NY RENEWS

May 8th, 2026

Via Email
Secretary@dps.ny.gov

Hon. Michelle L. Phillips
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York, 12223-1350

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

Subject: Response to Proceeding on Motion of the Commission to Address Large Load Interconnection Reforms

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NY Renews is a multi-sector coalition of 370+ organizations founded following the People's Climate March, bringing together organizations across New York State to build sustained action for climate, jobs, and justice. The NY Renews coalition championed the Climate and Community Protection Act (CCPA) to mandate a transition to a just and renewable economy in New York State, ultimately becoming the Climate Leadership and Community Protection Act (CLCPA). We are dedicated to a just transition away from fossil fuels and toward a renewable energy future that serves the people of New York.

On February 12, 2026, the Public Service Commission (PSC) issued an Order to examine how large energy users, including data centers and other high-demand facilities, connect to the electric grid. The case identifies rapid growth in large load demand and proposes reforms to interconnection processes, cost allocation, and system planning in response to increasing pressure on the grid. While the proceeding is framed as an effort to modernize the grid and support economic development, it raises significant concerns related to affordability, climate alignment, and equity.

This case highlights a sharp increase in demand from large load projects, with approximately 11.9 gigawatts currently in the interconnection queue. In response, the Commission proposes to improve transparency, increase predictability in interconnection timelines and costs, and ensure

that large energy users contribute to the cost of the infrastructure required to serve them. These goals reflect a recognition that the current system is not fully equipped to handle the scale and speed of new demand. However, the proposed approach remains incomplete and leaves several critical issues unresolved. The current framing underestimates the structural risks posed by hyperscale data centers, including their opaque development practices, extractive economic model, and disproportionate impacts on energy systems, communities, and existing industries.

The Pathway of Large Load Infrastructure and Data Center Development

Large load infrastructure, particularly data centers, have emerged as a major driver of rising electricity demand, given their large, highly concentrated loads, rapid energization timelines, and need for dedicated infrastructure. In effect, these hyperscale facilities operate much like an unregulated industrial sector, placing substantial strain on grid infrastructure while delivering comparatively limited long-term economic benefits. Their often nontransparent and speculative development patterns further compound concerns by limiting meaningful local input in siting decisions.

This need for stronger oversight is reinforced by New York's statutory obligations under the CLCPA. Alignment with the CLCPA is not discretionary; **it is a binding legal requirement**. The state must not dilute, reinterpret, or defer its climate commitments to accommodate speculative private demand, as doing so risks undermining decarbonization targets and locking in long-term emissions. Moreover, current siting patterns for large-load infrastructure raise serious environmental justice concerns. These projects are frequently concentrated in or near disadvantaged communities (DACs), often by repurposing existing fossil fuel infrastructure. While framed as efficient, such approaches can perpetuate pollution exposure and economic marginalization, reinforcing longstanding structural inequities.

Without clear standards, this dynamic risks shifting environmental burdens onto communities already overburdened, without providing meaningful or enforceable benefits in return. Siting strategies that rely on legacy fossil infrastructure in DACs, or that externalize environmental and public health costs, are not compatible with the state's equity or climate goals. This trajectory is not sustainable and it demands a more deliberate, accountable regulatory framework.

I. Alignment with CLCPA Mandates Are Not Strong Enough

This case does not sufficiently address how large-load development may impact DACs and environmental justice (EJ) communities, which is concerning given that many of these communities already face combined burdens like higher relative energy costs, elevated exposure

to air and water pollution, and associated public health risks such as asthma, cardiovascular disease, and heat vulnerability. Some of these households also often have fewer resources to absorb rising utility bills or invest in efficiency and electrification upgrades. Introducing large, energy-intensive developments into or near these communities risks compounding both economic and environmental stressors in ways that are neither incidental nor evenly distributed. The siting patterns of large-load infrastructure heighten this risk.

Data centers and associated large-load entities are frequently located in areas with existing industrial zoning, available transmission access, and legacy infrastructure, conditions that disproportionately overlap with DACs and EJ communities. In practice, this can mean the reuse or repowering of fossil fuel facilities, increased local traffic and noise, intensified water usage, and additional strain on already overburdened distribution systems. Even where emissions are not directly increased, the indirect effects can fall hardest on communities least able to bear them, such as rate pressures from system upgrades or localized reliability constraints.

These outcomes are fundamentally at odds with the requirements of the CLCPA, which mandates that climate and energy policies advance equity, reduce disproportionate impacts, and deliver tangible benefits to frontline communities.[1] Failing to explicitly integrate these principles into large-load interconnection and planning decisions risks creating a two-tiered energy system, one in which the benefits of economic development accrue elsewhere, while the costs are concentrated in communities already facing structural disadvantage.

Recommendation

Any planning needs to include the CLCPA's DAC mandates. This means ensuring that any new development delivers enforceable, measurable community benefits, such as local clean energy investments and improved environmental conditions. Additionally, procedural equity must be strengthened. Communities should be engaged early and meaningfully in decision-making processes at all stages of development from land acquisition to construction and with tenet agreements with access to clear, timely information and the resources needed to participate effectively. This must include expanded notice requirements, community-specific outreach, and funding for communities independent technical assistance. Without these measures, participation risks being nominal rather than substantive.

[1] Climate Leadership and Community Protection Act § 7(1) requires all state agencies to "assess and implement strategies to reduce their greenhouse gas emissions." Section 7(2), the "climate screen," requires all state agencies and other entities to consider whether the permitting actions, contracts and other decisions the agency makes will "interfere" with the state's attainment of its GHG emissions goals and to identify alternative GHG mitigation measures, if a decision is deemed to interfere with the emissions targets. Finally, Section 7(3), the "equity screen," provides that permits, contracts and other decisions cannot "disproportionately burden" disadvantaged communities; *see also Environmental Conservation Law ("ECL") Section 7-0117*.

II. Massive New Load Growth

The scale and pace of projected large-load growth demand immediate scrutiny. The PSC identifies 11.9 GW of future projects in the The New York Independent System Operator (NYISO) interconnection queue, including an extraordinary 8.3 GW added in 2025 alone. This level of growth is historically unprecedented in both magnitude and concentration, and it is occurring on timelines that far outpace traditional grid planning, permitting, and infrastructure development cycles. Interconnection queues were not designed to absorb this volume of large, highly energy-intensive projects. Many of which seek rapid energization within just a few years and create a structural mismatch between speculative demand and the physical realities of grid buildout.

Critically, this surge is being driven by a narrow class of actors pursuing large-scale, energy-intensive developments. Primarily hyperscale data centers under conditions of limited transparency and weak early-stage oversight. Developers frequently mask the true nature of proposed projects during initial phases, acquiring land and entering local planning processes under vague or deliberately misleading descriptions such as “logistics,” “light industrial,” or “speculative warehousing.” These classifications obscure the extraordinary energy and water demands, and infrastructure implications associated with data centers, preventing local governments, regulators, and communities from accurately assessing impacts at the point when intervention is still possible.

This practice effectively shifts critical decision-making out of public view. By the time the actual end-use is disclosed during later stages such as interconnection filings or utility coordination projects have typically secured key approvals, assembled land positions, and established financial momentum. By then, the ability of communities to influence outcomes is significantly diminished, and regulators are left reacting to irreversible and already decided actions rather than proactively shaping development in the public interest. The result is a systemic erosion of procedural transparency and democratic participation.

Moreover, the speculative nature of many of these queue entries raises serious concerns about grid planning integrity. Not all projects in the queue will ultimately be built, yet each one drives modeling assumptions, triggers preliminary infrastructure assessments, and contributes to perceived demand growth. This inflates projections, complicates resource planning, and risks misallocation of capital toward transmission and distribution upgrades that may not align with actual, realized demand. In the context of data centers where site selection is fluid, timelines are aggressive, and project pipelines are often exploratory, this speculative behavior introduces a high degree of uncertainty into an already strained planning environment.

These dynamics represent more than a procedural gap that undermines rational grid planning and precludes comprehensive assessment of cumulative environmental and infrastructure impacts. There is structural vulnerability in how large-load growth is currently governed. Without

immediate corrective action, New York risks locking in a development pattern defined by opacity, speculative overbuild, and reactive infrastructure investment.

Recommendation

The PSC must require binding disclosure of end-use at the earliest stages of land acquisition and project filing, establish penalties for material misrepresentation, and treat speculative or undisclosed large-load proposals as a direct risk factor in interconnection and planning decisions. These penalties must include termination of approvals that were given without the end use disclosure. In other words speculative development must have limits and face higher scrutiny if any large load data center can be built. In addition any developer that has multiple data center developments in the state must face additional scrutiny based on the total load on the grid.The PSC must also require full transparency of end-use at the earliest possible stage and treat undisclosed or speculative large-load proposals as a direct threat to sound governance, grid integrity, and community participation.

III. The "Beneficiary Pays" Principle Lacks Clear Enforcement

Although the PSC reaffirms the "beneficiary pays" principle, there is a substantial and credible risk that existing ratepayers will absorb a meaningful share of the costs associated with new large-load development in practice. This risk is from both structural features of utility cost recovery and the sheer scale of infrastructure required to serve hyperscale data centers. Transmission upgrades, substation expansions, new feeders, and system reinforcements are often planned and financed on a network basis, making it difficult to precisely isolate costs attributable to a single customer. Without rigorous safeguards, these costs are frequently incorporated into the broader rate base, where they are ultimately recovered through general electricity rates paid by all customers.

Hyperscale data centers intensify this dynamic because of their uniquely large and concentrated demand profiles. A single facility can require hundreds of megawatts of capacity triggering major upstream investments that extend well beyond the immediate point of interconnection. By far the largest would be the Micron Semiconductor Manufacturing Project ("Micron Plant") in the Syracuse metro -- 2,000 MW. This is a realtime example of the implications of large load issues statewide. According to Alliance for a Green Economy and Nuclear Information and Resource Service, the scope and impact the Micron Plant could create would be a new load pocket on the NYISO grid, turning Zone C from the largest net electricity exporting region in New York to the second largest net importing region (behind New York City and ahead of Long Island, compared to the status quo).[2] That could impose massive costs on consumers statewide,

[2] Alliance for a Green Economy and Nuclear Information and Resource Service comment on June 2025 Draft Environmental Impact Statement (DEIS) for the Micron Semiconductor Manufacturing Project ("Micron Plant")

but especially inside Zone C (similar to the kind of costs that New York City consumers endure). Generation and transmission and distribution infrastructure would need to be built out at that huge scale to fully integrate the Micron load, as well as new loads from electrification of buildings and transport.

As is evident, these investments are not one time or localized. They happen across the system, affecting transmission planning, reserve margins, and long-term capacity procurement. This can result in only some of the costs of a project being paid by the party that caused them and can translate into sustained upward pressure on electricity rates across the entire customer base. In addition, the distributional impacts are neither neutral nor equitable. Residential customers face higher monthly bills without any corresponding economic benefit and small businesses experience increased operating costs that can constrain growth or force difficult trade-offs.[3] The burden is not felt by legacy industrial facilities who play a critical role in regional economies. These facilities often operate with fixed infrastructure, long investment cycles, and limited access to capital for electrification or efficiency upgrades. Consequently, they are disproportionately exposed to rate increases driven by new, large-load entrants.

This dynamic creates a similar economic outcome where established industries that provide stable employment and local economic value are effectively penalized, while speculative, capital-intensive developments can internalize a portion of their costs. This represents a direct transfer of economic burden from high-load, low employment facilities to households, small businesses, and existing employers, which is opposite and incompatible with principles of fairness, economic efficiency, and long-term workforce stability.

Recommendation

There needs to be a truly equitable way of mitigating and apportioning both the costs of infrastructure and the market prices of power. The PSC must move beyond reaffirming principles and implement enforceable mechanisms that ensure full cost accountability. This includes strict, non-bypassable cost allocation frameworks that assign all incremental infrastructure, capacity, and reliability costs to the initiating load. There must be no reliance on generalized rate recovery for assets built primarily to serve individual large-load customers whether that be explicit or implicit. In addition, a comprehensive rate impact analysis should be a required and determinative component of all interconnection decisions. This analysis should evaluate not only system-wide effects, but distributional impacts across customers, with particular attention to vulnerable populations and legacy industries.

Finally, the PSC should consider requiring financial assurances, such as long-term contractual commitments, to protect against stranded costs if projects are delayed, downsized, or abandoned.

[3] U.S. Department of Energy. Electricity Rate Designs for Large Loads: Evolving Practices and Opportunities. Office of Policy. Jan. 2025

Without these protections, the risk of speculative development is effectively then burdened to the public. Ensuring that those who drive demand are fully responsible for its costs is not only consistent with the "beneficiary pays" principle. It is essential to maintaining an equitable, stable, and economically sustainable energy system.

IV. Reliability Concerns

The reliability implications of concentrated large-load growth are both immediate and systemic, and they extend far beyond localized interconnection points. Hyperscale loads, especially data centers, introduce demand profiles that are not only large but also continuous, inflexible, and highly sensitive to power quality. Unlike many traditional industrial loads that can be curtailed or shifted, these facilities typically require near-constant, high-reliability service with minimal tolerance for interruption. Conversely, an emerging concern involves data centers powering down without prior notice, a practice that can compromise grid stability, damage infrastructure, and potentially precipitate widespread grid failures. Recently, dozens of scientists from Nvidia, Microsoft and OpenAI warned last year that AI power swings can cause physical damage to grid infrastructure.[4] Due to the absence of enforceable regulatory requirements, data centers are not obligated to adhere to the same notification protocols as power plants when connecting to or disconnecting from the grid. They are also generally not required to disclose information regarding significant power fluctuations that may damage equipment, posing a substantial challenge to grid reliability. This places sustained pressure on substations, distribution feeders, bulk transmission lines, and regional reserve margins, effectively tightening operating conditions across multiple layers of the grid simultaneously.

At the distribution level, substations and feeders may be pushed to or beyond their designed capacity, increasing the likelihood of equipment overload, accelerated asset degradation, and localized outages. Upgrading this infrastructure is time-consuming and often requires multi-year planning, permitting, and construction timelines. At the transmission level, large-load interconnections can alter power flow patterns across wide geographic areas, creating new congestion points and requiring costly reinforcements to maintain system stability. These impacts are not isolated as they propagate through the network, affecting reliability conditions for other users who are not directly connected to the new load.

Reserve margins, meaning the buffer of available generation capacity above peak demand, are also placed under strain. Large, rapidly energizing loads can compress these margins before new generation resources are brought online, particularly if demand materializes faster than anticipated. This increases reliance on peaking units or imports, raises the risk of capacity

[4] Christa Marshal. AI boom sparks rare warning of 'significant risks' to grid. E&E News by Politico; EnergyWire. May 2026.

shortfalls during extreme weather events, and heightens exposure to price volatility in a system that is already navigating the transition to cleaner energy sources.[5] This added pressure complicates resource adequacy planning and increases the likelihood of reliability failing.

Risks are amplified by three interrelated factors: speculative queue entries, geographic clustering, and infrastructure lag. Speculative projects distort load forecasts and planning assumptions, making it difficult for utilities and system operators to determine which upgrades are truly necessary. Geographic clustering creates acute, localized stress that cannot be easily mitigated through existing infrastructure.[6] At the same time, transmission and distribution upgrades consistently lag behind demand due to regulatory, environmental, and logistical constraints. The result is a widening gap between where and when load is expected to materialize, and the system's actual ability to serve it reliably. Without disciplined coordination, the grid risks becoming increasingly reactive and forced to respond to demand after commitments have already been made, rather than proactively planned. This reactive posture leads to overextension of existing assets, inefficient sequencing of upgrades, and heightened vulnerability to cascading failures. This can result in even minor contingencies such as equipment failures, extreme weather, or unexpected demand spikes, which can have outsized impacts, increasing the probability of service disruptions.

a. SEQRA Must Be Included in the Planning

Transparency and certainty must be treated as fundamental rights for communities, regulators, and all stakeholders—not privileges afforded primarily to developers. Under the current framework, critical information asymmetries persist, particularly in the earliest stages of project development, allowing key details about scale, use, and impact to remain obscured until decisions are effectively irreversible. This dynamic systematically sidelines public oversight and undermines informed participation at the point when it is most consequential.

New York already has a statutory mechanism designed to prevent precisely this outcome: the State Environmental Quality Review Act (SEQRA). SEQRA is explicitly intended to ensure that environmental, economic, and community impacts are evaluated comprehensively and transparently **before** approvals are granted and projects advance. However, its effectiveness depends on consistent, early, and mandatory application across all relevant stages of project development.

To restore integrity to the process, SEQRA review must be required at the earliest feasible point, beginning with land acquisition and extending through rezoning, interconnection queue entry,

[5] Andrew Reimers, Wesley Cole, Bethany Frew,The impact of planning reserve margins in long-term planning models of the electricity sector. Energy Policy, Volume 125, 2019. Pages 1-8,. ISSN 0301-4215, https://doi.org/10.1016/j.enpol.2018.10.025.

[6] Geographic clustering refers to where multiple large-load projects target the same region due to land availability, fiber connectivity, or favorable permitting.

and contractual commitments. This ensures that impacts are assessed proactively, when meaningful alternatives and mitigation strategies remain available, rather than retroactively when options are constrained or nonexistent. Robust application of SEQRA is a necessary safeguard against nontransparent development practices and a critical tool for protecting both communities and the long-term public interest.

Recommendation

The PSC must require phased interconnection structures that are explicitly contingent on demonstrated infrastructure readiness. This means that large-load customers should not receive full interconnection approval upfront based on projected or future system capacity but instead, such approvals should be contingent on demonstrated, in-place infrastructure readiness and structured through review at each critical stage of development while meeting the standards of the already enforceable statutory mechanism SEQRA. This framework must be enforceable and transparent. Developers should be required to meet predefined milestones, and failure to do so should result in delays or revocation of interconnection rights. Utilities and regulators must also verify that all necessary upgrades are physically in place and operational before additional load is energized. The PSC needs to preserve system reliability, reduces planning uncertainty, and prevents the grid from being pushed beyond its operational limits.

V. Potential Requirement for Behind-the-Meter Resources

Requiring large-load customers to provide behind-the-meter generation, storage, or load flexibility is a necessary but insufficient safeguard unless it is paired with clear, enforceable limits on what qualifies and how it is deployed. In principle, shifting responsibility for energy supply onto the load itself aligns with cost accountability and can reduce strain on the bulk power system. However, without strict guardrails, this requirement risks becoming a compliance loophole which can allow developers to meet formal obligations while undermining climate, public health, and equity objectives in practice. For example, projects could characterize access to New York Power Authority (NYPA) low-cost hydropower as independent energy procurement rather than a form of public subsidy. Without explicit clarification, this creates a pathway for data centers to benefit from state-supported, low-cost hydropower while still formally complying with self-supply requirements.

The central risk is that “self-supply” can be satisfied through high-emission, behind-the-meter generation that is effectively invisible to broader system planning and emissions accounting. In the absence of explicit restrictions, developers have strong financial incentives to pursue the lowest-cost, fastest-to-deploy options, which are often repurposed fossil fuel assets. This is not a hypothetical concern: it is already occurring. Repowering or extending the life of these facilities perpetuates localized air pollution, exacerbates public health disparities, and reinforces

long-standing patterns of environmental injustice. There are also operational and regulatory concerns. Behind-the-meter fossil generation can complicate system visibility and dispatch coordination, particularly if it operates independently of centralized market signals. This creates challenges for system operators in forecasting demand, managing peak conditions, and ensuring overall grid stability. Moreover, if such resources are used intermittently or as backup, they may escape stringent emissions controls while still contributing significantly to cumulative pollution.

Projects in North Tonawanda and Niagara Falls illustrate a clear and replicable model. Acquire a retired or underutilized fossil fuel plant, convert or upgrade it for renewed operation (often using natural gas or other carbon-intensive fuels), and dedicate its output to powering a co-located or nearby data center.[7] This approach allows developers to claim independence from the grid while, in reality, extending the life of polluting infrastructure and bypassing the intent of clean energy policies.

Recommendation

The PSC should adopt a firm policy of denying or deferring interconnection requests for data centers until sufficient clean energy capacity is operational and existing demand is reliably met. The Commission must define "acceptable" behind-the-meter resources with precision and enforceability. At a minimum, qualifying resources should be limited to zero-emission renewable generation, such as solar or wind paired with energy storage capable of smoothing intermittency and supporting reliability. Storage requirements should be sized appropriately to the load to ensure that renewable generation is not merely symbolic but functionally capable of meeting demand over meaningful durations. Load flexibility measures, such as demand response, curtailment capability, or workload shifting should also be required where technically feasible, particularly for data centers with non-latency-sensitive operations. In addition, it should be necessary to clearly state that NYPA allocations cannot be used, directly or indirectly, to support data center operations. Explicit language prohibiting NYPA power allocations to data centers would help close this loophole and ensure consistency with the broader intent of limiting public resource support for large-load facilities.

The PSC must explicitly prohibit fossil fuel and nuclear generation from counting toward compliance with behind-the-meter requirements. Without such a prohibition, developers will continue to exploit regulatory ambiguity, defaulting to high-emission solutions that are cheaper in the short term but costly in every other respect. Clear rules must be paired with rigorous monitoring, reporting, and enforcement mechanisms to ensure that stated commitments translate into actual performance over time.

Finally, behind-the-meter requirements should not be viewed in isolation. They must be integrated into a broader framework of interconnection policy, cost allocation, and climate

[7] Dalban, Lauren. New York Bitcoin Miners Are Buying Up Power Plants—and Communities Are Fighting Back. Inside Climate News. May 2025.

alignment. Self-supply should reduce system burdens, and it should advance the state's transition to a clean, equitable energy system. Without firm boundaries, what is intended as a safeguard risks becoming a pathway for continued fossil dependence under a different label.

Conclusion

Case 26-E-0045 fails to meet the legal, policy, and equity standards required under New York law and risks enabling a pattern of large-load development that is nontransparent, speculative, and misaligned with the State's climate and public interest obligations. It relies on incomplete information, insufficient safeguards, and unenforced principles rather than establishing the clear, enforceable requirements necessary to protect ratepayers, ensure grid reliability, and uphold statutory mandates. As written, the framework allows critical risks to remain unaddressed, such as including cost shifting and reliability degradation.

The CLCPA is binding law, not discretionary guidance. It requires that climate and energy policy decisions prioritize equity, reduce disproportionate burdens, and deliver tangible benefits to disadvantaged and environmental justice communities. The current approach fails to operationalize these requirements and instead allows development patterns that risk prolonging fossil fuel dependence and shifting economic and environmental costs onto those least able to bear them. Similarly, existing statutory tools such as SEQRA must be applied early and consistently to ensure that impacts are evaluated before decisions become irreversible.

The Commission has both the authority and the obligation to correct these inconsistencies. Large-load development must not proceed under a framework that prioritizes speed and developer certainty over transparency, accountability, and the public interest.

For these reasons, NY Renews requests that the Public Service Commission:

- Require full, binding disclosure of project end-use at the earliest stages of land acquisition and interconnection, and treat speculative or undisclosed proposals as a material risk in planning decisions;
- Enforce strict, non-bypassable cost allocation frameworks to ensure that all infrastructure, capacity, and reliability costs are borne entirely by new large-load customers, with zero cost socialization to existing ratepayers;
- Mandate comprehensive rate impact analyses as a determinative factor in all interconnection decisions, with explicit consideration of distributional impacts on residential customers, small businesses, and legacy industries;

- Implement phased interconnection structures tied to demonstrated, in-place infrastructure readiness, rather than projected capacity, to preserve system reliability and reduce planning uncertainty;
- Require early and continuous review under SEQRA at all stages of project development, including land acquisition, rezoning, and interconnection queue entry, to ensure proactive evaluation of environmental and community impacts;
- Establish clear, enforceable standards for behind-the-meter resources, limiting qualifying resources to renewable generation paired with storage, and explicitly prohibiting fossil fuel and nuclear generation from compliance pathways;
- Explicitly prohibit the use of NYPA power allocations, directly or indirectly, to support data center operations, in order to prevent circumvention of self-supply requirements and ensure that public, low-cost hydropower resources are not used to subsidize large-load facilities;
- Deny or defer interconnection requests for large-load projects, including data centers, until sufficient clean energy generation and transmission capacity are operational and existing demand is reliably met; and
- Fully, not partially, incorporate CLCPA mandates into all planning and interconnection decisions, including requirements to avoid disproportionate impacts on DAC and EJ communities, prohibit reliance on fossil infrastructure in those communities, and ensure delivery of enforceable, measurable community benefits.

Thank you for the opportunity to provide this feedback.

Best regards,

Avrielle Miller
NY Renews Senior Policy Director
On behalf of the NY Renews Steering Committee and Membership