

should adhere to the beneficiary pays principle and must maintain fairness by reflecting the distribution of system benefits rather than directly assigning all costs to the interconnection customer. In addition, the Commission should consider pending action by the Federal Energy Regulatory Commission (FERC) to avoid imposing duplicative or contradictory standards on the industry.

When aligned with the beneficiary pays principle and appropriate rate design, large load development has the potential to place downward pressure on delivery rates for other customers.³ The record in this proceeding underscores the complexity of the issues before the Commission and the substantial interest of stakeholders in what are truly critical policy considerations. This engagement reinforces the importance of the Commission’s efforts to establish a clear, durable large load framework that advances the interests of all customers across the State.

II. Areas of Broad Consensus

A broad array of stakeholders have endorsed the core elements of the framework set out in the Joint Utilities’ initial comments. This consensus confirms that refinement of regulatory policies that apply to large loads can be built on shared foundations:

- Almost every party that addresses cost allocation advocates for the *beneficiary pays principle* as the appropriate policy foundation.⁴
- Many commenters support *a transition toward standardized tariff terms* for large load customers in lieu of ad hoc contract-based solutions.⁵

³ E3, Understanding the Drivers of Rising Electricity Rates and the Role of Data Center, at 15-17 (May 2026) https://www.ethree.com/wp-content/uploads/2026/05/Understanding-the-Drivers-of-Rising-Electricity-Rates-and-the-Role-of-Data-Centers_E3-2026.pdf.

⁴ See, e.g., Natural Resources Defense Council (NRDC) at 18 (endorsing the Commission’s “equitable allocation of costs, in line with beneficiary pays principles”); The City of New York (City of NY) at 14 (“any reforms adopted should strengthen, not dilute, the beneficiary pays principle”); Independent Power Producers of New York (IPPNY) at 6 (“large electrical loads are generally required to pay for their own interconnection to the electrical grid, in accordance with the longstanding ‘beneficiary pays’ principle”); PSEG Long Island at 5 (contending that its recommended framework “is consistent with the Commission’s longstanding beneficiary pays principle and is necessary to protect existing ratepayers”).

⁵ See Rewiring America at 10 (“a standardized large load tariff and large load interconnection policy would serve ratepayer protection and economic development objectives better than the current approach”); New York Power Authority (NYPA) at 6 (emphasizes consistency and recommending that the Commission “establish standardized cost allocation rules to ensure that those who benefit from service to large loads bear the cost associated with serving them”); New York Independent System Operator, Inc. (NYISO) at 8 (observing that “[s]tandardized requirements will also promote consistency, transparency, and enforceability for the load interconnection customers and the utilities”); the Public Utility Law Project (PULP) at 8.

- There is similar support for requiring that large load customers provide *financial commitments*⁶ sufficient to discourage speculative interconnection requests and to protect existing customers from stranded-cost exposure.⁷
- Many parties share the Joint Utilities’ concern that the current framework does not adequately address requests by *large load developers who pursue the same project in multiple utility service territories or jurisdictions* simultaneously (i.e., “forum-shopping”), which can distort forecasts and waste scarce study resources.⁸
- Many commenters agree that *NYISO-led coordination, study, and transparency* are the appropriate platforms for aspects of large load reform — reinforcing the Joint Utilities’ position that the Commission’s framework should complement, rather than duplicate, the work underway at the NYISO, North American Electric Reliability Corp. (NERC), and FERC.⁹
- There is broad agreement that long-term *forecasts should distinguish between projects with demonstrated maturity and those that remain speculative*.¹⁰

⁶ E.g., collateral, letters of credit, minimum-bill obligations, long-term contracts, exit fees, and decommissioning protections.

⁷ See Utility Intervention Unit (UIU) at 7 (calling for “meaningful exit fees and collateral assurance requirements set at the full cost of dedicated infrastructure”); Earthjustice and the Sierra Club at 14 (recommending that “[l]arge load customers should be required to pay a monthly minimum billing demand charge equal to at least 90% of their contracted capacity”). Other stakeholders also submit substantially similar recommendations concerning financial commitments to protect other customers. See PSEG Long Island at 5; The Alliance for Clean Energy New York (ACE-NY) at 5; NRDC at 1; National Grid Ventures at 1; Rewiring America at 8; the City of NY at 8.

⁸ See NYPA at 5 (recommending that the Commission “limit opportunities to game the system by fragmenting or structuring projects to avoid large load requirements”); PULP at 2 (describing “[a] major source of uncertainty in other states” as “double counting, since some data center developers routinely negotiated with multiple utilities simultaneously to secure power as quickly as possible”); NRDC at 7 (recommending “disclosure of duplicative requests or alternative sites” as part of the application process); NYISO at 6 (confirming that its processes “were not originally designed to accommodate . . . the potential for customers proposing load interconnections at multiple sites with the intent that some proposed projects will not advance to development”); ACE-NY at 3 (stating that “[p]hantom load . . . has been a longstanding issue in NYISO’s queue”).

⁹ See NYISO at 7 (emphasizing that “[e]nhanced and up-to-date project information from the large load customers will improve the State agencies’, utilities’, and the NYISO’s ability to distinguish between large load projects that are speculative or duplicative and projects that are likely to reach commercial operation”); Potomac Economics at 6 (recommending that “[f]inal approval for large loads to interconnect should not be granted before the NYISO’s evaluation of the available headroom for ‘prospective’ load facilities . . . in each year of the study”) NRG Energy at 6 (urging the Commission to “leave this planning and reform to the NYISO, as any changes that are required outside of those working group projects could disrupt their progress”).

The Joint Utilities intend to remain engaged in the NYISO’s large load efforts and encourage Staff and other stakeholders to do the same.

¹⁰ See IPPNY at 4 (recommending that “[p]roper load forecasting should only include a new large load if it has a meaningful and verifiable commitment to bringing the project into commercial operation,” with relevant factors including “Energy Service Agreement; Credit/collateral support; Financially significant infrastructure

III. Issues That Require Additional Consideration

Flexibility: A Bridging Tool, Not a Substitute for Infrastructure

Commenters, including NRDC, EDF, and NY-BEST, are correct that load flexibility could help accelerate large load interconnection timelines and provide system benefits through reduction in peak demand.¹¹ Broadly, load flexibility refers to a customer's ability to adjust net demand in response to grid conditions, through mechanisms such as curtailment, co-located generation, or energy storage.¹² When appropriately designed and in the right locations, at the right scale, and with the right timing, these capabilities can improve system use and support near-term interconnection objectives.

To be effective, however, flexibility must be clearly defined, enforceable, and supported by binding contractual obligations. As noted by NYPA and PSEG Long Island, flexibility commitments should include clear performance requirements and appropriate enforcement provisions.¹³ Absent such safeguards, reliance on load flexibility to accelerate interconnection introduces uncertainty that undermines reliable system operations, particularly where the necessary infrastructure has not been built to serve the full forecast load.

These considerations are central to both utility and NYISO planning responsibilities. Interconnection studies and system planning processes must be grounded in reliability-driven assumptions. Load flexibility is a useful bridging tool that may, potentially, support faster interim interconnection while required network upgrades are developed and placed into service, but it should never be treated as a substitute for necessary infrastructure investment or as a means to relax long-standing reliability design criteria. Planning standards require that the system be capable of serving load under all conditions, including stressed and contingency conditions. Even with robust enforcement mechanisms, there remains a risk that load reductions may not materialize when needed; the system must therefore be designed, and ultimately built, to accommodate the full load.

investment; and Long-term supply commitment with electric generating facilities"); PSEG Long Island at 1 (recommending that load letters "be enhanced to include detailed indicators of project maturity, including evidence of site control, permitting status, financing commitments, and construction schedules").

¹¹ See NRDC at 16 and 21; Environmental Defense Fund (EDF) at 13 and 14; New York Battery and Energy Storage Technology Consortium (NY-BEST) at 4 and 5.

¹² National Grid at 21.

¹³ See NYPA at 6 (recommending that the Commission establish "establish clear, enforceable requirements for large loads—such as limits on load variability or curtailment obligations—that can be both incorporated directly into interconnection study assumptions and reflected as binding criteria in the load's service agreement"); PSEG-LI at 3 (advocating that "[t]o maintain grid reliability, performance requirements are necessary for large loads so they will not create an adverse impact to reliability").

In sum, load flexibility can play an important interim, operational role in managing system conditions and accelerating speed-to-power, but it cannot replace the infrastructure needed to ensure long-term system reliability.

Cost Allocation

Across the record in this proceeding, commenters broadly agree that cost allocation should be grounded in the beneficiary pays principle. This principle is straightforward when applied to sole-use interconnection facilities, where a large load customer is the primary beneficiary and appropriately bears the associated interconnection costs. However, application of this principle becomes more complex for system network upgrades. While the need for such upgrades may be triggered or accelerated by a large load interconnection, these upgrades can provide broader system benefits, including enhanced reliability, resilience, congestion relief, and access for other users. In such cases, cost allocation must be carefully structured to remain consistent with the beneficiary pays principle.

Commenters present a range of views on how upgrade costs should be allocated. Some, including the City of NY, NY Renewables, NRDC, EDF, and UIU, support direct assignment of the full system costs to the interconnection customer.¹⁴ Others, including NYSEIA, NYPA, and Multiple Intervenors, assert that the cost of upgrades providing system-wide benefits should be allocated more broadly among beneficiaries.¹⁵

The Joint Utilities support the beneficiary pays principle as the foundation of cost allocation. But universal direct assignment of the network upgrades costs to individual large load customers departs from this principle where those upgrades provide benefits to other customers. While large loads may trigger the need for upgrades, the resulting facilities may be used by and provide value to a broader set of system users. Cost allocation in these cases should therefore generally reflect who benefits from the upgrade, not solely who initiates the need for the upgrade. As noted by NYSEIA, it is important for the Commission to distinguish clearly between the concept of (i) a large load triggering the need for capital investment and (ii) the application of the beneficiary pays principle.¹⁶ Absent that distinction, requiring large load interconnection customers to bear the full cost of broadly beneficial infrastructure unfairly allocates costs to those customers.

It is therefore important to optimize network upgrades for load growth and broader utility planning purposes. Requiring a single customer to bear the full cost of upgrades could lead to development of sub-

¹⁴ See City of NY at 14-15; NY Renewables at 6 and 7; NRDC at 19; EDF at 17; UIU at 6.

¹⁵ See New York Solar Energy Industries Association (NYSEIA) at 9; NYPA at 6; Multiple Intervenors at 12-13.

¹⁶ See NYSEIA at 9.

optimally planned, customer-specific infrastructure, rather than infrastructure optimized for system-wide use. Inefficient planning could result in selecting solutions that are least-cost for one customer but that may not be the most efficient, lowest-cost long-term solution for the broader system. This can lead to inefficient, piecemeal investment and higher long-term costs for customers as additional upgrades become necessary to serve the broader customer base.

Finally, network upgrade cost allocation is inherently system-specific and requires adaptability. Utilities need the versatility to deploy resources in ways that optimize capital deployment to address the highest priority overall system needs. To the extent the Commission considers a statewide framework, it should provide general guidance rather than prescriptive requirements. To that end, the Commission should preserve the utilities' ability to design cost allocation approaches that accurately reflect system impacts and benefits, as well as their ability to prioritize such system benefits. The Commission should also protect customers from cost shifts through financial protection mechanisms tailored to the unique characteristics of large loads.

Large Load Definition

Many stakeholders recommended specific definitions for what constitutes a large load customer. FERC could establish a definition of large load customers this month. Any definition of large loads should facilitate sufficient flexibility to reflect individual utilities' system topologies and service territory characteristics. The Commission should decline to establish a Statewide definition at this time, and instead direct DPS Staff to take into account any FERC-jurisdictional activity, as appropriate, to avoid imposing duplicative and inconsistent standards on the industry.

IV. Conclusion

Initial comments from stakeholders demonstrate significant alignment on key elements of a large load framework. The Commission should build on this foundation to establish a clear, balanced, and enduring framework that supports responsible large load development while maintaining safe, reliable, and affordable service for all customers. Using load flexibility and properly allocating costs to serve large loads are two issues that must be calibrated with caution. The Joint Utilities look forward to continued engagement with the Commission, Staff, and stakeholders as this work progresses.

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Respectfully submitted,

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