STATE OF NEW YORK

11419

IN ASSEMBLY

May 15, 2026

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Gray) -- read once and referred to the Committee on Energy

AN ACT to amend the public service law and the environmental conservation law, in relation to establishing guidelines for the connection of utility service for high-usage customers

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

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

§ 66-x. High-usage customers. 1. Definitions. For the purposes of this section, the following terms shall have the following meanings:

(a) "High-usage customer" shall mean a current or potential customer in the service territory of an electric utility that: (i) requests electric service under a large-scale service request; or (ii) enters into a private generation contract with a generation provider.

(b) "Large-scale service request" shall mean a request submitted to an electric utility for: (i) a new electric service that is expected to reach a cumulative demand of one hundred megawatts or greater within five years of the requested initial start date; or (ii) additional electric service that is expected to increase a customer's total service level by one hundred megawatts or greater within five years of the requested start date for the additional service.

(c) "Closed private generation system" shall mean electric generating facilities and associated transmission infrastructure that: (i) are not connected to and operate independently from the transmission system of an electric utility, cooperative utility, municipal utility, or other utility; (ii) serve one or more customers with a minimum cumulative electrical demand of one hundred megawatts; and (iii) serve one or more high-usage customers through direct connection.

(d) "Connected generation system" shall mean electric generating facilities and associated transmission infrastructure that: (i) are connected to and operate in conjunction with the transmission system of an electric utility; (ii) serve one or more high-usage customers through connection to the transmission system of an electric utility; and (iii)

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

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except as provided in a high-usage service contract, operate independent of the generation resources of any electric utility, cooperative utility, municipal utility, or other utility.

(e) "High-usage service contract" shall mean a contract for the provision of electric service for a high-usage service request between: (i) an electric utility or a large-scale generation provider; and (ii) a high-usage customer.

(f) "Large-scale generation provider" shall mean an entity that: (i) is not an electric utility; and (ii) owns, operates, or contracts for the output of one or more generation resources intended to be used to supply certain retail electric services to a high-usage customer pursuant to a high-usage contract or a private generation contract.

(g) "Private generation contract" shall mean a contract for the provision of electric service through a closed private generation system between: (i) a large-scale generation provider; and (ii) a high-usage customer requesting new electric service that is expected to reach a cumulative demand of one hundred megawatts or greater within five years of the requested initial start date.

(h) "Evaluation" shall mean an assessment that: (i) evaluates the impact of a large-scale service request on an electric utility's systems; (ii) identifies any necessary: (A) system modifications or upgrades to such electric utility's system to provide service as requested in a large-scale service request; (B) generation capacity; or (C) transmission service requests; (iii) provides cost estimates for any required improvements; and (iv) establishes an estimated timeline for implementing any necessary system changes.

2. Application. Except for high-usage customers seeking service under a private generation contract, a high-usage customer seeking service under this section shall submit a large-scale service request to the electric utility serving the proposed location.

3. Large-scale service request requirements. (a) A large-scale service request shall include: (i) the customer's identifying information; (ii) the proposed location for electric service; (iii) the requested amount of electric demand in megawatts; (iv) a proposed service commencement date; (v) load profile information, including: (A) anticipated annual energy usage; (B) expected hours of operation; (C) seasonal variations; (D) peak demand requirements; and (E) any special service requirements; (vi) information sufficient to demonstrate the financial capability to complete the high-usage customer's project that is the subject of the large-scale service request; and (vii) confirmation that the customer will not use the electric service for resale.

(b) After submitting a large-scale service request and before entering into a high-usage contract, a customer shall: (i) ensure that all information submitted under this section remains current; and (ii) promptly notify the electric utility of any material changes to information submitted under this section.

4. Service request procedures; notice. (a) An electric utility that receives a large-scale service request shall: (i) acknowledge receipt of such request; (ii) notify the customer of any missing information within fifteen business days after beginning to process such request; and (iii) complete an evaluation of such request as soon as reasonably practicable after beginning the study, but no more than six months after beginning the evaluation.

(b) During the evaluation process, the electric utility shall: (i) provide the customer with regular updates; and (ii) notify the customer when the evaluation is completed.

(c) Within fifteen business days after completing an evaluation, the electric utility shall provide the customer a written service proposal that includes: (i) whether such electric utility can provide the requested service within the time frame required by such customer; (ii) the estimated high-usage incremental costs that will be allocated to such customer, based on the information provided by such customer; (iii) any required: (A) system upgrades; (B) improvements; or (C) transmission service requests; (iv) the estimated timeline for commencing the requested electric service; and (v) the proposed terms and conditions of service, including provisions for addressing long-term operation and maintenance costs for high-usage facilities.

(d) An electric utility (i) may charge reasonable fees for costs incurred in (A) evaluating a large-scale service request; and (B) necessary subsequent or related assessments; and (ii) is not required to begin work on an evaluation until the customer (A) pays applicable fees; and (B) provides the information required to the electric utility to conduct an evaluation.

5. High-usage contract requirements. (a) Electric service for a large-scale service request shall be provided only under one or more high-usage contracts with (i) an electric utility; (ii) a large-scale generation provider; or (iii) any combination of subparagraphs (i) and (ii) of this paragraph.

(b) A high-usage customer shall: (i) contract for all of such customer's projected electrical requirements under the large-scale service request; and (ii) maintain contracts with resources or load shedding capabilities sufficient to meet such customer's actual electrical requirements at all times.

(c) A high-usage contract with an electric utility shall: (i) ensure that all high-usage incremental costs are allocated to and paid by the high-usage customer; (ii) comply with all system requirements; (iii) require the high-usage customer to maintain financial security sufficient to cover such high-usage customer's obligations; (iv) specify: (A) points of interconnection; (B) power delivery points; (C) the amount of electrical capacity contracted for; (D) the term of service; and (E) any arrangements for backup power supply; (v) provide curtailment provisions if the high-usage customer's demand exceeds the amount of contractually supported demand; (vi) identify the incremental generation resources that the electric utility will use to serve the high-usage customer; and (vii) include provisions addressing the allocation and payment of long-term operation and maintenance costs for high-usage facilities.

(d) A high-usage contract with a large-scale generation provider that provides service through a connected electrical system shall: (i) ensure that all high-usage incremental costs are allocated to and paid by the high-usage customer; (ii) comply with all system requirements; (iii) specify: (A) points of interconnection; (B) power delivery points; (C) the amount of electrical capacity contracted for; (D) the term of service; and (E) any arrangements for backup power supply; and (iv) provide curtailment provisions if the high-usage customer's demand exceeds the real-time dispatch of the large-scale generation provider's resources under the high-usage contract, net of transmission losses.

(e) An electric utility (i) has no duty to serve a high-usage customer except as explicitly provided in a high-usage contract; and (ii) is not required to provide backup power to a high-usage customer except as explicitly provided in a high-usage contract.

(f) An electric utility may not be required to commence design and construction of high-usage facilities until after (i) executing a high-usage construction contract; and (ii) obtaining commission approval.

(g) An electric utility or large-scale generation provider shall (i) obtain commission approval before providing electric service under a high-usage contract; and (ii) negotiate the terms of a high-usage contract with a high-usage customer on a case-by-case basis.

(h) Within fifteen business days after executing a high-usage contract, a person executing such contract shall submit an application for approval to the commission for review.

6. Private generation contracts. A customer seeking to receive electric service through a closed private generation system (a) may negotiate directly with a large-scale generation provider; and (b) is not required to submit a large-scale service request to an electric utility.

7. Commission review; approval of contracts. (a) An electric utility or a large-scale generation provider shall file an application with the commission for approval of a high-usage contract that includes (i) a copy of the high-usage contract for which the applicant seeks review and approval; and (ii) evidence sufficient to demonstrate compliance with subparagraph (ii) of paragraph (b) of this subdivision.

(b) The commission shall approve a high-usage contract submitted under paragraph (a) of this subdivision if the commission finds by a preponderance of the evidence that (i) the contract complies with the requirements of this section; (ii) the high-usage customer bears all just and reasonable incremental costs attributable to receiving the requested electric service; and (iii) existing ratepayers do not bear costs justly and reasonably attributable to providing electric service for the high-usage customer.

(c) Commission review of a high-usage contract (i) is limited to the requirements described in paragraph (b) of this subdivision; and (ii) does not include review of other contract terms.

(d) The commission shall make a determination on the submitted application within sixty days from when such application was filed.

(e) The commission may establish rules and regulations to expedite the review of applications for approval of a high-usage contract under this section.

8. Service provider obligations. (a) Subject to paragraph (b) of this subdivision, an electric utility has the sole right to provide electric service to a high-usage customer in such electric utility's service territory.

(b) (i) An electric utility is not required to provide electric service:

(A) in response to a large-scale service request if (1) the high-usage customer has not complied with the requirements of this section; (2) the electric utility cannot provide the requested service within the time-frame required by the large-scale service request; (3) the high-usage customer and the electric utility cannot agree upon terms for a high-usage contract; or (4) the high-usage customer fails or refuses to comply with the requirements of a high-usage contract; or

(B) to a high-usage customer that receives service pursuant to a private generation contract.

(ii) An electric utility that does not agree to terms with a high-usage customer for a high-usage contract:

(A) has no right or duty to serve the high-usage customer;

(B) is not required to provide ancillary or backup services to the high-usage customer; and

(C) is not required to provide any services to a large-scale generation provider.

9. Transmission requirements. (a) If the provision of service to a high-usage customer requires transmission service (i) the electric utility or the large-scale generation provider shall submit a transmission service request to the transmission provider; (ii) to the fullest extent allowable under applicable federal law and regulations, the large-scale generation provider or high-usage customer shall: (A) pay for (1) any interconnection or transmission-related studies; (2) any identified interconnection upgrades, transmission upgrades, network upgrades, distribution system upgrades, or system upgrades; and (3) the transmission service rates in the transmission provider's open access transmission tariff; and (B) pay and provide for (1) ancillary services; (2) balancing services; and (3) backup services.

(b) Nothing in this subdivision shall be construed to (i) conflict with or supersede any applicable federal law, regulation or order regarding transmission cost allocation; or (ii) require cost allocation methods inconsistent with federal energy regulatory commission requirements or orders.

(c) The commission shall review transmission cost allocation consistent with federal requirements and may establish rules for implementation of this subdivision.

10. Closed private generation systems. (a) A high-usage customer may enter into a private generation contract for all needed electric services from a large-scale generation provider through a closed private generation system under terms and conditions acceptable to such high-usage customer and such large-scale generation provider.

(b) A closed private generation system and a large-scale generation provider that provides service on or through a closed private generation system in accordance with this section (i) are exempt from commission oversight or regulation as a public utility under this chapter; (ii) shall ensure all generation, transmission, and related facilities remain wholly separate from facilities owned or operated by any electric utility, cooperative utility, municipal utility, or other utility except to the extent authorized by this section; and (iii) may connect to or receive services from an electric utility only pursuant to a contract approved by the commission and consistent with subdivision eleven of this section.

(c) The commission may establish rules requiring appropriate notices and warnings regarding separation from the utility system.

11. Connected generation systems. (a) A high-usage customer may obtain all needed electric services from a large-scale generation provider through a connected generation system consistent with this section.

(b) A large-scale generation provider may provide service on or through a connected generation system if such provider (i) maintains sufficient generation capacity to serve all contracted load; (ii) provides the commission with (A) system design and operational information; (B) emergency response procedures; and (C) notification of any changes in system configuration or operation; and (iii) maintains commercial liability insurance.

(c) A large-scale generation provider that provides service on or through a connected generation system consistent with the requirements of this section is exempt from commission regulation as a public utility under this chapter.

(d) A closed private generation system or a large-scale generation provider that provides service through a closed private generation

system may connect to the interstate transmission system of a transmission provider only if (i) the closed private generation system is interconnected to the interstate transmission system pursuant to the transmission provider's federal energy regulatory commission approved open access transmission tariff; and (ii) the commission determines that the closed private generation system or large-scale generation provider has satisfied the requirements of this section for the provision of service on or through a connected generation system.

(e) A closed private generation system or a large-scale generation provider that provides service through a closed private generation system may receive services from an electric utility only if (i) the requirements of this section are met; and (ii) the system or provider has an agreement with the electric utility as approved by the commission.

(f) In the event that a large-scale generation provider that provides service through a connected generation system produces more power than is needed by the high-usage customer, such high-usage customer may sell such power, at fair market value, to the competitive market provided that:

(i) the amount of power needed for the operational capacity of the high-usage customer and the amount of power the large-scale generation provider shall produce each day is clearly stated in a high-usage contract; and

(ii) the megawatts of power is not explicitly needed for the operational capacity of the high-usage customer, as provided in the high-usage contract.

(g) An electric utility (i) is not required to purchase or accept any power from a connected generation system; and (ii) shall accept power from a connected generation system only as explicitly provided in an agreement that has been approved by the commission.

12. Customer requirements. (a) A high-usage customer shall pay all just and reasonable high-usage incremental costs necessary to receive electric service, including the costs of (i) generation resources; (ii) distribution system upgrades; (iii) to the extent permitted by federal law, and, as applicable, approved by the federal energy regulatory commission (A) transmission system improvements, including network upgrades; and (B) interconnection facilities; (iv) transmission service; and (v) other necessary infrastructure.

(b) An electric utility shall (i) maintain separate accounting records for all investments, revenues, and expenses associated with large-scale service requests using generally accepted accounting principles; and (ii) take reasonable measures to ensure costs are properly allocated between high-usage service and other operations.

13. Rate cases. (a) All revenues and high-usage incremental costs associated with a large-scale service request shall be excluded from any rate determinations by the commission.

(b) In connection with any rate case or other appropriate proceeding before the commission, an electric utility shall provide (i) operational data identifying when and to what extent the incremental generation resources identified in a high-usage contract pursuant to subparagraph (vi) of paragraph (c) of subdivision five of this section were dispatched to serve high-usage customers; (ii) an identification of the timing, magnitude, and duration of (A) the electric utility's dispatch of the resources described in this section; (B) any periods in which high-usage customers' loads exceeded the dispatch of resources described in this section; and (C) any periods in which the dispatch of resources

described in this section exceeded the high-usage customers' loads; (iii) the method by which costs for the provision of electric service from an electric utility to a high-usage customer will be excluded from rates paid by retail customers; and (iv) any other information the commission requires to ensure that the costs associated with service to a high-usage customer are excluded from the rates paid for by retail customers.

(c) An electric utility may not be required to publicly disclose specific revenue information from individual high-usage customers in any proceeding described in this section.

14. Zoning regulations for the construction of large-scale generation providers and high-usage customers. For the purposes of siting and constructing high-usage customer facilities and large-scale generation provider facilities, a high-usage customer may not site nor build on land that falls within a one mile radius of a residential property.

§ 2. Subdivision 5 of section 8-0105 of the environmental conservation law is amended by adding a new paragraph (iv) to read as follows:

(iv) the submission, review, and approval of a service request by a high-usage customer, as defined in section sixty-six-x of the public service law, or the construction and operation of a large-scale generation facility constructed pursuant to a negotiated contract between a high-usage customer and a large-scale generation provider, as such terms are defined in section sixty-six-x of the public service law, where such facility is dedicated primarily to serving such high-usage customer's load requirements. All construction permits for such facility shall be issued solely by the governing body of the municipality in which such facility is located, in accordance with applicable local zoning and building codes. No state or local agency shall require compliance with this article as a condition of approving a high-usage customer service request or issuing construction permits for a large-scale generation facility as described in this paragraph. The governing body of the municipality may, at its discretion, retain independent consultants to assist in reviewing any proposed facility for environmental impact and feasibility, the reasonable costs of which may be charged to the high-usage customer or large-scale generation provider submitting such proposal. The governing municipality shall approve or deny an application submitted pursuant to this paragraph within ninety days of receipt of a completed application. Failure to act within such period shall be deemed an approval. The municipality may request from the high-usage customer one extension of no more than thirty days upon written notice, provided such notice is given before the expiration of the initial ninety-day period.

§ 3. Section 15-1501 of the environmental conservation law is amended by adding a new subdivision 10 to read as follows:

10. For any high-usage customer that enters into a high-usage contract pursuant to section sixty-six-x of the public service law that has a water use in excess of one million gallons of water per week, or a utility customer that has a usage of power in excess of five megawatts of power per year and a water use in excess of one million gallons of water per week, such customer shall:

(a) establish a plan that either utilizes (1) liquid-based cooling technology, including but not limited to direct-to-chip cooling, immersion cooling and closed-loop cooling; or (2) recycled water sources. Such plan shall ensure that when any water is used from a fresh water source, that such water is recycled to such source. Such plan shall subsequently be submitted to the department, which shall then have nine-

ty days to make a determination to approve or disprove such plan. If the department fails to make a determination within ninety days, such plan will be deemed approved; and

(b) when applicable, where wastewater is generated by such cooling systems, design and operate wastewater treatment systems. The proposal for such system shall be included in the high-usage contract pursuant to section sixty-six-x of the public service law.

§ 4. This act shall take effect on the ninetieth day after it shall have become a law.