

STATE OF NEW YORK  
DEPARTMENT OF PUBLIC SERVICE

CASE 15-E-0302 – Proceeding on Motion of the Commission to Implement a Large-Scale  
Renewable Energy Program and a Clean Energy Standard.

WHITE PAPER ON CLEAN ENERGY ZONES PROGRAM

Dated: May 15, 2026

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## Introduction

New York has an unprecedented opportunity to invest in a clean, reliable, and affordable energy system, positioning the State to better serve its residents and businesses while also contributing to economic development statewide. To accelerate the deployment of new clean energy supply and grid upgrades, the Public Service Commission (Commission) directed the Department of Public Service (DPS) Staff to explore ways to better coordinate investment in clean generation and transmission in areas of the State experiencing current or planned load growth, or those areas otherwise well-suited for energy infrastructure investments, while streamlining and prioritizing community engagement and collaboration.<sup>1</sup> This white paper initiates discussion of ways to achieve these objectives.

For purposes of this white paper, a Clean Energy Zone (CEZ) is an area where proactive coordination between the State, developers, utilities, and communities could facilitate the co-deployment of concentrations of new generation and transmission projects. This approach has the potential to increase and improve community engagement and support infrastructure investments, lower costs to ratepayers, reduce risk for developers and businesses, better align economic development and power sector initiatives across New York, and create meaningful local benefits through regional planning. This white paper discusses the potential need for and benefits of the CEZ concept, proposes two program approaches, and identifies a number of key questions where DPS Staff is seeking stakeholder comment. DPS Staff also acknowledges that

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<sup>1</sup> Case 15-E-0302, Clean Energy Standard, Order Adopting Clean Energy Standard Biennial Review as Final and Making Other Findings (issued May 15, 2025) (CES Biennial Review Order).

the deployment of new clean energy generation technologies will need to continue across the State, even in areas not designated officially as CEZs.

As discussed below, recent long-term modeling efforts from the Coordinated Grid Planning Process (CGPP)<sup>2</sup> and the State Energy Plan (SEP)<sup>3</sup> show that a significant increase in renewable energy resources will be needed in many regions of the State to maintain reliability, support economic development, and achieve the goals of the Climate Leadership and Community Protection Act (CLCPA or Climate Act).<sup>4</sup> The same models used in the CGPP and SEP show that significant upgrades to the State’s transmission system will also be needed to support the future clean energy system and ensure the continued operation of a reliable grid.

This white paper considers how the Commission might identify priority areas of the State where coordination of new generation and transmission infrastructure development would be most cost-effective and how to improve collaboration with the host communities in those areas to implement these projects. DPS Staff maintains that there are three key components for success in this effort: first, a process for identifying regions where coordinating transmission and generation development provides the most cost-effective path to meeting future clean energy supply and reliability needs; second, establishing the regulatory and policy mechanisms necessary to achieve coordinated infrastructure build-out in those regions; and third, recognizing

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<sup>2</sup> Case 20-E-0197, Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, Order Approving a Coordinated Grid Planning Process (issued August 17, 2023).

<sup>3</sup> New York State Energy Planning Board, 2025 New York State Energy Plan, available at: <https://energyplan.ny.gov/Plans/2025-Energy-Plan>.

<sup>4</sup> See, Chapter 106 of the Laws of 2019 (codified, in part, in Public Service Law (PSL) §66-p). The CLCPA became effective on January 1, 2020. The Climate Act includes various targets, such as: generating a minimum of 70% of electricity from renewable energy systems by 2030; a “statewide electrical demand system” that will be “zero emissions” by 2040; and an 85% reduction in statewide greenhouse gas emissions, as compared to 1990 levels, by 2050.

the impacts of infrastructure projects on participating communities through an equitable allocation of benefits.

In this white paper, DPS Staff discusses two possible approaches for how a CEZ program could work and considers a range of possible policy and regulatory changes that could be deployed to support development in these areas of the State. DPS Staff also recognizes that concentrating energy infrastructure development in particular regions would require high levels of community engagement and acceptance, driven by meaningful local benefits. To address this need, the white paper also considers pathways for improving community engagement, identifies potential benefits to communities, and seeks comment on the consideration of Disadvantaged Communities in this process.

## Background

In her 2025 State of the State address, Governor Hochul acknowledged the need to accelerate clean energy generation development and introduced the concept of CEZs for New York State as a mechanism to increase the speed and efficiency of its development while coordinating efforts with transmission planning and community engagement. The Governor referenced the need to proactively coordinate how and where new generation is sited and constructed, how and when transmission and distribution systems are updated, and what benefits are provided to local communities for hosting these projects.

In considering the Governor's identified need, on May 15, 2025, the Commission issued the Clean Energy Standard (CES) Biennial Review Order, which, among other things, directed DPS Staff to prepare a white paper identifying how CEZs would be used and to file the white paper for public comment by May 15, 2026. The Commission's directive to DPS Staff

recognized that the State needs to better align its generation and transmission development activities to meet the needs for electrification and the new large loads associated with economic development growth. According to the 2024 Clean Energy Standard Biennial Review,<sup>5</sup> CEZs could build on various efforts such as the CGPP, ongoing economic development initiatives, and several other power sector initiatives.

## Clean Energy Zone Proposal

New York's energy systems support a diverse and growing economy with high electricity demands and are among the most reliable in the country.<sup>6</sup> New York State also has one of the nation's most ambitious clean energy policy frameworks while operating one of its oldest electricity systems, having been one of the first states to commercialize electric power. These conditions require new methods of energy system planning and clean resource procurement.<sup>7</sup> While the energy transition is expected to deliver significant benefits to the State – particularly related to emissions reductions and positive health impacts – the ease and cost of the transition

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<sup>5</sup> Case 15-E-0302, Clean Energy Standard, Draft Clean Energy Standard Biennial Review (filed July 1, 2024).

<sup>6</sup> New York fares better than the national average and neighboring states on reliability metrics for electric utility customers due to rigorous reliability planning processes. Specifically, New York experienced the second-fewest power outages on average across U.S. states in 2023. See, New York State Energy Plan, Electricity Chapter, p. 16 (2025) available at: <https://energyplan.ny.gov/Plans/2025-Energy-Plan>.

<sup>7</sup> To meet CLCPA objectives, legislation was enacted directing major changes in the State's transmission planning processes as part of the Accelerated Renewable Energy Growth and Community Benefit Act (Accelerated Renewables Act); See, Chapter 58 of the Laws of 2020, Part JJJ; and Case 20-E-0197, Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act.

vary significantly depending on the approach. Ultimately, success will depend on the coordination and sequencing of investments and local community support.

Given that New York is pursuing decarbonization of the existing generation fleet while load is growing at a rate unseen in decades, generation must be procured not only to replace existing emitting resources, but also to meet incremental future loads. Though the existing electricity system can likely integrate 10,000 or even 20,000 megawatts (MW) of new generation resources under optimal conditions,<sup>8</sup> current estimates from the CGPP suggest that between 2026 and 2040, New York will have to deploy over 60,000 MW of new renewable energy resources to achieve the targets of the Climate Act while meeting growing demand and replacing aging fossil fuel infrastructure. For reference, in 2025, New York had a total of 37,654 MW of generation capacity statewide,<sup>9</sup> including 3,400 MW of nuclear, 2,900 MW of land-based wind, 570 MW of large-scale solar, and over 7,000 MW of distributed solar.

Importantly, the CGPP models identified the need for approximately 60,000 MW of new renewable generation, even in scenarios where the State achieves a significant expansion of distributed energy resources (DER), enables widespread load flexibility, and meets all energy efficiency targets.<sup>10</sup> DPS Staff recognizes that a more ambitious deployment of these demand-side resources could help lower the overall generation need, and is pursuing this strategy through

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<sup>8</sup> Case 20-E-0197, supra, Joint Utilities October 2025 Headroom Calculations (filed November 3, 2025).

<sup>9</sup> 2025 NYISO Gold Book, available at: <https://www.nyiso.com/documents/20142/2226333/2025-Gold-Book-Public.pdf>.

<sup>10</sup> New York State Energy Planning Board, 2025 New York State Energy Plan, available at: <https://energyplan.ny.gov/Plans/2025-Energy-Plan>; and, Case 20-E-0197, supra, Coordinated Grid Planning Process: Cycle 1 Report (filed May 4, 2026).

the Grid of the Future Proceeding,<sup>11</sup> the Residential and Retail Energy Storage Program,<sup>12</sup> the NY-SUN Program,<sup>13</sup> and statewide energy efficiency programs. DPS Staff also notes that the modeling results of one of the three main scenarios considered in the first cycle of the CGPP suggested that without a 5 GW nuclear reliability backbone, the State would need to build approximately 20,000 MWs or more of incremental renewable energy capacity to meet its clean energy goals, for a total of over 80,000 MWs statewide.<sup>14</sup> The 5 GW nuclear reliability backbone proposed in the Governor's 2026 State of the State is a primary reason why the renewable generation need is not higher than stated above, given the high capacity factor of nuclear resources as compared to wind and solar generation facilities. Moreover, the results of this CGPP scenario demonstrate the system-wide benefits of nuclear generation as a cost-effective resource option, as this additional baseload power would enable the retirement of significant quantities of fossil resources and adjustment of the available mix of potential generation sources, thus minimizing the need for costlier, less efficient, and higher emitting resources on the system. DPS Staff also notes that nuclear power generation is a firm capacity source of electricity, the addition of which would require significantly less build-out of the transmission system when compared to scenarios without nuclear generation, potentially further reducing the cost of future grid modernization efforts.

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<sup>11</sup> See, Case 24-E-0165, Grid of the Future.

<sup>12</sup> See, New York State Energy Research and Development Authority, Residential and Retail Storage Incentive Programs, available at: <https://www.nysed.gov/All-Programs/Energy-Storage-Program/Developers-and-Contractors/Residential-and-Retail-Storage-Incentives>.

<sup>13</sup> See, New York State Energy Research and Development Authority, NY-SUN Program, available at: <https://www.nysed.gov/All-Programs/NY-Sun>.

<sup>14</sup> Case 20-E-0197, supra, Coordinated Grid Planning Process: Cycle 1 Report (filed May 4, 2026).

Regardless of the modelling assumptions, every long-term planning effort completed to date has found that tens of thousands of megawatts of new clean generation sources and a major expansion of existing grid infrastructure are required to achieve the State's clean energy goals and serve growing load expectations and economic development. These will be generationally significant investments in energy infrastructure that involve building hundreds of miles of high voltage transmission lines across the State to connect tens of thousands of MWs of renewable energy resources. These renewable energy resources may impact an area of around one million acres of land out of the approximately 34 million acres in New York State, with many of the sited wind and solar resources providing opportunity for dual- or multi-use land.<sup>15</sup> The final land impact would be driven by the mix of generation resources, and the potential for multi-use would be impacted by the resources selected and site-specific design considerations.

Furthermore, the age of the transmission and distribution system, combined with both load growth and the integration of renewable energy supplies at this scale, requires the expansion and modernization of significant portions of the electricity grid. Proper sequencing and coordination of these generation and infrastructure investments is of utmost importance to minimize the cost to ratepayers and reduce time needed to execute projects. For example, if generation is procured before grid infrastructure is prepared, interconnection costs are generally higher, curtailment and congestion would exceed acceptable levels, and timelines for interconnections are generally longer and less certain. Each of these adverse consequences leads to higher ratepayer costs because resources procured through the State's Renewable Energy

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<sup>15</sup> See, Denholm, Paul, *et al.*, Land-Use Requirements of Modern Wind Power Plants in the United States, National Renewable Energy Laboratory (August 2009), available at: <https://docs.nrel.gov/docs/fy09osti/45834.pdf>; see also, Solar Energy Industries Association, Land Use and Solar Development, available at: <https://seia.org/initiatives/land-use-solar-development/> (accessed May 15, 2026).

Certificate (REC) solicitations must internalize these higher costs, risks, and timelines, leading to far higher strike prices for the duration of the contract term, which under the existing program is typically 20 years. To comprehensively consider market barriers and identify changes that could reduce costs, DPS Staff is also evaluating the current renewable energy procurement process, as well as seeking public input on the potential for utility owned generation.<sup>16</sup> These actions are expected to provide critical input into ways to address market risks and barriers.

Currently, the State's generation procurements are not fully integrated with long-term transmission planning. Developers propose projects with only limited information concerning transmission system capabilities and planned investments. As noted above, this results in generation developers bidding into the procurements taking a significant risk that the transmission system may require major upgrades to accommodate their interconnection and operation; the resulting "risk premium" is then passed to ratepayers via higher strike prices. Similarly, prior to the enactment of the CLCPA and the Accelerated Renewables Act, utility transmission investments were not specifically planned to support expected renewable generation. DPS Staff asserts that a more integrated approach to planning and procuring generation and transmission resources will improve outcomes in the State, particularly related to the cost, deployment time, and avoiding attrition of contracted resources. Furthermore, if coordinated with the generation build out, transmission investments would be immediately used and useful, providing ratepayer benefits immediately upon completion.

Community support also plays a crucial role in determining energy infrastructure siting and permitting outcomes. New York State is a home rule state, and local opposition to projects,

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<sup>16</sup> Case 15-E-0302, Clean Energy Standard CES Biennial Review Order (issued May 15, 2025).

even those subject to historic or current State regulatory approval processes administered by DPS and the Office of Renewable Energy Siting and Electric Transmission, has been impacting the pace and cost of both new generation and new transmission for decades. By further integrating and aligning local interests with infrastructure projects, including the consideration of local and direct benefits associated with these investments, energy projects will proceed more quickly, with less risk, and be more likely to be delivered at a lower cost.

To accomplish the coordination discussed above, DPS Staff proposes to leverage the findings of the CGPP and other planning studies such as those completed by utilities and the New York Independent System Operator, Inc. (NYISO) to identify areas of the State that are best suited to receive integrated infrastructure investments. DPS Staff propose that these inputs help identify CEZs, which at a minimum would be defined as regions of the State with high clean generation resource potential, significant development activity, and opportunity for cost-effective grid expansion. As a three-year cyclical process, the CGPP yields new results after the completion of each cycle, which would provide updated inputs to the CEZ identification process and serve as the primary driver of investments in the identified regions. In areas of high potential, the State would seek to coordinate investments to enable large tranches of new generation to be constructed in coordination with transmission infrastructure upgrades. This sequencing and coordination will reduce the cost of the infrastructure investments, as compared to the business-as-usual scenario, while enabling a more focused approach to delivering community benefits and building host-community support. Importantly, this would require close alignment between the transmission investments directed through the utilities or NYISO and the State's clean energy procurements.

## Identifying CEZs

DPS Staff has identified two potential approaches to designating a CEZ. Both program approaches would be initiated from the planning done in the SEP and the CGPP. In order to capture the benefits of coordinating investments, New York must first identify the locations where investments in both generation and transmission are most likely to be the lowest total cost over time. The State has developed an unprecedented level of detail related to clean energy resource potential, optimal generation deployments, and transmission needs through the Supply Curve Analysis, CGPP, and SEP. The Supply Curve Analysis provides an estimated view of feasible resource development potential in the State.<sup>17</sup> This Analysis includes data related to generation potential and incorporates physical constraints, environmental considerations, land use concerns, and grid infrastructure availability to provide a comprehensive list of potential available clean energy resources in the State. Figure 1 (below) displays land-based resource potential in each of the New York Control Area Zones, with each circle displaying potential land-based wind (LBW) capacity in green, utility scale solar (UPV) in blue, and the circles' size as proportional to the zone's total potential resource capacity. The CEZ process focuses only on bulk resources and transmission, therefore Figure 1 does not include distributed solar resources, which are considered in different proceedings. Energy storage systems similarly are not a focus of CEZs, though batteries may likely accompany any of the new renewable generation sited as a part of this process.

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<sup>17</sup> NYSERDA Supply Curve, available at: <https://www.nyserda.ny.gov/About/Publications/Energy-Analysis-Reports-and-Studies/Greenhouse-Gas-Emissions>.

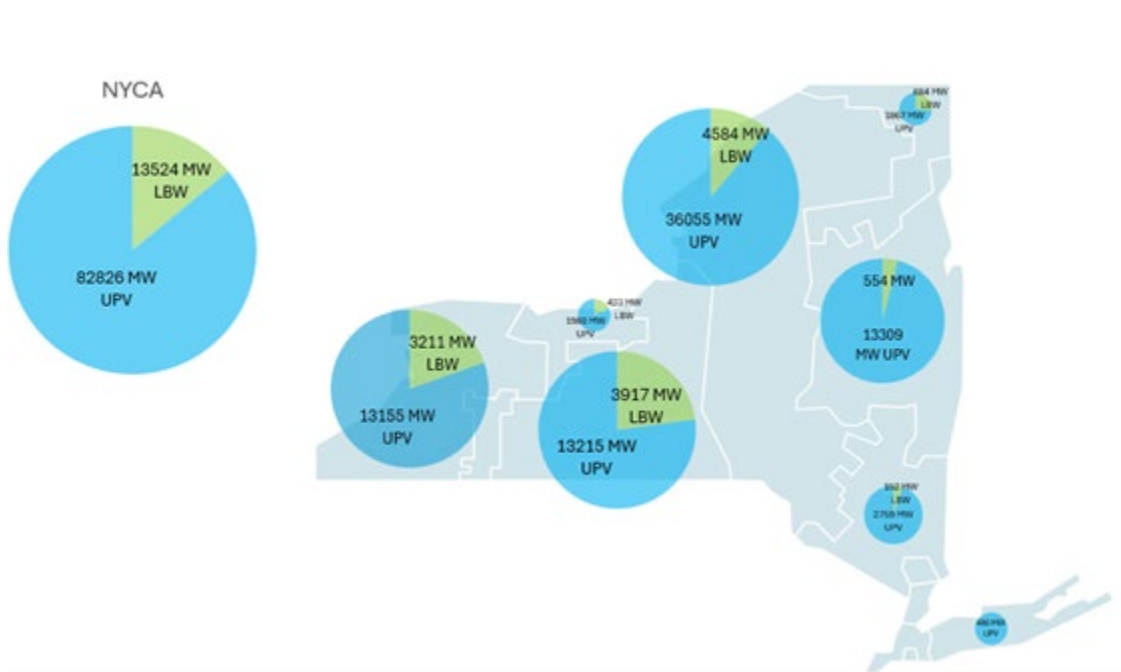


Figure 1. Land-based Resource Potential in New York State

The CGPP has leveraged the Supply Curve Analysis data in a detailed economic planning and optimization framework to determine the best regional deployment of energy resources and infrastructure under varying assumptions across numerous scenarios. While there is no definitive answer to the question of where all new energy resources will be sited between now and 2040, the scenarios evaluated through the CGPP provide extensive information on the most probable locations for investments in new generation. Furthermore, certain infrastructure and resources are deployed across all scenarios, with multiple regions of the State experiencing significant growth of new generation regardless of the combination of assumptions used in the underlying studies. These results provide policymakers and planners with high confidence that new generation resources are necessary and would be most cost-effective if located in such areas.

DPS Staff proposes that designation of a CEZ should also consider the investments and commitments already pursued through various State programs to avoid any double counting or inefficiencies in program or investment overlap. This includes important new processes, such as

the development of a Nuclear Backbone in New York, which overlaps with renewable deployments in numerous ways. DPS Staff hypothesize that CEZs could provide significant benefits and help coordinate new investments, as opposed to realigning or reevaluating past investments. This is not only due to administrative considerations; the State's many energy planning efforts also incorporate existing investments into the planning processes as "firm" or given investments, which enables the State to align them for an optimal mix of investments.

## Designating CEZs

Two approaches for how a CEZ could be designated (i.e., the Commission Administrative Approach and the Community Driven Approach) are identified below. DPS Staff seeks comments on these CEZ program approaches, both of which propose to use SEP and CGPP results as the primary starting point. Regardless of which approach is pursued, several considerations must be addressed before the CEZ-related actions can be implemented. First, the location and size of the CEZ must be characterized. If utilizing the CGPP and SEP as a starting point, locations could be specified by examining the results of the system expansion plans. It is important to note that deployment of new clean energy generation technologies will need to continue across the State, even in areas not designated officially as CEZs. As mentioned above, New York's long-term planning efforts have concluded that both thousands of MWs of new clean generation sources and an expansion of existing grid infrastructure are required to achieve the State's clean energy goals, serve growing load, and keep pace with economic development. While CEZs offer the opportunity to optimally coordinate new investments while providing direct local benefits to communities, CEZs are not the sole places where these essential new investments will be sited.

The new investments that are identified as necessary through the State's various planning processes, and which serve as the basis of potential CEZ designations in both program approaches, would be realized over an extended period of time. Transmission development can take anywhere from five to 12 years while large-scale renewable deployments may take between four and eight years. This means that, from start to finish, a CEZ may be in active development for a decade or more, with individual projects within the CEZ being constructed during that timeframe. Designating a region as a CEZ would allow developers, utilities, NYSERDA and other state agencies, the NYISO, and local communities to synchronize their efforts to optimally integrate various resources to minimize community and environmental impacts, maximize benefits, and streamline integration of new generation and transmission resources with the grid.

This coordination and sequencing would consider whether and how many new generation projects could be integrated before the full transmission solution comes online, as well as the volume of additional projects that the transmission solution would support. Alternatively, the transmission plans would consider which pieces of the transmission solution could be deployed more rapidly in coordination with generation projects. Workforce and supply chain considerations are also critical to minimize community impacts and costs of new infrastructure investments. For example, it is unlikely that all generation projects in a CEZ could undergo simultaneous construction and commissioning to come online simultaneously at the completion of the associated transmission project. However, it is also unlikely that all generation projects would be able to begin operation before the transmission solution is completed, since most areas with the potential for CEZ designation do not have sufficient headroom to integrate the full amount of capacity necessary to reach New York's goals. This means that early projects may experience higher congestion and curtailment, threatening their economic value. Properly

sequencing investments and coordinating deployments will be key to capturing the full benefits of a CEZ over time.

**Option 1: Commission Administrative Approach**

The first program approach to consider, the Commission Administrative Approach, is optimized for economic efficiency and administrative ease. The magnitude of the CEZ would be determined at the State level by Commission action, with the transmission needs identified in the CGPP or SEP serving as the key input in determining the quantity of headroom needed to interconnect an expected amount of clean electric generation in a given area. The Commission would designate a CEZ and assign a level of generation sought in a CGPP- or SEP-determined transmission corridor on a MW basis. In terms of scale, it is likely that each CEZ would seek to integrate hundreds to thousands of MWs of clean energy and would likely include dozens of local cities and towns.

Some towns and counties may show a far higher concentration of developments than others. In the Commission Administrative Approach, CEZ selection must also consider how to choose a specific region for a CEZ designation out of the many potential options that could provide benefits. Following this approach, the Commission would administratively select the CEZs based on the criteria above (resource potential, significant development potential, and transmission expansion investment) and any other relevant criteria, such as the overall ratepayer cost of the anticipated infrastructure. The community benefits associated with a CEZ would also be administratively allocated by the Commission using a formula across all communities in the CEZ. This proposal aligns closely with programs in some other States, including the Renewable

Energy Access Plan,<sup>18</sup> where CEZ designation occurs, and State agencies, developers, and local municipalities cooperate to optimize the investments, timelines, and benefits arising from development in the CEZ.

This option has the benefit of a streamlined administrative approach, pursued directly through the agency with authority over both the transmission investments and new generation resource procurement, as well as responsibility for managing cost. This option would also maximize the economic efficiency of infrastructure investments. The Commission could designate CEZs at whatever scale it determines is most appropriate to maximize the benefits of the program with other efforts in the State and with progress toward the State's clean energy goals. However, this approach would put more onus on communities to engage proactively in the proceeding and call for other organizations to facilitate this engagement. This may result in increased community resistance toward the CEZ designation and of the projects associated with the CEZ. Regardless of participation in various proceedings, not having a direct say in a CEZ designation may increase the likelihood that communities use zoning or other local actions to ban new generation development.

### **Option 2: Community Driven Approach**

The second approach to consider, the Community Driven Approach, would allow host communities to be active in the CEZ designation process and provide enhanced community benefits to "volunteer" communities in a CEZ. The Commission would still begin the process by designating areas of the State with the highest priority for co-located new generation and new

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<sup>18</sup> Illinois Commerce Commission, prepared by the Brattle Group, Illinois Renewable Energy Access Plan: Enabling an Equitable, Reliable, and Affordable Transition to 100% Clean Electricity for Illinois (May 2024), available at: <https://www.icc.illinois.gov/docket/P2022-0749/documents/351191/files/614348.pdf>.

transmission investments. As with the first program approach, these designations would be identified through the SEP or CGPP efforts that will identify the areas of the State that are prioritized for transmission system upgrades and expansion. However, instead of Commission-directed designation, this approach would include a clear second step following a public process, such as a Request for Information, whereby potential host communities inside the designated priority areas would submit proposals volunteering to serve as hosts for development. The volunteer host communities would then collaborate with the State, the local utility, developers, and other entities to advance the investments, and would be eligible for CEZ program benefits.

Similar to the Commission Administrative Approach, actual designation of CEZs and approval of benefits packages would still be made by the Commission. This option has the advantage of promoting greater community engagement in the process and may increase the acceptance of any individual CEZ. However, this option also extends the CEZ designation timeline by inserting another process step and may run the risk of limiting the size and number of CEZs to only those areas that have volunteered.

It is important to acknowledge that infrastructure build-out would still occur in, or affect, other communities in a CEZ (and in other areas of the State), even if they did not volunteer for CEZ designation. These other areas and communities would not receive CEZ benefits but would follow the existing process for negotiating Payment in Lieu of Taxes (PILOT)<sup>19</sup> agreements and other community benefits with individual project developers, based on actual local impacts.

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<sup>19</sup> PILOTs compensate for property tax exemptions for large-scale renewable energy systems under Real Property Tax Law Section 487, balancing the 15-year tax exceptions granted to developers with long-term revenue streams for local government and school districts.

### **Questions to Stakeholders on DPS Staff's Proposed Structure to Identify CEZs**

- Are the CGPP and SEP appropriate for the purpose of identifying CEZs?
- How should local communities be involved in designating CEZs?
- Which CEZ program approach is likely to be more effective and why?
- Are there specific use cases of creating a CEZ outside of what is described above, or other considerations not discussed that stakeholders suggest DPS Staff should consider and/or incorporate into proposed solutions?

### **Supportive Actions to Coordinate Infrastructure Investments**

Simply designating a region of the State as a CEZ will not guarantee proper coordination of investments across generation and transmission, and nor will it ensure community support. With CEZs serving as a planning construct, additional actions would still be required to ensure the investment mechanisms and contracting processes align to produce the most cost-effective infrastructure investments and strong community support. As mentioned above, the State currently utilizes many separate and distinct proceedings to procure new generation and approve new transmission projects. For new generation, the primary mechanism thus far has been NYSERDA's Large Scale Renewable solicitations, which provide a competitive pathway for developers to seek long-term contracts with the State that include payments for RECs. For transmission investment, a combination of rate case proceedings and long-term planning efforts, including the CGPP, Proactive Planning Proceeding,<sup>20</sup> and the Public Policy Transmission Planning Process, have been used to identify and authorize investments in grid infrastructure.

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<sup>20</sup> See, Case 24-E-0364, In the Matter of Proactive Planning for Upgraded Electric Grid Infrastructure.

These processes often cite each other and consider the impacts of investments made in relevant proceedings, but are not fully integrated, particularly with regard to timing and location. To date, investments in generation and transmission have not been approved as contingent on one another; rather, Commission policy has deferred to generation developers' choice of sites based on individual development economics factors. While recent transmission investments have been targeted to serving in-service and proposed generation, generation procurements pre-dating the passage of the Accelerated Renewables Act were not aligned with transmission development plans.

In a steady-state grid of low load growth and large amount of headroom, these processes operated without significant waste or economic inefficiencies. As New York moves into a future where a high proportion of new large scale generation developments and new load growth require new transmission and/or distribution grid infrastructure, the processes will need to be coordinated to avoid missteps or suboptimal outcomes. In future cycles, procuring large quantities of generation without considering transmission availability risks embedding high congestion and curtailment costs into bid prices. This would spread potential grid needs across the State in smaller quantities, requiring numerous small upgrades in many areas, potentially requiring rework and further expansion at a later time. Similarly, developing large transmission projects without requiring future resource procurements to utilize the new capacity risks underutilizing the major investment while potentially driving the need for additional investments in other areas.

One straightforward action for aligning transmission and generation investments could be to direct exclusively, or at least prioritize, that procurements of new generation sources be within the footprint of the area(s) designated through the CGPP. Solicitations could also be planned to

coordinate the in-service dates of the generation projects with completion of the transmission upgrades. In this way, REC procurements or any other future authorized procurement approach would guarantee full utilization of the planned transmission, while ensuring all REC bids account for the full benefit of reduced congestion, curtailment, and interconnection costs.

### **Questions for stakeholders on possible Commission Actions**

- Should projects proposed as part of a CEZ get exclusive or preferential treatment in procurement of generation projects? Why or why not?

## **Consideration of Host Communities**

The magnitude of energy infrastructure development necessary to modernize and achieve the economic and energy goals of the State requires a generational level of infrastructure investment over the next two decades. The geography of the State serves as a key determinant of energy project siting, and land and resource availability in New York is such that only certain areas may provide high-quality, large-scale resources, reasonable access to transmission, and developable land. Given the scale of new and upgraded infrastructure needed, most regions of the State will experience at least some level of infrastructure investment while certain areas will experience significantly higher concentrations of infrastructure projects.

DPS Staff recognize that widespread education on the need for new generation and transmission upgrades being driven by economic development and job creation, the age of the electric system and retiring fossil fuel generation fleet, and the State's clean energy policy will be essential to building community trust and acceptance. DPS Staff will be hosting a technical conference in the near future to address this proposal and the topics discussed herein. The

primary focus of the conference will be to engage with stakeholders and communities to understand their views and incorporate their feedback into any future proposals or actions. Furthermore, DPS Staff maintains that communities that serve as hosts and crucial enablers of this unprecedented transition, particularly at the high concentrations expected in some areas, should expect to receive a correspondingly large distribution of benefits.

Localities hosting energy infrastructure projects typically receive a number of near- and long-term benefits from project development. Localities can typically expect increased economic activity during construction activities from workers and their families, increased tax base from the project, as well as new employees related to the project moving to the area. Often, project developers will seek to use the local workforce for project construction and associated activities, with long-term industry developments serving to boost workforce headcount in related industries in the region. Workforce and tax impacts are typically long-term, often providing benefits for 20 years or longer.

## Economic Development in CEZs

New York's clean energy sector is a major economic engine for the State, and DPS Staff asserts that the CEZ concept can accelerate this momentum. Investments in clean energy in New York averaged \$6 billion a year between 2022 and 2024, representing the largest investment period since tracking began in 2011.<sup>21</sup> Total investment in clean energy surged by 1,082% from

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<sup>21</sup> New York State Energy Research and Development Authority, 2025 New York Clean Energy Industry Report, available at: <https://www.nyserda.ny.gov/-/media/Project/Nyserda/Files/Publications/Clean-energy-industry/2025-clean-energy-industry-report.pdf> (Clean Energy Industry Report), p. 5.

2011 to 2024, accumulating \$22.26 billion through 9,061 separate investments.<sup>22</sup> Access to clean energy has become a critical factor in site selection for major industrial capital investments, especially in sectors with high power needs,<sup>23</sup> and companies with strong environment, social, and government commitments actively prioritize locations that offer immediate access to clean power when selecting sites for new facilities.<sup>24</sup> By concentrating new generation and transmission development in specified regions, the CEZ program could effectively create energy hubs that provide access to sufficient power and allow industry and general economic growth to expand more quickly. This would give New York a structural advantage in competing for high-value industrial and technology investments, ensuring that the State continues to attract and concentrate this capital in communities positioned to benefit most.

State programs further reinforce this advantage, such as the Regional Economic Development Councils and New York's Green CHIPS program, which offers substantial incentives for semiconductor fabrication plants, though qualification requires companies to adopt sustainability measures that implicitly depend on access to clean energy.<sup>25</sup> Access to emissions free energy is therefore a prerequisite for attracting major, high-tech investments that bring thousands of jobs and billions of dollars in capital to the State. Competitive electricity rates are also crucial for attracting and retaining businesses.

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<sup>22</sup> Id., p. 67

<sup>23</sup> Southern Economic Development Council, *The Growing Role of Power Requirements in Economic Development Site Selection* (February 16, 2025), Available at: <https://www.sedc.org/news/the-growing-role-of-power-requirements-in-economic-development-site-selection>.

<sup>24</sup> Id.

<sup>25</sup> Empire State Development, *New York State's Green CHIPS Program*, available at: <https://esd.ny.gov/green-chips> (accessed February 2026).

New York's clean energy sector has experienced substantial job growth, as reflected in the 2025 New York Clean Industry Report from NYSERDA, adding over 6,000 jobs since 2023, and reaching more than 184,000 clean energy workers by the end of 2024.<sup>26</sup> Notably, the renewable electric power generation sector and the grid modernization and storage sector both contributed significantly to this job growth with the growth rate of over 3% in 2024 outpacing the overall State economy's 2% growth and the national average of just under 3%.<sup>27</sup> Clean energy employees, particularly those in entry-level positions, often receive an average wage premium of 12% compared to workers in similar roles outside the clean energy industry.<sup>28</sup> The CEZ program would leverage this growth, generating a sustained demand for a skilled workforce for the installation and maintenance of renewable energy.<sup>29</sup>

Beyond direct employment, renewable energy projects also stimulate local and State economies through supply chain effects and by supporting nearby businesses, an impact that is magnified with the regional focus of the CEZ program. As construction activities for these projects ramp up, there is a noticeable increase in business for local shops, benefiting from the influx of workers who require accommodation and meals.<sup>30</sup> The wages earned by clean energy workers stimulate induced job growth in various local industries, such as hospitals, restaurants, individual and family services, physicians' offices, real estate, and supermarkets, as workers

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<sup>26</sup> Clean Energy Industry Report, p. 1.

<sup>27</sup> Id., p. 8.

<sup>28</sup> Id., p. 38.

<sup>29</sup> Townsend, Oliver, Highlight economic gains from New York's renewable energy initiatives, SolarCell USA (March 28, 2025), available at: <https://usasolarcell.com/news/2025/03/28/highlight-economic-gains-from-new-yorks-renewable-energy-initiatives/>.

<sup>30</sup> Id.

spend their income within the State.<sup>31</sup> Concentrating energy infrastructure investments would catalyze regional employment, ensuring that the economic stimulus remains local and providing residents with a stable, family-sustaining career path and justifying investment in workforce training in the region.

Coordinating with businesses, local municipalities, economic development agencies, and other State entities on economic development opportunities can serve to create synergy between investments across numerous State programs. If State and utility planners better understand the committed and proposed economic development opportunities in the State, particularly related to load impacts and electrical locations, they can design generation and transmission investments to enable the economic development projects, lowering interconnection costs and potentially proactively preparing the grid to allow for more rapid development of projects and rapid capture of the economic development benefits. Often, small changes in the design of a transmission or generation project can alter the impacts on the local system and the interaction with new potential loads and new potential generation.

DPS Staff proposes that municipalities and economic development stakeholders hold critical and central roles in the identification, design, and deployment of the community and economic benefits associated with CEZs as a way to optimize efforts across State priorities. DPS Staff notes that the FAST NY,<sup>32</sup> POWER UP,<sup>33</sup> and Build Ready<sup>34</sup> programs seem especially

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<sup>31</sup> Clean Energy Industry Report, p. 81.

<sup>32</sup> See, Empire State Development, FAST NY Shovel-Ready Grant Program, available at: <https://esd.ny.gov/fast-ny#objective>.

<sup>33</sup> See, Empire State Development, POWER UP Grant Program, available at: <https://esd.ny.gov/power-up-grant-program>.

<sup>34</sup> See, New York State Energy Research and Development Authority, Build Ready Program, available at: <https://www.nyserda.ny.gov/All-Programs/Build-Ready-Program>.

relevant in the integration of economic development into CEZs, and those or other similar programs could attract developers to the CEZ areas.

## Accessing Local Benefits

The process of accessing local benefits from clean energy development can be improved by utilizing the CEZ construct. To date, benefits such as Community Benefit Agreements (CBAs), and PILOT agreements have been negotiated with individual project developers on a project-by-project basis. A CEZ program could expand the list of potential benefits and retarget existing benefits to meet the specific needs of an entire area more directly. Additional benefits not traditionally offered under existing benefit paradigms might be appropriate in the context of long-term, concentrated energy infrastructure development. The economic benefits from CBAs and other frameworks depend on each community's unique concerns and priorities. In a CEZ, benefits could include direct financial support, such as contributions to a municipal fund, discounted utility bills for residents, grants to local businesses, educational initiatives, and workforce training, including internship programs with local schools and technical training for jobs in the renewables industry. Other, more traditional benefits could be expanded and may include investment in local infrastructure, such as community facilities, public spaces, and recreational amenities.

The current paradigm of energy project development requires each impacted community to negotiate the specific benefits it will receive with each project in their area. This resource-intensive process is costly, difficult, unpredictable, and inefficient. The process can take a significant amount of time and requires major efforts by both the developers and local communities, who may not have the staff or experience to pursue these negotiations. As

deployments increase, certain areas may have multiple projects under development at the same time, increasing the burden of these negotiations on local communities. For developers, the existing process also poses risks of unpredictable results in terms of interconnection costs, community acceptance, permitting complexity, and site availability. Further, an increase in the number of projects under development results in an increase in the number of communities engaged in negotiations at any one time.

Standardized PILOT agreements or CBAs could potentially solve some of these issues, but standardization would still result in a large number of contracts and signatories across a given development region, and localities may not want to give up their current level of leverage and autonomy to address community- or site-specific issues through individually negotiated agreements with developers. One possible solution would be to have the State, or a designated entity, serve as a benefits aggregator on behalf of communities located in a CEZ. When a CEZ is designated, NYSERDA or another contracting party could procure a quantity of clean resources in line with the grid capability planned for the CEZ. As part of the procurement process, a “community benefit fund” could be created with projects in the portfolio and/or taxpayers contributing funds proportionally, perhaps on a \$/MW basis. The funds would thus be aggregated into a single source to provide the solution to the problem of multiple negotiations while also providing numerous other benefits.

First, local communities would have a single source for all benefit funds, as opposed to multiple agreements with other entities, and a single agreement with the procuring entity or its designee. Second, the process would proceed much faster, as the benefits would be determined at the time of procurement, eliminating the negotiation timeline. Third, with aggregation of all benefit funding designated for a given locality into a single fund, much larger investments or

projects could be pursued with the funding. For example, instead of a municipality having four contracts of \$100,000 each, negotiated over multiple years with different developers and paid on different timelines towards separate benefits outcomes, each capped at \$100,000, a community could receive a guaranteed \$400,000 towards a larger project that would otherwise be infeasible.

Finally, benefits could be aggregated not just between projects, but also across communities in a CEZ. In this case, the previous example could be improved by an order of magnitude or more. If a county and its associated municipalities agree to pursue aggregation in their receipt of CEZ benefits, the community benefit fund could amount to many millions of dollars, allowing not only larger projects as in the previous example, but also projects across or between jurisdictions that are impossible under today's municipality-specific community benefit agreements. For example, multiple municipalities experiencing increased flooding due to climate impacts on a shared river or waterway could pool their CEZ benefit funds towards a flood mitigation initiative benefiting all of them. This example is very difficult to solve under current structures due to jurisdictional boundaries, which require sharing the cost of mitigation studies, engineering, and implementation of new flood management techniques. The ability to aggregate funds to support county-wide or regional projects could therefore be a substantial benefit.

As another option for supporting communities in the process of evaluating and hosting new clean energy projects, the State could provide a CEZ Ombudsperson to municipalities in a CEZ. The CEZ Ombudsperson could serve as a direct liaison to the State permitting agencies and the project developers, track and help resolve local issues raised during the development and construction phases, monitor and report to communities on progress, and ensure that communications channels are meeting the communities' needs. The State could also give

priority access to other programs, such as workforce, economic development, and other local benefits programs, through a number of agencies and authorities to host communities in CEZs.

## Impact on Local Communities

While the majority of monetary and workforce benefits of energy infrastructure investments accrue to areas that host significant quantities of energy generation project development, these areas experience other impacts as well. Local municipalities would experience increased interaction with project developers, community members seeking information on project developments, and other State entities. The clean energy projects themselves would also create impacts, including long-term visual and land use impacts, as well as short-term traffic and other impacts during construction. Other project-specific impacts would be considered in detail during the siting and permitting process, which evaluates impacts to wildlife, agricultural lands, wetlands, endangered species, and many other considerations.<sup>35</sup>

In particular, there is ongoing concern among some New Yorkers about the impacts of solar on agricultural lands, as they are often identified as suitable sites for large solar development. Ground mounted solar installations can vary significantly in size range and typically occupy 4-8 acres per MW. The siting process within a CEZ could prioritize development on brownfields, landfills, former commercial and industrial sites, dormant electric generating sites, and other underutilized areas to serve as a reuse solution. While greenfield siting of solar and wind generation would also play a role in CEZ project siting, the process could offer special consideration to protected lands, fragile ecosystems such as wetlands, and

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<sup>35</sup> See, Office of Renewable Energy Siting Regulations, <https://dps.ny.gov/ores-regulatory-documents>

prime agricultural land. Siting within CEZs would strive to balance the deployment of clean energy development and the protection of the State's agricultural land and other environmental resources by acknowledging local considerations and engaging community members.

Balancing potential agricultural impacts with energy infrastructure benefits could include minimizing the siting of solar generation on protected farmland; prioritizing siting solar and wind generation on areas with less productive soils; offering mitigation strategies to minimize the impacts of the siting; or encouraging solar and wind production that is compatible with agricultural-related businesses or continued agricultural use of the land. Dual-use and co-deployment approaches, such as agrivoltaics, provide another opportunity to avoid using prime agricultural land solely for renewable generation while exploring opportunities for joint benefits, including those specifically geared toward farmers.

Unlike solar installations, which tend to be concentrated, the total footprint of wind installations often has much higher land-use per MW to allot for spacing between turbines. However, the permanent disturbance by the equipment is only a fraction of the total, leaving the rest of the land available for other uses such as agriculture. The CEZ siting process could work with landowners to introduce new wind farm projects while ensuring the protection of their land and its continued use with minimal disturbances to livestock, the surrounding ecosystem, and the nearby community.

By preemptively signaling the likely magnitude and location of clean energy project and infrastructure development, aggregated impacts can be considered together as opposed to having numerous projects in the same areas moving forward in series, requiring individual evaluations to occur on a continuous basis for many years. Considering the aggregated impacts through a CEZ designation would also allow localities and projects to work together to sequence

construction, installation, and commissioning activities to minimize total impacts. Concentrated areas of development may also allow the State to streamline permit evaluations and approvals, as projects in the same areas may have similar environments and impacts, while communities and the State can build capacity and efficiency through the process of considering numerous projects in a shorter period of time. As with aggregation of benefit funds, project siting in a CEZ could result in coordinated environmental impact assessments, leading to more fully considered regional resource protection and impact mitigation measures.

The level of projected energy infrastructure investment entails community impacts at a scale that is unprecedented. DPS Staff is therefore seeking comments on a number of items related to community engagement and benefits.

**Questions for Stakeholders to help Direct Community Benefits**

- How and when should local communities engage in the process throughout the full cycle of infrastructure projects?
- What types of benefits, such as bill credits, PILOT agreements, aggregated benefits where the State serves as aggregator, or others, are most impactful?
- Would a CEZ Ombudsperson be helpful to communities, developers, and State agencies, and other stakeholders in resolving issues that may arise in the development of a CEZ?
- How should benefit levels be set and should benefits be allocated across a CEZ equally, or should areas closer to more projects or with more impacts receive higher benefits?
- Should CEZ benefits be scaled based on infrastructure size or should all CEZs receive the same or similar benefits, and when should benefits begin?
- What requirements or guidelines, if any, should be included regarding land use in a CEZ?

## Disadvantaged Communities

Overlaps between CEZs and Disadvantaged Communities are very likely given the scale of potential investments in CEZs and the regional distribution of Disadvantaged Communities. The CLCPA directs State agencies to give special consideration to impacts affecting Disadvantaged Communities, and DPS Staff proposes to integrate this consideration in the planning and designation of CEZs. This will allow impacts to be tracked and mitigated, if necessary, while also providing an additional pathway for benefits to flow into these areas in higher concentrations. DPS Staff is seeking comments on how and when to integrate Disadvantaged Communities and their representatives into the CEZ process, and how to best manage impacts and benefits to those areas.

## Other Considerations

DPS Staff is considering what other actions may be necessary to ensure successful delivery of a CEZ program. To attract generation developers to CEZ areas, steps could be taken to focus Commission-led programs and incentives on projects proposed for those zones. Another approach could be to reduce development risk for projects in a CEZ (compared to locations not designated as CEZs) for both generation and transmission developers, consistent with capturing the ratepayer benefits of coordinated development. Such measures could include site identification and mapping efforts, designing upgrades for lower project-specific interconnection costs, or improving utility incentives for rapid deployment of CEZ-specific infrastructure.

DPS Staff is also interested in any existing models of contractual arrangements or other risk allocation mechanisms that have been used to manage complex and interdependent

infrastructure projects. Changes in the State's approach to regulatory oversight could be explored, such as the establishment of an office with authority to monitor development in a CEZ. DPS Staff seeks comments on how these and other tools could be implemented to minimize project risk and control ratepayer costs.

## Conclusion

DPS Staff seeks comments on the CEZ approaches and proposals outlined in this white paper, as well as any other input or recommendations from stakeholders regarding the proposal. Stakeholders can also choose to participate in a technical conference to be held in the near future and are encouraged to monitor the proceeding to be notified when the conference is announced.