

May 13, 2026

Honorable Michelle L. Phillips  
Secretary of the Commission  
New York State Department of Public Service  
Three Empire Plaza  
Albany, New York 12233-1350

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

Dear Secretary Phillips,

The Public Utility Law Project of New York (“PULP”) hereby submits these limited comments in response to an Order Instituting Proceeding and Soliciting Comments, dated February 12, 2026, and a Notice Extending Comment Deadlines, dated March 23, 2026, in the above referenced proceeding.

## **I. INTRODUCTION**

The Public Utility Law Project of New York (“PULP”) is New York’s only independent nonprofit and public interest law firm whose sole interest is to advocate for low-income utility consumers. PULP intervenes in all major utility rate cases before the Public Service Commission (“PSC” or “Commission”), as well as in “generic proceedings” that will impact energy affordability for financially-vulnerable households and disadvantaged communities (“DACs”).

The rapid addition of new large energy users on the grid, such as artificial intelligence (“AI”) data centers, cryptocurrency mining operations (“CMOs”), and other similar facilities, presents a fundamental challenge to providing affordable and reliable utility services in New York State. Residential ratepayers across the country have too often been left to absorb the costs of accommodating these facilities, both through higher wholesale electricity prices and delivery-side infrastructure and grid investments that are rolled into utility rates.<sup>1</sup> New York has an opportunity to act before that pattern takes hold here. For that reason, PULP commends the Governor and PSC for opening this proceeding now.

PULP recognizes there is a strong desire to support economic development, invest in grid modernization, and provide greater certainty for projects that want to interconnect new large loads. However, we maintain that those objectives should be pursued with equal emphasis on affordability, reliability, transparency, and consumer protection. The state already has an energy affordability crisis, evident by the more than 1.1 million households with overdue utility bills who collectively owe over \$1.8 billion.<sup>2</sup> Ratepayers should not be asked to subsidize large-load facilities through higher delivery prices, increased supply rates, or stranded asset costs.

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<sup>1</sup> *See*, “Big Tech’s A.I. Data Centers Are Driving Up Electricity Bills for Everyone.” Ivan Penn & Karen Weise, New York Times, Aug. 14, 2025. Available at: [www.nytimes.com/2025/08/14/business/energy-environment/ai-data-centers-electricity-costs.html](https://www.nytimes.com/2025/08/14/business/energy-environment/ai-data-centers-electricity-costs.html).

<sup>2</sup> *See*, Case 91-M-0744, Collections Activity Reports filed by the investor-owned utilities and PSEG Long Island.

PULP appreciates the opportunity to submit these limited comments in response to the eight questions posed by the Commission in its Order.<sup>3</sup> We believe the Commission can draw upon the early experiences of other states where rapid large-load growth has resulted in cost shifting, reliability strain, and disproportionate environmental burdens on host communities.<sup>4</sup> We do not attempt to address every technical aspect of large-load interconnection. Instead, our comments herein urge the Commission to ensure that residential customers are well-protected and large-load customers bear the full costs and risks associated with their operations. PULP reserves its right to supplant these comments during later stages of this proceeding.

## **II. BACKGROUND**

New York State will face unprecedented strain on its energy grid as large load AI or CMO data centers come online. The expected increase in demand and load is very high, yet still likely underestimated. The New York Independent Service Operator's ("NYISO") report indicates that these centers, together with other system demands associated with electrification, could increase demand for electricity in New York by an additional 1,600 megawatts ("MW") to nearly 4,000 MW by 2030.<sup>5</sup> Moreover, the number of new interconnection requests from large loads has more than tripled in just three years.<sup>6</sup>

Large load data centers pose a threat to grid stability due to the spikes and "bad harmonics" that they introduce when they suddenly run their training models. Spikes such as these can affect supply costs, create reliability risks to the circuit(s) involved, and ultimately destabilize the grid.<sup>7</sup> Furthermore, high-density server farms introduce bad harmonics, where electricity flow exhibits voltage spikes and dips. These distortions can damage appliances, degrade service quality, and even cause massive fires, as documented in Northern Virginia.<sup>8</sup> The impacts that AI data centers have had on grid stability and energy reliability, particularly in Northern Virginia, demonstrate the need to manage and curtail the potential economic and physical harm that this can pose to residential ratepayers in New York State.

## **III. DISCUSSION**

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

A major source of uncertainty in other states is double counting, since some data center developers routinely negotiated with multiple utilities simultaneously to secure power as quickly

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<sup>3</sup> *See*, Case 26-E-0045, Order Instituting Proceeding and Soliciting Comments, issued and effective February 12, 2026.

<sup>4</sup> *See*, generally, 2026 Large Load Literature Review and Data Sources, Lawrence Berkeley National Laboratory. Available at: <https://emp.lbl.gov/publications/2026-large-load-literature-review>.

<sup>5</sup> *See*, Power Trends - The New York ISO Annual Grid and Markets Report (2025), NYISO, at 5. Available at: <https://www.nyiso.com/documents/20142/2223020/2025-Power-Trends.pdf/51517a1b-36fa-4f3d-d44dca23598514?t=1749138890547>.

<sup>6</sup> *Id.*

<sup>7</sup> *See*, Bennett Ann, Unconstrained Demand - Virginia's Data Center Expansion and Its Impacts, Sierra Club 2025, available at: [https://img.vasierra.club/UnconstrainedDemand\\_SinglePage.pdf](https://img.vasierra.club/UnconstrainedDemand_SinglePage.pdf)

<sup>8</sup> *Id.*

as possible.<sup>9</sup> In these situations, the same proposed load was usually hidden through non-disclosure agreements and differing project names. As a result, the same projects can appear in more than one utility's queue, and each utility may count it in its forecast. Grid engineers at a recent Wisconsin Public Utility Institute symposium affirmed these transparency concerns, noting that companies are not sharing load profiles, project names often do not reveal the nature or size of the proposed site, and load forecasts can therefore be highly speculative.<sup>10</sup> For these reasons, PULP urges the Commission to consider the following consumer-protection safeguards alongside any forecasting method to be used in this proceeding.

First, it is crucial that any large-load applicant demonstrate that they control the proposed site and attest that there are no other active interconnection requests for the same project with another utility company. All interconnection applications should also include basic project information, including the expected load profile, ramp schedule, and target in-service data, as a precondition to be included in a utility's base load forecast. The Commission should also establish clear project milestones and require upfront financial surety sufficient to protect customers if the project falls through after a utility has already incurred costs. If the developer misses those benchmarks, they should also face penalties and forfeit some of the financial surety.

Second, PULP recommends that the Commission separate verified projects from speculative ones in utility planning. Only projects that meet the clear verification standard outlined above should be included in the base case for long-term load forecasting and system planning. Less certain projects should be modeled separately as sensitivity cases. That would allow the Commission and the public to see the potential rate and reliability impacts if those projects do not materialize, instead of allowing those risks to be buried in the base forecast and shifted to ratepayers if the project doesn't come to fruition.

**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?**

While PULP does not offer any specific recommendations to improve large-load interconnection studies at this time, we do urge the Commission to evaluate any proposed technology with transparency, accountability, and consumer protection at the forefront. Faster interconnection review should not come at the expense of stakeholder scrutiny. Any tool used to accelerate these efforts, estimate upgrade costs, or perform sensitivity analysis must produce results that are transparent, auditable, and subject to meaningful review by DPS Staff, the Commission, and all interested stakeholders.

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<sup>9</sup> *See*, Eliza Martin & Ari Peskoe, "Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power," Harvard Electricity Law Initiative, March 2025, at 5. Available at <https://eelp.law.harvard.edu/wp-content/uploads/2025/03/Harvard-ELI-Extracting-Profits-from-the-Public.pdf>.

<sup>10</sup> *See*, Wisconsin Public Utility Institute, Strategic Load Integration: Managing Data Center Load Growth and Coordination, March 10, 2026. Available at <https://wpui.wisc.edu/programs/libraries/m0bn92d86g3n5pjz/>.

### **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?**

PULP strongly supports the Commission’s goal to maintain grid reliability, protect residential ratepayers, especially low-income households and DACs, and ensure that the integration of AI data centers, CMOs, and similar large loads do not undermine New York’s climate commitments under the Climate Leadership and Community Protection Act (“CLCPA”). As described in greater detail below, PULP recommends the Commission adopt the following requirements for such facilities before they are allowed to interconnect to the grid.

#### ***a. Definitions***

A core question for any regulation adopted in this proceeding is what facilities the policy applies to. Without a clear, codified definition, it will remain difficult to distinguish the high-density, volatile loads from the steady, lower-density loads typically associated with traditional manufacturing and other large commercial and industrial loads. While those customers are high energy users, demand is typically driven by needs of production environments. By contrast, AI data centers often cause extreme load spikes when they suddenly run their AI training model. Spikes such as these can affect supply costs, create reliability risks to the circuit(s) involved, and ultimately destabilize the grid.

Therefore, PULP urges the Commission to adopt definitions to clearly categorize the AI data centers, CMOs, and similar facilities subject to enhanced review. The Commission should be careful not to sweep facilities that do not raise the same risks. Large commercial and industrial users like manufacturing, government, hospitals, research institutions and universities, etc. may require significant electricity but do not present the same combination of issues that prompted this proceeding. The Commission’s definitions should therefore consider a facility’s purpose, projected peak electric demand and load profile, and whether the facility primarily provides computing infrastructure for AI, cryptocurrency mining, or similar high-density digital activity.

For example, Oregon has enacted the “Protecting Oregonians With Energy Responsibility” (“POWER”) Act to create a new classification for data centers, including those involved in cryptocurrency mining, that consume more than 20 megawatts of power.<sup>11</sup> The legislation aims to shield residential ratepayers from the potential financial burden that these energy-intensive entities might impose on the state’s power infrastructure and electricity costs. It also requires large energy users to sign a 10-year contract that commits them to pay a minimum amount for energy used as well as pay for adding new transmission.

#### ***b. Harmonics and Power Quality***

The Commission should also impose explicit power quality and harmonics standards as a condition of interconnection. As we previously noted, it is well documented that high-density server farms can introduce severe voltage spikes and dips, which can damage appliances, degrade service quality, and even cause massive fires.<sup>12</sup> Accordingly, the PSC should require all

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<sup>11</sup> *See*, Oregon Chapter 323 of the Laws of 2025. Available at: <https://legiscan.com/OR/text/HB3546/id/3240551>.

<sup>12</sup> *See*, Bennett Ann, Unconstrained Demand - Virginia’s Data Center Expansion and Its Impacts, Sierra Club 2025.

large load customers to demonstrate that their operations will not adversely affect power quality for host communities, especially for residential customers. As part of the interconnection process, it is essential that utilities identify any mitigation needed to avoid this. The costs of those measures should be assigned to the large load customer causing the need for them.

***c. Reliability Reviews as a Prerequisite to Interconnection***

The Commission should require utilities to complete a site and system analysis for any requested large load interconnection. This report should assess whether the proposed project is in an area with sufficient transmission and distribution capacity or if there are necessary upgrades before service can begin. It should also examine whether the project would worsen existing reliability problems for residential customers in host communities. These issues are especially important in utility service territories and NYISO zones that are already strained.

**i. A Closer Look at New York State Electric and Gas (“NYSEG”)**

PULP submitted Testimony in the current NYSEG rate case, raising concern about the plans for future demand in NYISO Zones A & C, while evaluating NYSEG’s continued electric reliability challenges.<sup>13</sup> We note that NYSEG has historically struggled to overcome reliability challenges. In each of the most recent five years, the Company has failed its System Average Interruption Frequency Index (“SAIFI”) performance metric target, which does not even include major storms.<sup>14</sup> NYSEG’s high level of interruptions appears to have been due predominantly to tree contacts, prearranged outages, and equipment failures, which were responsible for approximately 79 percent of all interruptions in NYSEG’s territory in 2024.<sup>15</sup> Going forward, tree contacts and equipment failures are expected to remain the primary drivers of NYSEG’s reliability problems at a cost to customers.

The Reliability Report goes on to identify that NYSEG has also not used a substantial amount of its projected budget for Asset Condition work (only \$80 million of approximately \$184 million).<sup>16</sup> It warns of the risk that existing system issues could worsen due to NYSEG’s actions, which it characterizes as not aligned with levels of investment needed to maintain reliability. The Report also reiterates a key finding of a recent audit by NorthStar, which identified the absence of a cohesive asset-management strategy and technology platform, thereby contributing to system failures and increasing reliability risk to an already aging electric infrastructure.<sup>17</sup>

In short, NYSEG has a history of reliability issues already. With growing electricity demands in its service territory, PULP is concerned about how its system will handle the addition of AI data centers, CMOs, and other facilities and then how that may translate to higher rates for ratepayers. The NYSEG rate case is the perfect example of the need for fast acting, protective measures when it comes to reliability and affordability of the electric grid.

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<sup>13</sup> *See*, Case 25-E-0375 et al., Direct Testimony of William D. Yates, filed November 7, 2025. Available at:

<sup>14</sup> *See*, 2024 Electric Reliability Performance Report, Case 25-E-0031, at 22.

<sup>15</sup> *Id.*, at 23-28.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

***d. Communication to Host Communities and Other Stakeholders***

It's also important that the magnitude of the grid requirement of the AI data center is projected to all stakeholders in the specific geospatial region where it will be located. Elevating concerns about rack density and the use of local water during operations of the AI data center facility should be studied and shared. In general, the more specific and direct the laws that regulate AI data centers, the better and more likely they will be in successfully protecting the public.

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

PULP recommends that the Commission treat load flexibility, demand response, and energy storage as core components of any large-load interconnection framework. This is especially important because these facilities, especially AI data centers and CMO's, will place unprecedented demand on the electric grid. Ultimately, large-load customers should be allowed to interconnect only on terms that protect reliability, comply with New York's climate law, and prevent unreasonable costs from being shifted to other ratepayers.

As an initial matter, the Commission could consider delaying additions of new large loads if it is necessary to maintain grid reliability. This consideration could be made on a case-by-case basis and would help avoid exceeding available generation or transmission capacity constraints. Given that the primary goal of utility regulation in New York State is to provide safe and reliable service at just and reasonable rates to its residents, this will be a necessary precaution when making decisions about connecting new large loads to the grid.

***a. Demand Management & Battery Storage***

PULP also recommends the Commission establish mandatory demand management requirements on all AI data centers, CMOs, and similar facilities, whereby the state can require the slow-down or complete halt of operations when the grid is experiencing strain. We believe that these customers should not receive firm service by default if their operations would require costly upgrades, increase reliability risks, or place customers at risk during peak demand or a system emergency. Put simply: the cost of doing business in New York State should be that the large-load customer must operate on a curtailable or interruptible basis. During periods of grid stress, extreme weather, capacity constraints, or emergency conditions, the system must prioritize residential and essential-service customers over these facilities.

Texas provides one example of a framework New York policymakers can consider. They recently passed a law creating two demand response programs, one mandatory and one voluntary.<sup>18</sup> Under the mandatory program, large data centers with loads of 75MW or greater can be disconnected by the state's grid operator during firm load shed events.<sup>19</sup> The law also requires such facilities to install shutoff equipment as a condition of grid interconnection. Under the

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<sup>18</sup> *See*, Texas Senate Bill no. 6, available at: <https://capitol.texas.gov/tlodocs/89R/billtext/pdf/SB00006F.pdf#navpanes=0>

<sup>19</sup> *Id.*

voluntary program, such data centers would be subject to a minimum 24-hour notice period during specific times of year.<sup>20</sup>

### ***b. Battery Storage***

The Commission should explicitly require the use of battery energy storage systems (“BESS”) where feasible. These batteries can be used to charge during off-peak hours and to provide backup energy during peak hours and during periods when distribution service to the facility may be reduced or suspended. The combination of BESS technology and demand response holds significant potential to reduce the infrastructure investment required to integrate large loads.

### **c. On-Site Generation**

New York has seen what happens when private companies bring in generation with minimal oversight. In Schenectady, General Electric’s main plant<sup>21</sup> and the Knolls Atomic Power Laboratory<sup>22</sup> left a decades-long legacy of contamination of the Mohawk River and surrounding towns that have still yet to be fully remediated. Moreover, we have already seen the damage in other states like Virginia, where some large load data centers use diesel generators on-site as a backup power source. These generators emit harmful air emissions such as NOx and VOCs at higher rates than natural gas or renewable sources. The Virginia Department of Environmental Quality has allowed these generators to run up to 500 hours per year—equivalent to 1.4 hours of daily diesel pollution per generator.<sup>23</sup>

Currently, our investor-owned utilities are not allowed to own generation. Policymakers should similarly consider whether AI data centers should be allowed to generate on their own to facilitate their operations. PULP urges New York to proceed carefully with this decision, as specific protections will be needed if AI data centers are allowed to own their own generation. Should data centers ultimately require on-site generation, the State must mandate that power is generated from clean and renewable sources such as geothermal, wind and solar to protect the environment. Moreover, AI data centers with co-located generation should also have strict public reporting requirements, both in terms of the amount generated and public health impacts from the site.

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

As a threshold issue, PULP seeks to shift the entire cost burden related to the operation of these facilities back onto the AI data centers themselves. AI is already a multi-billion-dollar industry that has the capacity to pay for the use of New York’s natural resources and energy

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<sup>20</sup> *Id.*

<sup>21</sup> *See*, “Hazardous Waste Cleanup: General Electric – Main Plant Site in Schenectady, New York”, U.S. Environmental Protection Agency, 2006, <https://www.epa.gov/hwcorrectiveactioncleanups/hazardous-waste-cleanup-general-electric-main-plant-site-schenectady-new>.

<sup>22</sup> *See*, “Hazardous Waste Cleanup: USDOE Knolls Atomic Power Laboratory in Niskayuna, New York”, U.S. Environmental Protection Agency, 2013, <https://www.epa.gov/hwcorrectiveactioncleanups/hazardous-waste-cleanup-usdoe-knolls-atomic-power-laboratory-niskayuna>.

<sup>23</sup> *See*, Bennett Ann, Unconstrained Demand - Virginia’s Data Center Expansion and Its Impacts, Sierra Club 2025.

infrastructure. Since these facilities draw massive amounts of electricity, they often require significant interconnection and infrastructure investments in the grid itself. These are costs that are usually passed on to customers through the delivery side of their utility bill.<sup>24</sup> There are also growing concerns that the supply side of utility bills will rise due to wholesale market prices.<sup>25</sup> As these facilities drive up electricity demand, utilities may need to purchase additional supply off of the wholesale market at a higher price to meet the grid's increased need. These higher procurement costs are ultimately reflected in customer rates and compound the delivery-side cost impacts. Together, these pressures place the public at significant risk of paying higher utility bills.

The initiating Order in this proceeding rightfully recognizes that the unprecedented large-load growth may impose these costs and that the existing approach may need to be revised to protect other customers from rate impacts.<sup>26</sup> Accordingly, PULP recommends that the Commission structure cost allocation for data centers, CMOs, and similar large-load facilities around a clear and enforceable principle: the cost-causing customer must bear the full costs and risks associated with serving its load. This practice would be consistent with, but go further than, the Commission's "beneficiary-pays principle," which "requires that new load customers take responsibility for the costs of necessary grid upgrades that directly benefit them."<sup>27</sup>

First, the Commission should establish a separate tariff or service classification for AI data centers and other similar high-density large loads. These customers differ significantly from ordinary commercial and traditional large-load industrial customers because AI models require powerful computing equipment that results in especially high energy use. This proceeding's initiating Order notes that the PSC has already authorized upstate municipal power authorities to adopt tariff classifications for high-density load customers in response to concerns that data centers and CMOs could drive up local electricity costs for existing ratepayers.<sup>28</sup> PULP imagines the Commission could build on that existing policy as a starting point for the investor-owned utility tariffs.

Second, the Commission should require each utility's electric cost-of-service study ("ECOS") in future rate cases to separately identify the cost to serve AI data centers and similar large-load customers. The ECOS study should categorize the cost of dedicated facilities, necessary grid upgrades or reliability-related investments, and any proposed allocation of costs between the large-load customer and other ratepayers. Further, if a utility proposes to socialize any portion of the cost of serving a data center or similar facility, the Commission should require the utility make an affirmative showing that the investment produces a concrete and quantifiable system benefit for other customers that more than offsets the cost of serving such facility.

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<sup>24</sup> *See*, "Big Tech's A.I. Data Centers Are Driving Up Electricity Bills for Everyone." Ivan Penn & Karen Weise, N.Y. Times, Aug. 14, 2025, available at: [www.nytimes.com/2025/08/14/business/energy-environment/ai-data-centers-electricity-costs](https://www.nytimes.com/2025/08/14/business/energy-environment/ai-data-centers-electricity-costs).

<sup>25</sup> *Id.*

<sup>26</sup> *See*, Case 26-E-0045, Order Instituting Proceeding and Soliciting Comments, issued and effective February 12, 2026.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

Lastly, the safeguards discussed in PULP’s responses to Questions 1 and 6 should also guide the Commission’s approach to cost allocation. Cost responsibility cannot be meaningfully assigned without verified project information, transparent load forecasts, public disclosure of interconnection and upgrade costs, and close scrutiny of arrangements between utilities and large-load customers.

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

Utility companies are responsible for building and replacing the infrastructure needed to deliver service, and those costs are ultimately passed through to ratepayers. They also have an opportunity to earn from those investments, effectively creating a perverse incentive for them to build more. With the emergence of AI data centers and other large-load demand customers, PULP is concerned that utilities may view these projects as opportunities to justify additional capital spending. In effect, this encourages even more high-load development within a utility company’s service territory.

These concerns are not unfounded. PULP notes that in other states, there have been some instances of non-transparent collusion between utilities and these facilities. Recently, Harvard University released a report that reviewed close to 50 public utility commission proceedings from 10 states. The research uncovered dozens of contracts between utilities and AI data centers that were not released to the public.<sup>29</sup> In some situations, the report noted deals were made in secrecy between the utility and the AI data center. In many other situations, vital information like pricing terms was redacted or held entirely from public release. This lack of transparency raises serious concerns for New York.

To better protect ratepayers, PULP recommends a strict prohibition on investor-owned utilities entering into secret agreements AI data centers and CMOs. Instead, the state should require transparency and exercise “special scrutiny” of such agreements. For example, the Harvard study noted that the Federal Energy Regulatory Commission’s (“FERC”) applies special scrutiny to contracts between utilities and power plants that are owned by the same corporate parent. This is done in recognition that such deals could result in excessive profits at the expense of the utility’s customers.<sup>30</sup> The same study also recommends that state regulators adopt a similar approach and establish consistent and fair standards for reviewing these contracts. Such an approach should require clear public findings that demonstrate the agreement shields consumers from the project’s costs.<sup>31</sup>

Utilities should also be required to provide upfront notice and information about existing and planned AI data centers, CMOs, and other large-load developments in the service territory in all delivery rate case filings. The disclosure should be accompanied and supported by a dedicated

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<sup>29</sup> *See*, “Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech’s Power.” Eliza Martin & Ari Peskoe, Harvard University, March 2025, at 11-13.

<sup>30</sup> *Id.* at 13.

<sup>31</sup> *Id.* at 22; *see example*, Kentucky’s Public Service Commission recently rejected a proposed special contract between a utility and a cryptocurrency project because the contract did not properly protect customers from power costs, In the Matter of: Electronic Tariff Filing of Kentucky Power Company for Approval of a Special Contract with Ebon International, LLC, Kentucky PSC, Case No. 2022-00387, at 2-4 (Aug. 28, 2023).

testimony panel and clearly summarized in the Department's one-pager on the rate case pursuant to PSL §66 12(1).<sup>32</sup> Once the rate case is finalized, there should also be a public update of this information included in the case summary to ease the public's ability to locate it.

Lastly, the Department should issue an annual report to the Legislature, the Governor, and the public summarizing every large-load interconnection request by utility service territory and NYISO zone. PULP notes that NYISO already publishes a monthly interconnection queue report, upon which an annual report to the Legislature could be based.<sup>33</sup> Such a report should provide information such as the project status, location, requested megawatt capacity, ramp schedule, cost-responsibility allocation, and project-commitment milestones for each request. These efforts combined would help the public track the impacts of AI data centers and other large loads and provide policymakers with important data on these new and concentrated demands on the state's energy system.

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

International experience shows that data center waste heat recovery is already being used at scale, particularly where data centers are located near district heating systems. In Ireland, waste heat from an Amazon Web Services data center in Tallaght is being used to heat nearby public buildings, including the Technological University of Dublin campus.<sup>34</sup> In Finland, Google's data center in Hamina is expected to supply a large share of the town's annual district-heating demand.<sup>35</sup> Microsoft is also collaborating with Fortum, the main district-heating utility around Helsinki, to capture data center heat for homes, businesses, and public buildings.<sup>36</sup>

Additionally, here in New York, the DPS and DEC have recognized the utility of heat recovery in relation to proof-of-work cryptocurrency mining. The draft Generic Environmental Impact Statement recommended that CMOs producing usable heat capture it for reuse or co-locate with another facility that can use it.<sup>37</sup> PULP believes this same principle should be applied more broadly to large loads.

Accordingly, we recommend that the Commission require all large-load applicants to complete a feasibility assessment for waste heat recovery as a condition of interconnection. The assessment

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<sup>32</sup> *See*, §66 12(1) Public Service Law (Chap. 333 the Laws of 2024).

<sup>33</sup> *See*, *Interconnection Process – Interconnection Queue*, New York State Energy Research Authority. Available at: <https://www.nyiso.com/documents/20142/1407078/NYISO-Interconnection-Queue-03-31-2026.xlsx/ff0e2005-e8d3-e75d-3e81-fa7027a52685?t=1776108425656>.

<sup>34</sup> *See*, April Roache and Tasmin Lockwood, "This university campus is heated by an AI data center. Your home could be next," CNBC, January 27, 2026. Available at: <https://www.cnbc.com/2026/01/27/data-centers-ai-district-heating-aws-amazon-ireland.html>.

<sup>35</sup> *See*, Chris Livermore, "Case Study: How Finland is turning excess heat from Data-Centres into Neighbourhood Heating Programmes (and what the UK's urban landscapes can learn)," IBEX Earth, December 1, 2025. Available at: <https://www.creatingustainablecities.org.uk/post/case-study-how-finland-is-turning-excess-heat-from-data-centres-into-neighbourhood-heating-programm>.

<sup>36</sup> *Id.*

<sup>37</sup> *See*, NYS Department of Environmental Conservation & Department of Public Service, Draft Generic Environmental Impact Statement for Cryptocurrency Mining Operations Using Proof of Work Authentication (2025), at 36. Available at <https://dec.ny.gov/sites/default/files/2025-05/cryptocurrencygeis.pdf>.

should evaluate whether the facility’s waste heat can be captured or reused. It should also consider the expected customer or community benefits, specifically if the facility can feasibly store that energy or connect to other users through a future thermal energy network. These findings should be filed publicly in the Utility Thermal Energy Network and Jobs Act proceeding<sup>38</sup> and be subject to ongoing reporting and verification by the Department.

Developers should not be permitted to rely on speculative waste-heat benefits to justify project approval or market a facility as environmentally beneficial. Moreover, the fact that a facility may be able to reuse or export waste heat does not, by itself, justify ratepayer support for the infrastructure needed to make that reuse possible. For these reasons, waste-heat recovery should be encouraged to the extent where it produces real, verifiable benefits. However, it should not become a mechanism for shifting data center costs onto captive utility 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?**

***a. Water Issues***

In New York State, water is regulated by several different agencies: the DPS regulates private water companies’ rates and infrastructure, the Department of Health regulates water quality, and the DEC regulates pollutants and point sources involving water. The range of agency involvement can make regulation difficult at times. While the questions at issue in this proceeding are squarely in the Commission’s authority, PULP still feels compelled to elevate the real risks to water supply, infrastructure, cost, public health, and quality.

News stories and reports from across the country indicate that AI data centers, similar to crypto-mining facilities, require the use of large amounts of water on a daily basis. Some facilities are estimated to consume as much as 5 million gallons of water a day for cooling purposes,<sup>39</sup> comparable to usage of a town populated by 10,000 to 50,000 people.<sup>40</sup> One study estimates that AI-related operations could draw approximately 1.1 to 1.7 trillion gallons of water.<sup>41</sup> These unprecedented demands can also put considerable strain on the water delivery infrastructure, which raises additional concerns around access generally and system reliability.

Water scarcity is another pressing concern that must be considered. Due to climate change, New York has experienced droughts at increasing frequency, a trend that is unlikely to slow down. The high and continuous demand of AI data centers risks diverting water from essential uses like

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<sup>38</sup> *See*, generally, Case 22-M-0429, Proceeding on Motion of the Commission to Implement the Requirements of the Utility Thermal Energy Network and Jobs Act.

<sup>39</sup> *See*, “A New Front in the Water Wars: Your Internet Use,” The Washington Post, April 25, 2023, available at: <https://www.washingtonpost.com/climate-environment/2023/04/25/data-centers-drought-water-use/>

<sup>40</sup> *See*, Miguel Yañez-Barnuevo, “Data Centers and Water Consumption”, 25 June 2025, <https://www.eesi.org/articles/view/data-centers-and-water-consumption>.

<sup>41</sup> This number is listed as 4.2–6.6 billion cubic meters in the report, Making AI Less “Thirsty”: Uncovering and Addressing the Secret Water Footprint of AI Models, by Pegfei Li, UC Riverside, March 26, 2025, available at: <https://arxiv.org/pdf/2304.03271>

agriculture and manufacturing that provide direct economic and societal benefits to all New Yorkers. Further compounding this issue, up to 80% the water used for cooling is lost to evaporation, further reducing the available supply.<sup>42</sup> Our freshwater supply is already threatened by PFOAs, microplastics, lead, and other pollutants that have health impacts for all New Yorkers. And while these facilities claim to be “good neighbors,” the lack of regulation and oversight has led to potentially unclean drinking water, with residents near large centers in other states even afraid of using their water.<sup>43</sup> Some news stories report water quality issues ranging from sediment build-up to low pressure in homes located near AI data centers.<sup>44</sup>

PULP firmly believes that the Commission should work with its sister agencies to help protect water supply, infrastructure, quality, and costs from the harms of AI data centers, CMOs, and similar large loads. Efforts should include conservation efforts such as the setting of usage levels, regular and mandatory reporting of water use, as well as testing for water quality. The reporting should also be done for the purpose of monitoring stress and strain on the water infrastructure, while requiring these facilities to be required to assist with repairs and upgrades to the infrastructure. Moreover, in times of drought, the host communities should have the right to slow or pause the delivery of water to AI data centers to protect public health and safety.

#### IV. CONCLUSION

PULP appreciates the opportunity to provide these limited comments on interconnection reform. We respectfully request that the Commission consider the principles and recommendations raised herein. PULP reserves the right to supplement these comments depending on the procedural process that follows this comment period. Thank you.

/s

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<sup>42</sup> *See*, Miguel Yañez-Barnuevo, “Data Centers and Water Consumption”, 25 June 2025.

<sup>43</sup> *See*, Michelle Fleury & Nathalie Jimenez, “‘I Can’t Drink the Water’ - Life Next to a US Data Centre”, BBC, 10 July 2025, <https://www.bbc.com/news/articles/cy8gy7lv448o>

<sup>44</sup> *Id.*