

suppliers in the capacity market.¹⁷⁹ However, no reconstitution occurs if the NYISO and/or TOs did not activate their demand response programs during the NYCA coincident peak hour (as was the case in 2023 and 2024). In this case, demand response providers that curtailed load during the system peak may simultaneously reduce their LSE's UCAP Obligation and earn capacity payments. We estimate that in the 2025/26 Capability Year, this issue resulted in shifting of \$34 million from LSEs that serve loads enrolled in NYISO programs to other LSEs.

Hence, we recommend making the following changes to how LSEs' UCAP Obligations are determined (Recommendation #2025-3):

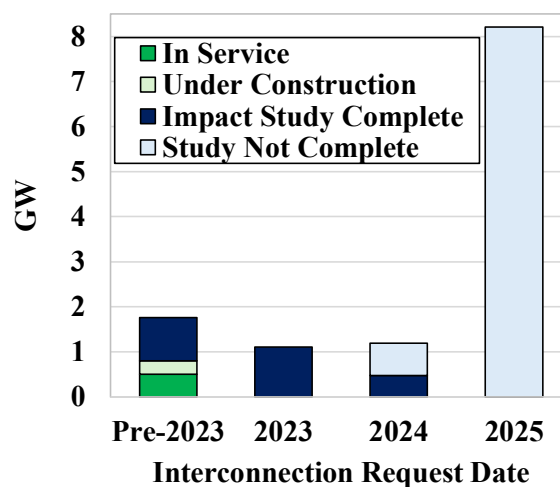
- Use a broader set of peak hours to determine LSEs' share of system and locality UCAP Requirements; and
- Include capacity participating in NYISO demand response programs in the demand forecasts of LSEs serving the associated customer accounts for purposes of determining LSEs' share of system and locality UCAP Requirements.

D. Critique of Large Load Interconnection Process

NYISO has recently received an unprecedented number of interconnection requests by proposed large load projects, including data centers and manufacturing facilities. As of March 2026 there were over 12 GW of large load projects in NYISO's interconnection queue, most of which entered the queue in 2025.¹⁸⁰

Figure 68 summarizes proposed large load projects in NYISO based on data from the Interconnection Queue as of March 2026. Approximately 500 MW of large loads (primarily cryptocurrency mining) have entered service in New York in the past decade. In recent years, a much larger number of loads have proposed to interconnect, including over 8 GW of applications received in 2025 alone. Most of the large loads currently in the queue have indicated that they do not intend to build new on-site generation or operate flexibly during system peak demand periods. NYISO monitors the regulatory and construction progress of large load projects in the queue, but NYISO has no way of predicting how many of the projects will actually be built in the long term.

Figure 68: Large Loads in NYISO Queue



¹⁷⁹ See NYISO Market Services Tariff section 5.11.1.

¹⁸⁰ Large loads are required to go through NYISO's interconnection process if they are over 10 MW (for bulk transmission-connected loads) over 80 MW (for local and distribution-connected loads).

NYISO's current role in New York's large load interconnection process is largely informational. Large loads are required to enter NYISO's queue and undergo a system impact study (SIS) to identify adverse reliability impacts on the bulk power transmission system, but the study does not produce any binding requirements for upgrades to maintain reliability, and it does not assess resource adequacy impacts of cumulative large load growth. After the project's SIS is approved by NYISO's Operating Committee, the load developer negotiates an Interconnection Agreement (IA) with the transmission owner (TO) in whose territory it will interconnect. NYISO is not party to these agreements.

We identify the following problems with the load interconnection process:

- ***Lack of information to State and local authorities about reliability impacts:*** some large load projects can be developed quickly and there is risk that their impact on system peak demand will outpace development of new generation and storage. While developers are sensitive to the cost of power, it is possible that load projects will continue to be built even at capacity price levels corresponding to resource adequacy violations (i.e., greater than the Net CONE). Currently, there is no formal process to inform State and local entities that regulate the siting and interconnection of large loads when new load development would undermine reliability.
- ***Lack of information to NYISO regarding future load interconnections:*** NYISO's Reliability Planning Process proactively identifies Reliability Needs driven by trends in load and resource availability. This process may retain generators proposing to retire and/or procure new generation or transmission under cost-of-service contracts. As NYISO highlighted in its 2025 Comprehensive Reliability Plan, this process has become increasingly fraught because NYISO has very limited visibility or control over the amount of large loads that will enter service. Excluding proposed load projects from planning studies used to identify actionable Reliability Needs raises the risk of future reliability violations, but including uncertain or speculative projects is likely to result in out-of-market procurement actions that are disruptive to the NYISO markets and whose costs are born by ratepayers.
- ***Lack of firm and non-firm load classifications:*** Once large load projects complete NYISO's study process and sign an IA, it is unclear if they face any restrictions on future changes in the facility's business model that may impact NYISO system reliability. For example, a project indicating that it plans to engage in cryptocurrency mining and flexibly curtail during system peaks may be found to have no adverse reliability impacts, but such a facility might later convert to a different and less flexible use case without being studied for the resulting reliability impact.

NYISO does not have the ability to address these problems unilaterally because load interconnection is primarily mediated through the TOs' interconnection processes and state and local approvals. The New York Public Service Commission (NYPSC) recently opened a proceeding to explore changes to the state's process for managing load interconnections.¹⁸¹

¹⁸¹ See NYPSC Docket 26-E-0045

Additionally, NYISO is currently pursuing a Market Project designed to identify improvements to its interconnection and planning processes.¹⁸² We make the following recommendations (see #2024-2):

- **NYISO’s planning process should study and report on large load impacts, not attempt to preemptively accommodate them.** Through its Short-Term Assessment of Reliability (STAR) and long-term Reliability Needs Assessment (RNA) reports, NYISO should quantify the amount of non-flexible large load that can be accommodated at various locations in the system before reliability violations (including resource adequacy, transmission security and others) arise. This information will serve as a critical input for utility and state planning processes to limit or impose conditions on interconnections that would cause reliability deficiencies. Construction of new generation to serve large load-driven demand should be coordinated through contracting by loads or merchant entry, not cost-of-service contracts designed to service potential future load interconnections.
- **Load interconnection studies and agreements should distinguish between firm and non-firm interconnections.** Non-firm (curtailable) loads should enjoy faster timelines and lower costs due to reduced system impact, but converting to a non-curtable (i.e., firm) business model should require them to undergo an additional reliability study.

¹⁸² See NYISO February 3, 2026 ESPWG/TPAS presentation “Load Interconnection Process: Challenges and Considerations”, available [here](#).