



The NY HEAT Act: Transition or Demolition?

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Background - The CLCPA

- The Climate Leadership & Community Protection Act (CLCPA) is New York's roadmap for addressing climate change.
- 2019: CLCPA is enacted, outlines State's main climate goals.
 - Points to buildings being a leading emitter of GHG ($\frac{1}{3}$ of all state emissions).
- Instituted the Climate Action Council to draft a scoping plan.
 - Dec. 2021: Draft released followed by public comment period.
 - Dec. 2022: Scoping plan advanced by CAC.
- **Nowhere in the bill were there any specific mandates to discontinue natural gas.**

CLCPA Goals	
2030	<ul style="list-style-type: none">● Reduce emissions to 40% below 1990 levels.● Achieve 70% electricity sourced from renewable energy.
2040	<ul style="list-style-type: none">● Have <u>all</u> electricity sourced from renewable energy.
2050	<ul style="list-style-type: none">● Reduce emissions to 85% below 1990 levels.● Offset remaining 15% of GHG through carbon sequestration practices.

CLEAN ENERGY ECONOMY

178,000 clean energy jobs

now

RENEWABLE ENERGY

6,000 MW of distributed solar

by 2025

RESILIENT and DISTRIBUTED GRID

1,500 MW of energy storage

ENERGY EFFICIENCY and BUILDING DECARBONIZATION

185 Tbtu end-use savings in buildings and industrial facilities

More than 200,000 new jobs added

10,000 MW of distributed solar

RENEWABLE ENERGY / CLEAN ENERGY STANDARD

70% electricity from renewable energy

by 2030

GHG REDUCTION

40% reduction in greenhouse gas emissions from 1990 levels

6,000 MW of energy storage

1 million electric homes and 1 million electrification-ready homes

RENEWABLE ENERGY

9,000 MW of offshore wind

by 2035

CLEAN TRANSPORTATION

100% light duty zero-emission vehicle sales

CLEAN ELECTRICITY

100% zero-emission electricity

by 2040

GHG REDUCTION

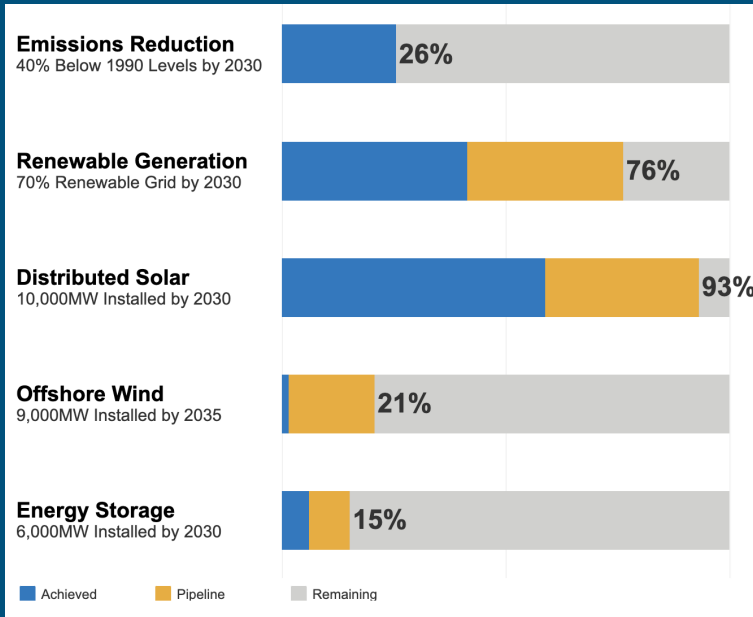
85% reduction in greenhouse gas emissions from 1990 levels

by 2050

CLCPA - Missed Deadlines & High Price Tags

- Aug. 2023: NYS DPS releases first Annual CLCPA Report
 - Reported \$43.7 billion in spent or committed funds - **Almost 13% of the estimated full CLCPA cost in 1 year!**
- Jul. 2024: NYSERDA Energy Standard Review reports NYS will not meet 70% electricity goal by 2030.
 - **According to the report, NY is on track to get to just 53% by 2030.**
 - Cites inflation, interest rates, and growing demand for electricity as key factors behind delay.
- Looking Ahead -Potential Disruptors to CLCPA Goals:
 - Growing energy demand for new technologies (AI & Blockchain)
 - Federal setbacks under Trump Admin (offshore wind)
 - Renewable energy sector uncertainty

CLCPA By the Numbers

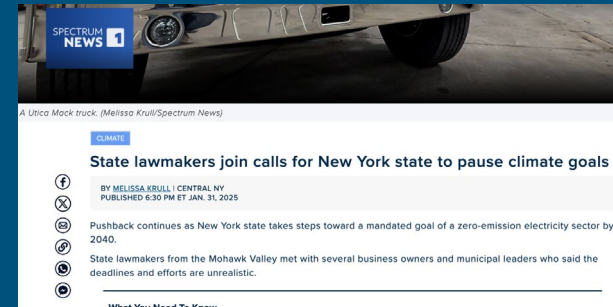


- New York State is falling behind on every main goal set by the CLCPA.
- Plenty of work is in progress, but will it be too little too, too late?
 - Most “in the pipeline” work is in renewable energy generation.
 - How will cutting federal investment slow down any momentum - especially on offshore wind?

Source: NYS Climate Act Dashboard
Last updated: September 3, 2024

What's the Response?

- Lawmakers are at a crossroads: *Double down on ambitious goals, or hold back?*
- Last month: Bi-partisan coalition of Mohawk Valley legislators and business leaders forms, calling for reassessment of CLCPA goals.
- Meanwhile: Democrats advance to expedite climate goals through supplemental legislation.
 - Most notably, reintroducing the NY HEAT ACT (S4158/A4592).



Breaking Down the HEAT Act

What is the NY HEAT Act?

- **S4158/A4592**, The New York Home Energy Affordable Transition (HEAT) Act, is the Legislature's vehicle toward expediting the achievement of the CLCPA's goals.
 - There is a main focus on buildings, $\frac{1}{3}$ of NYS's emissions.
- **Main Goal:** Amend public utility law to immediately discontinue natural gas utility services in order to achieve CLCPA goals.
 - Increase PSC oversight to align with CLCPA mandates.
 - Regulate the utility industry and ratepayer autonomy to achieve lower emission rates.
 - Ensure affordability for low-income households by capping energy bills.

But how much of a transition is the HEAT ACT?

Do the means align with the ends?

PSC Oversight - State Affordable Gas Transition Plan



- The Public Service Law is directly amended to require the PSC to utilize its authority to achieve the goals of the CLCPA and any successor legislation.
- No later than 2 years after implementation, the PSC is required to develop an “Affordable Gas Transition” Plan which determines:
 - Infrastructure targets for the transition away from natural gas.
 - General requirements for residential and industrial transitions.
 - Guardrails for residential affordability and continued service.
 - Parts of the PSL that conflict with CLCPA to be eliminated.
- With a draft plan, PSC will hold 4 public hearings on the AGTP.
- Once approved, utilities have 1 year to develop and implement their own plan.

Ending the Obligation to Serve

- Under current law, public utilities have an “obligation to serve” gas to households in their service territories.
 - These services include natural gas and electric utilities.
- New York is the **6th largest consumer** of natural gas in the US.
 - Over **4.5 million** households depend on natural gas in NYS
 - 60% heat their homes with natural gas.
 - 46% of electricity comes from power plants that run on natural gas.
- Dec. 31, 2025: If the HEAT Act passes, the obligation to serve for natural gas will be eliminated.
 - Mandating no more new gas hookups and phasing out gas infrastructure.
- Dec. 31 2026: PSC can no longer grant an amendment to a gas company’s certificate of public convenience and necessity that expands its service territory.

Eliminating the 100-Foot Rule

- 100-Foot Rule: Under current Public Service Law, utilities are required to connect all new customers for free, provided the building is within 100 feet of a main gas line.
 - Connection costs are completely subsidized under this rule, making it easier for developers to connect new buildings to the gas grid.
 - Includes natural gas and electricity.
- The HEAT Act amends the 100-foot rule to only apply to electric services.
 - The HEAT Act calls for any gas service applications to be paid by building owners and follow PSC's strict regulations.
 - Overall: Energy costs pushed to the consumer.

Energy Bill Income Caps



- The NY HEAT Act sets a 6% cap on energy bills for low-to-moderate income households
 - Low-to-moderate income: Households with annual incomes at or below 80% of the State Median Income.
 - SMI = \$84,578 (2023)
 - Cap Threshold = \$67,662
- Aims to reduce energy cost burden on low-income families, but does not incentivize lower energy consumption.
- Sponsors predict the income cap would save 25% of all households an average of \$136 a month.
 - \$3 billion annual cost
 - Estimated increase of \$544-\$800 annually for over 50% of NY households.

The Current Situation

Leading Critiques of the HEAT Act

While many NY businesses support the intent of the CLCPA, there are urgent concerns about the methods implied by the NY HEAT Act:

1. Extreme PSC Oversight

- a. Complete authority over contracts, subsidies, permits, and licenses.

2. Cost & Financial Burden

- a. Lack of infrastructure investments lead to financial strain on utilities.
- b. Up-front costs on utilities and construction combined with income energy caps lead to middle-income households making up the cost.

3. Grid Reliability & Capacity

- a. Does not address growing demand for energy. Inevitably grows the demand for electricity only with no alternative.
- b. Concerns about renewable energy infrastructure making up for growing demand.
- c. Customers could have gas lines disconnected without consent.

4. Impact on Jobs

- a. Job losses for gas infrastructure projects.
- b. New compliance for developers, environmental standards.
- c. Potential delays made due to environmental studies and electrification.

State of Play - The State Legislature

Bill History:

- First introduced during the 2021-2022 Session.
- 2023: Passed Senate (40/22 Vote), Failed to Advance in Assembly.
- 2024: Passed Senate (40/22 Vote), Failed to Advance in Assembly.
- Feb. 2025: Reintroduced by Senator Krueger and Assembly Member Simon (S4158/A4592).
 - 2024: 30 Senate sponsors, 75 Assembly.
 - 2025: 29 Senate sponsors, 63 Assembly.

Looking Ahead:

- *Senate maintains momentum, potentially incorporating HEAT in one-house budget.*
- *Assembly remains at a standstill, **but for how long?***

State of Play - Governor Hochul

- Governor Hochul originally backed the HEAT ACT
 - Included components of the legislation in her previous Executive Budgets.
 - “Affordable Gas Transition Act”
- Turn to 2025, HEAT is not the Governor’s main climate policy goal
 - No signs of HEAT or AGTA in Budget Proposal.
 - Hochul remains focused on congestion pricing, federal cuts, and renewable energy restrictions.
 - *Disconnect from environmentalist groups?*

Looking Ahead: *With the HEAT Act gaining momentum in the Legislature, does a veto appear imminent?*