The undersigned organizations strongly oppose S.9144 (Krueger)/A.10141 (Kelles), which would impose a more than three-year moratorium on approvals for new data centers with an electric demand of 20 MW or greater.

New York is facing significant reliability and cost issues within its electric power system. But those problems were not caused by data centers and will not be solved by restricting approval of new data centers.

Additional data center capacity is essential to support technology advancements in virtually all sectors of the state's economy – and in a growing share of New Yorker's every day lives. While AI is an important user of data centers, these centers support everything from remote work, telemedicine, all categories of e-commerce and financial services, to communications and media service, government and education services, among many others.

Data center services support the need of a wide range of businesses, whose operations, customer services and transactions are dependent on adequate and reliable data center capacity.

New York should treat data centers as an essential component of its economic infrastructure and focus on how to ensure adequate data capacity as part of its overall economic development and energy planning efforts.

Instead, the impact analysis and project restrictions proposed in this legislation ignore the significant and growing importance of data center capacity to a wide range of business activities.

Moreover, this bill seems based on misconceptions on how large project interconnects are managed. Large development projects whose new electric or gas service requires local utility infrastructure requirements are required to pay, directly or indirectly, for those costs. These interconnect costs are not included in rate cases and are not borne by other customers. This approach applies to a wide range of "large loads," such as new manufacturing facilities, and to data centers. Likewise, the addition of new loads to a utility's service territory can have a positive impact on general rates, as the additional demand allows fixed utility costs to be spread over a larger volume of sales.

Data centers also efficiently aggregate our collective computing demands. Previously, these types of computing resources were dispersed across businesses. By centralizing computing resources, data centers have been able to leverage innovations in design, equipment, and technology to maximize energy efficiency. While electricity consumption at data centers rose just six percent from 2010 to 2018, computing output jumped 550 percent, marking significant gains in efficiency and productivity.

It is important to recognize that data centers facilitate efficiency gains and energy savings for homes, businesses, industrial consumers, and utilities across the economy. Many technologies and strategies deployed across New York—including smart thermostats, smart meters, managed electric vehicle ("EV") charging, smart lighting, and grid enhancing technologies—require the digital infrastructure provided by data centers.

Moreover, data center owners and operators have made significant investments in renewable energy and are also actively supporting next-generation clean electricity technologies from utility-scale hydrothermal power and long-duration storage to the development of small modular reactors ("SMRs") and nuclear fusion efforts. These investments in energy technologies underscore industry's significant interest and commitment to advancing affordable, abundant, reliable, and sustainable power for all grid customers.

Instead of the moratorium and mandates of this legislation, New York should complete a holistic review of energy, environmental and economic development issues related to data center growth. This approach (which could be accommodated through the ongoing Public Service Commission proceedings) would address a wide range of policy issues related to large energy-dependent facilities including data centers, covering the interconnect process, utility rate structures and related energy system issues including potential impact on overall customer rates, as well as factors impacting the state's climate change policies and overall environmental protection goals, and the role of data centers in supporting statewide economic activity and new investments.

New York residents and businesses are increasingly reliant on technology applications that require data center services. While the growth of data centers poses energy and environmental challenges, a moratorium on the approval of new data centers is both unnecessary and damaging to the state's economic development efforts and will adversely impact a wide range of day-to-day activities relied on by New York residents and businesses alike.

For these reasons, we strongly oppose adoption of S.9144/A.10141.

Signed,

American Council of Engineering Companies of New York
Associated Building Contractors
Associated General Contractors
Buffalo Niagara Partnership
Business Council of New York State
Business Council of Westchester
Bronx Chamber of Commerce
Capital Region Chamber
Constellation
Data Center Coalition
Databank
Independent Power Producers of New York (IPPNY)
Long Island Association
Manufacturers Association of Central New York
National Grid
New York Building Congress
New York Construction Materials Association
New York State Economic Development Council
TechNet
TechNYC

Trucking Association of New York

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