

# What's new in NY HEAT?

## Overview of New Provisions

- The NY HEAT Act (S.4158 Krueger | A.xxxx Simon) has been **streamlined** and **clarified** to **achieve the same goals** while also **creating explicit protections for gas customers** during the long-term transition of the utility gas system.
- The bill now **outlines a process for implementation** that ensures transparency and thorough planning, as well as notice, support, and protections for transitioning customers. This process involves:
  - A **Statewide Affordable Gas Transition Plan**, developed by the Public Service Commission within two years of the effective date of the bill.
  - **Utility Home Energy Affordable Transition (HEAT) Programs**, developed within one year of the completion of the Transition Plan, to implement Neighborhood Gas Transition Projects.
  - **Neighborhood Gas Transition Projects** to decommission segments of the gas system and transition customers to affordable, reliable, comfortable, and clean alternatives like thermal energy networks.
- New **explicit protections** for transitioning customers include:
  - No existing residential customer will be transitioned as part of a Neighborhood Gas Transition Project until 2030 at the earliest, unless they do so voluntarily.
  - A guarantee of continued access to safe and reliable energy services for heating, cooling, cooking, and water heating.
  - Access to funding and technical support for the installation of customer-owned equipment at low or no cost.
  - At least two years advance notice prior to transitioning.
  - Opportunity to comment on the Neighborhood Gas Transition Project covering their area before it is finalized.

## Other Changes

- Recognizing that PSC already has an existing goal of protecting customers from energy burdens greater than 6% of their income, the language of the bill has been clarified to focus on requiring PSC to develop a plan to ensure that goal is actually met, using all available tools.
- Several provisions making small changes to other parts of Public Service Law have been removed in order to streamline the bill, because they were not necessary to achieve the bill's goals.
- The section of the bill creating a new Section 77-A of Public Service Law has been removed. This section would have initiated several PSC proceedings to implement various parts of NY HEAT. Most of these implementation actions have been absorbed into the new sections on the Affordable Gas Transition Plan and the Home Energy Affordable Transition Programs.
- The section of the bill providing labor protections has been revised by including covered Neighborhood Gas Transition Projects under the existing statutory definition of "covered renewable energy system", so that the projects are subject to the same labor standards as other types of covered renewable energy systems, such as thermal energy networks. This does not change the labor standards outlined in the previous version of NY HEAT, but achieves the same result through an existing statutory mechanism.

## Details of Key Provisions

### ➤ **Statewide Affordable Gas Transition Plan**

- Within two years, PSC must publish a Statewide Affordable Gas Transition Plan to guide an orderly, affordable, and equitable rightsizing of the gas system to align with CLCPA. At a minimum, the plan must include:
  - Targets for gas system transition and recommendations for planning and investment strategies for gas utilities to achieve those targets.
  - Requirements for Utility Home Energy Affordable Transition (HEAT) Programs, including:
    - Ensuring customers affected by Neighborhood Gas Transition Projects have continued access to safe and reliable energy services for heating, cooling, cooking, and water heating
    - Customer notification requirements
    - Ensuring the reliability of the local electric grid
    - Additional promotion of voluntary transitions and existing incentive programs
  - Identification of a preliminary list of priority Neighborhood Gas Transition Projects
  - A review of Public Service Law to identify anything that inhibits achievement of CLCPA targets.
- In developing the plan, the PSC must hold at least four public hearings in different regions of the state.

### ➤ **Utility Home Energy Affordable Transition (HEAT) Programs**

- No later than one year after the Statewide Affordable Gas Transition Plan is published, the PSC must develop and approve Home Energy Affordable Transition (HEAT) Programs for each gas utility.
- Through the HEAT Programs, utilities will implement individual **Neighborhood Gas Transition Projects** to decommission discrete segments of the gas system, starting with those most in need of repair or replacement, and transition customers to affordable, reliable, comfortable, and clean alternatives.
- The HEAT Programs will include **explicit customer protections, including:**
  - No existing residential customer will be transitioned until 2030 at the earliest, unless they do so voluntarily.
  - Any transitioning customer must be notified at least two years in advance.
  - All customers are guaranteed continued access to safe and reliable energy services for heating, cooking, and water heating.
  - All transitioning customers will have access to funding and technical support for the purchase and installation of customer-owned equipment at low or no cost, as well as assistance with weatherization, energy efficiency, and pre-electrification upgrades.
  - All affected customers will have an opportunity to comment on the proposed project before it is finalized.
- HEAT Programs will be designed to maximize cost efficiencies from avoided investments in the gas system, and redirect resources toward implementation of Neighborhood Gas Transition Projects, including assisting customers to upgrade their homes and energy appliances.
- The PSC must ensure that all HEAT Programs will maintain the continued safety and reliability of the electric grid and gas distribution system, and that they won't result in unreasonable disruption of service for difficult to electrify industrial or commercial uses, energy intensive and trade exposed industries, or critical infrastructure.