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February 18, 2021

VIA ELECTRONIC FILLING

Energy Efficiency and Housing Advisory Panel
c/o RuthAnne Visnauskas,
Commissioner/CEO of NYS Homes and Community Renewal.
25 Beaver Street, 5th Floor
New York, New York 10004

Re: **Policy recommendations for consideration by the Energy Efficiency and Housing Advisory Panel of the Climate Action Council**

Dear Commissioner Visnauskas:

The Alliance for Clean Energy New York (ACE NY) submits the attached policy considerations to inform the work of the Energy Efficiency and Housing Advisory Panel and to advance the transition to clean and carbon free buildings in New York State.

Respectfully Submitted,

Deb Peck Kelleher
Director, Policy Analysis and Operations
The Alliance for Clean Energy New York



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Policy recommendations for the consideration of the Energy Efficiency and Housing Advisory Panel

Alliance for Clean Energy New York

The Alliance for Clean Energy New York (ACE NY) recognizes and appreciates the role of the Energy Efficiency and Housing Advisory Panel in developing proposed strategies to meet the efficiency goal of 185 TBtu savings by 2025 in New York's Climate Leadership and Community Protection Act (CLCPA). Buildings are the second largest source of greenhouse gas emissions in the state, contributing to one-third of our total emissions. As such, this sector has many opportunities to reduce emissions, and the need of a more aggressive agenda that will make the goals under the CLCPA achievable.

ACE NY is a not-for-profit membership organization with a mission to promote the use of clean, renewable electricity technologies and energy efficiency in New York State, in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution.

On behalf of our member companies, ACE NY respectfully submits for consideration by the Panel the following recommendations to advance cleaner, more energy-efficient, and healthier buildings in New York State. These recommendations answer the questions of initial priorities, and policy and funding options that the Panel needs to consider in order to accelerate efficiency savings and electrify our buildings. This is not a comprehensive list of recommendations to achieve the full decarbonization goals for buildings, but comprises the high priority initiatives supported by ACE NY members:

1. Reform Building Codes and Improve Standards to Expedite Electrification

ACE NY supports the Panel's focus on strengthening our State and local building codes to create a baseline of efficiency for future buildings and appliances. Below, we list several specific initiatives that the Panel should recommend to the Climate Action Council:

- **Set Aggressive Statewide Appliance Standards:** State appliance efficiency standards should be continually updated as technology improvements are made. Energy standards reduce energy bills and energy usage. This is one of the easiest actions the state can take to meet our efficiency goals.
- **Educate on the Harm from Combustion Appliances:** We urge the Panel to recommend an education program on the indoor air quality and climate impacts of combustion appliances. This outreach will build support for and gain compliance with the new building codes and the need for all-electric buildings.
- **Amend the Building Code to Set a Date Certain for New Construction to be All Electric:** The Panel should establish a firm date after which all new construction will have all electric appliances and heating and cooling. This action will send a strong signal to the construction and supply markets, allowing them to plan appropriately and encouraging their investments in training, equipment, and manufacturing by creating a definite demand.
- **Phase Out the Purchase of Combustion Appliances by a Date Certain:** To expedite the electrification of existing buildings, the Panel should limit the purchase of combustion appliances



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after a set date. Again, this action will provide the needed notice and signals to the construction and supply markets on the transition. There are additional considerations that need to be assessed in selecting the date, some of which are ensuring that a greater percentage of our power generation is carbon free; recognizing the price differentials between electric and combustion appliances,; and providing financial incentives to support electric panel upgrades in multi-unit buildings. There will need to be an education campaign to prevent the issues that have recently arisen following the gas moratoriums in the New York City Metro area.

- **Establish a Zero Net Gas Framework¹ at the Public Service Commission (PSC):** The Panel should recommend the establishment of a Zero Net Gas Framework at the PSC. This is a pathway to reverse gas dependency in buildings and move towards deep decarbonization by requiring any increase in gas demand to be netted with a reduction in demand within the system. Such a comprehensive planning process needs to be initiated and overseen by the PSC to drive more substantial emission reduction through quicker efficiency upgrades and building electrification programs.
- **Require Energy Data to be Available During Home Sales:** The Panel should recommend implementing a program similar to the U.S. Department of Energy's Home Energy Information Accelerator². The energy use, appliance efficiency and weatherization of a building should be readily available to potential purchasers at the time of sale. By increasing the accessibility of data and establishing disclosure standards triggered by a sale, efficiency will become an item under active consideration when purchasing a home.

2. Implement Equitable Building Electrification

- **Reform the Benefit Cost Analysis:** The Panel should recommend reforms to the Benefit Cost Analysis framework for utility energy efficiency programs to more appropriately balance consumer costs and benefits, and to capture non-energy impacts, including indoor air quality and health effects.
- **Prioritize Early Energy Efficiency Actions:** The Panel should recommend an early focus on cost-effective energy efficiency actions. Emission reductions compound year-over-year, similar to interest in a bank account. Early efficiency investments in our building stock will continue to return energy, emissions reductions, and cost savings. Weatherization program investments will reduce heating costs, emissions, winter demand peaks, and result in heat pump ready homes.
- **Educate Building Owners about Capital Replacement Planning:** The Panel should recommend that energy efficiency programs include an educational piece directed at commercial and multi-resident building owners about the importance of creating a replacement plan for their building's capital equipment. Currently, system failures lead to emergency replacements that too often result in the installation of the same high emission or inefficient equipment, and the chance for significant

¹ Zero Net Gas: A Framework for Managing Gas Demand Reduction as a Pathway to Decarbonizing the Building Sector. Radina Valova Craig Hart Tom Bourgeois Joseph O'Brien-Applegate. Prepared by the Pace Energy and Climate Center for the Rockefeller Brothers Fund. July 2020.

<https://peccpubs.pace.edu/viewresource/fba9aef7758065f/Zero+Net+Gas%3A+A+Framework+for+Managing+Gas+Demand+Reduction+as+a+Pathway+to+Decarbonizing+the+Buildings+Sector>

² <https://betterbuildingssolutioncenter.energy.gov/accelerators/home-energy-information>



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savings is lost. NYSERDA and utility efficiency programs should be aligned with the financial decision-making timelines of building owners.

- **Pilot Electrification Programs for Small Businesses and Affordable Multi-Family Housing:** The Panel should recommend the development of pilot electrification programs for small businesses and affordable multi-family housing to overcome the existing technical and social barriers, which include potential increases in utility bills and the possible cost shifting of heat and hot water to the tenant from the owner.
- **Expand the Research into and Deployment of Whole Building Retrofits:** NYSERDA's RetrofitNY³ Program offers an opportunity to expand electrification and weatherization to affordable multifamily buildings through prefabricated exterior building panels and modular HVAC systems while the tenants remain in place. The Panel's recommendations should support this program and market drivers to increase the availability of innovative and cost-effective products. The Rocky Mountain Institute's REALIZE program⁴ should also be considered for NYS.
- **Require Data Collection on all Project Costs and Efficiency:** The Panel should recommend that data collection for energy efficiency projects includes all proposed projects. This will allow for the calculation of cost breaking point between successful projects and those projects that are not realized. This information can then be used to set appropriate incentive levels for programs.

3. Support Financial Assistance to Building Owners

- **Cover the Soft Costs of Energy Audits and Analysis:** The Panel should recommend that NYSERDA and utility efficiency programs fund a substantial share of "soft costs" for Integrated Physical Needs Assessments (IPNA) and ASHRAE Level 1 or 2 energy audits with analysis for the potential for electrification and the development of specifications for complex systems recommended in the scope of work.
- **Update NY Green Bank's Investment Plan:** The Panel's recommendations should include updates to the NY Green Bank. The NY Green Bank's investment plan should be assessed and updated as needed to ensure that it is consistent with achieving the goals of the CLCPA and it is integrated with NYSERDA's electrification and energy efficiency programs and promotions. The NY Green Bank should increase its funding and support for low-to-moderate income programs and recalculate their impact on community metrics and lending criteria to meet the state's climate goals and investments in disadvantaged communities.
- **Align SONYMA Underwriting Guidelines:** The recommendations of the Panel should include updating the underwriting guidelines of the State of New York Mortgage Agency (SONYMA) to include underwriting efficiency savings in a routine and consistent manner to support CLCPA goals.
- **Increase Technical Assistance to Buildings Difficult to Retrofit:** The Panel's recommendations should require that technical assistance, outreach, and training be paired with financial assistance for buildings and sectors that are more difficult to retrofit.

³ <https://www.nyserdera.ny.gov/All-Programs/Programs/RetrofitNY>

⁴ [REALIZE - Rocky Mountain Institute \(rmi.org\)](https://www.rmiconsulting.com/realize)



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4. Moving Utilities into an Electrified World

- **Increase the Use of Earning Adjustment Mechanisms:** The Panel’s recommendations should include continuing the transition of the utility business model from one based on capital investments to one centered on meeting our State’s clean energy goals. Earning Adjustment Mechanisms (EAMs) have proven their success in rewarding utilities for expanding energy efficiency and should be used more aggressively to reach the CLCPA goal of a 185Btu reduction in energy usage.
- **Set Technology-Neutral EAMs:** The Panel should recommend that Energy Efficiency EAMs be technology-neutral and based on their Benefit Cost Analysis. To reach the targets set in the CLCPA, we will need to utilize all successful programs and technology.
- **Update Electricity Rate Design:** The Panel should recommend that NY’s electricity rate design be reviewed to ensure affordability as we transition to all-electric buildings. Time-varying rates, smart rate design, and demand flexibility, when combined with energy efficiency programs and expanded heat pump installations, can reduce peak demand and bills.

5. Cross Panel Topics

Like all the Technical Advisory Panels (TAPs), the Energy Efficiency and Housing Advisory Panel should address a number of topics that are also relevant to other TAPs. For example, to ensure that the electricity powering all electric buildings is clean, the Panel, in collaboration with the Land Use and Local Government and Power Generation Panels, must consider efficient siting and permitting of renewable energy projects, and standardized taxation for wind and solar projects in their recommendations in order for New York to allow wind and solar projects to reach the construction phase and contribute to meeting the 70% renewable generation by 2030 goal. The Panel should also work with the Land Use and Local Government Panel regarding strengthening our building codes.

Given the short window to meet the CLCPA energy savings goal of 185 TBtu by 2025, it is critical that New York act quickly to implement the suite of policies mentioned here, even as more detailed plans for the building sector are developed over time.

ACE NY member companies and organizations appreciate the opportunity to provide input into potential policies the Energy Efficiency and Housing Advisory Panel will consider in its recommendations to the Climate Action Council. We look forward to continuing to work with the Panel to develop strategies that achieve the state’s energy saving targets and secures a healthy, clean, and equitable built environment in New York State.