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VIA ELECTRONIC SUBMISSION
Hon. Michelle L. Phillips, Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Subject: Case 24-E-0165 – Proceeding on Motion of the Commission Regarding the Grid of the Future

Dear Secretary Phillips:

The Institute for Policy Integrity at New York University School of Law (Policy Integrity)[1] respectfully submits this letter in response to the petition, filed May 5, 2026 in the captioned docket, concerning the impact of electric rate design on voluntary consumer uptake of efficient electric heating technologies (the Petition).[2] Policy Integrity is a non-partisan think tank dedicated to improving the quality of government decisionmaking through advocacy and scholarship in the fields of administrative law, economics, and public policy. Policy Integrity has extensive experience advising stakeholders and government decisionmakers on the rational, balanced use of economic analysis, both in federal practice and at the state level. We are grateful for your consideration of these comments.

In 2019, the Climate Leadership and Community Protection Act (CLCPA) established economy-wide greenhouse gas (GHG) reduction requirements, and prescribed a specific pathway for decarbonizing electric generation. But the CLCPA did not give similarly clear direction to any other emitting sector, including existing buildings and natural gas. Almost seven years after the CLCPA's passage, the legislature responded to the lack of progress toward the economy-wide GHG reduction requirements by amending the CLCPA in a manner that appears to mitigate the environmental regulator's obligation to act on the 2030 GHG reduction mandate while

[1] This document does not purport to present the views, if any, of New York University School of Law.
[2] Case 24-E-0165, *Proceeding on Motion of the Commission Regarding the Grid of the Future*, Petition of Environmental Defense Fund, Alliance for a Green Economy, Building Decarbonization Coalition, EarthJustice, New Yorkers for Clean Power, Rewiring America, and Sierra Club to Advance Rate Design Supportive of Affordable, Beneficial Electrification (May 5, 2026).

maintaining the full effect of the 2050 mandate—implying that even faster economy-wide GHG reductions may now be required going forward.[3] Meanwhile, despite some modest legislative changes (such as the recent elimination of the 100-foot rule for residential customers, which has not yet taken effect), decarbonizing sectors other than electricity still relies largely on individual consumer decisionmaking

The Department of Public Service Staff's Draft Revisions to Part 230,[4] which would give effect to the legislature's 2025 action eliminating the 100-foot rule in the residential context, represent an important first step toward creating an environment in which consumers reasonably *can* choose lower-emitting technologies. Importantly, the Draft Revisions would revise the Commission's existing gas-line-extension rule to remove discretionary provisions that incentivize gas service. By spreading the costs of individual consumers' demands for new infrastructure buildout across other ratepayers, discretionary provisions that provide incentives for gas service also increase ratepayer costs. In response to the Part 230 Draft Revisions, Policy Integrity filed comments supporting the adoption of those amendments and stating that the Commission should ensure that it takes this opportunity to address all such discretionary provisions that incentivize gas service beyond the relevant requirements of law.

More generally, the Commission should expeditiously examine other existing Commission-jurisdictional practices (beyond Part 230) that may specifically incentivize customers to choose gas, or disincentivize them from choosing electricity over gas. The Petition identifies an example of a longstanding Commission-jurisdictional practice that may benefit from scrutiny. The Petition argues under current default electric rate structures, electric-heating customers in summer-peaking systems may be paying considerably more than the share of electric system costs that they cause, and that this overpayment is substantial enough to constitute a significant barrier to voluntary adoption of efficient electric-heating technologies.[5] The Commission should carefully examine the possibility that its customary approach to electric tariff design is distorting consumer decisionmaking by unduly undermining the value proposition of technologies whose voluntary adoption would help move New York closer to achieving its economy-wide emissions reduction goals, and, if it finds its policies are having that impact, take corrective action.

Sincerely,

/s/ Elizabeth B. Stein
Elizabeth B. Stein
State Policy Director, Institute for Policy Integrity

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[3] *See* RAIMUNDO ATAL, AL MCGARTLAND, & ELIZABETH B. STEIN, INSTITUTE FOR POLICY INTEGRITY, NEW YORK'S CLIMATE LAW AMENDMENTS USHER IN NEW CHALLENGES AND OPPORTUNITIES (July 2026), https://policyintegrity.org/publications/detail/new-yorks-climate-law-amendments-usher-in-new-challenges-and-opportunities.
[4] Case 20-G-0131, Proceeding on Motion of the Commission in Regard to Gas Planning Procedures, Draft Revisions to Part 230 (100-Foot Rule) (May 19, 2026).
[5] *See generally* Petition, supra note 2.