodologies, which address broad categories of load, are fundamentally mature. Large loads, which are often connected to the transmission system, are inherently unique and should be considered separately from traditional forecasts. Targeted refinements may be appropriate to better account for the heightened uncertainty associated with these rapidly emerging, large-scale loads such as data centers, chip fabrication facilities, quantum computing facilities, and certain other industrial-scale loads.

The rapid emergence of very large prospective loads such as data centers in recent years differs markedly from historical load additions in scale, development risk, and timing. Many of these projects are at early, or even speculative, stages. The likelihood of such new large load requests materializing was not a central consideration when many utilities' forecasting frameworks were established.

As of March 2026, the New York Independent System Operator, Inc. (NYISO) large load interconnection queue included 48 projects representing more than 12 GW of proposed load. Although participation in interconnection processes provides useful information, early-stage indications of interest alone are not a sufficiently reliable signal that large loads will ultimately materialize. Indeed, experience from around the United States shows that early expressions of interest are often subject to substantial attrition, delay, or downsizing.[3] Absent additional screening, incorporating potential future projects at their full size in long-term forecasts risks overstating future demand and could encourage inefficient or premature infrastructure investments. Likewise, *excluding* large loads entirely until the very late stages of development could *under*state demand and leave insufficient lead time to plan and construct necessary system upgrades to maintain safe, reliable, and affordable electric service.

A binary distinction between certain and uncertain load is insufficient for evaluating large load proposals, given their size, complexity, phased development, and varying levels of financial and contractual commitment. Large load projects progress through multiple stages of maturity, each providing incremental information about the developer's intent and capacity to proceed. Robust forecasting practices therefore

[3] *See, e.g.*, Financial Times "'Phantom' Data Centres Muddy Forecasts for US Power Needs" (November 14, 2025).

require a stepwise framework that can reflect degrees of confidence rather than relying on an all-or-nothing classification.[4]

The Joint Utilities already have measures in place and continue to identify opportunities to refine existing interconnection processes to ensure that only sufficiently mature large load projects meaningfully influence forecast outcomes. Additional refinements that may be appropriate specifically for large load interconnections include improved validation of data quality, standardized requirements for robust informational disclosures by large-load developers (*e.g.*, including disclosure of parallel development activity in other jurisdictions) and an increased emphasis on achievement of specific milestones. Financial commitments in particular, such as construction deposits or letters of credit, help reduce developer speculation and demonstrate "skin in the game."

In some cases, a graduated forecasting approach may be appropriate under which large load projects may be de-rated based on the large load project's stage of development and level of certainty. This approach will better align long-term forecasts with actual development risk while providing flexibility to consider project-specific information. The Joint Utilities recommend a coordinated approach among the NYISO and the Department of Public Service to refine this graduated approach. The Joint Utilities support making criteria more transparent regarding when a large load application becomes "forecast-worthy" to promote consistency and predictability for utilities, system operators, developers, and other customers, to preserve the integrity of long-term planning, to reduce the risk of both over- and under-investment in critical infrastructure.

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?*

Key take-away:

The Joint Utilities are receptive to the future application of advanced technologies for interconnection cost estimation. At this time, it is premature to mandate the use of any particular technology in the interconnection cost estimate process. Large load interconnection costs are inherently project-specific and scope dependent. Improving process discipline and enabling efficient near-term project development will yield more significant improvements in cost certainty.

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[4] Beginning with the 2026 forecasting cycle, ISO New England (ISO-NE) will, for the first time, incorporate large load additions into its ten-year demand forecast. This effort is focused on proposed loads exceeding 20 MW that have advanced sufficiently to be subject to formal ISO-NE study processes. Rather than assuming full nameplate capacity, ISO-NE will apply a graduated treatment that reflects each project's stage of development—such as execution of a Study Agreement, completion of Interconnection Studies, entry into a Construction Agreement or Elective Transmission Upgrade Agreement, energization status, ongoing monitoring, or withdrawal—as well as expected load utilization characteristics.

Similarly, PJM's 2026 load forecast is lower than its 2025 forecast in certain transmission zones due to the implementation of an updated project screening methodology. PJM now places greater emphasis on loads supported by executed contracts and clearly defined development milestones. The methodology relies on information submitted by the Transmission Owners and distinguishes between certain and uncertain load based on whether a developer has an Electric Service Obligation or Construction Commitment. Longer-term or less certain projects are classified as non-firm and are derated in forecasts to reflect their higher level of development and realization uncertainty.

Discussion:

Interconnection cost estimates for large loads are inherently sensitive to project timing, scope definition, and prevailing market conditions that are largely driven by developers. As large load projects increase in scale and complexity, the duration of interconnection and local system development processes such as the planning, design, permitting, and construction of required local grid upgrades may lengthen, and can sometimes extend over several years. These extended timelines amplify uncertainty in cost estimates, as actual labor availability, material pricing, equipment lead times, and system conditions evolve over time.

The Joint Utilities recognize the potential long-term value of advanced and innovative technologies to support more precise and adaptive cost estimation. Joint Utilities remain open to evaluating and adopting such technologies as they mature and demonstrate practical applicability. At present, however, the Joint Utilities are not aware of advanced technologies that offer near-term solutions capable of materially offsetting the uncertainty introduced by protracted development and interconnection timelines. Accordingly, the Commission should not mandate the use of any particular technology in the interconnection cost estimate process.

Long interconnection timelines can be a major driver of estimate volatility. As timelines lengthen, initial assumptions become stale, reducing their reliability and stability. While refined estimating tools can improve internal consistency, they cannot fully overcome uncertainty arising from evolving project scope, changing market conditions, other projects being studied simultaneously, or delayed sequencing of interconnection studies and local system upgrades.

Process-related improvements such as clearer milestone definitions, adherence to schedules, and the use of coordinated or clustered studies, can materially reduce uncertainty during early planning phases. Coordinated cluster studies in particular would add rigor to the interconnection study process and make it possible to evaluate the impact that all pending projects pose to system reliability. Nevertheless, certain external factors, most notably long lead-time equipment procurement, will continue to exert significant influence on project schedules and costs and remain largely beyond the direct control of the Joint Utilities.

The Joint Utilities conclude that the most practical near-term path to improving cost certainty is to streamline interconnection and local system development processes. The NYISO is currently conducting a process to evaluate opportunities to improve interconnection processes. The Joint Utilities are active participants in this process. Shortening overall timelines, applying greater procedural discipline, and improving coordination across planning stages can significantly enhance the reliability of cost estimates, even as advanced technologies continue to evolve.

Existing cost estimation methodologies remain robust and are appropriate for large loads. These approaches are grounded in historical experience, project specific data, prevailing construction practices, and market conditions. Where interconnection delays occur, they are often attributable to sequencing challenges, permitting complexity, and equipment availability than to deficiencies in estimating tools themselves.

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?*

Key take-away:

Consistent with current requirements, large loads should be prohibited from energizing or operating at full capacity until all required facilities are in service to resolve identified reliability violations. These

interconnections must be subject to clear, enforceable technical, operational, and financial requirements to preserve system reliability and protect other customers while pursuing the State's climate objectives.

Discussion:

System reliability must remain the paramount consideration in evaluating large load interconnections, requiring strengthened alignment between technical studies, enforceable requirements, and developer commitments.

Large load proposals, including data centers, differ materially from conventional customer interconnections due to their scale, concentration, and operational characteristics. These features introduce system reliability considerations that are both more complex and may have more significant impacts than those associated with traditional load growth. Reliability implications of large load interconnections are already being actively studied in multiple technical forums, including New York State Reliability Council, North American Electric Reliability Corporation, and NYISO-led initiatives, each of which plays a critical role in maintaining the safety and integrity of the Bulk Power Transmission System. The Joint Utilities emphasize the importance of maintaining close alignment between Commission policy and these ongoing regional and national reliability efforts. Uncoordinated or inconsistent requirements risk undermining reliability outcomes, duplicating or conflicting standards, and increasing compliance complexity for utilities and large load customers. A coordinated approach ensures that reliability analyses remain technically rigorous and mitigation measures are consistently applied across jurisdictions and planning frameworks.

At the outset, the Joint Utilities emphasize that the NYISO requirements and process are under review in the stakeholder process.[5] In addition, the Federal Energy Regulatory Commission has issued a notice it intends to act on the U.S. Department of Energy's advance notice of proposed rulemaking on large load interconnection by the end of June 2026.[6] Whatever the outcomes of these proceedings, the Joint Utilities recommend reviewing the manner in which different processes and requirements can and should work together to prevent avoidable jurisdictional and legal conflicts that can cause uncertainty and delay.

Currently, the NYISO Open Access Transmission Tariff does not permit large load customers to energize or operate at full capacity until all Transmission Owner-engineered facilities (as identified through the Facilities Study process and reflected in an executed interconnection agreement or approved by the Commission) are fully in service to address NYISO- or transmission owner-identified reliability violations.[7] This requirement is essential for system reliability and must remain in effect. Additionally, requiring that large load projects complete a NYISO System Impact Study, where applicable, prior to executing a large load interconnection agreement would better align NYISO's identification of reliability needs with the subsequent utility engineering and development decisions necessary to maintain safe and reliable system operation. This will preserve the central role of NYISO's independent reliability analyses. Currently, NYISO System Impact Study results primarily serve as informational inputs for customers electing to proceed in the interconnection process, even though these studies identify reliability violations that must

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5 The NYISO's role in large load interconnections is the subject of a 2026 NYISO-initiated work stream, and the Joint Utilities are participating in the associated NYISO stakeholder process.

6 FERC, Order Regarding Intent to Act, *Interconnection of Large Loads to the Interstate Transmission System*, Docket No. RM26-4-000, at P 4 (Apr. 16, 2026).

7 *See* NYISO, NYISO OATT, 3.9 OATT Study Procedures for New Interconnections to the NYS Transmission System, § 3.9.1 (3.0.0) ("The proposed interconnection shall not proceed if the ISO concludes in the study that the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System.").

ultimately be mitigated. Given the potential consequences of large-scale load additions, it is insufficient to rely on System Impact Study findings solely as informational inputs, without a requirement that the transmission upgrades needed to address the identified reliability needs are completed.

The Joint Utilities further note that technical requirements beyond those applied to standard customers may be needed for large loads. Such requirements could include participation in under-frequency load shedding programs, voltage and frequency ride-through capabilities, active power ramp rate limits, and other performance standards that define appropriate load behavior during normal operations and during grid disturbances. These capabilities are essential to preserving operational reliability as large loads become more prominent on the grid.[8]

The Joint Utilities also emphasize the importance of managing interconnection related uncertainty. Absent meaningful commitments, NYISO and utility resources risk being diverted toward speculative projects that do not ultimately proceed, distracting them from other work that is required to maintain and operate the transmission system reliably and from other projects that will proceed.

In addition, the Joint Utilities support the application of enhanced technical requirements tailored to the operational characteristics of large loads, as well as robust financial commitments—including long term take-or-pay arrangements, financial guarantees, and clearly defined exit fees—to protect other customers and to ensure efficient use of system planning resources.

Together, these measures reinforce the principle that reliability related grid services must be clearly defined and enforceable.

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

Key take-away:

Grid services such as load flexibility, demand response, or curtailment may help manage short-term system constraints and could provide customer value, but they are not substitutes for investments required to maintain safety and reliability. Reliance on these services must be structured with clear performance requirements and utility enforcement authority.

Discussion:

Load flexibility and curtailment capabilities could offer meaningful near-term value for large load customers (depending on their specific circumstance), but these services must be clearly defined, appropriately scoped, and rigorously enforced to ensure they complement rather than substitute for infrastructure investments that are needed to sustain long-term system reliability. Flexibility programs should define clear requirements for the timing, frequency, and duration (in hours) of the load reductions.

Large load customers vary considerably in size, operational characteristics, siting, and system impact. This diversity makes a uniform, prescriptive approach to grid services impractical. In addition, the distinction between transmission connected and distribution connected large loads is operationally significant, as the two systems have different planning frameworks, operational protocols, and service requirements. Any grid

[8] In March, NERC launched Project 2026-02 to address reliability risks associated with large loads. This work is being conducted as part of NERC's Large Loads Action Plan. NERC expects to update its reliability standards by the end of 2026.

services framework applicable to large loads must reflect these differences. Additionally, the term "load flexibility" is currently applied with some inconsistency across regulatory and industry contexts, creating ambiguity.

The potential grid services that large loads may provide, including load flexibility and curtailment, should be evaluated on a case-by-case basis in collaboration with each large load customer, and informed by the specific characteristics of each customer and the system to which it connects as well as any underlying tariffs. For transmission-connected large loads in particular, participation in load flexibility programs offers the opportunity to reduce near-term system stress and, in appropriate circumstances, support accelerated interconnection timelines. However, the requirements governing the timing, frequency, and duration of load reductions for transmission-connected customers may need to differ from those applicable to distribution-connected large loads, reflecting the operational demands that apply to each system.

The Joint Utilities recognize the value of load flexibility and curtailment as bridging tools (particularly during development and transition periods) and support their appropriate use to facilitate "speed to power" for customers while required infrastructure is planned and constructed. However, grid services should not be treated as permanent solutions or as substitutes for upgrades identified through interconnection and planning studies. Conflating load flexibility with reliability enhancements could undermine the integrity of the planning process and threaten system reliability.

The Joint Utilities further recommend that any reliance on demand response occur primarily through programs administered by the NYISO or the connecting utility, rather than through custom or one-off utility arrangements, to ensure consistency with wholesale market rules and appropriate operational coordination. NYISO has relevant projects under development,[9] and the Electric Power Research Institute has developed a framework for understanding load flexibility in datacenter and other large loads that may provide a useful foundation for further Commission guidance.[10]

The Joint Utilities recommend that the Commission adopt a clear, uniform definition of "load flexibility" for large load customers as part of this proceeding. In addition, large load customer grid services proposals should be assessed on a case-by-case basis, accounting for each customer's size, operational profile, interconnection point, and system impact, with different requirements for transmission- and distribution-connected loads. Where load flexibility is adopted as a grid service, robust enforcement mechanisms are essential. Utilities must retain effective backstop authority, including the ability to disconnect nonperforming loads, when large load customers fail to honor flexibility or curtailment obligations. Absent these safeguards, reliance on load flexibility as a grid service introduces unacceptable reliability risk.

The Joint Utilities also note that on-site (co-located) generation should be evaluated as one potential mechanism to address grid capacity issues. However, the feasibility, impacts and value of on-site generation are highly project-specific and could raise complicated technical, operational, and jurisdictional issues. Therefore, clear and scalable study frameworks would be needed to evaluate these resources and strict parameters must be established around their use.

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[9] NYISO projects include: *Flexible Load Models* and *Reliability Planning and Large Load Integration*.

[10] EPRI's DCFlex program is developing a "flexibility framework for large loads, designed explicitly to meet the immediate need to accelerate time to power while maintaining system reliability and long-term efficiency." See https://dcflex.epri.com/flex-mosaic.

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

Key take-away:

The Joint Utilities support clearer, more transparent and standardized mechanisms, such as large load tariffs, to address the scale, concentration, and development risk associated with future large load growth. This will reinforce established "beneficiary pays" regulatory principles and customer protections.

Discussion:

Historically, the Joint Utilities have been able to interconnect large loads and provide appropriate protections for customers, primarily through the use of negotiated contractual arrangements. However, as large load interconnections continue to grow in number and scale, the Joint Utilities recognize an opportunity to transition from large customer-specific, contract-based solutions toward more transparent and standardized frameworks, such as published tariffs.

The Joint Utilities support protecting their customer base from unreasonable cost shifts from large loads such as data centers . We recognize that existing cost allocation approaches may function when large loads are rare, projects are bespoke, and system capacity exists. These frameworks may not adequately address large loads that are numerous and speculative, system-defining in nature, and capable of triggering billions of dollars of infrastructure investment. Therefore, we welcome the opportunity to discuss existing measures in the context of this proceeding, and work with the Commission and other stakeholders to identify any additional measures that would help. We also welcome the opportunity to discuss developing dedicated large load tariffs. Cost allocation and financial protection frameworks must consider risk, cost causation, and the potential system-wide benefits that are associated with connecting large loads.

Large load customers, such as data centers and other energy intensive users, can require substantial electric system investments over relatively short timeframes. Across the country, regulators and utilities have focused on reevaluating existing cost allocation and rate design frameworks, which were developed for more incremental and predictable load growth. The Commission's evaluation of data centers and other emerging large-load processes must be sensitive to their scale, geographic concentration, timing, and development risk, as these factors may affect whether traditional practices remain appropriate.

In particular, as existing cost allocation mechanisms evolve, they may be made to be more transparent (*e.g.*, by inserting terms into utility tariffs) and capture the financial risks large load development presents, particularly when projects are speculative, phased, or subject to delay, downsizing, or abandonment. Risk also exists that a project may be sized to consume all available existing capacity, avoiding network upgrade costs, only to result in the next small marginal load addition having to bear that network upgrade cost. Without refinement, existing frameworks could expose utilities and their other customers to undue risk associated with investments triggered by large load requests.

Where new grid infrastructure is required to accommodate a large load customer, many utility processes—to some extent-- appropriately distinguish between facilities that provide broader system benefits (*i.e.*, network upgrades) and those that are useful, exclusively, to the large load customer (*i.e.*, sole use upgrades). A network upgrade triggered by a large load customer may also address longer term load growth, provide system reliability benefits, and reduce congestion costs. There should be an acknowledgement of the

triggering of the broadly beneficial upgrades by the large load customer and the appropriate allocation of *near-term* costs given that the immediate driver of the investment is a specific large load interconnection. Additionally, upgrades that provide no benefits to other customers should be allocated entirely to the large load customer, which is consistent with the traditional "beneficiary pays" principle that has been established in New York State for many years. Regardless of how the costs of the new grid infrastructure are allocated under these principles, large load customers must contribute to the ongoing expenses of maintaining the existing grid assets from which they benefit.

In addition, the Joint Utilities emphasize the importance of robust financial protection specifically because of the development uncertainty associated with many large load projects. For some utilities, there are minimal financial protections today in the form of contract provisions that address the significant network upgrades and other utility investments that are often required well in advance of service. Absent additional appropriate safeguards, utilities and ratepayers could bear unrecoverable costs if a project does not proceed as anticipated. To address this risk, the Joint Utilities support the use of financial protection mechanisms tailored to the unique characteristics of large load customers. Such mechanisms may include but are not limited to the creation of new service classes in cases where large loads impose cost impacts that differ materially from those of existing customers, as well as minimum contract terms, collateral requirements, minimum monthly billing requirements, and other contractual assurances. Together, these measures can help preserve fairness, protect other ratepayers, and support system reliability while allowing for recovery of prudent capital investments made to serve large load customers.

The Joint Utilities recommend that DPS Staff collaborate with each of the Joint Utilities to identify tariff elements that might benefit from updates through the ratemaking process. Should any modifications to general cost allocation methodologies be deemed appropriate, the Joint Utilities recommend that DPS Staff collaborate with the Joint Utilities to develop standardized principles that can be adopted by each utility as needed.

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

Key take-away:

Greater transparency in the large load interconnection process[11] can be achieved through NYISO-administered study and disclosure practices that provide consistent, statewide visibility into queue status, assumptions, and outcomes. Such measures can strengthen planning accuracy and stakeholder confidence while safeguarding confidential information.

Discussion:

NYISO is the appropriate and most effective focal point for transparency in the large load interconnection process, and the Joint Utilities support enhanced disclosure and study transparency requirements administered through NYISO, balanced by appropriate protections for commercially sensitive information and critical energy infrastructure information (CEII).

[11] The NYISO Large Load Interconnection Process applies to all loads meeting the ISO tariff applicability criteria.

The reliability impacts from large load interconnections are studied through NYISO-led procedures. NYISO's role as system operator and study coordinator uniquely positions it to provide consistent, statewide visibility into queue status, modeling assumptions, and study outcomes. Enhanced transparency through NYISO would support more efficient and reliable planning and improve stakeholder confidence in the integrity of the interconnection process.

The Joint Utilities recognize that transparency must be balanced against the need to protect customer-specific and commercially sensitive information and CEII. Appropriate confidentiality safeguards together with enhanced transparency requirements encourage greater voluntary disclosure by large load customers to their host utilities and NYISO and do not otherwise deter participation or investment.

The Joint Utilities recommend that the Commission encourage NYISO and the Joint Utilities to explore adopting detailed cluster study processes, with clear rules governing performance requirements, modeling assumptions, and defined rules governing the public disclosure of study results on the NYISO's website. In addition, the Joint Utilities support requiring large load customers to disclose whether they are simultaneously pursuing interconnection requests or parallel development discussions in other jurisdictions or with other New York utilities for the same projects. Texas is a prime example of a state that is following this approach.[12] Together, these measures would improve planning accuracy, promote process integrity, and establish a transparent and predictable interconnection framework for all stakeholders.

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

Key take-away:

Waste heat recovery from large loads may be feasible in select circumstances, but it depends on stable operations, proximity to thermal demand, and long-term load commitment. Policies promoting waste heat use must include clear eligibility criteria and measures to avoid stranded costs.

Discussion:

Waste heat from large load customer installations, including data centers, may offer value in limited, site-specific circumstances. However, waste heat is not a broadly applicable product or solution. Commission policies related to waste heat must be carefully defined to avoid stranded cost risks that could lead to inequitable socialization.

Data centers and other large load installations can generate significant quantities of waste heat, and other jurisdictions—including international case studies cited in recent NYSERDA research—have demonstrated that waste heat can be captured and used under the right conditions.[13] However, those conditions depend on consistent heat availability, proximity to end use demand, and long-term load stability.

Data centers are often sited based on the availability of existing transmission infrastructure such as former generation facility locations, real estate affordability and proximity to informational technology backbone networks. These siting drivers do not necessarily align with the thermal loads necessary to support Utility

[12] See Texas Senate Bill 6, which was signed by Governor Abbott and took immediate effect on June 20, 2025 (https://legiscan.com/TX/bill/SB6/2025).

[13] NYSERDA, Waste Heat: The Next Frontier of the Energy Transition, Case Studies and Policy Review (May 2025).

Thermal Energy Networks or other district-scale heat recovery programs. In many cases waste heat may be most practical for onsite or extremely local/proximate applications.

The Joint Utilities recommend that the Commission clearly define eligibility requirements and risk mitigation measures to avoid stranded asset risks, including the risk that a Utility Thermal Energy Network planned for development to take waste heat from a large load customer will no longer be viable if a large load closes or materially changes its operating profile. Costs associated with serving a waste heat facility should not be broadly socialized absent a clear demonstration of a stable benefit to a utility's service territory.

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?*

Key take-away:

Large load growth can create economic opportunities for communities and help moderate electric delivery rates for customers. However, if not managed carefully, it could affect system reliability and might result in potential undue cost shifts among customers.

Discussion:

As electric demand from large load customers materializes, there are potentially significant economic development opportunities to realize.

At the same time, as large load projects increase in size, cluster geographically, or pursue complex development strategies,[14] they could contribute to related reliability, affordability, and cost shift challenges if not managed appropriately. Absent clear guardrails, current frameworks may allow for large load development practices such as stepped load additions that avoid triggering reliability thresholds, ultimately shifting costs and/or reliability risks to other customers. These concerns are not limited to individual project decisions. Large load growth is also a contributing factor to which have been raised by the NYISO regarding the State's tightening reliability reserve margins. Left unaddressed, systemwide resource adequacy pressure could result in greater supply-side costs (*e.g.*, for capacity, energy, and ancillary services) without commensurate reliability benefits.

In addition, all stakeholders would benefit from greater policy clarity with respect to ownership and operational control of customer side equipment, particularly where onsite generation, storage, or other resources support interconnection or reliability needs. The Joint Utilities recommend that the Commission establish a clear delineation of responsibilities to ensure that resources perform as intended and that utilities retain appropriate operational backstop authorities.

[14] *E.g.*, proposing the same project simultaneously among multiple utilities (and jurisdictions) and staged development to capture available system capacity without necessarily bearing the cost of expansion projects.

The Joint Utilities support the development of new supply resources and urge the Commission to support clear, consistent, and carefully considered policies that enable market participants to plan and invest with confidence, consistent with positions discussed in other Joint Utilities filings in related proceedings.

III. Conclusion

The Joint Utilities support the Commission's objective of modernizing the planning and interconnection framework for large electric loads in a manner that preserves system reliability and protects customers from unreasonable cost shifts. As discussed above, reforms should strengthen screening and forecasting practices, improve transparency and study discipline through NYISO-centered processes, and require enforceable technical and financial commitments commensurate with the scale and uncertainty of large load development. The Joint Utilities look forward to continuing to work with the Commission, DPS Staff, NYISO, and stakeholders to review existing rules pertaining to large loads, and to implement any new ones that may be appropriate to accommodate economic growth while maintaining safe, reliable, and affordable service and advancing the State's climate goals.

Dated: May 13, 2026

Respectfully submitted,

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