

STATE OF NEW YORK

8037

2025-2026 Regular Sessions

IN SENATE

May 15, 2025

Introduced by Sen. JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Energy and Telecommunications

AN ACT to amend the public service law and the energy law, in relation to establishing a datacenter utility rate classification, providing targeted congestion management incentives for upstate New York, and regulating off-grid power connections for datacenter operations

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

1 Section 1. The public service law is amended by adding two new
2 sections 66-x and 66-y to read as follows:

3 § 66-x. Datacenter utility rate classification. 1. Each electric
4 corporation operating within the New York independent system operator
5 (NYISO) shall, upon its next general rate case filing after the effec-
6 tive date of this section, file with the commission a tariff establish-
7 ing a special rate classification for commercial datacenter operations.

8 2. A datacenter with a peak demand of less than four hundred kilowatts
9 (kW) shall not be required to take service under the datacenter tariff
10 established pursuant to this section.

11 3. A datacenter owner or operator with an aggregate statewide demand
12 of one megawatt (MW) or greater shall be required to take service under
13 the datacenter tariff, where such tariff exists in the applicable
14 service territory.

15 4. Such rate classification shall:

16 (a) Provide for competitive and nondiscriminatory electric rates for
17 qualifying datacenter customers, irrespective of their energy source
18 procurement mix.

19 (b) Facilities seeking to qualify for congestion management or local
20 employment incentives under section 5-105 of the energy law must, howev-
21 er, purchase one hundred percent of their electric energy supply from

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

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1 generation sources located within the state, of which a minimum of fifty
2 percent shall be derived from renewable sources.

3 5. For the purposes of this section, "renewable sources" shall include
4 energy generated from solar, wind, hydropower, geothermal, and biometh-
5 ane, provided that such biomethane is derived from manure anaerobic
6 digestion (AD) produced by farms located within the state.

7 6. For purposes of this section, "datacenter" means a facility prima-
8 rially used to house computing infrastructure for the purpose of process-
9 ing, storage, or distribution of data, typically requiring significant
10 and continuous electric load to operate servers and related equipment.

11 § 66-y. Off-grid power connections for datacenters. 1. No electric
12 generating facility serving a datacenter shall be permitted to bypass
13 public purpose funding mechanisms, including but not limited to the
14 system benefits charge, renewable energy standard, or clean energy stan-
15 dard obligations, by establishing a direct off-grid connection to such
16 datacenter.

17 2. The provisions of this section shall not apply to any datacenter
18 majority owned or majority leased by the state or any of its instrumen-
19 talities, authorities, or agencies.

20 3. The commission shall promulgate rules to ensure that any new or
21 existing direct connections between power generators and datacenters
22 remain subject to equitable contributions to state-mandated clean ener-
23 gy, public benefit, and grid reliability programs, unless otherwise
24 exempted under subdivision two of this section.

25 § 2. Article 5 of the energy law is amended by adding a new section
26 5-105 to read as follows:

27 § 5-105. NYISO congestion incentives for datacenter development. 1.
28 The New York state energy research and development authority (NYSERDA),
29 in coordination with the New York independent system operator (NYISO),
30 is hereby authorized to develop and administer congestion management
31 incentives to facilitate the development and operation of datacenters in
32 NYISO zones A through H and zone K. No incentives shall be made avail-
33 able for projects located in NYISO zones I, J, or the downstate region,
34 including New York City and Long Island.

35 2. In administering congestion management incentives, NYSERDA shall
36 consider the availability, cost, and allocation of NYISO Transmission
37 Congestion Contracts (TCCs) in the relevant zones.

38 3. Such incentives may include, but are not limited to:

39 a. targeted congestion cost mitigation for facilities meeting the
40 renewable procurement requirements specified in subdivision four of
41 section sixty-six-x of the public service law; and

42 b. local employment incentive grants or credits, conditioned on meet-
43 ing minimum employment benchmarks established by NYSERDA in consulta-
44 tion with the department of labor.

45 4. Incentives established pursuant to this section shall only be made
46 available to datacenters qualifying under the requirements of subdivi-
47 sion four of section sixty-six-x of the public service law and located
48 in eligible NYISO zones.

49 § 3. This act shall take effect immediately.