

STATE OF NEW YORK

10354

IN ASSEMBLY

February 26, 2026

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

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

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

LBD14809-02-6

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

Section 240. Definitions.

241. Virtual power plant program.

242. Cost recovery.

243. Program targets and performance incentive mechanisms.

244. Reporting.

§ 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

1 customer load supplied by a utility, generating electricity, storing
2 electricity, and/or discharging electricity to supply customer energy
3 needs and/or export it to the grid.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

49 26. "Value of distributed energy resources" means a structured frame-
50 work for determining the component values of distributed energy
51 resources established by the commission in Case 15-E-0751, or any
52 successor proceeding.

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

55 28. "Virtual power plant program tariff" or "tariff" means the commis-
56 sion approved standardized terms and conditions, including formal pric-

ing 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, assign a case number in the commission's document and matter management system, 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;

1 (ii) the months of the year that grid events may occur;
2 (iii) days of the week that grid events may occur;
3 (iv) times of day that grid events may occur;
4 (v) maximum duration of grid events;
5 (vi) day-ahead notification of grid events, along with ability to call
6 events on a day-of basis for grid services or grid events that are not
7 or cannot be forecasted on a day-ahead basis;
8 (vii) a list of eligible devices; and
9 (viii) such other provisions as the commission may direct or otherwise
10 deem appropriate.

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

15 (i) The electric vehicle rider shall, at a minimum:
16 (1) offer opportunities for program participants to provide system
17 peak load reduction services. The rider may also offer opportunities to
18 provide additional grid services identified in paragraph (a) of this
19 subdivision.

20 (2) address the parameters identified in paragraph (b) of this subdivi-
21 vision for each grid service offering.

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

24 (ii) The commission shall provide public notice of each utility's
25 electric vehicle rider proposal and assign a case number in the commis-
26 sion's document and matter management system. The provisions and time-
27 frames for commission approvals and for implementation provided in para-
28 graph (a) of this subdivision shall apply to the electric vehicle rider,
29 except that the public hearing requirement shall be waived.

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

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

45 (a) Provisions for the participation of aggregators, including the
46 ability to directly enroll, unenroll and otherwise manage their custom-
47 ers' participation, receive dispatch instructions and other communi-
48 cations from the utility, and receive program payments directly from the
49 utility.

50 (b) Provisions for direct participant customers to enroll and partic-
51 ipate through the utility, disenroll from the program without penalty,
52 receive dispatch signals and other communications from the utility,
53 deliver performance measurement and verification data to the utility,
54 and receive program payments directly from the utility. Any provisions
55 implementing this subdivision that necessitate the installation of
56 communications or other equipment to enable direct participation via the

1 utility shall apply to direct participant customers only and shall not
2 be required of customers who participate via an aggregator or to custom-
3 ers who do not participate in the program.

4 (c) Provisions for device eligibility which shall allow for partic-
5 ipation of new and existing distributed energy resources on a non-dis-
6 crimINARY basis.

7 (d) Distributed energy resource deployment incentives through upfront
8 payments as follows:

9 (i) Battery rider participants shall be eligible to receive upfront
10 payments through the energy storage incentive program administered by
11 the New York state energy research and development authority, its
12 successor program, and such other programs as may be available. The
13 commission shall consult and work with the New York state energy
14 research and development authority to provide low-to-moderate income
15 customers and customers located in disadvantaged communities a higher
16 upfront payment value. Customers receiving such upfront payments shall
17 be subject to conditions established by the New York state energy
18 research and development authority.

19 (ii) All program participants shall be eligible to receive federal and
20 other state incentives, whether in the form of upfront payments, tax
21 credits, rebates or otherwise, in addition to the upfront payments
22 provided in subparagraph (i) of this paragraph and the performance-based
23 compensation provided in paragraph (e) of this subdivision. Where possi-
24 ble, the commission shall coordinate with the New York state energy
25 research and development authority and other state and federal agencies
26 to determine the value of upfront payments and support customer access
27 to such payments, including higher upfront payments for low-to-moderate
28 income customers and customers located in disadvantaged communities.

29 (e) Program participation compensation through performance payments as
30 follows:

31 (i) The commission shall approve performance payment rates for the
32 system peak load reduction service in the form of a dollar per kilowatt
33 value that is no lower than the sum of the capacity value and the demand
34 reduction value using the most recent information for such value compo-
35 nents as provided in the commission's value of distributed energy
36 resources proceeding, case no. 15-E-0751 or any successor proceeding,
37 for each utility.

38 (ii) The commission shall approve performance payment rates for
39 resources providing locational system relief services in the form of a
40 dollar per kilowatt value no lower than the locational system relief
41 value using the most recent information provided in the commission's
42 value of distributed energy resources proceeding, case no. 15-E-0751 or
43 any successor proceeding.

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

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

1 percent of a company's service areas for no less than five years from
2 the effective date of this article.

3 (v) The commission shall utilize the demand reduction value, location-
4 al system relief value, and other values calculated pursuant to the
5 commission's value of distributed energy resources proceeding, case no.
6 15-E-0751, or any successor proceeding, and such other related valuation
7 considerations to establish performance payment rates, or such other
8 compensation rates as the commission determines appropriate, for other
9 grid service offerings approved under the program other than the system
10 peak reduction service and locational system peak reduction service,
11 provided that such rates reflect fair value for the service provided.

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

17 (vii) Participants shall be eligible to provide multiple grid services
18 under multiple technology riders and receive compensation for each grid
19 service pursuant to each rider; provided, however, that the grid value
20 delivered under one service is incremental to that provided under another
21 service.

22 (viii) Customers shall have the option to receive upfront payments and
23 performance payments directly or to assign such payments to a third-party.
24

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

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

34 (f) Provisions to measure device performance, where:

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

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

40 (g) Performance payment compensation calculations and methodologies,
41 where:

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

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

1 (h) A utility may not assess penalties under this program; provided,
2 however, that the commission may approve reasonable mechanisms to disen-
3 roll participants for continued non-performance.

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

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

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

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

21 (a) Participating aggregators shall make customer performance data and
22 related customer specific information available to the customer upon
23 request for visibility into device performance under the program.
24 Aggregators shall provide a clear and prominently displayed statement on
25 the application form and customer portal that such information is avail-
26 able upon request. Aggregators shall include reasonable terms and condi-
27 tions for customers to disenroll from the program without penalty;
28 provided, however, that aggregators may include reasonable terms to
29 recoup monies from the customer that the aggregator is obligated to pay
30 back to the New York state energy research and development authority or
31 other entities as a result of a customer breach of commitment.

32 (b) The commission may adopt other reasonable requirements for partic-
33 ipation consistent with this subdivision; provided, however, that colla-
34 teral or other financial commitments from aggregators or direct partic-
35 ipants shall not be required as a condition for participation.

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

39 (d) Utilities shall provide non-discriminatory access to customer
40 data, hosting capacity data, and other grid data to facilitate: (i)
41 program enrollment; (ii) identification of grid support needs; and (iii)
42 other program participation considerations for customers, distributed
43 energy resource developers and aggregators. No later than one year after
44 the effective date of this article the commission shall promulgate rules
45 allowing customers timely data sharing and third-party access to grid
46 data, provided that such rules shall not place undue burdens on such
47 access.

48 (e) Utilities may engage third-party distributed energy resource
49 management system providers for program administration and other program
50 support.

51 (f) Each electric corporation shall take all necessary steps to facil-
52 itate and streamline the processes required for virtual power plant
53 participation. Such efforts shall include, but not be limited to, reduc-
54 ing administrative barriers and transaction costs for virtual power
55 plant participants and adopting standardized processes to simplify and
56 ensure timely: (i) interconnection; (ii) data sharing and automated

1 system integration with third-party aggregators; (iii) administrative
2 and logistical coordination for mass-market enrollment; (iv) performance
3 verification and payment settlement; and (v) such other measures as the
4 commission may direct.

5 § 242. Cost recovery. 1. Utilities may recover prudently incurred
6 costs to facilitate administration and implementation of a virtual power
7 plant program established pursuant to this article, including but not
8 limited to distributed energy resource management system provider and
9 other service contract costs, operations and maintenance expenses,
10 information technology costs, and such other costs, expenses and invest-
11 ments the commission finds necessary and prudent for the development and
12 implementation of the program.

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

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

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

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

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

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

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

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

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

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

52 § 4. This act shall take effect immediately.