

Now & Next

Infrastructure Alert

February 11, 2026

New York State proposes sweeping data center moratorium and regulatory review (S9144)

By Erica Buckley, Roderick Devlin, and Julianne Prisco

New York is considering a sweeping moratorium on data centers, as lawmakers push for a comprehensive regulatory review.



What's the impact?

- S9144 would immediately halt all new data center development in New York, impacting active and proposed projects and near-term investment plans.
- The legislation mandates a formal environmental and rate impact review, creating new regulatory requirements that could delay or reshape future data center approvals.
- If enacted, the bill would establish one of the most expansive state-level moratoriums in the country, signaling potential broader regulatory shifts for the data center sector.

On February 6, New York state lawmakers introduced Senate Bill S9144, a comprehensive legislative proposal that would pause new data center development across the state and require a structured environmental and rate-impact review before future data centers proceed.

If enacted, the bill would be one of the most expansive state-level moratoriums on data center development in the country.

The purpose behind Bill (S9144)

The bill is framed around concerns relating to:

- / Rapid growth in data center electricity demand
- / Environmental impacts of large-scale power consumption
- / Potential upward pressure on electricity and gas rates
- / Grid reliability and transmission constraints
- / Regulatory frameworks

Key provisions of bill

MORATORIUM ON NEW DATA CENTER PERMITS

The bill would impose a moratorium on the issuance of new state and local permits for a minimum of three years and ninety days. It would apply to proposed data centers capable of consuming 20 MWs or more.

GENERIC ENVIRONMENTAL IMPACT STATEMENT AND REGULATIONS

During the moratorium, the bill requires the Department of Environmental Conservation (DEC) to research and issue a generic environmental impact statement (GEIS) addressing the following:

- / **Data center survey:** Research the number, acreage, GW capacity, and location of current data centers in the state, active proposals for new data centers, and projections for future growth.
- / **Energy and grid impacts:** Assess electricity consumption, generation sources (fossil, nuclear, renewables, imports), rate impacts for all customer classes, interconnection queue effects, transmission constraints, and utility capital/maintenance needs.
- / **Water use:** Evaluate water withdrawals for cooling, consumptive losses, discharges, utility capital and maintenance impacts, and effects on residential, commercial, and industrial water rates.
- / **Land use:** Analyze total acreage, rezoning impacts, property values, taxes, and effects on farmland, including prime soils.
- / **Pollution:** Quantify greenhouse gas emissions, air and water pollutants, thermal discharges, and noise impacts, including projections for future growth.

- / **Electronic waste:** Review current and projected volumes, disposal/recycling practices.

DEC regulatory requirements

No sooner than three years after the bill's effective date, DEC would be required to issue new or updated regulations to mitigate the environmental impacts of data centers, informed by GEIS. Such regulations would address the following:

- / Minimizing **energy consumption**
- / Reducing **greenhouse gas emissions** and other **air, water, and soil pollution**
- / Minimizing **noise pollution**
- / Minimizing **water consumption**
- / Requiring a **minimum portion of electricity** to come from **on or off-site renewable energy systems and energy storage**

PUBLIC SERVICE COMMISSION — DATA CENTER RATE IMPACT REPORT AND ORDERS

No later than eighteen months after the bill becomes law, the Public Service Commission (PSC), the state's utility regulator, would be required to issue a final report on data centers' impact on energy rates, including:

- / **Impact analysis:** Effects of data centers on **electricity and gas rates** for residential, commercial, and industrial customers.
- / **Mitigation strategies:** How data center operators can **minimize rate impacts** without additional government spending.
- / **Regulatory review:** Assessment of **existing statutes and regulations** aimed at reducing rate impacts.
- / **Recommendations:** Actions PSC can take to minimize rate impacts, including the **potential creation of a new customer classification for data centers.**

The draft report must be published and subject to at least 120 days of public comment.

No sooner than three years after the enactment of the bill, the PSC must issue any orders necessary to:

- / Minimize the impact of data centers on electricity and gas rates for residential, commercial, and industrial users.
- / Ensure that all costs associated with providing/maintaining electric and gas service to data centers, including for new electricity generation, transmission, and distribution infrastructure,

and increases in natural gas and oil commodity prices, are borne by such data centers.

Conclusion

Stakeholders should closely monitor the progress of this bill, as the contemplated reports and regulatory actions would shape the landscape for data center operations and utility rate structures in the state for many years. Ongoing public and industry participation and engagement will be essential as the process unfolds over the coming months.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

Erica F. Buckley

212.940.3733

ebuckley@nixonpeabody.com

Roderick N. Devlin

212.940.3737

rdevline@nixonpeabody.com

Julianne Prisco

212.940.3047

jprisco@nixonpeabody.com