



August 13, 2026

Empire State Development
DataCenterCIF@esd.ny.gov

RE: Data Center Community Investment Fund Framework

Dear ESD President Hope Knight,

The Building Decarbonization Coalition (BDC) and the undersigned 46 organizations submit these comments in response to the Empire State Development (ESD) Policy Outline for the New York State Data Center Community Investment Framework (Policy Outline).

ESD should explicitly include residential energy upgrades – including air & ground source heat pumps, heat pump water heaters, battery storage, rooftop solar, electric vehicle chargers, and thermal energy networks – as eligible Community Investment Framework investments. Doing so would align the Framework with New York’s climate and energy policies while allowing host communities to invest in solutions that reduce household energy costs, strengthen grid reliability, and maximize the public benefits of new data center development.

The Climate Action Council Scoping Plan¹, 2025 State Energy Plan², and Energy Law³ all direct state authorities to support investments that accelerate building decarbonization and electrification. Because the Community Investment Framework is an energy-related policy, it should include residential energy upgrades among the community investments.

¹ Climate Action Council Scoping Plan, December 2022 “This Scoping Plan is intended to act as a strategic plan for State agencies, authorities, and other entities that are responsible for ... implementing new policies and programs” page 52 “As the State implements the Climate Act, it should incorporate economic development considerations...and optimization of public and private funding opportunities...Empire State Development... will spearhead economic development in the clean energy economy.” pg 57 and “A substantial infusion of both public resources and private capital will be needed to pay for the building upgrades necessary to decarbonize buildings, while also expanding access to safe and healthy housing and bolstering resilience to climate impacts. ... Financial incentive programs will need to scale up dramatically to motivate millions of homeowners and building owners to install high-efficiency electric heat pumps...” pg 192 and “Support public-private partnerships for geothermal and thermal energy network financing and development.” pg 204

² 2025 State Energy Plan, “Successful implementation of the Plan, like other statewide plans, will require coordination across State agencies, partnership with other levels of government and communities, and the participation of the private sector entities.” pg 4 and “5.1.2 Advance demand-side solutions and flexible resources. Leveraging demand response and harnessing the ability of flexible resources to lower energy demand can reduce the scope and costs of infrastructure buildout... Identify opportunities to enhance ... managed electrification measures and other building upgrades.” pg 59 and “...decarbonization upgrades deliver significant value to building owners and occupants but upfront and operating costs barriers persist... Continue to offer financial incentives to reduce upfront costs and motivate New Yorkers to make energy upgrades in buildings, supporting strategic measures that result in energy load reduction and enable decarbonization through...heat recovery and electrification.” pg 85.

³ NYS Energy Law § 6-104(5)(b) “Any energy-related action or decision of a state authority shall be reasonably consistent with the ... policies and long-range energy planning objectives and strategies contained in the plan, including its most recent update...”



Residential energy upgrades should be viewed as grid infrastructure. Newly constructed and existing homes equipped with heat pumps, battery storage, and rooftop solar can reduce demand during periods of system stress, provide measurable system value, and are critical for keeping electricity rates affordable and reducing costly infrastructure investments.⁴ But high upfront costs prevent many households from adopting efficient electric technologies. Meanwhile, data center developers and operators are investing an enormous amount of capital into building out the infrastructure needed to operate their facilities. Investing a portion of data center-related infrastructure spending in these distributed resources can reduce grid expansion costs while delivering direct savings to New Yorkers.

Nearly 12 GW of proposed data center load is already in the NYISO interconnection queue, with more than 8 GW added during 2025 alone.⁵ Given this unprecedented growth, directing even a small share of associated infrastructure investment toward distributed residential energy resources could mobilize billions of private capital while reducing pressure on the electric grid.

The New York State legislature wisely determined that using a portion of data center energy infrastructure investment for home energy upgrades was in the best interests of New Yorkers when they passed the Responsible Data Center Development Act⁶ which, if enacted, would require data center developers and operators to fund programs to install home energy upgrades for residents of host communities that want them.

The ESD Policy Outline appropriately identifies a range of potential community investments but omits one of the most effective investments available: residential energy upgrades. ESD should expressly include air & ground source heat pumps, heat pump water heaters, rooftop solar, battery storage, electric vehicle chargers and thermal energy networks as eligible Community Investment Framework investments so that host communities may choose these options during negotiations.

Encouraging Community Investment Framework dollars to support residential energy upgrades advances New York's climate, energy affordability, economic development, and electric reliability goals simultaneously, making these investments uniquely well suited for communities hosting data centers.

⁴ Homegrown Energy: A Policy blueprint for energy affordability; Homegrown Energy series Part II; *Rewiring America*, May 2025.

⁵ NYISO 2026 Power Trends Annual Grid & Market Report, pages 24-25, "Recent planning studies reflect a marked increase in proposed large loads associated with data centers ...the growth of large loads reinforces the need for reliability planning frameworks that evaluate a range of plausible future conditions ... As large load development continues, integrating these considerations into long-term planning will be essential to maintaining reliability while accommodating economic growth and an evolving demand profile."

⁶ A11560 (Barrett)/S10642 (Gonzalez), §8(1.) and §8(2.) "Each new large data center, or existing large data center undergoing a major expansion that will meet or exceed 20 megawatts of additional load, shall,...fund a program to: (a) install eligible residential technologies for host community residents..." and "Eligible residential technologies' means:...(i) cold-climate air-source heat pumps and ground-source heat pumps for space heating and cooling, including but not limited to geothermal ground source heat pumps and thermal energy networks; (ii) heat pump water heaters; (iii) distributed solar photovoltaic systems; and (iv) behind the meter battery storage systems."



Sincerely,
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- ★ Earthjustice
- ★ Rewiring America
- ★ NY Solar Energy Industries Association
- ★ Regional Planning Association
- ★ Sun Run
- ★ WE ACT for Environmental Justice
- ★ New York League of Conservation Voters
- ★ Dandelion Energy
- ★ NorthEast Energy Efficiency and Electrification Council
- ★ Climate Reality Project-NYC
- ★ Association for Energy Affordability,
- ★ Halco Home Solutions
- ★ New York Religious Action Center of Reform Judaism
- ★ Tech4LL97
- ★ 2030 District-NYC
- ★ Green Team USA, LLC
- ★ North Branch Services LLC
- ★ Third Act NYC
- ★ 350 Brooklyn
- ★ Campaign for Renewable Energy
- ★ Permit Power
- ★ SANE Energy Project
- ★ Solar United Neighborhoods
- ★ Stand Earth
- ★ Jewish Climate Action Network -NYC

- ★ Solar One
- ★ The Clean Air Coalition of Western New York
- ★ Elected Officials to Protect America
- ★ American Council for an Energy-Efficient Economy
- ★ Citizens Climate Lobby New York
- ★ Tompkins County Climate Protection Initiative
- ★ Physicians for Social Responsibility -New York
- ★ Aztech Geothermal, LLC
- ★ Bright Power
- ★ Vote Solar
- ★ Sustainable Westchester
- ★ Environmental Advocates NY
- ★ Pratt Center for Community Development
- ★ Sierra Club Atlantic Chapter
- ★ NY-GEO
- ★ New Yorkers for Clean Power
- ★ The Community Preservation Corporation
- ★ New Energy Project Management
- ★ The Alliance for Clean Energy New York
- ★ Scenic Hudson
- ★ Citizens Campaign for the Environment
- ★ SWITCH Energy