

Written testimony submitted by Betta Broad to the Senate Standing Committees on Finance, Energy and Telecommunications, and Environmental Conservation on January 17, 2023

Chair Krueger, Chair Parker, Chair Harckham, honorable members of the Committee: thank you for inviting me to comment on the budgetary and legislative action necessary to implement the Climate Leadership and Community Protection Act and the Climate Action Council's Final Scoping Plan.

My name is Betta Broad and I'm the Director of Advocacy and Organizing at the Association for Energy Affordability. The Association for Energy Affordability is dedicated to achieving energy efficiency in new and existing buildings in order to foster and maintain affordable and healthy housing and communities, especially those of low-income. I am also the Campaign Director of New Yorkers for Clean Power, a statewide campaign to rapidly shift to an equitable clean energy economy. My work focuses on implementing policies and programs that help New Yorkers make the switch to healthy, affordable, clean energy solutions.

There are many components to the Scoping Plan but my focus will be on the building sector, the largest single source of greenhouse gas emissions in NYS. **I believe that the most important action that the legislature can take this session to advance implementation of the Climate Act and Scoping Plan is to pass the New York Home Energy Affordable Transition (HEAT) Act.** The NYHEAT Act, formerly known as the Gas Transition and Affordable Energy Act, S8198 (Krueger)/A9329 (Fahy) reforms the Public Service Law, ends subsidies for expansion of the gas system, allows redirection of billions of customer dollars toward investment in community-wide clean infrastructure and buildings, and ensures that the most vulnerable New Yorkers will not disproportionately shoulder the costs of transitioning away from using fossil gas to heat our buildings, all to enable an equitable downsizing of the system that protects consumers and workers.

Reform the Antiquated Public Service Law

In order to achieve our nation-leading climate goals and decarbonize NY's 6 million+ buildings, we must first align Public Service Law with the Climate Leadership and Protection Act. Currently, antiquated Public Service Laws require that gas utilities are "obligated to serve" all customers with gas, which ties the hands of our regulators, even when it is more cost effective for customers and desired by the utility to invest in non-pipe alternatives such as heat pumps and other energy efficiency measures, rather than continuing to expand and invest in the gas system. We also must remove another antiquated Public Service Law known as the "100-ft rule" which subsidizes connecting new gas customers to the gas system and costs existing gas customers \$200 million per year.

By removing the "obligation to serve" and "100-ft rule" and the practice of mandating and subsidizing expansion of the gas system, NYS can begin the planning and implementation of an orderly, timely and equitable decommissioning of the gas system. This will also make heat pumps more cost effective, when the costs of connecting to the gas system are not being subsidized by ratepayers.

Plan an Equitable Transition that Leaves No One Behind

Most New Yorkers don't realize that as more of us electrify our homes, through programs that provide incentives to make the switch from NYSEERDA and utility programs, take advantage of the tax credits available through the Inflation Reduction Act, and there is a growing awareness of the benefits of heat pumps and induction stoves, there will be fewer customers left on the gas system. This is of course what we want to see happen and what we're mandated to achieve by the CLCPA but it will also mean that those who are unable to electrify (until the 2040s/in the near term) will be left holding the bag and stuck paying for maintaining the entire gas system. We cannot allow spiraling costs to maintain the gas distribution system fall on a shrinking number of ratepayers, and especially not those least able to pay.

Reprioritize How Ratepayer Money Is Spent

A large source of the costs associated with maintaining the gas distribution system is from replacing leak prone pipes. This is a problem for systems that are as old as New York's and it is imperative that we limit the current plan to replace more than 3,000 miles of old pipes through 2040, to only address the largest leaks and safety risks. This would cost gas customers \$150 billion, a truly staggering number. Since gas pipes last 80 years, it will take until 2120 to pay them off – \$77 billion of the cost will come due after 2050, when much of the gas system will be retired. Rather than replacing them, we must begin a planned decommissioning of the gas system and stop using the pipes where it makes the most sense now.

Instead of a plan that requires replacement and expansion, we must empower the Public Service Commission to direct utilities to invest in thermal utility networks where feasible, helping customers transition to heat pumps, and massively scaling up all cost-effective energy efficiency and demand flexibility, reducing customers' bills and the costs of the whole electric system. This legislation does that.

Ensure Affordability

NYHEAT also includes important protections for low-to-moderate income New Yorkers such as ensuring that no one pays more than 6% of their income on energy bills, a provision of the bill that was also mentioned in Governor Hochul's State of the State address. It will also open the door for the Public Service Commission to consider innovative rate structures that encourage electrification while protecting consumers.

By removing these built in requirements to continue to expand and subsidize our gas system, the PSC can enable that capital to be invested in transforming entire neighborhoods so we're no longer taking a building by building approach to decarbonization but taking a much more holistic and cost effective approach, creating communities with cleaner air, healthier buildings and inhabitants. New York's buildings produce more toxic air pollution than any other state, which is why New York leads the nation in premature deaths caused by burning fossil fuels in buildings. This bill will enable us to prioritize neighborhood-scale building decarbonization in the environmental justice communities that are already suffering from the cumulative effects of toxic industries sited there and the close proximity to bus depots and highways. The capital funds (which are "ratebased" and paid for by all gas customers) that would normally be spent on repairing and replacing gas pipes, could instead be used to invest in buildings in entire neighborhoods making them safer, healthier and more efficient, and at a scale that allows project labor agreements (PLAs) which would mean well-paid, union jobs.

ADDITIONAL PRIORITIES FOR EQUITABLE BUILDING DECARBONIZATION

Create a Green Affordable Pre-Electrification (GAP) Fund for LMI households

New York State must launch initiatives to overcome the barriers to weatherization, electrification, and healthy housing so that we can equitably decarbonize New York's buildings as recommended in the Final Scoping Plan. In order to address significant barriers for many low-to-moderate income households to decarbonize, it is necessary to secure funding and create new programs and/or expand existing ones. A Green Affordable Pre-Electrification (GAP) Fund for Low-to-Moderate Income households would improve living conditions, reduce energy costs and enable disadvantaged communities to prepare for electrification. The GAP Fund would include tenant protections and address barriers to electrification that are not covered by other programs, such as deferred maintenance, hazard remediation, electrical upgrades, weatherization, energy efficiency, and an all-electric replacement for fossil fuel appliances at the end of their useful life.

Policy initiatives should support a whole home retrofit approach by streamlining access to state energy programs and incentives and strengthening NYSERDA's Regional Clean Energy Hubs. Additional funding is needed for statewide technical assistance and staff focused on connecting residents to other programs that fund hazard remediation (lead, asbestos, mold, pests, etc.), structural maintenance (roof repair, etc.), and other improvements to enable weatherization and electrification.

Invest in the Workforce

In addition to the important provisions of NYHEAT, and the GAP Fund mentioned above, to implement the Final Scoping Plan and achieve our climate goals, we must also scale up the workforce that is needed, especially in the building sector. While the fossil fuel industry is spending millions of dollars on lobbying and advertising to convince the public and political leaders that transitioning to clean energy will hurt New York's economy and cost jobs, the opposite is true. Some of the key findings of the Just Transition Working Group's Jobs Study include that there will be a statewide net gain of 189,000+ jobs by 2030 (268,000 jobs by 2050); the largest wage increase in middle wage positions (\$28-\$37 an hour), bucking the trend of the last 50 years; and over half of these new jobs are in the building sector.

As promising as those numbers are, at the moment, we have a serious lack of people entering into clean energy careers, especially the trades, and a lack of awareness about these job opportunities. We need Governor Hochul and NYS legislators to include in the NYS Budget, a dedicated investment in developing the clean energy careers pathways programs that we need to scale up, with a special focus on recruiting young people and others from our historically neglected communities, as well as women, and veterans. Additionally, this speaks to the larger problem that even though NY's Climate Act will mandate an economy-wide transformation, very few people know about this nation-leading law.

Educate and Inform the Public

NYS should launch a statewide public education campaign to inform New Yorkers about the Climate Act and the benefits of shifting to a clean energy economy. The campaign would

- include PSAs on television and radio, social media, billboards and print media; and school curricula, community-based outreach and education on climate science and solutions;
- educate and inform residents and businesses about how they can make changes in their own communities to decarbonize buildings and transportation; and support siting renewables and storage;
- connect people with clean energy programs, job training and educational opportunities; and
- encourage local and regional land use and decarbonization planning.

In conclusion, all New Yorkers must be educated and engaged to participate in our state's historic transition off fossil fuels and towards a more equitable, clean energy economy. This legislative session, New York's legislators and Governor Hochul should prioritize reforming NY's antiquated Public Service Laws that prevent us from making real progress in the building sector; in the NYS Budget, focus on increasing funding to fill in the gaps for New Yorkers who need the most help to decarbonize, and invest in creating clean energy careers pathways programs to scale up the workforce necessary for this transformation.