



BILL S.4158 (Krueger)/A.4870-A (Simon)
ISSUE The “Home Energy Affordable Transition” (HEAT) Act
DATE March 14, 2025
POSITION Oppose

The undersigned organizations continue to support efforts to respond to climate change and reduce greenhouse gas emissions, including increased energy efficiency and expanded renewable generation, among others approaches. However, we are increasingly focused on assuring that the New York’s transition to a lower GHG emission economy is workable, affordable, and avoids imposing significant adverse impacts on the state’s economy, individual businesses, and residents.

Based on these concerns, and for these reasons discussed below, we strongly oppose adoption of S.4158 (Krueger)/A.4870-A (Simon).

Among its provision, this legislation would amend the Public Service Law to include achievement of the “Climate Leadership and Community Protection Act,” or CLCPA. We believe this is already the case under the CLCPA section 7.2, “all state agencies, offices, authorities, and divisions” are required, when considering and issuing permits, licenses, and all other administrative approvals, to consider whether they are inconsistent with the CLCPA or will interfere with the attainment of the CLCPA’s statewide greenhouse gas emission reduction mandates, and where that is the case, to require justification and mitigation measures if such actions are to be approved.

Even so, the CLCPA does not impose any specific restrictions on the use of natural gas or changes in the natural gas distribution system, including the significant system restrictions authorized under the HEAT Act. Many businesses - especially those likely to be designated as “emissions intense” and “trade exposed” industries (EITEs) under the state’s pending “cap and invest” rule - will continue to rely on adequate and affordable natural gas for the foreseeable future to remain economically viable. We are very concerned that the HEAT Act’s broad authority to prohibit some uses of natural gas and mandate the discontinued use of portions of the gas distribution system will result in significant uncertainty for numerous in-state businesses and adversely impact decisions to invest or re-invest in gas-dependent operations.

Importantly, the state’s electric grid needs significant upgrades and expansions to accommodate the shifting of building and transportation energy demand from the direct consumption of fossil fuels to electric power (increasingly from non-emitting sources.) The state needs a dramatic increase in non-emitting electric production and storage capacity to meet system supply and reliability needs under the CLCPA’s decarbonization goals. Expedited contraction of the natural gas distribution system would only make these other transition efforts more economically disruptive and costly.

Further, several provisions of the HEAT Act are unnecessary to address the future of the state’s gas distribution systems. Two separate proceedings are underway through the Public Service Commission to address this very issue. First, the PSC’s “gas planning proceeding,” (Case 20-G-0131), which requires each gas utility to develop a comprehensive, utility-specific proposal on forward-looking system and policy needs, with a goal of minimizing total costs, among other issues. These utility-specific proposals are under review by the Commission, prior to finalization and implementation. Second, its “CLCPA Implementation Proceeding” (Case 22-M-0149) directs the Department of Public Service staff to issue an annual report “detailing overall compliance with the Climate Leadership and Community Protection Act,” including assessing emissions associated with electric and gas usage, the cost and benefit to ratepayers of CLCPA investments, among other factors.

Together, these proceedings provide the Commission and other stakeholders with a public, transparent process to evaluate potential changes to the state’s gas system.

We have other specific concerns regarding this legislation:

- Effective December 31, 2026, it prohibits the expansion of natural gas utility service territories to areas currently unserved, basically precluding certain energy-intensive economic development projects from being sited in New York. The bill allows the PSC to grant exceptions, but only until the end of 2028.

- The bill requires the PSC to develop and implement a program to prevent any household from spending more than 6 percent of its household income on energy costs, without providing any projection of its cost or specific mechanism for its financing. The bill suggests the consideration of bill discounts, bill credits and other funding options, but this certainly raises concerns about the shifting of residential energy costs to commercial and industrial ratepayers – or the need for increased broad-based state taxes.

The transition to a low-emission economy will be challenging, and most businesses will be affected by multiple CLCPA mandates imposing increased costs and operational changes. As New York State moves forward on CLCPA implementation, it is crucial to avoid imposing excessive restrictions on access to reliable energy supplies, and to leave open options to achieve greenhouse gas emissions with the least amount of economic disruption. Expanded use of renewable natural gas and hydrogen may be significant long-term options of EITEs and other businesses for which full electrification is infeasible, so the state needs to avoid imposing unnecessary restrictions on these types of emission reduction strategies.

For these reasons, we collectively oppose adoption of S.4158/A.4870-A.

Associated Builders & Contractors, Empire State Chapter
Buffalo Niagara Partnership
Business Council of New York State
Business Council of Westchester
Council of Industry
Capital Region Chamber of Commerce
Empire State Forest Products Association
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New York Farm Bureau
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