Phillips Lytle LLP

Memorandum

To: Mark Masse, GCEDC President and CEO

From: Dennis W. Elsenbeck

Date: June 4, 2026

Re: STAMP Data Center-Energy Matters

We understand that in connection with an application for land acquisition and financial incentives to construct and operate a data center at the STAMP site ("Project Double Reed" or, the "Project"), that GCEDC has received public comments expressing concern regarding data center energy demand, including comments that (i) the existing power grid does not have sufficient capacity to support a 500MW data center at the STAMP site; (ii) that a data center project is generally inconsistent with the objectives of the Climate Leadership and Community Protection Act ("CLCPA"), and; (iii) that a STAMP sited data center would result in electric rate increases for other energy consumers in the area. This memorandum provides background information and analysis as relevant to GCEDC's consideration of the data center proposals and those public comments.

The STAMP Site's Energy Capacity is Sufficient to Support a 500MW Data Center

The STAMP site's energy capacity was initially evaluated in the Generic Environmental Impact Statement prepared for the overall site, which indicated that there was sufficient electrical power available for the STAMP site to accommodate *at least* 185 MW of annual demand. Following subsequent planning and environmental

analysis, the STAMP site has been cleared by the New York Independent System Operator ("NYISO") for annual electrical demand at the site to a total of 600 MW of power. The NYISO is a non-governmental, non-profit entity, accountable to both Federal and State regulators. The NYISO is responsible for managing the State's power grid and wholesale energy markets to ensure sufficient capacity, system reliability, and predictable rates for electricity consumers state-wide. In 2018, the NYISO analyzed capacity and approved the STAMP site to utilize up to 300 MW of capacity annually, and, after further analysis, in 2024 the NYISO authorized the STAMP site for an additional 300 MW of capacity annually. The NYISO authorization authoritatively confirms that the allocation and consumption of 600MW at the STAMP site will not impact reliability of the western New York electrical grid. In light of these NYISO authorizations, the grid supporting the STAMP site offers sufficient capacity for existing projects at the site, including the addition of a 500MW data center.

Consistency with CLCPA Goals and Prospective Data Center Contributions to Fixed Costs Required for Ordinary Grid Maintenance and to Meet CLCPA Objectives

The CLCPA is codified in New York State law and it requires New York to reduce economy-wide greenhouse gas emissions by 40% by 2030, and no less than 85% by 2050 from 1990 levels. As a result of the 2026-27 Enacted State Budget, the CLCPA has been amendedto include an interim 2040 target of 60% from 1990 levels to the maximum extent feasible, and the deadline for the New York Department of Environmental Conservation to promulgate regulations to achieve such reductions is expected to be extended to December 31, 2028. Relatedly in the Budget, the CLCPA's statewide greenhouse gas emissions accounting methodology was amended—switching from a 20-year to a 100-year global warming potential standard, distinguishing emissions from biogenic sources and excluding emissions from the extraction and transmission of imported fossil fuels. Notwithstanding, these changes do not change

how the Project will impact climate related programming/goals or investments in the electric system.

The STAMP site's substation will draw power from the existing NYPA 345 KV transmission line that originates at the Robert Moses Plant, and the vast majority of new generation planned to be installed in western NY tends to be renewable in nature. Locally, the Initial Report on the New York Power Grid Study prepared by the New York Department of Public Service Staff and the New York State Energy Research and Development Authority Staff confirms that the Genesee region is anticipated to bring online anywhere from 630 to 900 MW of new renewable power within the next five years. As a result, a data center at the STAMP site would in theory be powered primarily by renewable energy, consistent with the goals of the CLCPA.

In addition, given that New York's electric grid is aged, there will be significant fixed costs required to update the grid for reliability and sustainability in the future, both as a general matter, and even more specifically to meet the CLCPA objectives. Though the total amount of the fixed costs associated with achieving the CLCPA's objectives has not yet been defined by policy-makers or industry-stakeholders, it is a general assumption that those costs will be multi-billion, state-wide, and passed through to energy-consumers as line-item subsidies on electric bills (*e.g.* rate base via multiyear tariff filings, System Benefit Charge, Clean Energy Standard, and Value of Distributed Energy Resources, amongst others). Even independently from CLCPA related costs, the fixed costs of basic maintenance and required upgrades to the State's electric system as a general matter are already spread out amongst all ratepayers through ordinary line-item charges (*e.g.* Demand Charge), which are especially likely to be assessed against high demand and high load factor users.

Accordingly, the potential prospective contributions of data centers to the fixed costs associated with electric infrastructure investment generally, and to achieve the CLPCA objectives specifically, could be substantial and beneficial to area rate payers.

This is because the comparatively high electric loads and load factors associated with the data center industry mean that those users will be obligated to pay a correspondingly higher amount in line-item charges. A data center's contributions to the fixed climate-related costs of achieving the CLCPA objectives could actually help relieve the financial burden on all electric ratepayers because those costs can be recovered through the line-item subsidies on a data center's relatively high electric bill totals. For example, at full build out, a 500 MW data center at the STAMP site could be estimated to contribute approximately $36 million annually via CLCPA-related line-item subsidies based on National Grid filed line item statements as of 4/01/2026 collected from the data center user.

In addition to specifically climate-related costs to meet the CLCPA's objectives, there are ordinary fixed costs associated with the overall maintenance of the State's electric infrastructure and those costs are already assessed against users on their electricity bills via ordinary line-item charges. In the case of a STAMP sited 500 MW data center, the estimated contributions to ordinary fixed costs to maintain and invest in the State's electric infrastructure can be estimated (based upon current tariffs) at approximately $29 million annually at full buildout. Moreover, because data center users are typically responsible to fund and construct, at their cost, their own interconnections to the utility transmission network, directly linked grid upgrades and their own substations, the utility line-item charges assessed to data center users are additional funds that will typically be available for utility infrastructure investment and maintenance throughout the entirety of the grid, and not focused solely on investments that serve the data center site itself.

County/ State Sales Tax Revenues Associated with Data Center Energy Consumption

Additionally, a STAMP sited data center could have beneficial implications for sales tax revenues. The observations below are based on certain assumptions and estimations of a data center's prospective electricity bills and associated sales tax

revenues. The discussion below assumes an estimated electric commodity price of $0.05/kWh growing at $0.005/kWh/Year, utility rates and subsidies as of April 1, 2026, a 90% Load Factor (*i.e.* near 24/7 operation), no New York Power Authority hydropower allocation, and no applicable tax subsidies or exemptions.

A data center user typically demands electricity use on a continuous, 24/7 basis, which drives relatively high monthly electric bills to be paid by the data center user. The County and State impose a sales tax on a user's total electric bill. Therefore, a 500 MW data center would be estimated to contribute approximately $13.9 million in County sales tax revenue, and approximately $13.9 million in State sales tax revenue, on an annual basis, based on an estimated annual electricity bill of $347 million at full build-out of a 500 MW data center.

As explained above, electricity rates are determined by a wide range of factors. An increase in load (i.e., demand) does not always lead to an increase in electricity prices across the system and there is no evidence indicating the operation of Project Double Reed will, on its own, impact electric utility rates in the area surrounding the Project. The electricity rate impacts from large loads, such as this Project's data center, are primarily driven by considerations of local grid constraints and federal- and state-regulated tariffs. The electricity rate impact of the Project's data center is unlikely to directly result in increased electricity rates for other ratepayers because the Project does not sit within a grid-constrained zone and has ready access to sufficient generating resources. In fact, in addition to the above, data centers like the proposed Project may reduce electricity rates because the data center will draw electricity continuously, 24/7, thereby paying for electricity at times of day when there is a surplus of electricity on the grid. This consumption pattern is likely to reduce curtailment of renewable energy resources (e.g., hydropower, solar, and wind) and improve electric grid utilization.

Conclusion

There is sufficient electrical capacity at the STAMP site to support the construction and operation of a 500MW data center. A STAMP sited data center would be primarily powered by renewable energy, consistent with the goals of the CLCPA, and would help fund the costs to achieve CLCPA objectives. A STAMP sited 500MW data center would not, on its own, have a tendency to result in electric rate increases for other consumers in the area, but rather, would likely be beneficial to other electricity rate payers due to the prospective data center's comparatively substantial electricity bills that drive higher than average fund contributions to the fixed costs of operating the State's power grid and meeting the CLCPA's objectives. In addition, a STAMP sited data center could drive substantial County/State sales tax revenues.

I am available at your convenience to discuss, and please do not hesitate to reach out if I can provide any further information to aid GCEDC's review and consideration of a proposed data center's impact to the electrical grid and associated rates/costs to area taxpayers and rate payers.

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