

DATE: July 1, 2022

TO: New York State Climate Action Council

FROM: Amanda Clevinger, Policy and Programs Manager, Bright Power

RE: Comments on the Climate Action Council's Draft Scoping Plan

Bright Power is excited to offer our enthusiastic support for the Climate Action Council's Draft Scoping Plan. We recognize the importance of this monumental policy effort as the most ambitious climate mitigation plan any state has undertaken to date. We applaud the tireless work of the agency staff and advocates who helped craft this plan, as we would not be here without their efforts.

The Scoping Plan explores a variety of solutions and strategies that are invaluable in helping stakeholders understand the varied pathways toward achieving the goals set out in the CLCPA. The plan is comprehensive in its considerations while skillfully distilling many potential policy mechanisms to drive emissions reductions. We appreciate that mitigating carbon in the state's building stock, both emitted and embodied, is foundational to all three scenarios presented in the plan. However, the most effective way to reduce emissions in our buildings is to accelerate the transition away from fossil fuel combustion and toward electrification, as laid out in Scenario Three. The New York real estate market is already moving towards electrification, and we need policymakers focused on removing barriers currently limiting these projects. Investing in low-carbon fuels and carbon capture in many instances will distract from the necessary work to expand the penetration of heat pumps in buildings.

However, there is one notable exception where we do support further exploration: fueling district energy networks. Decarbonizing Con Edison's district steam grid would offer a lower carbon alternative to on-site combustion, but requires rate design that encourages adoption rather than removal. Con Edison steam is currently more expensive than on-site fossil fuel combustion. We would achieve significant benefits from an effort to create a sustainable financial model, for both the customers and the utility, for the Con Edison steam system. The Council should not mistake our support for decarbonized district steam in the downstate region as oppositional to our support for heat pumps. The policy barriers preventing heat pump proliferation are many and wide ranging, and resources should be prioritized for these projects. That said, we can and should simultaneously work toward decarbonizing district steam.

To expand the adoption of heat pumps, we recommend the Council carefully consider the best state-level legislative approaches to decarbonize the building stock across New York. The plan correctly investigates a variety of policy approaches to engender the most effective,

comprehensive, and efficient electrification of buildings. Suggestions include stronger codes, fossil fuel bans, a building performance standard, carbon pricing, and more. We fully support the Council's willingness to explore these policy options, and as the Council and the legislature decide which to implement, we recommend prioritizing those that provide clear price signals on carbon reduction. Outright fossil fuel bans work well for portions of the industry where heat pumps are already cost-competitive, like new construction projects, but a more nuanced approach is needed for existing buildings.

A building performance standard or an economy-wide price on carbon are more effective policy mechanisms for promoting electrification in existing buildings. These options provide clear price signals to allow the buildings sector to incorporate decarbonization into their capital planning cycles. In addition, a performance standard could be designed with a dual metric to promote electrification and energy efficiency at the same time. While well-intentioned and possibly a viable strategy in the long term, banning fossil fuels for existing buildings in the short term will have the unintended consequence of promoting inefficient electrification with electric resistance.

As the leading provider of electrification services for the multifamily market in New York and California, Bright Power knows firsthand the benefits of these projects. We've seen significant carbon reduction, improved air quality, and so much more, but the cost to electrify is still staggering for many buildings. We need statewide policy mechanisms that create the financial case for electrification, stable and lucrative heat pump incentives that will not close abruptly like Con Edison's Clean Heat Program, funds for electrical service and panel upgrades, and subsidized electricity rates. The Council has a long road ahead to address these and many other barriers we face, but we are excited and committed to working with them to solve these important challenges.

In addition to the comments above, we would also like to share the following suggestions in response to the Key Sector Strategies included in the Scoping Plan:

1. B1: Adopt advanced codes for highly efficient; all-electric and resilient new construction

We support the adoption of the All-Electric Buildings Act and the phasing out of fossil fuels for new construction projects. In addition, we recommend that updated building codes for all-electric new construction at the state level align as closely as possible with New York City's codes.

2. B2: Adopt standards for zero emissions equipment and the energy performance of existing buildings

We strongly support a statewide building performance standard, and suggest the legislature prioritize this above fossil fuel bans for existing buildings in the short term. Performance standards allow policymakers to account for building size,

occupancy, use type, and fuel mix while moving buildings towards efficient electrification.

Bans on fossil fuel equipment replacement and a zero emissions standard are not the most effective way to motivate building electrification for existing buildings in the near term and will result in inefficient electrification. We do think that over time banning fossil fuel equipment replacement will make sense, however it must be implemented with care.

3. B3: Require energy benchmarking and disclosure

We strongly support the passage of a statewide benchmarking requirement as soon as possible. A benchmarking mandate is the crucial first step towards implementing other energy efficiency legislation for buildings. Governor Hochul and the state legislature should align statewide benchmarking criteria with New York City's Local Law 84.

4. B4: Scale up incentives

The primary barrier to electrifying affordable housing is the operating cost uncertainty. An incentive of \$600/unit earmarked specifically for operating costs would help to assuage those concerns and make electrification more feasible for affordable housing across the state.

The state currently lacks incentives for many crucial pieces of electrification projects including electrical service and panel upgrades, induction stoves, and heat pump dryers. The Public Service Commission should approve Con Edison's Heating Electrification Make-Ready incentive program to provide funding for these critical infrastructure upgrades, or promptly suggest an alternative plan to offer these incentives. In addition, in Con Edison territory, the market currently lacks Clean Heat incentives for heat pumps. Without a prompt resolution to this pause that preserves future funds for affordable multifamily housing over single family homes, the downstate region will be even slower to decarbonize its building stock.

The existing incentives for heat pumps exclude most hybrid designs. The state should encourage and incentivize hybrid heat pump systems for both space heating and DHW for a brief period until full electrification is more cost-effective for large buildings.

5. B6: Align energy price signals with policy goals



Electrification rate design should be one of the first initiatives undertaken by utilities and the Public Service Commission. Currently, there is very little clarity on what electric heating rates will look like over the long term, contributing to operating cost anxiety for consumers across the state and preventing the planning of electrification projects.

This section also explores the possibility of an economy-wide carbon price. Similarly to building performance standards, we support this concept because it offers a clear market signal. While this proposal will necessitate a bigger learning curve for building owners than other policy options, it is the only mechanism that can be used across all sectors identified in the report. We recommend the state prioritize these two proposals above fossil fuel bans for existing buildings.