



Public Service Commission

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Rory M. Christian, Chair

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PSC Moves Development of Utility Thermal Energy Networks Forward

Advances New York's Commitment to Decarbonize Buildings Across the State

Pilot Projects Demonstrate Innovative Alternatives to Meet Buildings' Heating and Cooling Needs

ALBANY — In advance of Climate Week, the New York State Public Service Commission (Commission) today provided guidance to the seven largest utilities and the Long Island Power Authority in New York State regarding the development of utility thermal energy network pilot projects proposals and directed utilities to further refine the proposals that have been submitted. This action advances efforts to decarbonize buildings across the State under the Utility Thermal Energy Network and Jobs Act. Implementation of the law will reduce greenhouse gas emissions by allowing for the creation of utility-scale infrastructure projects that connect multiple buildings into a shared thermal network. Utility thermal networks present an opportunity for utilities to provide clean thermal energy to customers rather than fossil-based natural gas to meet their space heating, water heating, and cooling needs.

“Utility thermal energy networks will advance efforts to decarbonize buildings across the State,” **Commission Chair Rory M. Christian said.** “These projects will reduce greenhouse gas emissions by allowing for the creation of utility-scale infrastructure projects that connect multiple buildings into a shared thermal network. Utility thermal networks present an opportunity for utilities to provide thermal energy to customers rather than fossil-based natural gas to meet their space heating, water heating, and cooling needs.”

As part of this process, the Commission required the seven largest, investor-owned utilities — Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation, National Grid USA (Niagara Mohawk Power Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, and KeySpan Gas East Corporation d/b/a National Grid), Central Hudson Gas & Electric Corporation, and National Fuel Gas Distribution Corporation — to each submit up at least one proposed thermal network pilot project for review. The Commission established a thermal-energy networks working group to assist the utilities in the development of pilot project proposals prior to submission to the Commission for review and to develop proposed rules and regulations for utility thermal service.

The 14 pilot proposals submitted to date, totaling up to \$435 million, with at least one pilot located in a disadvantaged community in each utility operating territory, represent a good first step in the

development of utility thermal energy network projects, however they included insufficient detail to enable the Commission to fully approve them at this time. Today's Commission decision provides guidance for the further development of the utilities' proposals and establishes a staged approach that will provide structure, transparency, and clarity regarding what requirements must be met to advance pilot projects. This approach will minimize risk while advancing projects that are in the public interest as quickly as possible.

The need for utility thermal energy networks is driven by the goal of providing an equitable form of electrification to significantly reduce or eliminate greenhouse gas (GHG) emissions from the combustion of fuels in buildings as part of the Climate Leadership and Community Protection Act or Climate Act. Buildings are the largest source of GHG emissions in New York State, accounting for 32 percent of overall GHG emissions.

The challenge to reducing GHG emissions from buildings is exacerbated by the fact that building emissions derive mostly from the on-site combustion of natural gas or other fossil fuels, which provides New Yorkers with basic necessities: heat, domestic hot water, and cooking. For this reason, it is essential that the transition away from fossil fuel use in New York's building stock be undertaken in due course and carefully managed to ensure the continuation of safe and reliable utility service.

In addition to creating the regulatory framework for the thermal energy network, the Commission is working with the State Department of Labor to ensure the development of and access to well-trained, highly skilled trade persons needed to support timely, reliable, high-quality thermal energy network projects and promote good jobs for New Yorkers in the expanding decarbonization sector.

In terms of next steps in the process, utilities will submit revised filings in response to today's order, no later than December 15, 2023. If deemed compliant with the requirements of the order, pilots will advance to the next stage which includes pilot project engineering design and the development of a preliminary customer protection plan. Based on that information and further public comment, the Commission will then issue subsequent orders addressing whether the individual pilot projects are in the public interest and should proceed to full implementation or be modified.

New York State's Nation-Leading Climate Plan

New York State's nation-leading climate agenda calls for an orderly and just transition that creates family-sustaining jobs, continues to foster a green economy across all sectors and ensures that at least 35 percent, with a goal of 40 percent, of the benefits of clean energy investments are directed to disadvantaged communities. Guided by some of the nation's most aggressive climate and clean energy initiatives, New York is on a path to achieving a zero-emission electricity sector by 2040, including 70 percent renewable energy generation by 2030, and economywide carbon neutrality by mid-century. A cornerstone of this transition is New York's unprecedented clean energy investments, including more than \$35 billion in 120 large-scale renewable and transmission projects across the state, \$6.8 billion to reduce building emissions, \$3.3 billion to scale up solar, more than \$1 billion for clean transportation initiatives, and over \$2 billion in NY Green Bank commitments. These and other investments are supporting more than 165,000 jobs in New York's clean energy sector in 2021 and over 3,000 percent growth in the distributed solar sector since 2011. To reduce greenhouse gas emissions and improve air quality, New York also adopted zero-emission vehicle regulations, including requiring all new passenger cars and trucks sold in the State be zero emission by 2035. Partnerships are continuing to advance New York's climate action with nearly 400 registered and 100 certified Climate Smart Communities, nearly 500 Clean Energy Communities, and the State's largest community air monitoring initiative in 10 disadvantaged communities across the state to help target air pollution and combat climate change.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 22-M-0429 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.