

STATE OF NEW YORK

10354--B

IN ASSEMBLY

February 26, 2026

Introduced by M. of A. KELLES, GALLAGHER, SHIMSKY, LEVENBERG, SIMON, DINOWITZ, BURDICK, SHRESTHA, OTIS -- read once and referred to the Committee on Energy -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported and referred to the Committee on Ways and Means -- 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 together
10 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 infrastructure.
14

15 3. Virtual power plants can lower electric bills for all ratepayers
16 and reduce emissions of greenhouse gases and other air pollutants, especially
17 from aging "peaker plants" in disadvantaged communities. Virtual
18 power plants also pay participating families and businesses for supporting
19 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.

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

LBD14809-09-6

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 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

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 a utility's 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.

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

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

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

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

15 12. "Eligible customer" means an active residential electric service
16 account holder of a utility with an eligible device.

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

20 14. "Grid-edge distributed energy management system" means a third-
21 party software platform capable of communicating, optimizing and facili-
22 tating the participation of behind-the-meter distributed energy
23 resources to provide grid services.

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

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

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

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

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

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

41 21. "Participant" means an aggregator or a direct participant.

42 22. "Performance payment" means the compensation received by a partic-
43 ipant for the amount of grid service delivered or deemed delivered by
44 the customer, device or aggregator during the applicable grid event or
45 grid events.

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

49 24. "Small commercial customer" means a non-residential customer of a
50 utility with an onsite behind-the-meter distributed energy resource with
51 a rated capacity of seven hundred fifty kilowatts of alternating current
52 or lower.

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

1 26. "Utility" means an electric corporation as defined in section two
2 of this chapter.

3 27. "Utilization factor" means a system or device's capacity used at a
4 particular time as a percentage of the system or device's total capaci-
5 ty.

6 28. "Value of distributed energy resources" means a structured frame-
7 work for determining the component values of distributed energy
8 resources established by the commission.

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

11 30. "Virtual power plant program tariff" or "tariff" means the commis-
12 sion approved standardized terms and conditions, including formal pric-
13 ing schedules and operating rules, governing aggregator and customer
14 participation and utility operation of the virtual power plant program.

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

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

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

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

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

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

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

7 (b) The program filed pursuant to this subdivision shall provide oper-
8 ating parameters and related terms for each grid service offered under
9 each technology specific rider, which may be incorporated into existing
10 programs for residential customers or as new programs for such custom-
11 ers, and which shall include:

12 (i) the minimum and maximum numbers of grid events the utility may
13 call;

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

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

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

17 (v) maximum duration of grid events;

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

21 (vii) a list of eligible devices; and

22 (viii) customer protections for direct participants and customers
23 participating through an aggregator; and

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

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

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

31 (1) offer opportunities for program participants to provide system
32 peak load reduction services. The rider may also offer opportunities to
33 provide additional grid services identified in paragraph (a) of this
34 subdivision.

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

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

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

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

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

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

9 (b) Provisions for direct participant customers to enroll and partic-
10 ipate through the utility, disenroll from the program without penalty,
11 receive dispatch signals and other communications from the utility,
12 deliver performance measurement and verification data to the utility,
13 and receive program payments directly from the utility.

14 (c) Provisions for device eligibility which shall allow for partic-
15 ipation of new and existing distributed energy resources on a non-dis-
16 criminatory basis.

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

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

25 (ii) Where applicable, the commission shall approve performance
26 payment rates for resources located in areas designated as a locational
27 system relief value area in the form of a dollar per kilowatt value no
28 lower than the locational system relief value using the most recent
29 information provided in the commission's value of distributed energy
30 resources proceeding, or any successor proceeding.

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

37 (iv) For a period of no less than four years from the effective date
38 of this article, the locational system relief value component for estab-
39 lishing the system peak load reduction service performance payment rate
40 shall be calculated based on a single level of locational system relief
41 value for each utility, reflecting the threshold level at which a utili-
42 ty's costs are significantly higher than costs on average on a system-
43 wide basis. The locational system relief value shall relate to no less
44 than ten percent of a company's service areas for no less than five
45 years from the effective date of this article.

46 (v) For a period of no less than four years from the effective date of
47 this article, the capacity value for establishing the system peak load
48 reduction service performance payment rate shall be calculated as the
49 average market clearing price across the utility territory for the prior
50 calendar year. After such four-year period, the commission may continue
51 to use this method or adopt an alternative methodology to calculate the
52 capacity value component.

53 (vi) The commission shall utilize the demand reduction value, loca-
54 tional system relief value, and other values calculated pursuant to the
55 commission's value of distributed energy resources proceeding, or any
56 successor proceeding, and such other related valuation considerations to

1 establish performance payment rates, or such other compensation rates as
2 the commission determines appropriate, for other grid service offerings
3 approved under the program other than the system peak reduction service,
4 provided that such rates reflect fair value for the service provided.

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

10 (viii) Participants shall be eligible to provide multiple grid
11 services under multiple technology riders and receive compensation for
12 each grid service pursuant to each rider; provided, however, that the
13 grid value delivered under one service is incremental to that provided
14 under another service.

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

17 (x) Performance payments shall be made by a utility to the applicable
18 customer or third-party designated by the customer no less than once per
19 year, but may be made more frequently, as approved by the commission. A
20 utility shall provide performance payments in the form of a check or
21 electronic transfer of funds, such as direct deposit or other ACH
22 payment. The utility may provide customers the option to receive
23 performance payments as a direct bill credit, but shall not require such
24 payments to be issued in such manner.

25 (xi) The commission shall periodically review performance payment
26 rates in relation to a utility's performance in achieving the partic-
27 ipation targets established in section two hundred forty-three of this
28 article. The commission may increase the performance payment rates as
29 it determines appropriate to achieve the participation targets.

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

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

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

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

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

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

51 (g) A utility shall not assess penalties on customers or aggregators
52 under this program; provided, however, that the commission may approve
53 reasonable mechanisms to disenroll participants for continued non-per-
54 formance.

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

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

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

16 (i) Notwithstanding the provisions of subdivision one of this section,
17 each utility shall update the participation rules for battery storage
18 resources to participate in the direct load control program approved by
19 the commission in the commission proceeding to develop dynamic load
20 management programs, or any successor proceeding. Such revisions to the
21 direct load control program shall be made to comply with the directives
22 set forth in this subdivision as applicable to batteries in time to be
23 effective for the two thousand twenty-seven program year. Such revisions
24 to the direct load control programs may occur through the process
25 currently administered by the commission to review and approve changes
26 proposed by each utility in its annual dynamic load management program
27 report filed in the commission's proceeding to develop dynamic load
28 management programs, or as the commission may otherwise direct.

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

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

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

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

53 (d) Utilities shall provide non-discriminatory access to customer
54 data, hosting capacity data, and other grid data to facilitate: (i)
55 program enrollment; (ii) identification of grid support needs; and (iii)
56 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 grid-edge distributed energy resource management system providers for program administration and other program support, such as facilitating the participation of aggregators and the enrollment and participation of direct participants.

(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 control the customer's device to provide the grid service to the utility 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 grid-edge 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.

§ 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.

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

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

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

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

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

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

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

21 § 4. This act shall take effect immediately.