STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 24-E-0364 - In the Matter of Proactive Planning for Upgraded Electric Grid Infrastructure

CASE 20-E-0197 - Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act

CASE 18-E-0138 - Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure

CASE 18-M-0084 - In the Matter of a Comprehensive Energy Efficiency Initiative

NRDC AND SIERRA CLUB COMMENTS ON LARGE LOAD INTERCONNECTION

The Natural Resources Defense Council (NRDC) and Sierra Club respectfully submit the following comments and attached report, *At the Crossroads: A Better Path to Managing Data Center Load Growth*,[1] in response to the New York State Public Service Commission's (Commission) November 6, 2025 Notice Soliciting Comments in the above-captioned matters.

Recognizing that the Commission and Department of Public Service (DPS) face many challenges in thoroughly and systematically addressing load interconnection, we seek to offer expert guidance in developing sufficient standards, consumer protections, and guardrails for the interconnection of large load customers.

In the Commission's September 19, 2025 Order Adopting Proposal for Queue Management with Modification, the Commission directed DPS staff to "advance a solution that could thoroughly and systematically address the interconnection of electric load," and to outline a scope of issues to be addressed with feedback from stakeholders.[2] Previously, the Commission directed the formation of the Electric Vehicle Infrastructure Interconnection Working Group

[1] McKenna Beck & Jackson Morris, *At the Crossroads: A Better Path to Managing Data Center Load Growth*, Natural Resources Defense Council (Sept. 2025).
[2] Case 18-E-0138, *Order Adopting Proposal for Queue Management with Modification*, at 16.

(EVIIWG) to address primarily the interconnection of electric vehicle equipment and infrastructure. However, in addition to the electric vehicle infrastructure considered by the EVIIWG, data centers and other very large loads are retail customers of state-regulated utilities whose interconnections, cost responsibility, and operating conditions fall squarely within the Commission's authority, making it essential that the Commission establish a clear, statewide framework governing their treatment.

Large load interconnection requests from semiconductor manufacturing and data centers have grown rapidly in NYISO, increasing from 4,000 MW in 2024 to 10,000 MW in 2025, and as of September 2025, the average size of large projects in the queue is 285 MW.[3] These extremely large loads, especially data centers, differ from electric vehicle infrastructure in terms of size, load profile, and operational characteristics, thus posing unique challenges to the grid not addressed by EVIIWG's proposal. We therefore recommend that the scope of any future proposal set forth by DPS and any subsequent working groups include consideration of extremely large loads including data centers. Given the scale and pace at which these loads are emerging, the Commission must now establish a clear, statewide framework for evaluating and managing large-load interconnections—one that preserves New York's authority over retail service while proactively addressing the reliability, planning, and cost-allocation challenges that such growth presents.

We seek to offer preliminary guidance on the interconnection of data centers, and submits the attached comprehensive report, *At the Crossroads: A Better Path to Managing Load Growth (Sept. 2025, NRDC),* in addition to the comments and recommendations provided below.

[3] NYISO, 2025-2034 Comprehensive Reliability Plan, p. 8

1. Require Data Centers to Pay Their Fair Share

Data centers require significant investments in infrastructure to connect to the grid; absent sufficient guardrails, these costs can be shifted to all other customers. NYISO acknowledges that a portion of large loads in the interconnection queue will not materialize,[4] and given that unpredictable factors could drastically alter the energy demands of data centers (i.e., large efficiency improvements like DeepSeek proved are possible, fluctuating market conditions for artificial intelligence technologies, supply chain shortages, etc.), there is a significant risk that these costs will be stranded.

Developing a large load tariff applicable to projects above a certain MW threshold can address these financial risks. Across jurisdictions, regulators are beginning to formalize thresholds for large-load data centers in the tens of megawatts,[5] with the Virginia State Corporation Commission recently approving a dedicated rate class for customers with demands of 25 MW or greater.[6] Large load customers should be required to commit to their requested capacity through a long-term contract with high initial payments (including non-refundable deposits, study fee deposits, and collateral), minimum bills that ensure sufficient revenue recovery, and an exit fee to cover stranded costs in the case contracted capacity is reduced or terminated.

2. Improve Forecast Certainty

If actual load is too low relative to current forecasts, costs can be shifted and stranded with other customers, whereas if actual load exceeds expectations, reliability and clean energy compliance could be put at risk. Implementing a large load tariff with stringent financial

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[4] NYISO, 2025-2034 Comprehensive Reliability Plan, p. 8

[5] Smart Electric Power Alliance & NC Clean Energy Technology Center, *Database of Emerging Large-Load Tariffs (DELTa)*, SEPA (last visited Dec. 5, 2025), https://sepapower.org/large-load-tariffs-database/.

[6] *Application of Va. Elec. & Power Co.*, Case No. PUR-2025-00058, Final Order (Va. State Corp. Comm'n Nov. 25, 2025), https://www.scc.virginia.gov/docketsearch/DOCS/89g601%21.PDF.

requirements as outlined above can reduce speculative requests, as occurred following the approval AEP Ohio's large load tariff which reduced their queue by more than half.[7] It is also critical for utilities to report frequent updates regarding interconnection updates, such as the number, size, and financial contributions of projects in the queue, project development milestones, and changes to contracted capacity.

Utilities should also be held accountable for demonstrable performance improvements in processing and managing large-load interconnection requests. This should include clear, enforceable timelines, transparent metrics on study quality and completion, and consequences for persistent underperformance, ensuring that utilities respond to accelerating large-load growth with the level of rigor and operational discipline the public interest demands.

3. Develop Interconnection Standards for Extremely Large Loads

Given the unique load profiles and sensitivities of extremely large loads—particularly data centers and similar facilities with demands of 25 MW or greater, and especially those at 50 MW and above—it is also necessary to develop technical interconnection standards. Narrowly avoided power outages in Northern Virginia and Texas demonstrate the need for proactive consideration of technical interconnection standards for data centers specifically.[8]

4. Maximize Load Flexibility

If data centers operate flexibly in key hours of the year, peak system needs and costs can be reduced. Data centers should have incentives or requirements that reflect the true value of their

[7] Skidmore, Zachary. "AEP Ohio Slashes Data Center Pipeline by More Than Half – Report." Data Center Dynamics, Oct. 1, 2025. https://www.datacenterdynamics.com/en/news/aep-ohio-slashes-data-center-pipeline-by-more-than-half-report/

[8] McLaughlin, Tim, *Big Tech's data-center boom poses new risk to US grid operators*, Reuters, (March 19, 2025) https://www.reuters.com/technology/big-techs-data-center-boom-poses-new-risk-us-grid-operators-2025-03-19/

operational flexibility and investments in other peak-reducing programs (i.e., demand side management, battery energy storage, energy efficiency, etc.).

Recent analysis of "curtailment-enabled headroom" for large, flexible loads in U.S. power systems likewise demonstrates that even modest amounts of load flexibility can unlock substantial headroom within existing generation and transmission infrastructure, including in the NYISO region. The Rethinking Load Growth study shows that when new loads are able to curtail or shift demand away from the relatively small number of highest-stress hours, the electric system can accommodate significant additional load within existing capacity, with relatively low curtailment rates and limited duration of curtailment events.[9] In other words, the value of flexibility is disproportionately large relative to the share of hours or energy affected.

NYISO's 2025–2034 Comprehensive Reliability Plan likewise recognizes that the operational flexibility of large loads can be a material reliability asset and explicitly flags "Flexible Load Models – Large Loads" as an emerging area for market design.[10] In particular, NYISO identifies the opportunity to evolve its Behind-the-Meter Net Generation (BTM:NG) participation model—currently premised on a relatively inflexible host load—to one that can accommodate "flexible host loads" and a broader set of on-site resources, including intermittent renewables and energy storage. An expanded flexible-load framework would allow large loads to both reduce consumption and inject surplus on-site generation in response to wholesale market and reliability signals, thereby reducing the need for additional capacity to serve new load. The Commission should ensure that retail tariffs are designed to enable, not impede, participation in these evolving flexible-load models. The Commission should also consider establishing flexibility requirements

[9] Norris, Tyler H., Tim Profeta, Dalia Patino-Echeverri, and Adam Cowie-Haskell, *Rethinking Load Growth: Assessing the Potential for Integration of Large Flexible Loads in U.S. Power Systems*, Nicholas Institute for Energy, Environment & Sustainability, Duke University (2024), see at page 4, Figure 1.
[10] NYISO 2025-2034 Comprehensive Reliability Plan at 77-78.

for some portion of the large load's peak demand to protect existing customers and enable socially beneficial large-load growth that is compatible with reliability and the State's climate goals.

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