



SFY 2024-25 Joint Legislative Budget Hearing Testimony

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New Yorkers for Clean Power (NYCP) is a collaborative campaign in New York State to rapidly shift to a clean energy economy. Through research, education, advocacy, and organizing, the campaign seeks to advance a range of clean energy, building decarbonization, and clean transportation solutions as well as creating jobs in these industries for all communities in New York.

NYCP respectfully submits the following testimony before the Joint Hearing of the Senate Finance and Assembly Ways and Means Committees on the Governor's SFY2024-25 budget energy and environment proposals.

The climate crisis, the health impacts of pollution, the principles of economic and environmental justice, and the mandates of the CLCPA demand swift, powerful action by the New York State legislature.

Last year's state budget included Governor Hochul's preferred vehicle for funding the implementation of the 2019 Climate Act – the economy-wide New York Cap-and-Invest (NYCI) program. A market-based program like this, if designed well, can be a valuable component of a strategy to steadily reduce climate-destroying pollution from burning oil and gas while improving public health, comfort, and quality of life. However, cap-and-invest is just one tool in a broader policy framework for reducing climate pollution.

Without synergistic legislative and regulatory actions, the cap-and-invest program could become burdensome and would face increasing political stress. "Affordability" is the first among the core principles that Governor Hochul has laid out for this program. The least-cost emissions reductions are those that can be achieved through regulations rather than having to be priced out of the market, and hesitations in pursuing legislative solutions could undermine the NYCI program.

The most effective use of a cap-and-invest program is to deploy it as a backstop to guarantee that the emissions reduction targets are met; such a program cannot be the backbone of a reasonable climate policy. Buildings and Transportation are together responsible for more than 60% of climate-destroying greenhouse gas (GHG) emissions in New York. Our testimony includes certain requests and rationale for the legislature's support for phasing down GHG and co-pollutant emissions from New York's building and transportation sectors, along with proposals to raise revenue to mitigate taxpayer burden for climate-change remediation and resilience.

We urge the New York State legislature to keep climate action among its priorities by including the following requests in the NYS Senate and Assembly's one-house budget proposals.

Article VII TED Bill Requests

1. NY Home Energy Affordable Transition (HEAT) Act, S.2016-B/A.4592-B

This bill will reform and modernize New York's Public Service Law and align utility regulation with state climate justice and emission reduction targets. Specifically, (a) it will repeal the subsidies (100-foot rule) and the entitlement for gas hookups (obligation to serve gas), (b) will implement the state's goal of limiting New Yorkers' home energy burden to 6% of their incomes, and (c) minimize ratepayer impact from continued investments in the obsolescent gas infrastructure.

Climate & Jobs: [New York's buildings](#) account for more climate-destroying carbon emissions and adverse health impacts from the associated pollution than any other state in the U.S. [Buildings](#) are also New York's leading source of greenhouse gases, responsible for 32–40% of its total GHG emissions. At the same time, building electrification and energy-efficiency is the leading segment of New York's growing [clean energy jobs](#).

Health: Although the fossil gas industry misleadingly promotes its product as "clean," numerous studies have shown that gas stoves generate unsafe levels of indoor pollution and pose a serious health risk while avoiding regulatory scrutiny because there are no federal or NY State regulations on indoor air pollution.

[Particulate matter](#), implicated in respiratory and cardiovascular diseases, is the most harmful pollutant released by gas burners. A meta-study combining results from 41 different studies found that [children living in homes with gas stoves had a 42 percent higher incidence of asthma](#), primarily due to nitrogen oxides released by burning gas.

A key new study estimates about [18.8% of all childhood asthma cases in New York can be attributed to gas stoves](#). In 2022, [AARP warned](#) its members of elevated dementia risk from exposure to [pollution](#) from gas stoves.

The outdoor pollution from burning fossil fuels in buildings accumulates more readily in dense neighborhoods with residents of relatively modest means. Similarly, smaller dwellings suffer higher concentrations of [indoor pollution](#) from leakage and combustion of gas, which can be linked to a myriad of [health](#) risks. As a result, the adverse health impacts from pollution from gas appliances are inequitable with a disproportionately higher burden borne by [low-income communities, people of color, infants and children, pregnant women, the elderly, and those with preexisting health conditions](#).

Energy Burden: New York's Public Service Law allows utilities to [recover](#) most of the cost of service lines and meters for new gas customers from all ratepayers through delivery charges. This is akin to a regressive tax levied on ratepaying families and small businesses to fund new gas hookups. The current policy also distorts building economics in favor of an [uneconomical](#) fuel and adds roughly [\\$200 million](#) each year to the rate base.

Aided by subsidized hookups, New York's gas utilities add tens of thousands of new customers each year, creating needless demand that contributes to higher prices of this supply-constrained commodity. With the US becoming the world's [largest liquified natural gas exporter](#), the days of cheap gas [are over](#).

Ratepayer Impact of Leak-Prone Pipe Replacement: "Natural" gas is mostly methane – an extremely [powerful](#) greenhouse gas – and the utilities like to claim that they are advancing the state's climate goals by stemming its leaks. That is just clever paltering though, because New York's climate [Scoping Plan](#) emphatically recommends strategic planning and eventual downsizing of the gas network to achieve the state's climate objectives, not wastefully laying brand-new pipes at the cost of [\\$6 million per mile](#).

For instance, in 2020, Con Edison received approval for a [25% increase](#) in gas delivery charges over three years, largely to pay for maintenance and upgrades of the gas distribution system. More recently, the utility requested [a billion dollars a year](#) in ratepayer funds for maintaining the gas system's reliability and distribution integrity, with 40% of it earmarked for replacing LPPs.

One big threat of a future cost spiral stems from the fact that new pipes – whether old mains' replacements or the fresh customers' service lines – will likely be utilized for only a fraction of their 60- to 80-year physical service lives. These pipes won't be delivering much, if any, fossil gas in just a couple of decades, and New York ratepayers and taxpayers will be on the hook for massive charges associated with their accelerated depreciation.

Every new gas hookup or pipe replacement locks in utility profits, while adding to the burgeoning liability of stranded assets foisted upon ratepayers. It's inevitable that the state will need to come to the ratepayers' rescue, but that doesn't alter the fact that new gas investments serve the gas utilities' bottom lines at considerable public expense.

This bill directs the PSC to minimize long-term costs to customers by requiring gas companies to restructure plans for addressing LPPs to facilitate an orderly right-sizing of the gas distribution system.

2. Enhanced and Refundable Geothermal Tax Credits, S.8106/A.8588

In order to transition to carbon-free heating and cooling we need to encourage building owners to replace these systems with non fossil-fuel alternatives. Geothermal or ground source heat pumps are far and away the most efficient heating and cooling technology available today. The legislature was wise to pass a 25% tax credit for geothermal heat pump installations in 2022. The recently introduced bill S.8106/A.8588 will draw further attention to this highly efficient form of heating and cooling by increasing the maximum allowed tax credit from \$5,000 to \$10,000. The increase reflects both recent inflation and the urgency of addressing climate. In addition, this bill makes the tax credit refundable, so lower-income New Yorkers, including many seniors who have a lower state tax liability, can take advantage of the credits.

There are many reasons why the state should encourage and incentivize ground source heat pumps (GSHPs), but the most important one relates to the future capacity of our electrical grid. GSHPs are

highly efficient for both heating and cooling, and their performance does not decrease with falling ambient temperatures.

Last year, NYSERDA released a [Carbon Neutral Buildings Roadmap](#) as both a long-term planning document for New York's building sector to reach carbon neutrality by 2050 and as an action plan in the short term. In this report, NYSERDA concludes that an Air Source Heat Pump dominated electrification pathway could cost 90 billion dollars more relative to a Managed Scenario that includes shell improvements and a reasonable penetration of higher efficiency heating with ground-source heat pumps and thermal energy networks. That additional cost includes both the incremental cost of electricity generation and the incremental delivery infrastructure costs.

In reality, due to permitting and siting issues, this 90 billion dollars worth of extra renewable generation and transmission will not even be built in time, and the state will miss its decarbonization targets by a wide margin.

3. Green Transit, Green Jobs, S.6089/A.6414

Green Transit, Green Jobs would bolster New York's efforts to implement the CLCPA by phasing out purchases of new buses powered by polluting fuels by the end of the decade. This common-sense policy would slash harmful emissions from the transportation sector, the second biggest source of greenhouse gas (GHG) emissions in the state, while spurring the creation of high-quality green jobs, which is why it is a core strategy identified in the state's final Climate Scoping Plan. Yet currently, almost all transit/paratransit buses in the state run on diesel or other fossil fuels, adding hundreds of thousands of tons of GHGs into the atmosphere, exacerbating the climate crisis.

A [recent analysis](#) found that emissions from buses have the most severe public health impact on a ton-for-ton basis out of all vehicle sectors. Emissions from transit and paratransit buses cause or worsen respiratory and cardiovascular illnesses, leading to hundreds of premature deaths in New York State. The current fleets of buses spew toxic exhaust into local communities and lungs across the nearly 200 million miles they traverse each year, causing local air pollution along their routes and near depots. Health-harming air pollutants like PM_{2.5}, NO_x, and benzene also compound existing air quality burdens, contributing to public health disparities in low-income communities and communities of color.

Because they have predictable daily routes and return to a central depot, transit, and paratransit buses can be easily and reliably charged in a way that saves agencies money. Frequent stops, fixed routes, and low-speed operation also make them ideal for electrification.

While we are still in the early days of the shift to electric buses, Green Transit, Green Jobs includes numerous provisions to support transit agencies in ensuring a smooth transition. First, the key mandate in the bill – the deadline by which only zero-emission buses may be procured – does not kick in until the end of the decade. It only applies to new bus purchases, allowing agencies to update their fleets over time during their natural procurement cycles. The bill also includes technical support and assistance to guide transit agencies to modernize their fleets.

A recent National Renewable Energy Laboratory analysis found that for a typical transit agency, [a modest procurement of zero-emission buses \(ZEBs\) would yield substantial cost savings over the](#)

[lifetime of the buses](#), paying back the upfront cost differential within a few years. Additionally, thanks to a significant infusion of federal funds on top of existing state funding support, authorities can overcome purchase price premiums right away, so there would be no delay in accruing cost savings. This has been evidenced by MTA receiving over \$110M in 2022, enough to electrify 4% of its entire fleet. In all, eight New York transit agencies have already received federal funding to electrify a total of 300 buses, with more expected in the coming years.

Based on information provided by Niagara Frontier Transportation Authority, [each electric bus that replaces a diesel bus can save an agency roughly \\$20,000 in fuel costs](#). By 2030, purchase prices for electric buses are expected to be the [same as or even less](#) than for fossil fuel buses. Investing in ZEBs makes economic sense today and will not be burdensome for transit agencies in 2029 when the policy's mandate begins.

4. Increasing Sales of Zero-Emissions Vehicles, S.7767

This bill will amend the environmental conservation law to allow for the issuance of additional certificates of registration for entities that manufacture or assemble only zero-emissions vehicles (ZEVs) to allow them to sell ZEVs in the State.

Specifically, NYSEERDA, the Departments of Motor Vehicles and Transportation, in consultation with other state agencies, will be required to report on a bi-annual basis from 2024 until 2034 the sale of ZEVs in the state by new motor vehicle dealers, not including manufacturers specializing exclusively in ZEVs. If the 2024 report finds that ZEV sales projections fail to show that thirty-five percent of their sales will be ZEVs by 2026, then the Department of Motor Vehicles shall issue up to ten certificates of registration for entities that manufacture or assemble ZEVs and have no franchised motor vehicle dealers in New York. The requirement of the ZEV sales proportion will increase to sixty-eight percent in 2028 and up to one hundred percent by 2033, or additional certificates will be issued bi-annually.

This bill will expand competition in the ZEV market by allowing for more ZEV sales centers to open across New York if traditional auto dealers are unable to meet the sales targets needed to reach our climate goals. The results will be greater access to ZEVs for New Yorkers and additional options for buyers. Not only will New Yorkers have a wider range of choices when deciding to purchase a ZEV, but the expansion of sales will also create new job opportunities and build sales tax revenue that could be used to help fund expanded ZEV infrastructure.

New York State's transportation sector is the [second biggest GHG emitter](#) in the State, accounting for 28–29% of the State's emissions. If New York State is to achieve its emission reduction, climate, and clean air goals, then we must expand the deployment of ZEVs to displace fossil fuel-based vehicles. The beneficial electrification of our transportation sector is an important step to fulfilling the state's ambitions in battling climate change. Moreover, this legislation will support New York's more recent requirement for [all new passenger cars, pickup trucks, and SUVs sold in New York to be zero-emission by 2035](#).

REV Bill Requests

5. Climate Change Superfund Act, S.2129-A/A.3351-A

The climate disasters that we are witnessing aren't natural disasters; these are premeditated crimes. The fossil-fuel industry [knew](#) decades ago that their products cause grave harm and chose to spend billions of dollars to lie to the public and lobby the politicians to block climate action – a practice that the industry continues unabated to date. The [Climate Change Superfund Act](#) would hold the largest historic climate polluters accountable and would require them to pay to help partly shield New York taxpayers from the tens of billions of dollars that the state will end up spending in the coming years to fund recovery, remediation, and resilience related to climate disasters.

New York taxpayers were burdened with nearly \$2 billion in climate damage and resiliency costs over the past 12 months according to a review of Governor Hochul's news releases. At the same time, major multinational oil companies have racked up staggering profits – \$750 billion since 2021. It's bad enough that New Yorkers are suffering from air pollution, extreme heat, intense storms, and rising sea levels; they are also on the hook for billions of dollars to deal with the costs of a worsening climate. The [popular](#) Climate Change Superfund Act is the obvious solution.

The legislation is modeled on the highly popular “polluters pay” principle established in the 1980s under the successful Federal and State Superfund laws that require companies to pay to clean up their toxic waste dumps. This bill would not result in consumer price increases according to an [economic analysis](#) by NYU Law's Institute for Policy Integrity because “polluter pay” fees are for past greenhouse gas emissions and are prorated based on individual companies' historic climate pollution. Therefore, the fees levied would be different, and some oil companies would be exempt. This would prevent the obligated corporations from raising prices without losing market share to competitors.

6. Stop Climate Polluters Handouts, S.3389/A.7949

New York State financially incentivizes destructive fossil fuels, exempting the industry from \$1.6 billion of Sales & Use Tax and Petroleum Business Tax every year. This tax was first introduced for infrastructure funding in 1983, but since then the industry has wielded its influence to maintain these tax breaks and inflate profits. With our state now facing a multi-billion dollar budget deficit, it is time to rethink these handouts. Repealing fossil fuel industry tax subsidies will help close the budget gap and signal our opposition to the industry that is a lynchpin in the climate crisis and aggravated environmental injustices.

The Stop Climate Polluter Handouts Act amends the tax code to remove over \$330 million in tax handouts to the climate polluting fossil fuel industry. It pinpoints incentives that benefit the highest-polluting fuels and their most unreasonable uses, including high-emission commercial airline fuel and low-grade shipping “bunker” fuel, the operation of fracked gas infrastructure, industry research and development, and more. The Act preserves tax breaks that benefit the public, so the average lower and middle income New Yorker will not be significantly impacted, and job losses are not expected.

Appropriations Request

7. \$100 Million for Non-MTA Transit Agencies

Last year, [Governor Hochul announced](#) a \$100 million commitment for zero emissions school buses to be made available from the \$4.2 billion Clean Water, Clean Air, and Green Jobs Environmental Bond Act of 2022. Like school buses, transit buses run on diesel fuel, an even more potent source of toxic particulate matter than gasoline. On a ton-for-ton basis, buses in the New York-Newark-Jersey City metropolitan area alone had health damages at \$4 million for every ton of particulate matter emitted.

We are requesting a \$100 million funding commitment to non-MTA transit agencies to support the transition to pollution-free electric buses union-built in New York State to bolster and accompany the Green Transit, Green Jobs bill.