

STATE OF NEW YORK

10354--A

IN ASSEMBLY

February 26, 2026

Introduced by M. of A. KELLES, GALLAGHER, SHIMSKY, LEVENBERG, SIMON, DINOWITZ, BURDICK, SHRESTHA -- read once and referred to the Committee on Energy -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public service law, in relation to establishing the New York State grid reliability and energy affordability transition act

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

- 1 Section 1. This act shall be known and may be cited as the "New York
2 State grid reliability and energy affordability transition (GREAT) act".
3 § 2. Legislative findings and declarations. The legislature finds and
4 declares that:
- 5 1. New Yorkers face rising energy costs and grid reliability risks
6 driven by extreme weather, aging infrastructure, and use of expensive,
7 polluting fossil fuel plants to meet peak demand.
- 8 2. A virtual power plant is a coordinated network of energy resources
9 like batteries, electric vehicles, and smart thermostats working togeth-
10 er to help meet the needs of the electric grid. During periods of peak
11 demand for electricity, virtual power plants can reduce demand, supply
12 electricity, and provide other essential grid services, preventing
13 blackouts and lessening the need for costly upgrades to utility infras-
14 tructure.
- 15 3. Virtual power plants can lower electric bills for all ratepayers
16 and reduce emissions of greenhouse gases and other air pollutants, espe-
17 cially from aging "peaker plants" in disadvantaged communities. Virtual
18 power plants also pay participating families and businesses for support-
19 ing the grid, enabling and encouraging them to invest in distributed
20 energy resources and reduce their net energy costs. This can help the
21 state advance its clean energy goals and give customers tools to better
22 manage their energy bills.
- 23 4. Current market rules, complex energy program structures, and inade-
24 quate compensation to participants are preventing New York from using
25 virtual power plants at the scale they are capable of, leaving a great

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

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1 potential source of grid reliability, ratepayer savings and customer
2 benefits untapped.

3 5. Through the Reforming the Energy Vision initiative, the Public
4 Service Commission has taken important steps toward modernizing New
5 York's energy system, encouraging utilities to work proactively with
6 customers and third-party providers to start the integration of distrib-
7 uted energy resources into system planning and operations in order to
8 lower system costs, reduce emissions, meet clean energy targets, and
9 advance other public policy goals. Through this act the legislature
10 provides comprehensive guidance to strengthen, accelerate, and codify
11 those efforts, giving the Commission clear statutory direction to expand
12 distributed energy markets by enhancing existing utility programs, and
13 providing new program opportunities. This act further directs the
14 Commission to reduce program barriers and maximize the benefits of
15 virtual power plants.

16 6. The policy of New York State shall therefore be to establish a
17 statewide virtual power plant program to promote greater use of distrib-
18 uted energy resources to support a cleaner, more affordable, resilient,
19 and reliable electric grid.

20 § 3. The public service law is amended by adding a new article 12 to
21 read as follows:

22 ARTICLE 12

23 VIRTUAL POWER PLANT PROGRAM

24 Section 240. Definitions.

25 241. Virtual power plant program.

26 242. Cost recovery.

27 243. Program targets and performance incentive mechanisms.

28 244. Reporting.

29 § 240. Definitions. Where used in this article, the following terms,
30 unless the context otherwise requires, shall have the following mean-
31 ings:

32 1. "Aggregator" means a person or entity, other than a utility or its
33 affiliate, that enrolls and manages customer participation in the virtu-
34 al power plant program. An aggregator shall not be considered an elec-
35 tric corporation by virtue of its participation in the program.

36 2. "Battery" means a commercially available non-electric vehicle ener-
37 gy storage system utilizing mechanical, chemical or thermal processes to
38 absorb energy generated at one period of time, store such energy for a
39 period of time, and discharge it for use at a later time.

40 3. "Battery rider" means the section of a utility's virtual power
41 plant program tariff that specifies the terms and conditions for battery
42 resource participation.

43 4. "Capacity value" refers to the value from reducing energy usage
44 during the most energy-intensive days of the year.

45 5. "Demand reduction value" means the monetary value of avoided
46 distribution system costs.

47 6. "Demand response" means actions taken by a customer to reduce the
48 amount of electric load supplied by a utility, including through reduced
49 customer consumption or the use of controllable water heaters, smart
50 thermostats and other non-battery technologies.

51 7. "Direct participant" means a customer that enrolls in the virtual
52 power plant program directly with a utility rather than via an aggrega-
53 tor.

54 8. "Disadvantaged community" means a community identified as disadvan-
55 tagged pursuant to the criteria set forth in section 75-0111 of the envi-
56 ronmental conservation law.

1 9. "Distributed energy resource" means batteries, non-battery technol-
2 ogies, and electric vehicles that are capable of reducing or shifting
3 customer load supplied by a utility, generating electricity, storing
4 electricity, and/or discharging electricity to supply customer energy
5 needs and/or export it to the grid.

6 10. "Electric vehicle" means a car, truck, bus or other mobile unit
7 that utilizes electric power stored in an onboard battery for propulsion
8 along with the associated equipment utilized to charge the battery.

9 11. "Electric vehicle rider" means the section of a utility's virtual
10 power plant program tariff that specifies the terms and conditions for
11 electric vehicle resource participation.

12 12. "Eligible customer" means an active residential or small commer-
13 cial electric service account holder of a utility with an eligible
14 device.

15 13. "Eligible device" means customer or third-party-owned distributed
16 energy resources that meet the requirements for participation specified
17 in the relevant virtual power plant program rider.

18 14. "Grid event" means a condition on an electric system in response
19 to which a utility calls upon a virtual power plant to provide a grid
20 service.

21 15. "Grid service" means those services identified in paragraph (a) of
22 subdivision one of section two hundred forty-one of this article.

23 16. "Locational system relief value" means the monetary value of
24 avoided distribution costs in specific geographic locations.

25 17. "Low-to-moderate income customer" means a utility account holder
26 for a household with an income of up to eighty percent of the state
27 median income or area median income, whichever is greater.

28 18. "Non-battery technology" means demand response and customer-sited
29 devices, including but not limited to smart thermostats, water heaters,
30 and other devices that can be controlled to reduce or otherwise modify
31 customer energy consumption.

32 19. "Non-battery rider" means the section of a utility's virtual power
33 plant program tariff that specifies the terms and conditions for non-
34 battery resource participation.

35 20. "Participant" means an aggregator or a direct participant.

36 21. "Performance payment" means the compensation received by a partic-
37 ipant for the amount of grid service delivered or deemed delivered by
38 the customer, device or aggregator during the applicable grid event or
39 grid events.

40 22. "Program rider" means one or more of the following: (a) a battery
41 rider; (b) a non-battery rider; (c) an electric vehicle rider; or (d)
42 any other virtual power plant program rider approved by the commission.

43 23. "System peak load reduction" means a reduction in electricity
44 demand or the amount of electricity supplied by a utility during the
45 highest use periods of the day.

46 24. "Utility" means an electric corporation as defined in section two
47 of this chapter.

48 25. "Utilization factor" means a system or device's capacity used at a
49 particular time as a percentage of the system or device's total capaci-
50 ty.

51 26. "Value of distributed energy resources" means a structured frame-
52 work for determining the component values of distributed energy
53 resources established by the commission.

54 27. "Virtual power plant" means an aggregation of distributed energy
55 resources operated in coordination to provide one or more grid services.

1 28. "Virtual power plant program tariff" or "tariff" means the commis-
2 sion approved standardized terms and conditions, including formal pric-
3 ing schedules and operating rules, governing aggregator and customer
4 participation and utility operation of the virtual power plant program.

5 § 241. Virtual power plant program. 1. No later than ninety days after
6 the effective date of this article, each utility shall file with the
7 commission a virtual power plant program proposal including standard
8 terms and conditions for participation and compensation in accordance
9 with the requirements of this article. Each utility shall post its
10 proposal in a conspicuous and easily accessible place on its website.
11 The commission shall provide public notice of each utility's proposal,
12 and provide opportunity for the public and parties to the case to
13 comment for a period of not less than sixty days, and provide such other
14 opportunity for public input as the commission determines appropriate.
15 The commission shall conduct at least two public hearings on each utili-
16 ty's proposal following the public comment period. Public hearings shall
17 be held within the utility's service territory, at least one of which
18 shall be held in a disadvantaged community within such territory, and
19 shall offer video participation and any other measures the commission
20 deems appropriate to ensure accessibility. Within ninety days of a util-
21 ity filing its proposal, the commission shall, after consideration of
22 all public and party comments, approve, or approve with modifications,
23 the virtual power plant program. Within thirty days of final approval by
24 the commission, the utility shall file a virtual power plant program
25 tariff proposal with the commission for program implementation. No later
26 than forty-five days after a utility files a tariff proposal, the
27 commission shall approve, or approve with modification, the proposed
28 tariff for immediate implementation. Upon such approval, the utility
29 shall update its website with the final approved program and provide
30 additional customer education materials and such other content as the
31 commission may direct or approve on its website. Such materials and
32 other content shall be distributed through bill inserts and such other
33 means deemed appropriate by the commission to sufficiently educate rate-
34 payers of the program's existence, benefits, and how to participate.

35 (a) The program filed pursuant to this subdivision shall include a
36 battery rider and a non-battery rider, and may include a separate elec-
37 tric vehicle rider for eligible customers to enroll eligible devices
38 into the applicable rider for their respective technologies. Each rider
39 shall independently, at a minimum, provide a system peak load reduction
40 service offering, and may provide additional grid service offerings,
41 including, but not limited to:

42 (i) clean peak service to reduce reliance on fossil fuel generation
43 during peak demand periods;

44 (ii) congestion relief, system utilization factor improvement,
45 location specific demand reduction, and other location specific
46 services;

47 (iii) avoidance or deferral of need to construct new or upgrade exist-
48 ing components of the distribution system;

49 (iv) ancillary services, including but not limited to voltage support
50 and frequency regulation; and

51 (v) such other grid services as the commission may direct or otherwise
52 deem are in the public interest.

53 (b) The program filed pursuant to this subdivision shall provide oper-
54 ating parameters and related terms for each grid service offered under
55 each technology specific rider, which shall include:

1 (i) the minimum and maximum numbers of grid events the utility may
2 call;

3 (ii) the months of the year that grid events may occur;

4 (iii) days of the week that grid events may occur;

5 (iv) times of day that grid events may occur;

6 (v) maximum duration of grid events;

7 (vi) day-ahead notification of grid events, along with ability to call
8 events on a day-of basis for grid services or grid events that are not
9 or cannot be forecasted on a day-ahead basis;

10 (vii) a list of eligible devices; and

11 (viii) customer protections for direct participants and customers
12 participating through an aggregator; and

13 (ix) such other provisions as the commission may direct or otherwise
14 deem appropriate.

15 (c) If a utility does not include an electric vehicle rider as part of
16 the utility's initial filing pursuant to this subdivision, such utility
17 shall file for commission approval of such rider no later than two years
18 after the effective date of this article.

19 (i) The electric vehicle rider shall, at a minimum:

20 (1) offer opportunities for program participants to provide system
21 peak load reduction services. The rider may also offer opportunities to
22 provide additional grid services identified in paragraph (a) of this
23 subdivision.

24 (2) address the parameters identified in paragraph (b) of this subdi-
25 vision for each grid service offering.

26 (3) be posted by the utility in a conspicuous and easily accessible
27 place on the utility's website.

28 (ii) The commission shall provide public notice of each utility's
29 electric vehicle rider proposal, if not part of the initial filing
30 pursuant to this subdivision. The provisions and timeframes for commis-
31 sion approvals and for implementation provided in paragraph (a) of this
32 subdivision shall apply to the electric vehicle rider, except that the
33 public hearing requirement shall be waived.

34 (d) On an annual basis on such date as directed by the commission,
35 each utility shall file a report identifying any grid service listed in
36 paragraph (b) of this subdivision that is not included as a grid service
37 offering for any rider then in effect. Each report shall discuss any
38 grid conditions, technology constraints or other circumstances prevent-
39 ing the utility from including such grid service offerings and provide
40 an assessment of what conditions or circumstances would need to be in
41 place to incorporate such offerings in the respective riders. Such
42 reports shall be subject to comment by the parties to the rider and the
43 public. The commission may direct utilities to submit for commission
44 approval additional grid service offerings under one or more riders as
45 the commission deems appropriate.

46 2. The virtual power plant program, inclusive of the respective riders
47 filed pursuant to subdivision one of this section, shall include the
48 following additional terms and conditions:

49 (a) Provisions for the participation of aggregators, including the
50 ability to directly enroll, unenroll and otherwise manage their custom-
51 ers' participation, receive dispatch instructions and other communi-
52 cations from the utility, receive program payments directly from the
53 utility, and other customer protections determined by the commission.

54 (b) (i) Provisions for direct participant customers to enroll and
55 participate through the utility, disenroll from the program without
56 penalty, receive dispatch signals and other communications from the

1 utility, deliver performance measurement and verification data to the
2 utility, and receive program payments directly from the utility.

3 (ii) Provisions for customers who participate via an aggregator to
4 enroll and participate through such aggregator, disenroll from the
5 program without penalty, receive dispatch signals and other communi-
6 cations from such aggregator, deliver performance measurement and
7 verification data to such aggregator, and receive program payments
8 directly from such aggregator.

9 (c) Provisions for device eligibility which shall allow for partic-
10 ipation of new and existing distributed energy resources on a non-dis-
11 crimatory basis.

12 (d) Program participation compensation through performance payments as
13 follows:

14 (i) The commission shall approve performance payment rates for the
15 system peak load reduction service in the form of a dollar per kilowatt
16 value that is no lower than the sum of the capacity value and the demand
17 reduction value using the most recent information for such value compo-
18 nents as provided in the commission's value of distributed energy
19 resources proceeding, or any successor proceeding, for each utility.

20 (ii) The commission shall approve performance payment rates for
21 resources providing locational system relief services in the form of a
22 dollar per kilowatt value no lower than the locational system relief
23 value using the most recent information provided in the commission's
24 value of distributed energy resources proceeding, or any successor
25 proceeding.

26 (iii) For a period of no less than four years from the effective date
27 of this article, the demand reduction value for establishing the system
28 peak load reduction service performance payment rate shall be calculated
29 based on the system-wide average of a utility's long-run, non-zero
30 marginal cost of service, inclusive of all substation areas with non-
31 zero costs.

32 (iv) For a period of no less than four years from the effective date
33 of this article, the locational system relief value for establishing the
34 locational system relief service performance payment rate shall be
35 calculated based on a single level of locational system relief value for
36 each utility, reflecting the threshold level at which a utility's costs
37 are significantly higher than costs on average on a system-wide basis.
38 The locational system relief value shall relate to no less than ten
39 percent of a company's service areas for no less than five years from
40 the effective date of this article.

41 (v) The commission shall utilize the demand reduction value, location-
42 al system relief value, and other values calculated pursuant to the
43 commission's value of distributed energy resources proceeding, or any
44 successor proceeding, and such other related valuation considerations to
45 establish performance payment rates, or such other compensation rates as
46 the commission determines appropriate, for other grid service offerings
47 approved under the program other than the system peak reduction service
48 and locational system peak reduction service, provided that such rates
49 reflect fair value for the service provided.

50 (vi) Participants shall receive the performance payment rate approved
51 for a grid service that is applicable at the time of enrollment for a
52 period of five years. After such five-year period, a participant may
53 reenroll in the program at the then applicable rate for subsequent five-
54 year terms.

55 (vii) Participants shall be eligible to provide multiple grid services
56 under multiple technology riders and receive compensation for each grid

1 service pursuant to each rider; provided, however, that the grid value
2 delivered under one service is incremental to that provided under another
3 service.

4 (viii) Customers shall have the option to receive performance payments
5 directly or to assign such payments to a third-party.

6 (ix) Performance payments shall be made by a utility to the applicable
7 customer or third-party designated by the customer no less than once per
8 year, but may be made more frequently, as approved by the commission. A
9 utility shall provide performance payments in the form of a check or
10 electronic transfer of funds, such as direct deposit or other ACH
11 payment, or as a direct bill credit.

12 (x) The commission shall periodically review performance payment rates
13 in relation to a utility's performance in achieving the participation
14 targets established in section two hundred forty-three of this article.

15 (e) Provisions to measure device performance, where:

16 (i) Battery performance shall be measured directly at the inverter;
17 and

18 (ii) Non-battery and electric vehicle technology performance may be
19 measured directly at the device or through such other methodologies as
20 the commission may approve.

21 (f) Performance payment compensation calculations and methodologies,
22 where:

23 (i) System peak load reduction service and locational services
24 provided under a battery rider shall be compensated based on the appli-
25 cable performance payment rate multiplied by the average battery
26 performance as measured at the inverter during grid events over the
27 course of the applicable measurement period. The commission may adopt
28 the same or alternative methodologies to calculate compensation for
29 other grid services offered under a battery rider as the commission
30 deems appropriate.

31 (ii) The commission shall provide methodologies to calculate compen-
32 sation for grid services offered under non-battery and electric vehicle
33 riders taking into account the ability to directly measure performance
34 from the respective eligible technologies, costs of facilitating direct
35 measurement, and related considerations.

36 (g) A utility shall not assess penalties on direct participants or
37 customers participating via an aggregator under this program; provided,
38 however, that the commission may approve reasonable mechanisms to disen-
39 roll participants for continued non-performance.

40 (h) Provisions allowing customers to co-participate in other programs
41 and provide multiple grid services across riders within the virtual
42 power plant program, where:

43 (i) Customers may co-participate in the net metering, value of
44 distributed energy resources, and any other applicable interconnection
45 tariff approved by the commission. Net metering customers shall not be
46 required to transition to a value of distributed energy resources or
47 other non-net metering interconnection tariff to participate in the
48 program.

49 (ii) Customers may co-participate in one or more program riders and
50 provide multiple grid services within each rider. Customers may partic-
51 ipate in other grid service programs outside the virtual power plant
52 program, including wholesale market programs where otherwise permitted,
53 so long as such value is distinct from that provided under the virtual
54 power plant program.

55 3. The following additional terms shall apply to the virtual power
56 plant program:

1 (a) Participating aggregators shall: (i) make customer performance
2 data and related customer specific information available to the customer
3 upon request for visibility into device performance under the program;
4 (ii) provide a clear and prominently displayed statement on the applica-
5 tion form and customer portal that such information is available upon
6 request and disclosing that the operation, power consumption, or power
7 discharge of the customer's enrolled devices may be remotely adjusted,
8 curtailed, or dispatched by the aggregator during grid events, subject
9 to the customer's right to physically or digitally override such adjust-
10 ments; (iii) include reasonable terms and conditions for customers to
11 disenroll from the program without penalty; (iv) not sell, trade, or
12 otherwise provide customer data related to participation in a virtual
13 power plant program, except as authorized by this article, and without
14 the written consent of such customer; and (v) establish robust proce-
15 dures and practices to protect customer data.

16 (b) The commission shall adopt other reasonable requirements for
17 participation consistent with this subdivision; provided, however, that
18 collateral or other financial commitments from aggregators or direct
19 participants shall not be required as a condition for participation.

20 (c) Utility-owned distributed energy resources shall not be eligible
21 to participate in the program. Utilities and utility affiliates may not
22 be aggregators.

23 (d) Utilities shall provide non-discriminatory access to customer
24 data, hosting capacity data, and other grid data to facilitate: (i)
25 program enrollment; (ii) identification of grid support needs; and (iii)
26 other program participation considerations for customers, distributed
27 energy resource developers and aggregators. No later than one year after
28 the effective date of this article the commission shall promulgate rules
29 allowing customers timely data sharing and third-party access, as neces-
30 sary, to grid data.

31 (e) Utilities may, upon review by and with the consent of the commis-
32 sion, engage third-party distributed energy resource management system
33 providers for program administration and other program support, provided
34 that such third-party distributed energy resource management system
35 provider is not an aggregator under this article.

36 (f) Each electric corporation shall take all necessary steps to facil-
37 itate and streamline the processes required for virtual power plant
38 participation. Such efforts shall include, but not be limited to, reduc-
39 ing administrative barriers and transaction costs for virtual power
40 plant participants and adopting standardized processes to simplify and
41 ensure timely: (i) interconnection; (ii) data sharing and automated
42 system integration with third-party aggregators; (iii) administrative
43 and logistical coordination for mass-market enrollment; (iv) performance
44 verification and payment settlement; and (v) such other measures as the
45 commission may direct.

46 (g) (i) Prior to enrollment with an aggregator, each customer shall
47 receive information in plain language, which shall include: (1) the
48 rights of customers under the program; (2) how to disenroll or temporar-
49 ily suspend participation in the program; and (3) examples of when an
50 aggregator may affect utility service under the program.

51 (ii) Such information shall also be made available on the department's
52 website as well as each participating utility's website.

53 § 242. Cost recovery. 1. Utilities may recover prudently incurred
54 costs to facilitate administration and implementation of a virtual power
55 plant program established pursuant to this article, as determined by the
56 commission, including but not limited to distributed energy resource

1 management system provider and other service contract costs, operations
2 and maintenance expenses, information technology costs, and such other
3 costs, expenses and investments the commission finds necessary and
4 prudent for the development and implementation of the program.

5 2. Utilities may recover the cost of program payments made to partic-
6 ipants through cost recovery mechanisms approved by the commission.

7 3. The commission may, at its discretion, allow a just and reasonable
8 rate of return on costs approved pursuant to this section. The commis-
9 sion shall take any such allowance into account when developing the
10 performance incentive structure pursuant to section two hundred forty-
11 three of this article.

12 § 243. Program targets and performance incentive mechanisms. 1. No
13 later than one year after the effective date of this article, the
14 commission shall, after notice and opportunity for public comment,
15 establish system peak load reduction targets and performance incentive
16 mechanisms for a virtual power plant program for each utility and guid-
17 ance to ensure robust initial participant engagement and growth of
18 virtual power plant programs. Each such target shall: (a) be established
19 for a minimum period of ten years; (b) include increasing annual bench-
20 marks; and (c) be structured as a percentage of a utility system's peak
21 demand to ensure the program scales dynamically with load growth.

22 2. The commission shall adopt performance incentive mechanisms for
23 achieving or exceeding the targets established for each year of the
24 performance period. The commission may include as part of the perform-
25 ance incentive mechanism: (a) performance metrics; (b) publicly-accessi-
26 ble data dashboards, scorecards, and other tracking tools; (c) financial
27 incentives and financial penalties for failure to meet performance
28 targets; and (d) such other mechanisms appropriate to track performance
29 and create financial incentive structures to motivate the utility to
30 achieve performance targets.

31 3. The commission shall develop program performance incentive mech-
32 anisms for additional grid services as the commission deems appropriate.

33 4. The commission shall design the virtual power plant program in a
34 manner to provide substantial benefits for disadvantaged communities,
35 which shall include consideration of proposals to deploy virtual power
36 plants in order to reduce the usage of combustion-powered peaking facil-
37 ities located in or near disadvantaged communities; for low or moderate
38 income end-use consumers; and for maximum consumer cost reductions at a
39 reasonable cost.

40 § 244. Reporting. Each utility shall file an annual report at a date
41 determined by the commission that shall include, at minimum:

42 1. the total participants enrolled in each virtual power plant program
43 rider broken out by technology type, customer class, and aggregator vs.
44 direct participants for each grid service offered in the prior calendar
45 year;

46 2. estimated cost reductions as a result of the virtual power plant
47 program and how such reductions are reflected in customer bill savings;

48 3. recommendations to increase participation in the virtual power
49 plant program; and

50 4. such other information as the commission may require.

51 § 4. This act shall take effect immediately.