

# STATE OF NEW YORK

---

9500

## IN SENATE

March 18, 2026

---

Introduced by Sen. HINCHEY -- 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, 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.

23 4. Current market rules, complex energy program structures, and inadequate  
24 compensation to participants are preventing New York from using  
25 virtual power plants at the scale they are capable of, leaving a great

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

LBD14809-02-6

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

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

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

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

## 22 ARTICLE 12

### 23 VIRTUAL POWER PLANT PROGRAM

#### 24 Section 240. Definitions.

25 241. Virtual power plant program.

26 242. Cost recovery.

27 243. Program targets and performance incentive mechanisms.

28 244. Reporting.

29 § 240. Definitions. Where used in this article, the following terms,  
30 unless the context otherwise requires, shall have the following mean-  
31 ings:

32 1. "Aggregator" means a person or entity, other than a utility or its  
33 affiliate, that enrolls and manages customer participation in the virtu-  
34 al power plant program. An aggregator shall not be considered an elec-  
35 tric corporation by virtue of its participation in the program.

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

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

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

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

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

51 7. "Direct participant" means a customer that enrolls in the virtual  
52 power plant program directly with a utility rather than via an aggrega-  
53 tor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 28. "Virtual power plant program tariff" or "tariff" means the commis-  
2 sion approved standardized terms and conditions, including formal pric-  
3 ing schedules and operating rules, governing aggregator and customer  
4 participation and utility operation of the virtual power plant program.

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

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

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

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

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

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

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

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

1 (i) the minimum and maximum numbers of grid events the utility may  
2 call;

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

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

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

6 (v) maximum duration of grid events;

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

10 (vii) a list of eligible devices; and

11 (viii) such other provisions as the commission may direct or otherwise  
12 deem appropriate.

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

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

18 (1) offer opportunities for program participants to provide system  
19 peak load reduction services. The rider may also offer opportunities to  
20 provide additional grid services identified in paragraph (a) of this  
21 subdivision.

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

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

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

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

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

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

52 (b) Provisions for direct participant customers to enroll and partic-  
53 ipate through the utility, disenroll from the program without penalty,  
54 receive dispatch signals and other communications from the utility,  
55 deliver performance measurement and verification data to the utility,  
56 and receive program payments directly from the utility. Any provisions



1 implementing this subdivision that necessitate the installation of  
2 communications or other equipment to enable direct participation via the  
3 utility shall apply to direct participant customers only and shall not  
4 be required of customers who participate via an aggregator or to custom-  
5 ers who do not participate in the program.

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

9 (d) Distributed energy resource deployment incentives through upfront  
10 payments as follows:

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

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

31 (e) Program participation compensation through performance payments as  
32 follows:

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

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

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

52 (iv) For a period of no less than four years from the effective date  
53 of this article, the locational system relief value for establishing the  
54 locational system relief service performance payment rate shall be  
55 calculated based on a single level of locational system relief value for  
56 each utility, reflecting the threshold level at which a utility's costs

1 are significantly higher than costs on average on a system-wide basis.  
2 The locational system relief value shall relate to no less than ten  
3 percent of a company's service areas for no less than five years from  
4 the effective date of this article.

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

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

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

24 (viii) Customers shall have the option to receive upfront payments and  
25 performance payments directly or to assign such payments to a third-party.  
26

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

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

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

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

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

42 (g) Performance payment compensation calculations and methodologies,  
43 where:

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

52 (ii) The commission shall provide methodologies to calculate compen-  
53 sation for grid services offered under non-battery and electric vehicle  
54 riders taking into account the ability to directly measure performance  
55 from the respective eligible technologies, costs of facilitating direct  
56 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.