



New York Geothermal Energy Organization

August 13, 2026

Empire State Development
DataCenterCIF@esd.ny.gov

RE: Data Center Community Investment Framework
Comments due: Thursday, August 13, 2026

Dear ESD President Hope Knight,

The New York Geothermal Energy Organization (NY-GEO) and the undersigned organizations respectfully submit these comments in response to the Empire State Development (ESD) Policy Outline for the New York State Data Center Community Investment Framework.

ESD should explicitly include geothermal heating and cooling systems (also referred to as ground source heat pumps or GHPs) as eligible investments under the Framework's Community Investment Fund. By including GHPs as an eligible investment, host communities will be able to invest in technology that reduces household energy costs, reduces overall energy demand on the grid (particularly during peak demand periods), and offers high-quality, local jobs.

Geothermal heating and cooling systems work by utilizing the consistent temperature of the earth to efficiently and effectively heat and cool buildings. Because the earth's temperature remains constant, even on the hottest and coldest days, geothermal does not need to rely on expensive and inefficient backup heat like air-source heat pumps do. Geothermal comes in multiple forms, including individual ground loops, networked ground loops, and district systems, all of which can be effectively deployed in new construction and existing buildings, across the residential and commercial sector.

New York is already facing grid reliability and affordability challenges, even without wide-scale development of data centers. New York State can expect winter load demands to rise by as much as 1,000 MW annually through 2040, with statewide energy supply deficiencies arising "as soon as winter 2029-2030 under normal weather conditions."¹ GHPs are more than 4 times more efficient than fossil fuel systems, use up to 50% less electricity than standard air source

¹ New York Independent System Operator. (2024, June 6). *Power Trends 2024: The New York ISO annual grid and markets report*. <https://www.nyiso.com/documents/20142/2223020/2024-Power-Trends.pdf>

heat pumps, and generate 2-4 times lower peak demand than air source heat pumps on the hottest days and coldest nights².

Geothermal heating and cooling systems must play a central role in ensuring communities don't bear the cost of increasing energy demand.

Aside from the climate, energy affordability, and grid benefits that GHPs provide, they also provide a host of additional community benefits:

Visual and Acoustic Harmony: Concealed within underground loop fields, GHP systems keep yards free of bulky exterior machinery. Operating without a loud external compressor fan, they run in near total silence, eliminating hard-to-site, noisy outdoor condensers so neighborhoods remain peaceful and uncluttered.

Extended Longevity and Value: GHP technology provides a longer operational lifespan compared to alternative all-electric heat pump options. These systems serve as long-lasting assets for owners, featuring underground loops that endure for the life of the building and heat pumps that last for 25 years.

Local Economic Support: The deployment of these systems creates high-quality, local job opportunities for drillers, engineers, electricians, plumbers, construction workers, and HVAC technicians.

For New York to reach its climate and building decarbonization goals, while keeping energy prices in check and increasing the stability of the grid, Geothermal Heating and Cooling must be included in the Data Center Community Investment Framework.

Thank you for the development of this policy framework and for the opportunity to comment. We look forward to partnering on a successful framework.

Sincerely,
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² Geoexchange, AnnDyl Policy Group https://icc.illinois.gov/api/web-management/documents/downloads/public/future-of-gas/GeoExchange%20presentation_2-27-25.pdf

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