



Public Service Commission

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Rory M. Christian, Chair

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PSC Adopts Initial Utility Thermal Energy Networks Rules

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

ALBANY — The New York State Public Service Commission (Commission) today adopted initial Utility Thermal Energy Networks (UTENs) rules as required by the Utility Thermal Energy Network and Jobs Act of 2022. The Commission's action creates fair market access rules for utility-owned thermal energy networks to accept thermal energy; identifies small-scale thermal energy networks that will be exempt from Commission regulation at this time; promotes the training and transition of utility workers impacted by this act; and encourages third-party participation and competition where it will maximize benefits to customers.

"Utility thermal energy networks are expected to advance creative and innovative alternatives to decarbonize buildings across the State," **Commission Chair Rory M. Christian said.** "Utility thermal energy networks present an opportunity for utilities to provide thermal energy to customers rather than relying on natural gas or other fossil fuels to meet their space heating and cooling, and domestic hot water needs. While there is much to learn and further actions will be needed to foster a fully functioning thermal energy market in New York, today we take the first steps in a regulatory framework to build towards that future."

As part of this process, and consistent with the Act, the Commission directed 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 initially submit at least one, and as many as five proposed pilot utility thermal energy network projects, with at least one such pilot project per utility service territory located in a disadvantaged community.

The Act also required the Long Island Power Authority (LIPA) and its service provider to also propose between one and five UTEN pilot projects. LIPA made a joint filing with Keyspan Gas East Corporation.

Twelve pilot projects, totaling \$880 million, are in active development. Nine of these pilot projects have advanced to the utility final engineering designs and customer protection plans stage which will result in filings later this year that will be released for public comment; Commission action is expected in 2025. Three other proposed pilot projects have or will be responding to issues raised by Department Staff for review prior to advancing to the next stage. The UTEN pilot projects are

intended to test out various models to provide an equitable form of building electrification as opposed to individual electrification on a building-by-building basis. It is envisioned that these pilot projects will provide further insights and learning that can inform future Commission rules and regulation to support UTENs at scale.

Significantly reducing or eliminating greenhouse gas (GHG) emissions from the combustion of fuels in buildings is necessary to align with the Climate Leadership and Community Protection Act as buildings are the largest source of GHG emissions in New York State, accounting for 32 percent of overall GHG emissions.

Greenhouse gas emissions from buildings derive mostly from the on-site combustion of natural gas or other fossil fuels to provide New Yorkers with space heating, 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 managed carefully and not compromise 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 UTENs creates workforce opportunities. UTENs represent a chance to promote good jobs for New Yorkers in the expanding decarbonization sector as timely development of projects require access to well-trained, highly skilled tradespersons.

New York State's Nation-Leading Climate Plan

New York State's 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 advancing a suite of efforts – including the New York Cap-and-Invest program (NYCI) and other complementary policies – to reduce greenhouse gas emissions 40 percent by 2030 and 85 percent by 2050 from 1990 levels. New York is also on a path to achieving a zero-emission electricity sector by 2040, including 70 percent renewable energy generation by 2030, and economy-wide carbon neutrality by mid-century. A cornerstone of this transition is New York's unprecedented clean energy investments, including more than \$28 billion in 61 large-scale renewable and transmission projects across the state, \$6.8 billion to reduce building emissions, \$3.3 billion to scale up solar, nearly \$3 billion for clean transportation initiatives and 130 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.