GAIERGY Corp

RESEARCH · NEW YORK · NOVEMBER 14, 2026

Reducing Taxes on Utility Batteries in New York

What New York State law gives, what a local agency can add, and what stays.

Property tax exempted, 2024

$139,118

11%

PILOT paid, 2024

$14,714

KCE NY 1, Stillwater, in 2024. The PILOT was 11% of the exempted tax. [T7]

Animated version of this report: gaiergy.com/research/Reducing_Taxes_on_Utility_Batteries_NY.html

GOAL

Show which taxes a standalone battery project in New York can remove, who decides, and what to do first.

This report is written from a New York perspective. It covers New York State and New York local tax law only. Other states may have different tax laws, so these findings may not apply outside New York.

TAKEAWAYS

01

No New York sales tax break

Not for commercial batteries

A local agency can grant one

02

Property tax: 15 years off

Automatic under New York law

Unless a local body opted out

03

No PILOT for a battery alone

That law names solar and wind only

04

Appoint first, buy second

The exemption starts with the appointment

> **This is research. A New York tax attorney should confirm it before a project relies on it.**

PLAIN WORDS

IDA: industrial development agency. A New York local public body that can grant tax breaks to a project.

PILOT: payment in lieu of taxes. A yearly payment agreed in place of property tax.

Section 487: the section of the New York Real Property Tax Law that exempts energy systems from property tax.

Mortgage recording tax: a tax paid when a mortgage is recorded.

Agent: a project the IDA appoints to buy things in the IDA's name.

Opt out: a local vote to refuse the Section 487 exemption.

Abbreviations: MW, megawatt. MWh, megawatt hour. RPTL, New York Real Property Tax Law. CESIR, coordinated electric system interconnection review (the utility's interconnection study). PSC, New York Public Service Commission.

Source: the chapters that follow. Each source is listed with its public address on page 17.

What is in this report?

Five chapters, then the details and every source with its public address.

4 taxes

CHAPTER 01 · PAGE 4

Four taxes

A standalone battery project in New York, privately owned. Which taxes reach it, and who can remove each one.

3 IDA projects

[T4] [T5] [T7]

CHAPTER 02 · PAGE 7

Sales tax

Tax on the battery equipment and other purchases.

15 years

[T1]

CHAPTER 03 · PAGE 10

Property tax

Tax on the value the battery adds to the land.

13.91 %

[T9]

CHAPTER 04 · PAGE 13

Not removed

Charges on the utility's bill for grid upgrades (National Grid).

7 steps

[T1] [T3]

CHAPTER 05 · PAGES 14 TO 15

Next steps

The order of steps, and questions for a tax attorney.

DETAILS AND SOURCES · PAGES 16 TO 17

Source: the chapters of this report. Addresses on page 17.

Which taxes reach a battery project?

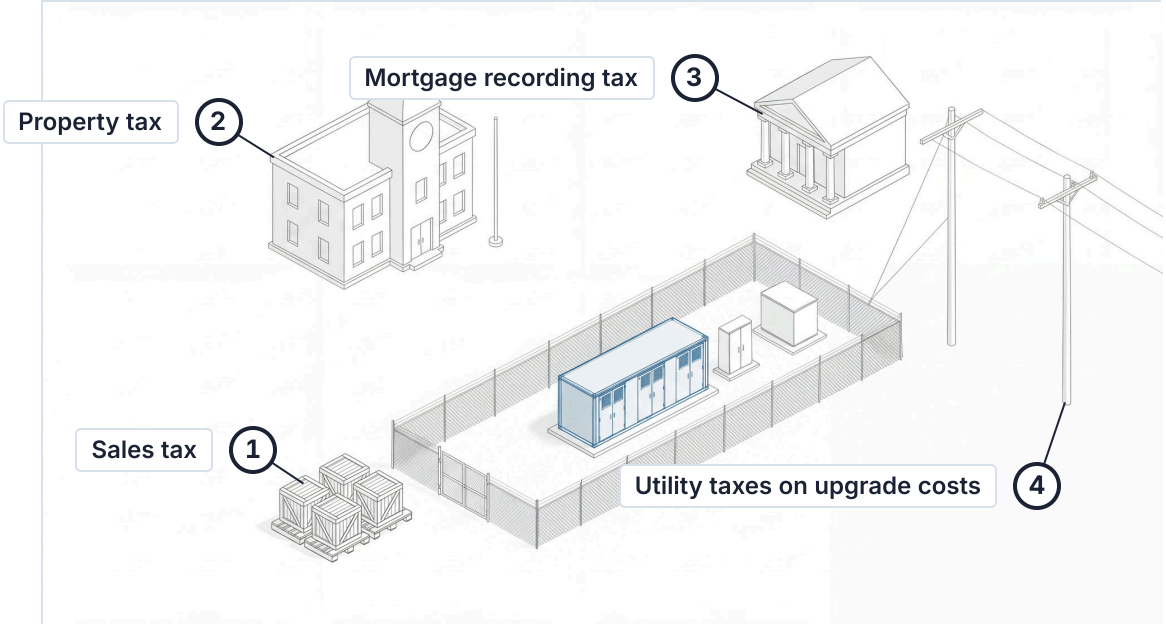
A standalone battery project in New York, privately owned. Sales tax, property tax, mortgage tax and the utility's tax lines. New York State law, a New York industrial development agency (IDA) and the local bodies that collect the tax each decide part of the answer. [T1] [T3]





Who collects each tax, and who can remove it?

New York State law or an IDA can cut three of them. **No relief was found for the utility's income tax line.**



The four taxes, numbered as in Figure 1. Line drawing.

The drawing numbers the four taxes that reach a standalone battery project, and the table names who collects each one and who decides. An IDA exemption can remove the sales tax on equipment [T3] and the mortgage recording tax. [T5] [T7] Property tax can stop for 15 years under Section 487 of the New York Real Property Tax Law, or an IDA PILOT can take its place. [T1] [T8] The fourth line is different: for the utility's income tax on upgrade costs, this report found no relief. [T9]

TAX	WHO COLLECTS IT	RELIEF	WHO DECIDES
1. Sales tax on equipment	New York State and county	IDA exemption [T3]	The IDA
2. Property tax	Town, county, school district	Section 487 for 15 years, or an IDA PILOT [T1] [T8]	New York State law. Local bodies can opt out. The IDA.
3. Mortgage recording tax	County	IDA exemption [T5] [T7]	The IDA
4. Utility taxes on upgrade costs	The utility	None found for the income tax line [T9]	No one local

Source: T1, T3, T5, T7, T8 and T9, read November 14, 2026. Addresses on page 17.

What does each relief remove?

The utility tax lines stay in every state.

Figure 1 shows the four taxes in four states, one panel for each state. In each row, dots mean the tax is paid, fewer dots mean a smaller yearly payment, and a faint line means the tax stops. With no relief, all four taxes leave the project; with an IDA, sales tax and mortgage recording tax stop. [T3] Section 487 then stops property tax for 15 years, and in an opted-out town an IDA PILOT replaces it with an agreed yearly payment. [T1] [T8] The utility tax lines on upgrade costs stay in every state, because this report found no relief for the income tax line. [T9]

STATE 1 OF 4

No relief: four taxes leave the project

Sales tax, property tax, mortgage tax and the utility's tax lines.

1	Sales tax	
2	Property tax	
3	Mortgage recording tax	
4	Utility taxes on upgrade costs	no relief found

STATE 2 OF 4

With an IDA: sales tax and mortgage tax stop

The IDA appoints the project as its agent. Purchases by the agent are exempt.

1	Sales tax	exempt
2	Property tax	
3	Mortgage recording tax	exempt
4	Utility taxes on upgrade costs	no relief found

STATE 3 OF 4

With Section 487: property tax stops for 15 years

New York State law exempts the added value of the battery, unless a local body opted out.

1	Sales tax	exempt
2	Property tax	15 years
3	Mortgage recording tax	exempt
4	Utility taxes on upgrade costs	no relief found

STATE 4 OF 4

Opted-out town: an IDA PILOT replaces the property tax

The project pays an agreed yearly amount in place of the full tax.

1	Sales tax	exempt
2	Property tax	yearly PILOT
3	Mortgage recording tax	exempt
4	Utility taxes on upgrade costs	no relief found

Figure 1. Four taxes and what each relief does to them.

the tax is paid · a smaller yearly payment · the tax stops

Source: T1, T3, T8 and T9, read November 14, 2026. Addresses on page 17.

Does a battery project pay sales tax on its equipment?

Tax on the battery equipment and other purchases. New York State law has no exemption for a commercial battery today. The route that works is a New York industrial development agency (IDA): it appoints the project as its agent, and purchases by the agent are exempt. [T3] [T6]

Sales tax on equipment

IDA

Exempt with an IDA

02



Which route removes the sales tax?

An IDA. New York State law has no exemption for a commercial battery today.

TAX ON THE BATTERY EQUIPMENT AND OTHER PURCHASES.

New York State law has no sales tax exemption for a commercial battery today. A bill (S1527A) would add one. It is in the Senate Finance Committee. (*status read November 14, 2026*) [T6] The exemption for power production does not fit either. The New York State Department of Taxation and Finance wrote that storage "seems best described as part of the transmission or distribution process rather than as a production activity". [T2]

The route that works runs through a New York industrial development agency (IDA). The New York State tax bulletin (TB-ST-385) says: "Purchases made by a properly appointed agent within the authority granted to it by the IDA are deemed to be purchases made by the IDA and are exempt from sales tax." [T3] In practice, the exemption rests on two things: the IDA appoints the project as its agent, and each purchase stays within the authority the IDA grants.

The table lists three IDA approvals for standalone battery projects. The New York City IDA approved two of them in 2026, and the Mechanicville-Stillwater IDA approved KCE NY 1 in 2018. Figure 2 on the next page puts their benefits on one scale.

IDA APPROVALS FOR STANDALONE BATTERY PROJECTS

PROJECT	SIZE	IDA	APPROVED	BENEFIT
Eastern Towhee A, Brooklyn	4.9 MW, 19.6 MWh	New York City IDA	July 21, 2026	Sales tax exemption up to $1,110,041 [T4]
Lighthouse Luyster Creek I, Astoria	56 MW, 224 MWh	New York City IDA	September 15, 2026	Sales tax and part of mortgage recording tax, up to $7,055,625 [T5]
KCE NY 1, Stillwater	20 MW (*unconfirmed*)	Mechanicville-Stillwater IDA	September 10, 2018	State sales tax $334,000. Local sales tax $250,500. Mortgage recording tax $30,000 [T7]

IDA: industrial development agency. A New York local public body that can grant tax breaks to a project.

Agent: a project the IDA appoints to buy things in the IDA's name.

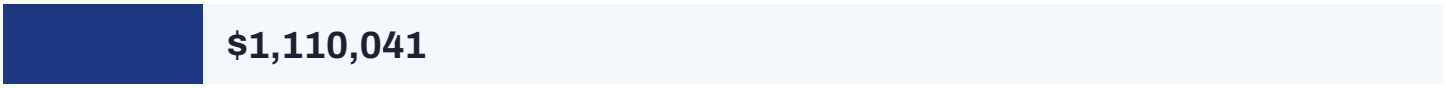
Source: T2, T3, T4, T5, T6 and T7, read November 14, 2026. Addresses on page 17.

How large were the IDA tax breaks?

Up to $7,055,625 for Lighthouse Luyster Creek I, 56 MW.

Figure 2 puts the three IDA benefits on one scale, from $0 to $8,000,000, so the bar lengths compare directly. Lighthouse Luyster Creek I in Astoria has the largest benefit, up to $7,055,625 for 56 MW, which is $125,993 per MW (*Gaiergy arithmetic*). [T5] Eastern Towhee A in Brooklyn is smaller at 4.9 MW, but its benefit of up to $1,110,041 is $226,539 per MW (*Gaiergy arithmetic*). [T4] KCE NY 1 in Stillwater received a sales tax exemption of $584,500 and a mortgage recording tax exemption of $30,000. [T7] Its size, 20 MW, comes from a state press release (*unconfirmed*), and the figure gives no per-MW value for it.

Eastern Towhee A, Brooklyn. 4.9 MW. Sales tax exemption up to $1,110,041. [T4]



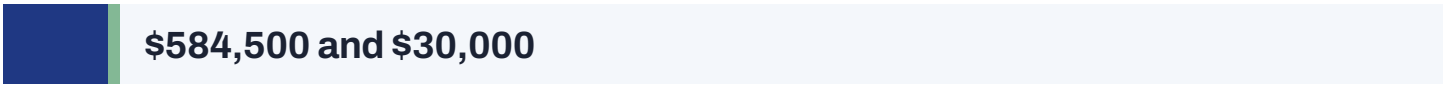
That is $226,539 per MW. (*Gaiergy arithmetic*)

Lighthouse Luyster Creek I, Astoria. 56 MW. Sales tax and part of mortgage tax, up to $7,055,625. [T5]



That is $125,993 per MW. (*Gaiergy arithmetic*)

KCE NY 1, Stillwater. 20 MW (*size from a state press release; unconfirmed*). Sales tax $584,500 and mortgage tax $30,000. [T7]





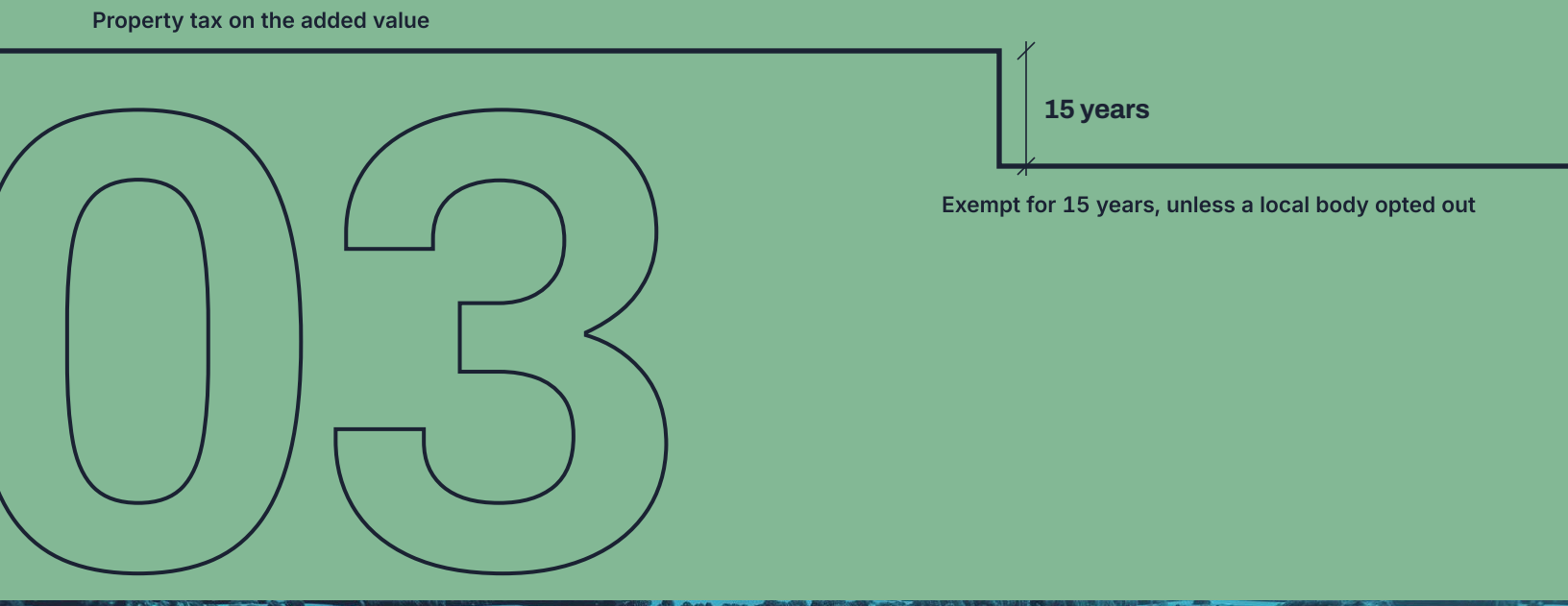
(*The $30,000 bar is drawn wider than its true length so it can be seen.*)

Figure 2. Tax breaks that New York IDAs gave to standalone battery projects. All bars share one scale.

Source: T4, T5 and T7, read November 14, 2026. Addresses on page 17.

How long can a battery skip property tax?

Tax on the value the battery adds to the land. Section 487 of the New York Real Property Tax Law exempts the added value for 15 years, and it names electric energy storage. A county, city, town, village or school district can opt out. [T1]



03



What does Section 487 give a battery?

15 years without property tax on the added value, unless a local body opted out.

TAX ON THE VALUE THE BATTERY ADDS TO THE LAND.

Section 487 of the New York Real Property Tax Law exempts the value a battery adds to the land for 15 years, and it names electric energy storage. [T1] A county, city, town, village or school district can opt out of the exemption, so a project should check each one. [T1]

Where a local body opted out, an IDA PILOT is the other route. IDAs "are not statutorily bound to a 15-year term for PILOTs, nor are they required to adhere to the RPTL 487 opt-outs for solar and wind projects". [T8] Section 487 has its own PILOT clause, but that clause names "a solar or wind energy system". It does not name storage. (*Gaiergy reading; confirm with a tax attorney*) [T1]

The exemption does not cover every charge. Special district charges still apply: "Such property is liable for special ad valorem levies and special assessments." [T1]

WHEN THE BATTERY MUST BE BUILT [T1]



The timeline shows the build window in Section 487. The battery must be built after January 1, 2018 and before January 1, 2030. [T1] A battery built on or after January 1, 2030 is outside the window. That is why step 5 in Figure 4 reads "Build before January 1, 2030."

Source: T1 and T8, read November 14, 2026. Addresses on page 17.

How did one PILOT compare with the tax it replaced?

The PILOT was 11% of the exempted tax. KCE NY 1, Stillwater, in 2024.

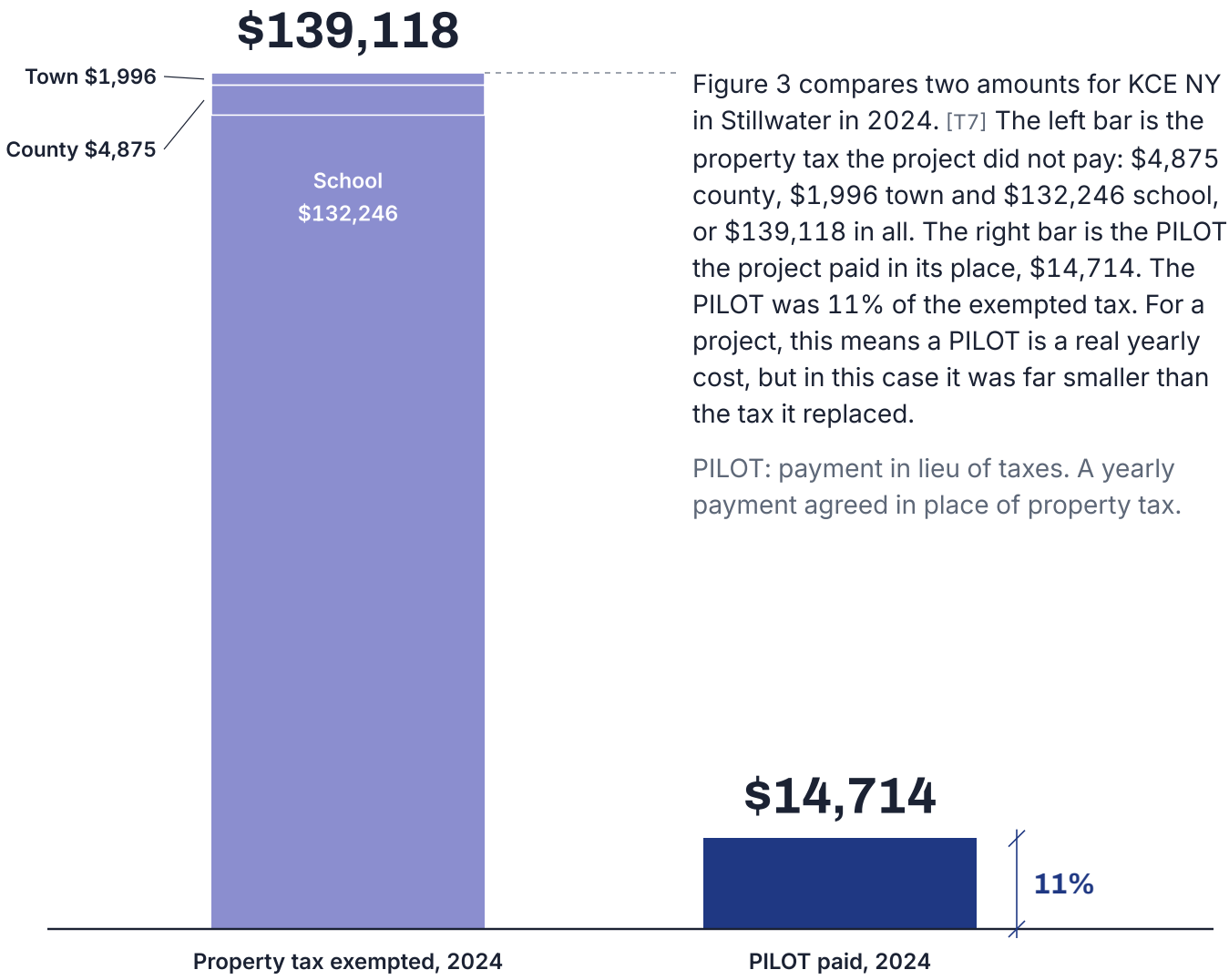


Figure 3 compares two amounts for KCE NY 1 in Stillwater in 2024. [T7] The left bar is the property tax the project did not pay: $4,875 county, $1,996 town and $132,246 school, or $139,118 in all. The right bar is the PILOT the project paid in its place, $14,714. The PILOT was 11% of the exempted tax. For a project, this means a PILOT is a real yearly cost, but in this case it was far smaller than the tax it replaced.

PILOT: payment in lieu of taxes. A yearly payment agreed in place of property tax.

Figure 3. KCE NY 1 in 2024: the yearly PILOT against the property tax it replaced. [T7]

KCE NY 1 in 2024: county $4,875, town $1,996 and school $132,246 of property tax exempted = $139,118. PILOT paid $14,714. Bars to scale.

Source: T7, read November 14, 2026. Addresses on page 17.

What do these routes not remove?

Charges on the utility's bill for grid upgrades (National Grid).

National Grid lists two tax lines on upgrade costs in its CESIR, the coordinated electric system interconnection review that studies a project's grid connection. [T9] Both are charges on the utility's bill for grid upgrades, not taxes on the project's own purchases. So the routes in the earlier chapters may not reach them.

INCOME TAX ON CAPITAL COSTS

13.91%

National Grid adds 13.91% income tax to the capital part of upgrade costs. No route above removes it. (*Gaiergy reading: it is the utility's own tax*) [T9]

ESTIMATED SALES TAX LINE

8%

National Grid also adds an 8% estimated sales tax line. An IDA exemption may cover it. (*unconfirmed; a question for a tax attorney*) [T9]

THE TWO LINES, WITH THE WORDS AS PRINTED IN THE NATIONAL GRID CESIR [T9]

"Tax Liability Applied to Capital"	**13.91%**
"Estimated Sales Tax (8%)"	**8%**

The illustration repeats the two line labels word for word, as printed on page 25 of the CESIR. [T9] Until a tax attorney answers the question on the 8% line, a project budget would carry both lines.

Source: T9, read November 14, 2026. Addresses on page 17.

In what order should a project act?

Appoint first, buy second. The exemption starts with the appointment.

Figure 4 lists seven steps in the order a project takes them. First, the project checks the town, county and school district for opt-outs, [T1] then applies to the IDA. Next, the IDA appoints the project as its agent and files Form ST-60 within 30 days. [T3] The gate sits between steps 3 and 4 because purchases made before the appointment are not covered (*Gaiergy reading of the New York State tax bulletin*). [T3] After the gate, the project buys equipment with Form ST-123, builds before January 1, 2030, files Form RP-487 with the town assessor, and files Form ST-340 each year. [T3] [T1]

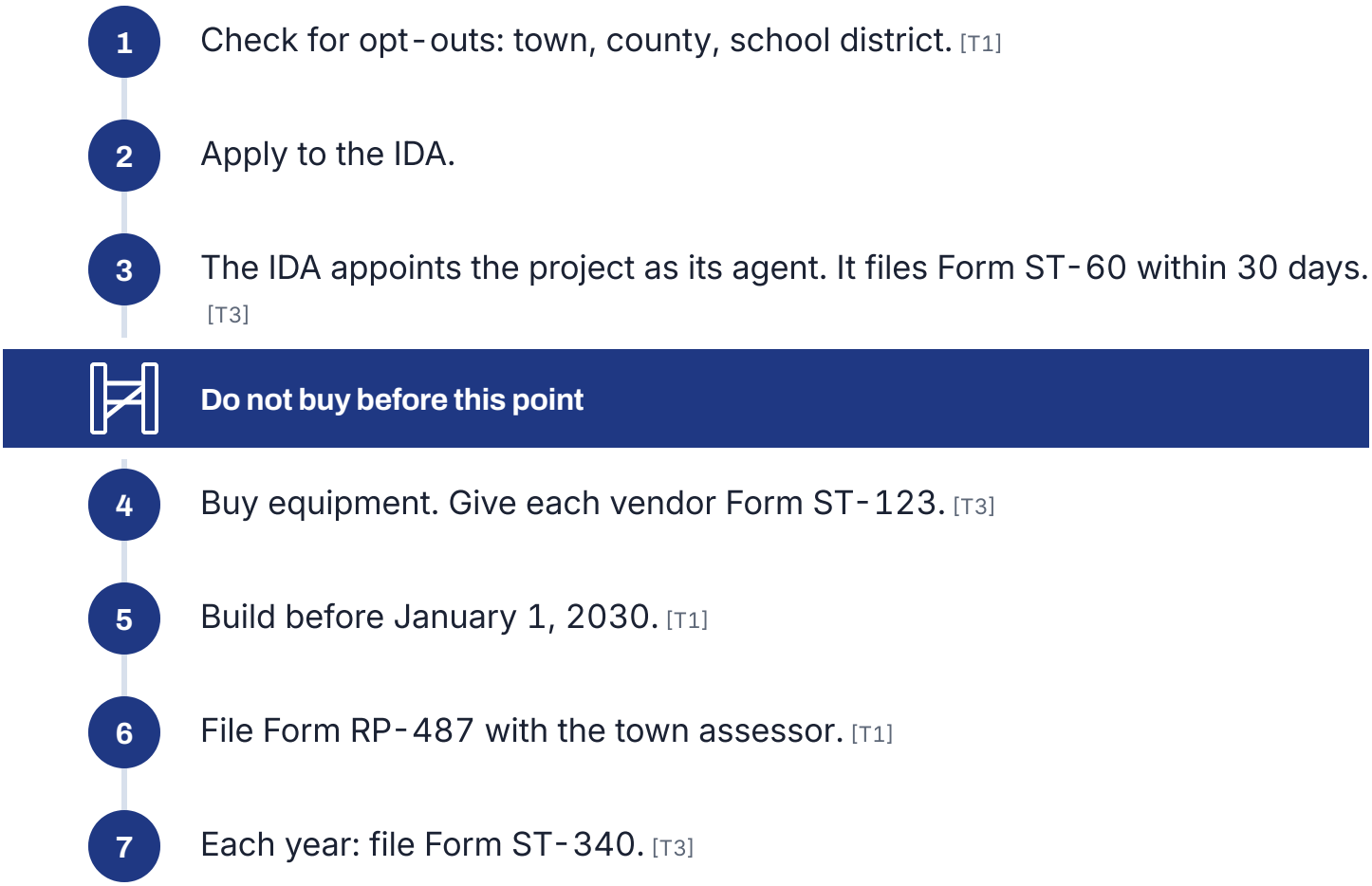


Figure 4. The order of steps. Purchases made before the appointment are not covered. (*Gaiergy reading of the New York State tax bulletin*) [T3]

Source: T1 and T3, read November 14, 2026. Addresses on page 17.

NEXT STEPS

Questions for a tax attorney

These four questions are still open, and each one can change what a project pays. The first asks whether a battery with no solar can use the PILOT clause in Section 487 of the New York Real Property Tax Law, which names solar and wind but not storage (*Gaiergy reading*). [T1] The second asks whether IDA agent status can remove the 8% sales tax line on a National Grid upgrade bill (*unconfirmed*). [T9] The third matters on leased land, because the 2009 New York State advisory opinion speaks of property "owned by Petitioner (i.e., not leased property)". [T2] The fourth asks whether an IDA PILOT is worth its fees where Section 487 already applies.

- [ ] 01
Does the Section 487 PILOT clause reach a battery with no solar?

- [ ] 02
Can IDA agent status remove the 8% sales tax line on a National Grid upgrade bill?

- [ ] 03
Does leased land change the sales tax on installation? The 2009 New York State advisory opinion speaks of property "owned by Petitioner (i.e., not leased property)". [T2]

- [ ] 04
Is an IDA PILOT worth its fees where Section 487 already applies?

This is research. A New York tax attorney should confirm it before a project relies on it.

Source: T1, T2 and T9. Addresses on page 17.

DETAILS

Exact words from the sources

SOURCE	EXACT WORDS
T1	“an electric energy storage system approved by the State Energy Research and Development Authority is exempt from taxation for a period of 15 years to the extent of any increase in assessed value due to the system”
T1	“electric energy storage equipment and electric energy storage systems must be constructed after January 1, 2018 and before January 1, 2030”
T1	“may require the owner of a property which includes a solar or wind energy system to enter into a contract for payments in lieu of taxes”
T2	“the flywheels are not used directly and predominantly in the production of electricity for sale by generating”
T2	“A frequency regulation facility could use batteries to provide essentially the same function”
T3	“The IDA must file Form ST-60 within 30 days of appointing an agent.”
T4	“an exemption from City and State sales and use tax in an amount not to exceed $1,110,041”
T5	“a partial exemption of City and State mortgage recording taxes and exemptions from City and State sales and use tax in an amount not to exceed $7,055,625”
T9	“Tax Liability Applied to Capital” at 13.91%, and “Estimated Sales Tax (8%)”

How the numbers were checked

- Each quote was read in the saved copy of its source.
- KCE NY 1 sales tax: $334,000 state plus $250,500 local = $584,500.
- KCE NY 1 in 2024: county $4,875, town $1,996 and school $132,246 of property tax exempted = $139,118. PILOT paid $14,714.
- Dollars per MW: $1,110,041 ÷ 4.9 MW and $7,055,625 ÷ 56 MW.
- Not checked against a saved copy: the size of KCE NY 1 and the text of the New York General Municipal Law sections on IDAs.

Source: the sources on page 17.

DETAILS

Sources

Each source is a public document at the address shown. Each was read on November 14, 2026.

This report is written from a New York perspective. It covers New York State and New York local tax law only. Other states may have different tax laws, so these findings may not apply outside New York.

T1 New York State Department of Taxation and Finance, Assessor's Manual, Real Property Tax Law Section 487. https://www.tax.ny.gov/research/property/assess/manuals/vol4/pt1/sec4_01/sec487.htm. Read November 14, 2026.

T2 New York State Department of Taxation and Finance, Advisory Opinion TSB-A-09(36)S, August 21, 2009. https://www.tax.ny.gov/pdf/advisory_opinions/sales/a09_36s.pdf. Read November 14, 2026.

T3 New York State Department of Taxation and Finance, Tax Bulletin TB-ST-385, Industrial Development Agencies and Authorities. https://www.tax.ny.gov/pubs_and_bulls/tg_bulletins/st/industrial_development_agencies_and_authorities.htm. Read November 14, 2026.

T4 New York City Industrial Development Agency, board agenda and resolutions, July 21, 2026, Eastern Towhee A Clean Energy LLC. https://edc.nyc/sites/default/files/2026-07/IDA%20July%20Agenda%20and%20Resolution.pdf. Read November 14, 2026.

T5 New York City Industrial Development Agency, board agenda and resolutions, September 15, 2026, Lighthouse Luyster Creek I, LLC. https://edc.nyc/sites/default/files/2026-09/September%20IDA%20Agenda%20and%20Resolutions.pdf. Read November 14, 2026.

T6 New York State Senate, bill S1527A. https://www.nysenate.gov/legislation/bills/2025/S1527. Read November 14, 2026.

T7 New York State Authorities Budget Office, IDA project data, rows for KCE NY 1 LLC (Mechanicville-Stillwater IDA), fiscal years 2019 to 2024. https://data.ny.gov/resource/9rtk-3fkw. Read November 14, 2026.

T8 New York State Authorities Budget Office, report on IDA clean energy projects. https://abo.ny.gov/system/files/documents/2025/08/ida-clean-energy-projects-final-report.pdf. Read November 14, 2026.

T9 National Grid CESIR document 433641, version 4.0, September 10, 2026, page 25. New York Public Service Commission Case 25-E-0504. In the case file it is part of the Bridgewater Solar supplemental request for a declaratory ruling (October 28, 2026); page 25 of the CESIR is page 33 of that file. https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B80BE83A1-0000-CD39-A1F9-9DF82DD62771%7D. Read November 14, 2026.

Source: as listed on this page.

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Animated version of this report:
gaiergy.com/research/Reducing_Taxes_on_Utility_Batteries_NY.html

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