October 30, 2025

The Honorable Kathy Hochul
Governor of New York State
New York State Capitol Building
Albany, NY 12224

RE: Inclusion in 2026-27 Executive Budget of a Sales Tax Exemption for Commercial Energy Storage and ORES Permitting for Large Energy Storage Facilities.

Dear Governor Hochul:

The New York Battery and Energy Storage Technology Consortium (NY-BEST), along with the 17 undersigned organizations and the 21 undersigned energy storage companies, respectfully urge you to include in your 2026-27 Executive Budget proposal a **sales tax exemption for commercial energy storage** and legislative language to include battery storage projects greater than 25 megawatts (MW) in capacity under the purview of the **Office of Renewable Energy Siting (ORES) for permitting.**

We thank you for your Climate Week announcement that New York will use a whole-of-government approach in deploying clean energy technologies and capitalizing on federal tax credits while they are still in place. We feel that the two policies discussed herein are

important, tangible ways that New York can facilitate the deployment of energy storage without sacrificing any environmental review nor significant State revenues.

The Executive Budget Should Reflect NY's Need for More Energy Storage

We know you share our view that energy storage is critical to achieving a reliable, affordable, and clean energy grid in New York. We sincerely thank you for setting a 6 gigawatt (GW) energy storage target by 2030. As reflected in your Administration's energy policies and priorities, more energy storage on the grid can mitigate the need for other expensive infrastructure upgrades, lowering costs for ratepayers while improving reliability and supporting integration of new renewables. With just 0.5 GW deployed and only five years left to achieve the 6 GW target, New York needs to accelerate the deployment of large battery storage projects.

We also know you share our goal to accelerate deployment of clean energy technologies to take maximum advantage of federal tax credits and to demonstrate progress towards New York's energy policies.

For these reasons, we urge you to include these two policy measures in your Executive Budget; both will facilitate energy storage deployment and reduce costs to ratepayers.

Energy Storage Will Bring Ratepayers Savings

NYSERDA's analysis in the *6 GW x 2030 Energy Storage Roadmap* indicates that meeting the 6 GW target will **s**ave $2 billion in energy system costs by increasing the efficiency of the grid and driving a more affordable energy transition. Energy storage can defer or eliminate the need for costly traditional infrastructure upgrades such as transmission lines and distribution system expansions by providing localized capacity where and when it is needed most, thereby driving down ratepayer costs. Further, many grid-connected energy storage projects will directly reduce the bills of low-income customers under the Statewide Solar for All (SSFA) program, which enables community storage projects to generate bill credits that are directly distributed to customers enrolled in the utilities' Energy Affordability Program (EAP). By accelerating deployment of grid-scale energy storage projects, these two policies support benefits to ratepayers.

The Energy Storage Industry Creates Family-Sustaining Jobs

Grid-scale energy storage projects in New York currently include labor protection provisions, including the requirement to pay prevailing wage, by virtue of the NYSERDA incentive programs and the federal Investment Tax Credit (ITC) requirements. In the case of the policy to include project permitting under the purview of ORES, S.5506/A.8378 also establishes these

labor protections in New York State Labor Law. In the case of the sales tax exemption, the current text of S.1527/A.313 does not address labor protections, as it is exclusively focused on New York's Tax and Finance Law. However, all of the undersigned organizations support the establishment of labor protection provisions in association with the enactment of these two policies, which can be accomplished within your Executive Budget proposal. By accelerating deployment of grid-scale energy storage projects, these two policies will support job creation.

Energy Storage Supports Grid Reliability

New York faces significant near-term reliability challenges, as highlighted in recent NYISO reports. The most recent analysis projects summer peak demand in Zone J will increase by 460 megawatts (MW) in 2026, growing to 1,360 MW by 2030, driven primarily by the electrification of transportation and buildings.[1] Energy storage is uniquely positioned to help meet these reliability needs while supporting the State's energy goals. By providing flexible, fast-responding capacity that can be deployed more quickly than traditional infrastructure, energy storage can help ensure grid stability during this critical period of increasing demand and energy system transformation. By accelerating deployment of grid-scale energy storage projects, these two policies support a more reliable grid.

Energy Storage Aligns with Health and Environmental Justice Goals

Energy storage systems can improve air quality and public health, particularly in Disadvantaged Communities, by reducing reliance on fossil fuels. For example, transitioning New York City's fossil fuel generators over time to zero-emissions sources, in combination with energy storage, wind, and solar, may prevent significant respiratory illnesses, hospitalizations, and premature deaths while reducing healthcare costs across the region. By accelerating deployment of grid-scale energy storage projects, these two policies support cleaner air and a healthier environment for all New Yorkers.

A Sales Tax Exemption Will Incentivize Energy Storage At Low Cost to the State

A sales tax exemption for commercial energy storage, such as described in **S.1527**/**A.313**, will accelerate deployment and reduce costs for ratepayers. Specifically, it will:

1. *Ensure parity between technologies:* New York State already offers a sales tax exemption for various energy technologies, including fossil fuel equipment, solar panels, fuel cells, and residential energy storage systems. However, commercial energy storage

[1] New York Independent System Operator (NYISO). "Short-Term Assessment of Reliability: 2025 Quarter 3," October 13, 2025. Accessed online here.

systems—critical to achieving a modernized and reliable grid—are currently ineligible. This creates a discrepancy: a customer choosing between a diesel generator and a battery of equal price would pay more for the battery due to sales tax, directly contradicting the State's efforts to encourage deployment of batteries. A commercial sales tax exemption for energy storage systems would ensure parity between these technologies and support the State's energy objectives.

2. *Minimally affect State revenue:* A commercial energy storage sales tax exemption would result in minimal foregone State revenue. NYSERDA has estimated the exemption would cost between $20-28 million per year through 2030; however, this assumes no projects will be otherwise exempted from sales tax via a discretionary process, which is not currently the case. This cost estimate does not reflect the high likelihood that a majority of projects are likely to receive discretionary exemptions, meaning most of the NYSERDA's assumed tax revenue is already unlikely to accrue to the State. Thus, we believe the actual fiscal impact of the as-of-right exemption will be far less than NYSERDA's estimate.

3. *Eliminate bureaucratic inefficiency by avoiding discretionary abatements.* Currently, the majority of commercial energy storage systems receive discretionary sales tax exemptions from Industrial Development Authorities (IDAs) or other local entities, meaning **the State already does not receive the sales tax revenue.** However, obtaining this exemption is a time- and resource-intensive process for both developers and IDAs. As a result, 25-50% of the exemption benefit is often spent on project fees, legal costs, and staff time. For instance, a project applying to receive a $1 million discretionary sales tax exemption could spend $400,000 or more than a year to secure it. An as-of-right Statewide Sales Tax Exemption would eliminate this costly and inefficient process, accelerating progress toward energy storage deployment. Again, all of these savings mean less ratepayer costs.

4. *Maximize efficacy of NYSERDA incentive dollars.* Notably, NYSERDA's energy storage incentive program is being funded by ratepayers. Higher project costs mean higher costs to NYSERDA, requiring more incentives per project. Providing an as-of-right sales tax exemption for commercial energy storage systems will directly reduce project costs, allowing incentive dollars to be spread across more projects, thereby driving down the cost to ratepayers of the NYSERDA incentive program overall.

Energy Storage Permitting By ORES will bring Consistency and Efficiency.

A budget proposal to include the permitting of energy storage projects greater than 25 megawatts (MW) in the jurisdiction of New York's Office of Renewable Energy Siting (ORES), as described in **S.5506/A.8378,** will bring consistency and efficiency to the deployment process for

grid-scale energy storage projects at a time when New York is striving to accelerate deployment of clean grid technologies. Specifically, it will:

1. *Standardize Permitting for Safer, More Consistent Deployments.* This proposal will address longstanding challenges with local permitting of energy storage by establishing a centralized, expert review process at ORES, ensuring rigorous safety reviews throughout project design, installation, and operation, without sacrificing any of the environmental review process. By offering a standardized review pathway similar to the process already in place for major renewable energy facilities, including renewable energy facilities that are paired with storage, this proposal will support improved regulatory consistency and accelerate deployment of storage projects critical to supporting the grid. The ORES process includes early and ongoing consultation with local officials, and local land use requirements (e.g., zoning) are still an integral part of the review and permitting process.

2. *Building New York's Economy by Creating Good, Green Jobs.* This proposal will include energy storage as a "covered renewable energy system" under existing statutory labor standards, ensuring all New York energy storage projects are built with prevailing wages, operated and maintained pursuant to labor peace agreements, and comply with Buy American provisions, where appropriate. This provision will help create high-quality jobs as New York builds out its energy infrastructure.

3. *Support Grid Modernization Goals.* More than 80 local governments across the state have enacted moratoria on energy storage, affecting over 1 GW of projects currently in the interconnection queue. These delays threaten the State's ability to meet grid reliability needs and delay the air quality and equity benefits that storage can help deliver. A coordinated and transparent permitting framework under ORES can help address community concerns while enabling projects to move forward safely in line with the State's energy goals.

Thank you for considering these two policies for your Executive Budget.

We sincerely appreciate your support of the energy storage industry, and the recognition of its role in building New York's grid of the future. Again, we thank you for your Climate Week announcement that New York will use a whole-of-government approach in deploying clean energy technologies and capitalizing on federal tax credits while they are still in place. These two policies are impactful, tangible ways that you can accelerate the deployment of energy storage without sacrificing any environmental review nor significant State revenues, and demonstrate your support for clean energy deployment to the undersigned organizations and businesses.

For these reasons, we strongly urge you to include a sales tax exemption for energy storage and to provide that certain battery storage projects are subject to ORES permitting in your

forthcoming Executive Budget proposal and to support their inclusion in the enacted 2026-27 State Budget.

We appreciate your consideration of this important request to benefit New York's ratepayers and to protect public health and the environment.

Sincerely,

Dr. William Acker
Executive Director
NY-BEST

Additional 17 Organizational Signatories
ADVANCED ENERGY UNITED
ALLIANCE FOR CLEAN ENERGY NEW YORK
CLEAN ENERGY GROUP
COALITION FOR COMMUNITY SOLAR ACCESS
ENVIRONMENTAL ADVOCATES NEW YORK
ENVIRONMENTAL DEFENSE FUND
INDEPENDENT POWER PRODUCERS OF NEW YORK
NATURAL RESOURCES DEFENCE COUNCIL
NEW YORK CITY ENVIRONMENTAL JUSTICE ALLIANCE
NEW YORK LAWYERS FOR THE PUBLIC INTEREST
NEW YORK LEAGUE OF CONSERVATION VOTERS
NEW YORK STATE LABORERS' ORGANIZING FUND
NEW YORKERS FOR CLEAN POWER
SIERRA CLUB
SOLAR ENERGY INDUSTRIES ASSOCIATION
THE POINT CDC
WE ACT FOR ENVIRONMENTAL JUSTICE

Additional 21 Company Signatories
ALPHA GENERATION
AYPA POWER
BEAR PEAK POWER
BLUE WAVE POWER
CONVERGENT ENERGY AND POWER

CYPRESS CREEK RENEWABLES
ELEVATE RENEWABLES
HANWHA RENEWABLES
INVENERGY
KEY CAPTURE ENERGY
MICROGRID NETWORKS
NEW LEAF ENERGY
NEXAMP
NINEDOT ENERGY
ORENDA
QCELLS
RECURRENT ENERGY
RWE CLEAN ENERGY
SOLTAGE
VC RENEWABLES
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