

# TEACH-IN ON *the* **NY HEAT ACT**

## Featuring:



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AGREE

**Friday, December 15**  
**12:00 - 1:00**

**Organized  
By:**



# **New York's Clean Energy Transition is Threatened by State Laws that Perpetuate, Promote, and Subsidize Fossil Gas Use**

**Chris Casey** (he/him)

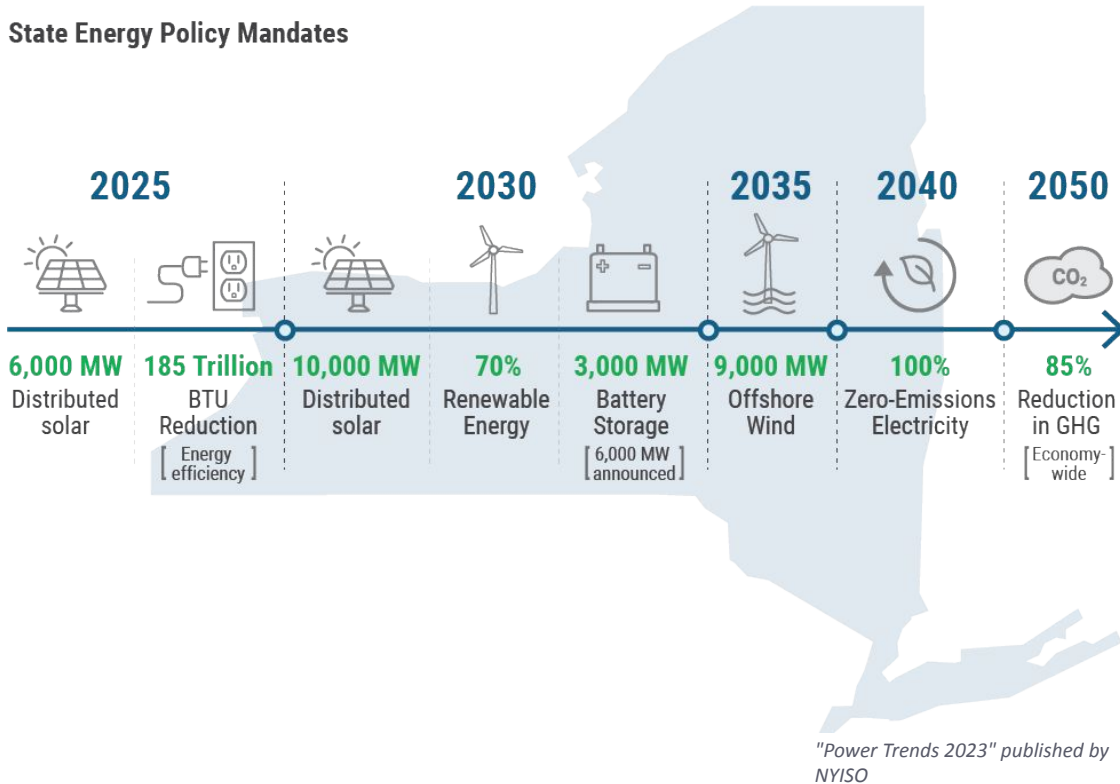
NRDC

**NY HEAT Teach-In, December 15,  
2023**

# New York's Clean Energy Transition

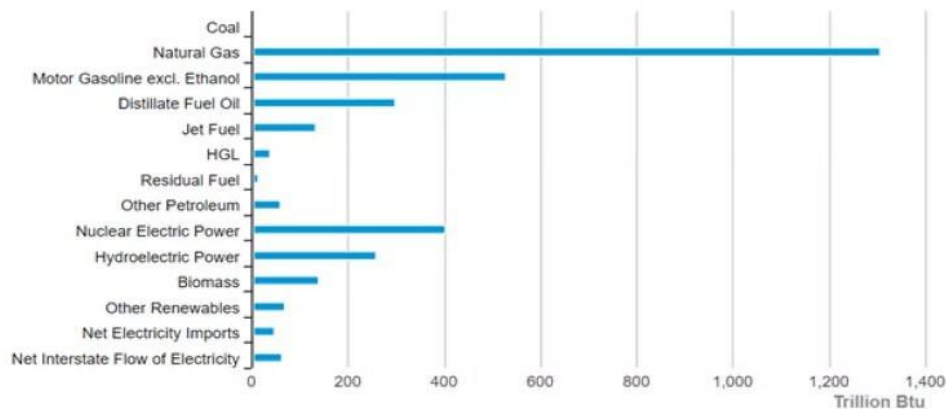
New York's nation-leading [Climate Leadership and Community Protection Act](#) (Climate Act) set forth **ambitious, economy-wide climate and clean energy targets** that require all sectors of the state's economy to collectively transition to net-zero emissions by 2050.

The Climate Act also includes important provisions for [climate justice](#) that prioritize equity in fighting climate change to ensure that disadvantaged communities are not left behind in New York's clean energy transition.



# Climate targets require a gas system transition

New York Energy Consumption Estimates, 2020



U.S. Energy Information Administration, [New York State Energy Profile](#)

According to the Climate Action Council [Scoping Plan](#)—the [blueprint](#) for achieving the Climate Act targets—there will need to be a **major reduction of gas use**, especially in the buildings and electric sectors, and a **transition of most gas customers** to electricity for heating and hot water.

The Scoping Plan's [Gas System Transition chapter](#) calls for a **well-planned, strategic downsizing** of the gas system that takes place as quickly as possible and to the greatest extent possible.

# Scoping Plan calls for legislative action to enable a strategic transition of the utility gas system

- The Public Service Law (PSL) (Chapter 48 of the Laws of New York) establish the Public Service Commission and set for its responsibilities for regulating the state's electric, gas, steam, telecommunications, and water utilities.
- The PSL requires the Commission to regulate utility service to ensure affordable, safe, secure, and reliable access to electric, gas, steam, telecommunications, and water services for residential and business consumers, at just and reasonable rates, while protecting the natural environment.
- **Existing PSL promotes and subsidizes the expansion of the gas system**, which jeopardizes an equitable, affordable, and orderly transition of the gas system.
  - **the 100-foot rule** in [PSL § 31\(4\)](#) requires existing gas ratepayers to subsidize building new gas infrastructure to hook up new customers; and
  - **the utility obligation to provide gas service** in PSL § [30](#) and [31](#) establishes a customer's entitlement to gas service and thereby enables a single customer to block community-scale projects that would facilitate cost-saving downsizing of the gas system.
- Scoping Plan calls on Legislature to review modify laws in conflict with the Climate Act to ensure that the Commission and utilities do not have conflicting legal mandates and have the clear authority required to advance NY's clean energy transition.

# New investments in gas infrastructure jeopardize an equitable, affordable, and orderly transition

- The need to address these statutory tensions is urgent because utilities are continuing to rapidly invest billions to fortify and expand their fossil gas systems—potentially squandering our best opportunities for strategic, cost-saving downsizing.
- Over the last five years, existing gas customers have spent [\\$1 billion subsidizing the expansion of the gas system due to the 100-foot rule.](#)
- Gas utilities are also currently planning to replace more than 7,000 miles of leak-prone pipe with brand-new pipe and to replace nearly 190,000 leak-prone service connections over the next 20 years.
- According to Synapse Energy Economics, this new gas infrastructure [will cost customers \\$150 billion](#), with more than half of this cost hitting bills after 2050 when the replaced pipe will likely be a stranded asset.

# NY HEAT Act harmonizes New York's gas utility regulatory framework with the Climate Act

- [The NY HEAT Act](#) is fully aligned with the Scoping Plan and necessary to implement the Climate Action Council's vision for a well-planned downsizing of the gas system that enables achievement of the Climate Act's targets.
- Empowers the PSC to equitably achieve the Climate Act's climate justice and emission reduction targets and makes doing so an express regulatory objective;
- Amends both the gas utility obligation to serve and the 100-foot rule subsidy for expanding the gas system, thereby removing statutory conflicts with the Climate Act;
- Facilitates a well-planned and strategic downsizing of the gas system by enabling community-scale solutions that facilitate the downsizing of gas infrastructure over time;
  - Example: Con Ed RFP for [Non-Pipeline Alternatives to Provide Whole Building Electrification Services](#)
- Establishes several new requirements that will protect vulnerable customers from disproportionately bearing the cost of a disorderly transition to clean energy, including that no one pays more than 6 percent of their income for their energy bills.

# About the BDC

Americans need safer, healthier, more affordable energy. The Building Decarbonization Coalition (BDC) harnesses the power of coalition to forge paths to upgrade and power homes and buildings with clean electricity.

We unite people, policy makers, workers, building industry stakeholders and environmental groups at every level to join in building decarbonization and build a sustainable future.





# Why talk about the Future of Gas in NYS?

**This report, from Groundwork Data, aims to assist at this critical, early moment in gas distribution system transition planning:**

<https://buildingdecarb.org/resource/the-future-of-gas-in-nys>

- 5 million gas customers in NY
- 50,000 miles of gas distribution pipes, and 3.3 million miles of service lines
- ~8,000 miles of Leak-Prone Pipe remaining in NY
- \$16 billion added to gas utility balance sheets in the past decade, for >1,600 miles of new pipe



# NY HEAT Act & Future of Gas report

- Why the NY HEAT Act?
  - Ends the '100 foot rule,' a cross-subsidy funded by New York's gas ratepayers subsidizing gas system expansion at a cost of about \$200 million per year
  - Caps the cost of energy bills at 6% of a household's income for LMI customers
  - Opens the door for neighborhood-scale solutions like thermal energy networks, creating demand for high-skill, highly paid jobs in this transition by changing the obligation to serve
  - Enables a managed, phased transition off the gas system

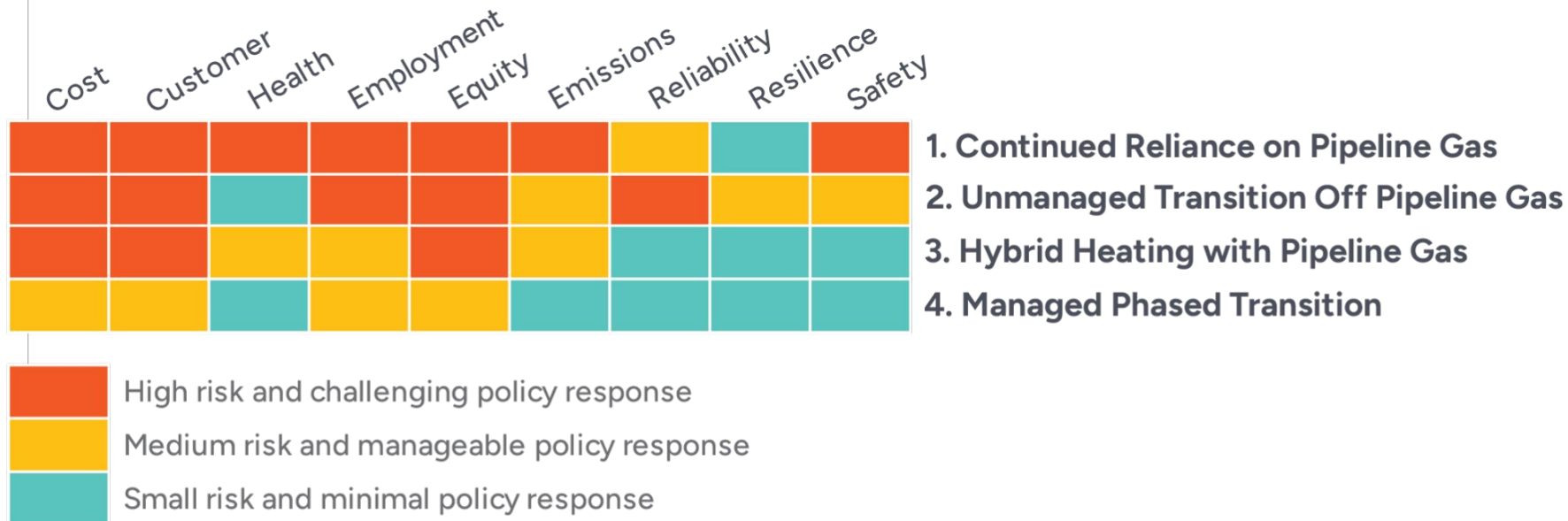
# The Future of Gas in NYS- Key Findings

- Gas Utilities Heavily Invest in Gas Infrastructure
- Gas Mains are Expensive to Replace
- Growing Competition Makes Gas Distribution System More Expensive
- Declining Gas Customers will Increase Gas Rates
- Lower Income Gas Ratepayers are Especially at Risk
- RNG & Hydrogen Proposals are not Credible, Practical or Cost-Effective
- Intervention is Needed Now to Prevent Energy Cost Crisis
- NY Must Take a Phased, Managed, Equitable Approach to Gas Transition

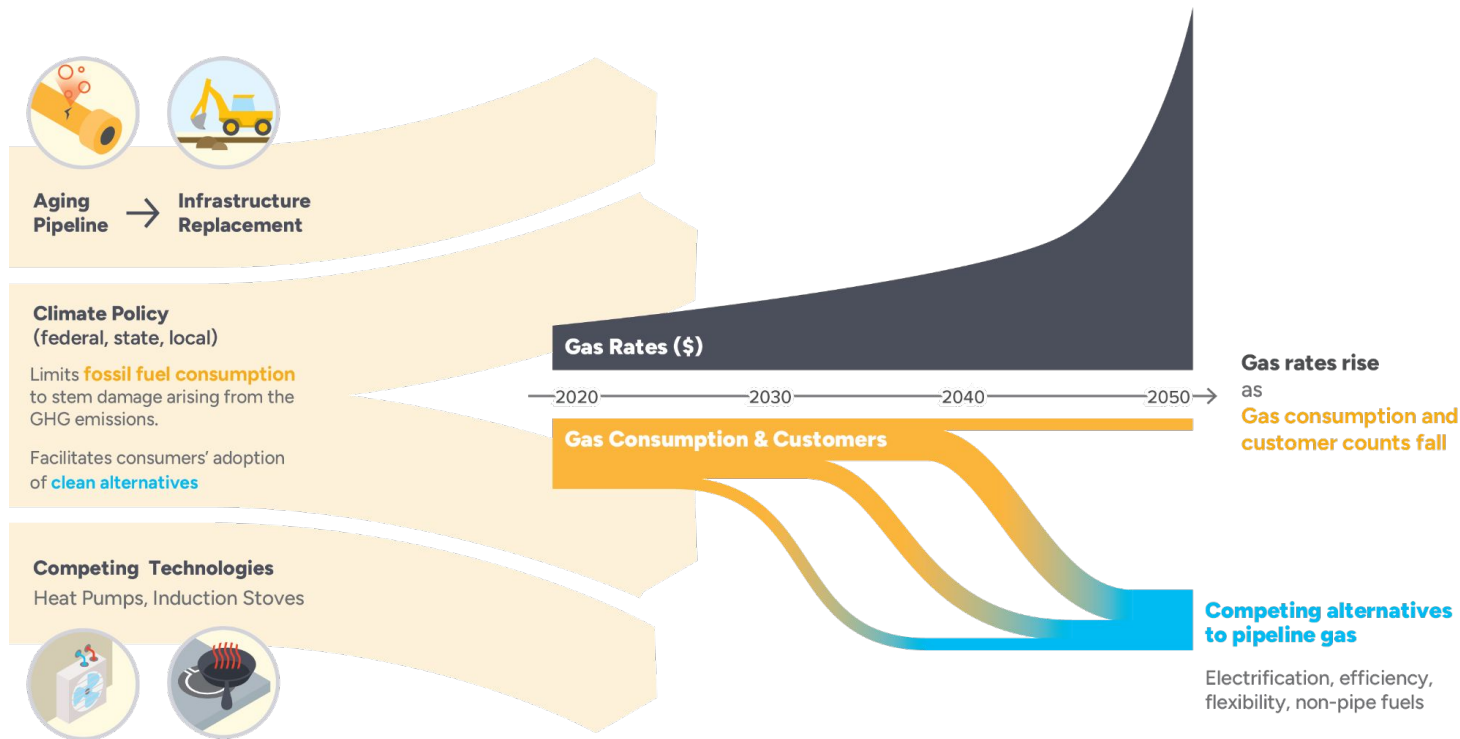
# Ratepayer Impacts of Continued Gas System Investment

- Since the CLCPA's passage, gas utilities have spent \$5 billion to maintain & expand their gas networks,
- Gas utilities are on pace to incur an additional \$28 billion in capital expenditures through 2043
- Cost to replace LPP is an avg. of \$3m-6m per mile, costing \$60,000/customer served
- This is driving up utility bills, and is spending that could be better invested in transitioning customers to cleaner, healthier decarbonization alternatives like heat pumps and thermal energy networks

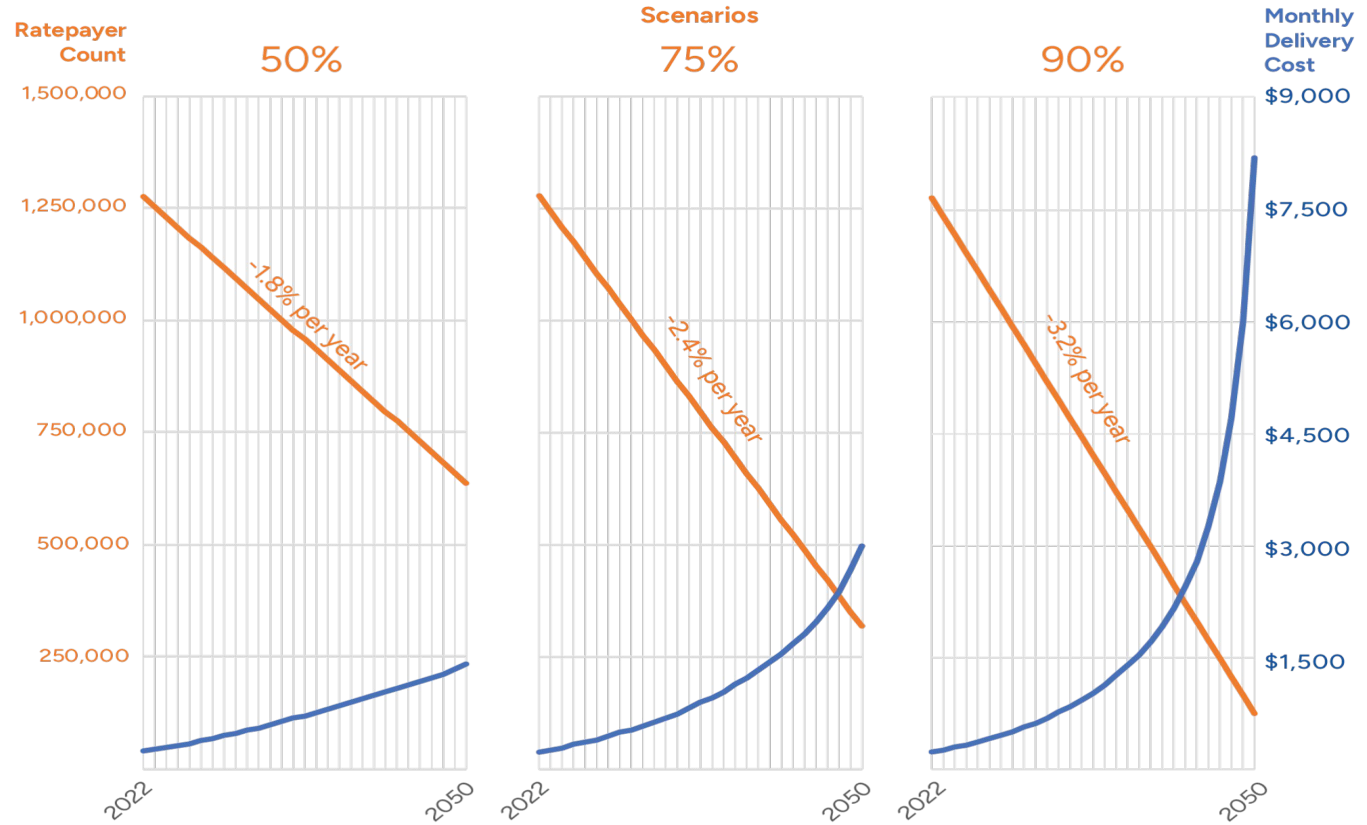
## New York should take a managed, phased approach to gas system transition



# Without State action, the cost of gas for customers will rise exponentially



# Effect of ratepayer and consumption decline on monthly delivery costs by 2050



# The Future of Gas in NYS: Key Recommendations

- Update utility laws that impede implementation of NY's climate law
  - The legislature must amend current law to amend the utility “obligation to serve” and subsidies for gas system expansion that impede a managed, phased transition. This obligation to serve is currently fuel-specific and does not allow for neighborhood-scale decarbonization options.
  - Further, the law provides for a cross-subsidy, which costs existing customers \$200 million per year to defray the cost of extending gas lines to new customers.

**The NY HEAT Act would correct this outdated law**



# **NY HEAT: An Energy Affordability Bill**

# In this presentation

- The current energy affordability situation
- Strategies for improving energy affordability
- How NY HEAT helps

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# **The current energy affordability situation**

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# 6%

The percentage of household income that national experts have determined is a reasonable amount that households can afford for energy.

# Who in NY pays more than 6% of their income for utility bills?

Energy Burden in New York State 2023		
% of State Median Income	% Income Spent on Energy Bills (Average)	Number of Households
Below 30%	15%	1,126,111 (15% of households)
Between 30% and 60%	6%	1,244,874 (17% of households)
Between 60% and 80%	4%	737,634 (10% of households)
Between 80% and 100%	3%	679,313 (9% of households)
100%+	2%	3,629,282 (49% of households)
Data from the US Department of Energy Low-Income Energy Affordability Data (LEAD) Tool, accessed May 2023		

# How many people are behind on their bills?

Utility Arrears Data - August 2023					
Number of customers 60 days in arrears	Amount owed by those customers	Disconnection notices that month	Terminations that month	Percentage of residential customers in 60-day arrears	Average debt per household
1,228,009	\$1,320,330,733	471,576	34,359	14%	\$1,075.18

# Why should we care?

- Inability to pay energy bills can lead to homelessness and family separation, and impacts nutrition and health
  - Equitable distribution of the up front costs of climate action is morally just
  - It also makes those costs politically possible and helps build a powerful movement
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# Energy affordability strategies

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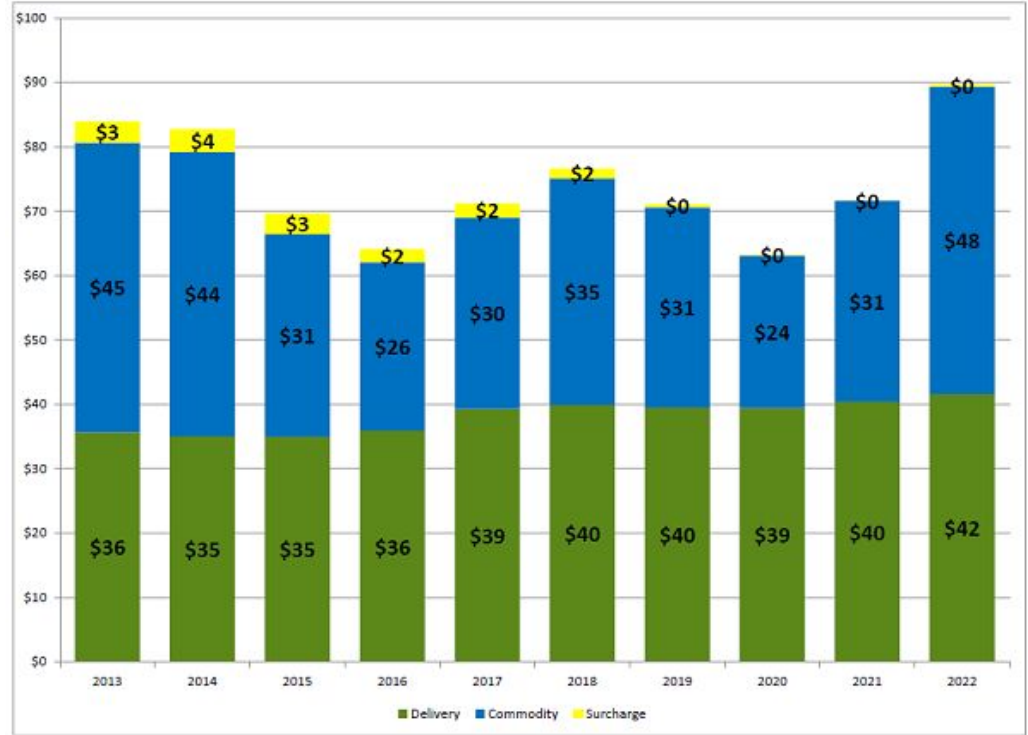


# Existing programs to help with individual households with energy affordability

- Home Energy Assistance Program (HEAP) – funded by federal government
- Utility Energy Affordability Program (EAP) – funded by utility customers
- Governor's energy affordability allocations – funded by NY taxpayers
- Energy efficiency
- Solar energy
- Heat Pumps in some circumstances

# Strategies to bring down costs for all households

- Reduce reliance on expensive energy sources
- Reduce peak demand to reduce infrastructure costs and expensive peaking energy supplies
- Increase grid utilization



Average NYSEG gas bills

# Strategies to more fairly distribute costs

## Energy Affordability Program

**Shifts costs from lower income households to higher income households**

- There are approximately 2.7 million low income households in NY (defined as 60% or below state median income)
- Only about 1.1 million eligible households are enrolled
- **We should enroll more people!**

## Rate Design

**Rate design today shifts costs from high energy users to low energy users,**

- Declining block rates and high customer fixed charges make it so that the more energy you use, the cheaper each unit of energy is

**We should reverse this!**

**How does NY HEAT Help?**

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# NY HEAT is a comprehensive energy affordability bill

- ✓ Reduces reliance on expensive fossil fuels
- ✓ Reduces infrastructure costs through the elimination of the 100 foot rule and the enablement of neighborhood transitions
- ✓ Reduces stranded assets
- ✓ Improves electric grid utilization by accelerating heat pump adoption
- ✓ Codifies the 6% energy affordability goal in state law
- ✓ Pushes the Commission to pursue many strategies for achieving the 6% goal, including targeted energy efficiency, solar credits, and rate design

Pass NY HEAT!

Take Actions with NYCP  
Advocacy and Organizing  
Director, Lisa Marshall

**POSTCARDS to the GOVERNOR through Jan 9!**



**CALL**





# PASS *the* NYHEATACT

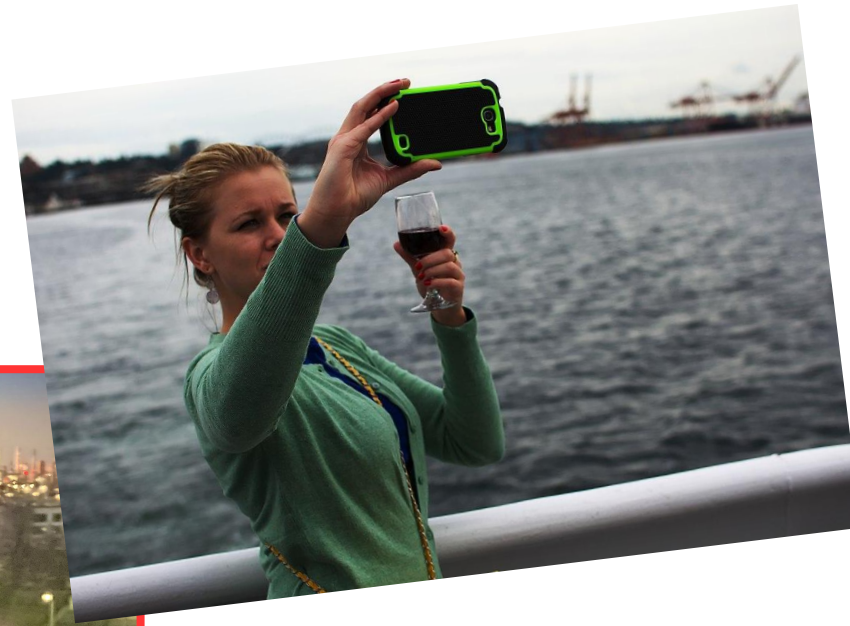
ALBANY RALLY *and* LOBBY *day*  
TUESDAY JANUARY 23



RSVP *and* INFO

[bit.ly/passNYHEAT](https://bit.ly/passNYHEAT)

# Social Media Action



**YOU ARE  
NEXT!**