STATE OF NEW YORK

10049

IN ASSEMBLY

January 30, 2026

Introduced by M. of A. KAY -- read once and referred to the Committee on Energy

AN ACT to amend the public service law and the public authorities law, in relation to establishing a grid modernization surcharge; and to amend the state finance law, in relation to establishing the grid modernization fund

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The public service law is amended by adding a new section 66-x to read as follows:

§ 66-x. Grid modernization surcharge. 1. For the purposes of this section, the following terms shall have the following meanings:

(a) "Data center" means any facility with an information-technology (IT) load exceeding ten megawatts (MW) of electrical demand, used primarily for the storage, management, processing, or transmission of digital information; and

(b) "High-intensity data center" means a data center with an annual power-usage effectiveness (PUE) greater than 1.3 or an annual electricity consumption exceeding 50 gigawatt-hours.

2. (a) The commission shall by regulation establish a grid modernization surcharge to be collected by each electric corporation from every covered data center account as a separate line item on the customer bill. The commission shall set the surcharge as a rate per kilowatt-hour or per megawatt-hour billed to such accounts and may differentiate by voltage level or service class.

(b) A covered data center that demonstrates, through independent verification acceptable to the commission, that at least ninety percent of its annual electricity consumption is met by renewable resources under contracts that meet commission-established additionality and deliverability criteria may receive a partial or full reduction of the surcharge.

(c) The commission shall require each electric corporation to file tariff riders implementing this section and shall establish verification, auditing, and penalty provisions for non-compliance.

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD13962-03-5

3. No utility shall impose or pass the surcharge established pursuant to subdivision two of this section to any customer. Amounts collected pursuant to this section shall be billed only to covered data center accounts and shall not be recovered from any other customer classes.

4. (a) Every utility shall prepare an annual report on collections, expenditures, and measurable system improvements, outage frequency, congestion frequency, or renewable capacity interconnection rates and submit such report to the commission.

(b) The commission shall submit an annual public report to the governor, the temporary president of the senate, and the speaker of the assembly summarizing total collections, disbursements from the grid modernization fund, project status, and quantified outcomes including reliability indices, congestion relief, added hosting capacity, and interconnection processing times.

5. Any funds collected pursuant to this section shall be deposited into the grid modernization fund established pursuant to section eighty-five of the state finance law to finance investments in system reliability, capacity expansion, and integration of clean energy resources.

§ 2. The public authorities law is amended by adding a new section 1005-e to read as follows:

§ 1005-e. Grid modernization surcharge. 1. The authority shall adopt and enforce an equivalent surcharge for covered data center customers served by the authority and shall remit all receipts to the grid modernization fund. The authority shall coordinate with the public service commission to ensure consistency with regulations adopted under section sixty-six-x of the public service law.

2. Such surcharge shall be deposited into the grid modernization fund established pursuant to section eighty-five of the state finance law.

§ 3. The state finance law is amended by adding a new section 85 to read as follows:

§ 85. Grid modernization fund. 1. There is hereby established in the joint custody of the state comptroller and the public service commission, a special fund to be known as the "grid modernization fund".

2. Such fund shall consist of all moneys collected pursuant to subdivision two of section sixty-six-x of the public service law. Nothing contained in this section shall prevent the state from receiving grants, gifts, or bequests for the purposes of the fund as defined in this section and depositing them into the fund according to law.

3. Monies of the fund shall be expended only to finance investments in system reliability, capacity expansion, and integration of clean energy resources.

4. Monies shall be payable from the fund on the audit and warrant of the comptroller on vouchers approved and certified by the public service commission.

§ 4. This act shall take effect one year after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.