STATE OF NEW YORK

9500--A

IN SENATE

March 18, 2026

Introduced by Sens. HINCHEY, GONZALEZ, MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Energy and Telecommunications -- 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:

Section 1. This act shall be known and may be cited as the "New York State grid reliability and energy affordability transition (GREAT) act".

§ 2. Legislative findings and declarations. The legislature finds and declares that:

1. New Yorkers face rising energy costs and grid reliability risks driven by extreme weather, aging infrastructure, and use of expensive, polluting fossil fuel plants to meet peak demand.

2. A virtual power plant is a coordinated network of energy resources like batteries, electric vehicles, and smart thermostats working together to help meet the needs of the electric grid. During periods of peak demand for electricity, virtual power plants can reduce demand, supply electricity, and provide other essential grid services, preventing blackouts and lessening the need for costly upgrades to utility infrastructure.

3. Virtual power plants can lower electric bills for all ratepayers and reduce emissions of greenhouse gases and other air pollutants, especially from aging "peaker plants" in disadvantaged communities. Virtual power plants also pay participating families and businesses for supporting the grid, enabling and encouraging them to invest in distributed energy resources and reduce their net energy costs. This can help the state advance its clean energy goals and give customers tools to better manage their energy bills.

4. Current market rules, complex energy program structures, and inadequate compensation to participants are preventing New York from using 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.

LBD14809-08-6

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

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

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

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

ARTICLE 12

VIRTUAL POWER PLANT PROGRAM

§ 240. Definitions. Where used in this article, the following terms, unless the context otherwise requires, shall have the following meanings:

1. "Aggregator" means a person or entity, other than a utility or its affiliate, that enrolls and manages customer participation in the virtual power plant program. An aggregator shall not be considered an electric corporation by virtue of its participation in the program.

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

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

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

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

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

7. "Direct participant" means a customer that enrolls in the virtual power plant program directly with a utility rather than via an aggregator.

8. "Disadvantaged community" means a community identified as disadvantaged pursuant to the criteria set forth in section 75-0111 of the environmental conservation law.

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

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

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

12. "Eligible customer" means an active residential or small commercial electric service account holder of a utility with an eligible device.

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

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

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

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

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

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

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

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

21. "Performance payment" means the compensation received by a participant for the amount of grid service delivered or deemed delivered by the customer, device or aggregator during the applicable grid event or grid events.

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

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

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

25. "Utilization factor" means a system or device's capacity used at a particular time as a percentage of the system or device's total capacity.

26. "Value of distributed energy resources" means a structured framework for determining the component values of distributed energy resources established by the commission.

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

28. "Virtual power plant program tariff" or "tariff" means the commission approved standardized terms and conditions, including formal pricing schedules and operating rules, governing aggregator and customer participation and utility operation of the virtual power plant program.

§ 241. Virtual power plant program. 1. No later than ninety days after the effective date of this article, each utility shall file with the commission a virtual power plant program proposal including standard terms and conditions for participation and compensation in accordance with the requirements of this article. Each utility shall post its proposal in a conspicuous and easily accessible place on its website. The commission shall provide public notice of each utility's proposal, and provide opportunity for the public and parties to the case to comment for a period of not less than sixty days, and provide such other opportunity for public input as the commission determines appropriate. The commission shall conduct at least two public hearings on each utility's proposal following the public comment period. Public hearings shall be held within the utility's service territory, at least one of which shall be held in a disadvantaged community within such territory, and shall offer video participation and any other measures the commission deems appropriate to ensure accessibility. Within ninety days of a utility filing its proposal, the commission shall, after consideration of all public and party comments, approve, or approve with modifications, the virtual power plant program. Within thirty days of final approval by the commission, the utility shall file a virtual power plant program tariff proposal with the commission for program implementation. No later than forty-five days after a utility files a tariff proposal, the commission shall approve, or approve with modification, the proposed tariff for immediate implementation. Upon such approval, the utility shall update its website with the final approved program and provide additional customer education materials and such other content as the commission may direct or approve on its website. Such materials and other content shall be distributed through bill inserts and such other means deemed appropriate by the commission to sufficiently educate ratepayers of the program's existence, benefits, and how to participate.

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

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

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

(iii) avoidance or deferral of need to construct new or upgrade existing components of the distribution system;

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

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

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

(i) the minimum and maximum numbers of grid events the utility may call;
(ii) the months of the year that grid events may occur;
(iii) days of the week that grid events may occur;
(iv) times of day that grid events may occur;
(v) maximum duration of grid events;
(vi) day-ahead notification of grid events, along with ability to call events on a day-of basis for grid services or grid events that are not or cannot be forecasted on a day-ahead basis;
(vii) a list of eligible devices; and
(viii) customer protections for direct participants and customers participating through an aggregator; and
(ix) such other provisions as the commission may direct or otherwise deem appropriate.
(c) If a utility does not include an electric vehicle rider as part of the utility's initial filing pursuant to this subdivision, such utility shall file for commission approval of such rider no later than two years after the effective date of this article.
(i) The electric vehicle rider shall, at a minimum:
(1) offer opportunities for program participants to provide system peak load reduction services. The rider may also offer opportunities to provide additional grid services identified in paragraph (a) of this subdivision.
(2) address the parameters identified in paragraph (b) of this subdivision for each grid service offering.
(3) be posted by the utility in a conspicuous and easily accessible place on the utility's website.
(ii) The commission shall provide public notice of each utility's electric vehicle rider proposal, if not part of the initial filing pursuant to this subdivision. The provisions and timeframes for commission approvals and for implementation provided in paragraph (a) of this subdivision shall apply to the electric vehicle rider, except that the public hearing requirement shall be waived.
(d) On an annual basis on such date as directed by the commission, each utility shall file a report identifying any grid service listed in paragraph (b) of this subdivision that is not included as a grid service offering for any rider then in effect. Each report shall discuss any grid conditions, technology constraints or other circumstances preventing the utility from including such grid service offerings and provide an assessment of what conditions or circumstances would need to be in place to incorporate such offerings in the respective riders. Such reports shall be subject to comment by the parties to the rider and the public. The commission may direct utilities to submit for commission approval additional grid service offerings under one or more riders as the commission deems appropriate.
2. The virtual power plant program, inclusive of the respective riders filed pursuant to subdivision one of this section, shall include the following additional terms and conditions:
(a) Provisions for the participation of aggregators, including the ability to directly enroll, unenroll and otherwise manage their customers' participation, receive dispatch instructions and other communications from the utility, receive program payments directly from the utility, and other customer protections determined by the commission.
(b) (i) Provisions for direct participant customers to enroll and participate through the utility, disenroll from the program without penalty, receive dispatch signals and other communications from the

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

(ii) Provisions for customers who participate via an aggregator to enroll and participate through such aggregator, disenroll from the program without penalty, receive dispatch signals and other communications from such aggregator, deliver performance measurement and verification data to such aggregator, and receive program payments directly from such aggregator.

(c) Provisions for device eligibility which shall allow for participation of new and existing distributed energy resources on a non-discriminatory basis.

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

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

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

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

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

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

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

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

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

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

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

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

(e) Provisions to measure device performance, where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Utilities may recover the cost of program payments made to participants through cost recovery mechanisms approved by the commission.

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

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

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

3. The commission shall develop program performance incentive mechanisms for additional grid services as the commission deems appropriate.

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

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

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

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

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

4. such other information as the commission may require.

§ 4. This act shall take effect immediately.