

STATE OF NEW YORK

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IN ASSEMBLY

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Introduced by M. of A. SIMON, SHRESTHA, R. CARROLL, COLTON, GONZALEZ-ROJAS, ROSENTHAL, SHIMSKY, SEAWRIGHT, GALLAGHER, BURDICK, STERN, LUNSFORD, FORREST, REYES, LEVENBERG, RAMOS, KELLES, MAMDANI, RAJKUMAR, BORES, STECK, DE LOS SANTOS, GIBBS, WEPRIN, EPSTEIN, SIMONE, STIRPE, CLARK, MITAYNES, ANDERSON, FALL, CUNNINGHAM, PAULIN, HUNTER, DINOWITZ, OTIS, TAPIA, ZACCARO, KIM, HEVESI, SEPTIMO, RAGA, BRONSON, ALVAREZ, TAYLOR, GLICK, MEEKS, JACKSON, LUPARDO, PHEFFER AMATO, LEE, SAYEGH, JACOBSON, BICHOTTE HERMELYN, VANEL, RIVERA, CHANDLER-WATERMAN, ZINERMAN, WALKER, LUCAS -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public service law, the public authorities law, the transportation corporations law and the labor law, in relation to aligning utility regulation with state climate justice and emission reduction targets; to repeal section 66-b of the public service law relating to continuation of gas service; and to repeal section 66-g of the public service law relating to the sale of indigenous natural gas for generation of electricity

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "NY Home Energy Affordable Transition Act".

3 § 2. Legislative findings. The legislature finds and declares that:

4 1. The Climate Leadership and Community Protection Act (the "CLCPA")
5 created legal mandates for dramatic greenhouse gas emission reductions
6 from all sectors of New York's economy. The CLCPA also emphasizes equity
7 in addressing climate change by requiring all state agencies and author-
8 ities to prioritize reductions of greenhouse gas emissions and co-pollu-
9 tants in disadvantaged communities and by mandating that certain state
10 investments deliver benefits to these communities.

11 2. Buildings are New York's largest source of greenhouse gas emis-
12 sions, accounting for approximately one-third of the greenhouse gas

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 emissions in our state. New York state's buildings also produce more
2 local air pollution than any other state in the country, resulting in
3 negative health outcomes such as increased rates of asthma, particularly
4 among children, and heart disease. Therefore, reducing greenhouse gas
5 emissions and toxic air pollution emitted from New York's buildings,
6 especially in disadvantaged communities, is necessary to meet the CLCPA
7 mandates.

8 3. To meet the state's bold climate and equity mandates, New York will
9 need to update how it regulates gas utility service. Doing so will
10 enable strategic planning and investments in neighborhood-scale building
11 decarbonization and help bring the statewide gas distribution system
12 into alignment with the two thousand thirty and two thousand fifty
13 greenhouse gas emission reduction mandates in the CLCPA through an
14 orderly and equitable process, coordinated with appropriate investments
15 in the electric system to ensure all New Yorkers have non-discriminato-
16 ry, affordable access to the energy needed for heating, cooling, and
17 powering the buildings in which they live and work.

18 4. The New York public service law not only contains barriers to
19 neighborhood-scale building decarbonization solutions such as thermal
20 energy networks, but also works at cross purposes with the state's
21 climate and affordability goals, by requiring and subsidizing the
22 continued expansion of natural gas infrastructure.

23 a. The gas utility obligation to serve codified in the public service
24 law is a major obstacle to utilities developing neighborhood-scale
25 building decarbonization projects that would facilitate bringing the gas
26 system into alignment with the two thousand thirty and two thousand
27 fifty greenhouse gas emission reduction mandates in the CLCPA in a
28 manner that can mitigate costs for all utility customers, reduces green-
29 house gas emissions and co-pollutants impacting local air quality, and
30 provides a transition for impacted workers.

31 b. Statutorily mandated utility system extension allowances require
32 existing ratepayers to subsidize gas infrastructure hookups for new
33 customers. According to a recent joint filing with the Public Service
34 Commission by the New York state gas utilities, these required allow-
35 ances cost gas utilities hundreds of millions of dollars per year.
36 These costs are passed directly to existing gas customers.

37 c. Gas utilities in New York are on track to collectively spend \$150
38 billion to replace thousands of miles of leak prone pipe in the coming
39 years. These investments pose a risk of becoming stranded assets, with
40 \$77 billion of the total cost coming due after 2050, but can be avoided
41 in many cases by strategically investing in neighborhood-scale decarbon-
42 ization projects.

43 5. New Yorkers are suffering from dramatic fossil fuel price spikes
44 driven by the increasingly integrated global commodity market, subject
45 to the whims of foreign dictators such as Russia's Vladimir Putin or
46 Saudi Arabia's Prince Mohammed bin Salman. Fossil fuel prices have
47 spiked to historic high levels, making both electricity and gas utility
48 service unaffordable for many New Yorkers. Decarbonizing buildings
49 through the strategic development of neighborhood-scale building decar-
50 bonization projects, along with investing in energy efficiency and
51 renewable electricity, will save New Yorkers money now and in the
52 future, protect against price volatility, and promote true energy inde-
53 pendence for New York state.

54 6. Fossil fuel price spikes are exacerbating the affordability impacts
55 of the COVID-19 Pandemic. Over a million households in New York now
56 struggle to pay their utility bills. The Public Service Commission has

1 declared, but not yet achieved, a goal that customers should not pay
2 more than 6% of their income for utility energy services, a number based
3 on a nationally accepted standard.

4 7. Thus, it is the intent of the legislature to enact the NY Home
5 Energy Affordable Transition Act for the following purposes:

6 a. to ensure that the public service law regarding regulation and
7 oversight of gas utilities will provide for the timely and strategic
8 decarbonization and right-sizing of the gas distribution system in a
9 just and affordable manner as required to meet the climate justice and
10 emission reduction mandates of the CLCPA, appropriately balancing rate-
11 payers' needs and interests with the maintenance of financially sound
12 utilities, prioritizing low-to-moderate income customers and disadvan-
13 tagged communities, and encouraging neighborhood-scale transitions;

14 b. to provide the Public Service Commission with the statutory author-
15 ity and direction to align utility regulations and planning with the
16 CLCPA climate justice and emission reduction mandates and to require the
17 Public Service Commission to take a proactive role in the timely iden-
18 tification and amendment of such regulations or rulings as may pose an
19 impediment to achieving CLCPA mandates, and to identify any laws that
20 may pose an impediment;

21 c. to maintain the affordability of services for all utility custom-
22 ers, create good paying, family sustaining jobs, and facilitate achieve-
23 ment of the CLCPA climate justice and emission reduction mandates by
24 enabling gas utilities to minimize the need for new investments in gas
25 infrastructure;

26 d. to facilitate a well-planned and strategic downsizing of the gas
27 system by redirecting ratepayer funds that would have been spent on
28 costly new investments to maintain or expand the gas system to instead
29 fund job-creating neighborhood-scale decarbonization projects that
30 provide alternative clean energy solutions for efficient heating, cool-
31 ing, cooking, hot water, and other uses that effectively transition
32 customers away from dependence on fuels with greenhouse gas emissions
33 and equipment that produces on-site co-pollutant emissions;

34 e. to end statutorily mandated, ratepayer-subsidized incentives for
35 the expansion of fossil fuel infrastructure while maintaining the equi-
36 table provision of electric service for efficient heating, cooling,
37 cooking, hot water, and other uses;

38 f. to provide affordable access to electricity for heating and cooling
39 and to protect low-income and moderate-income customers from undue
40 burdens as they decarbonize their buildings; and

41 g. to clarify that municipal building codes regulating on-site emis-
42 sions are not preempted under New York state law.

43 8. Transitioning gas customers to alternative heating and cooling
44 services is likely to be most cost-effective from the perspective of
45 individual customers and New York state as a whole if undertaken as part
46 of a neighborhood-scale project. Such projects would help minimize
47 stranded costs in gas system infrastructure and support coordinated
48 investments on the part of customers, utilities, and others, potentially
49 including but not limited to electrification make-ready measures, equip-
50 ment located on the premises of customers, and thermal energy networks.

51 9. This legislation does not establish a ban on the use of gas. It is
52 neither the intent nor would it be the effect of this legislation to
53 require the immediate transition of existing gas customers to alterna-
54 tive heating and cooling services.

55 § 3. Subdivision 1 of section 4 of the public service law, as amended
56 by chapter 594 of the laws of 2021, is amended to read as follows:

1 1. There shall be in the department of public service a public service
2 commission, which shall possess the powers and duties hereinafter speci-
3 fied, and also all powers necessary or proper to enable it to carry out
4 the purposes of this chapter and to enable achievement of the climate
5 justice and emission reduction mandates in chapter one hundred six of
6 the laws of two thousand nineteen, and such successors in law and func-
7 tion as may arise from time to time. The commission shall consist of
8 five members, to be appointed by the governor, by and with the advice
9 and consent of the senate. A commissioner shall be designated as [~~chair-~~
10 ~~man~~] chairperson of the commission by the governor to serve in such
11 capacity at the pleasure of the governor or until [~~his~~] the commission-
12 er's term [~~as commissioner~~] expires whichever first occurs. At least one
13 commissioner shall have experience in utility consumer advocacy. No more
14 than three commissioners may be members of the same political party
15 unless, pursuant to action taken under subdivision two of this section,
16 the number of commissioners shall exceed five, and in such event no more
17 than four commissioners may be members of the same political party.

18 § 4. Subdivisions 1 and 2 of section 5 of the public service law,
19 subdivision 1 as amended and subdivision 2 as added by chapter 155 of
20 the laws of 1970, paragraph i of subdivision 1 as added by chapter 375
21 of the laws of 2022, are amended to read as follows:

22 1. The jurisdiction, supervision, powers and duties of the public
23 service commission shall extend under this chapter:

24 [~~b-~~] a. To the manufacture, conveying, transportation, sale or
25 distribution of gas (natural or manufactured or mixture of both) and
26 electricity for light, heat, cooling, or power, to gas plants and to
27 electric plants and to the persons or corporations owning, leasing or
28 operating the same.

29 [~~e-~~] b. To the manufacture, holding, distribution, transmission, sale
30 or furnishing of steam for heat or power, to steam plants and to the
31 persons or corporations owning, leasing or operating the same.

32 [~~d-~~] c. To every telephone line which lies wholly within the state and
33 that part within the state of New York of every telephone line which
34 lies partly within and partly without the state and to the persons or
35 corporations owning, leasing or operating any such telephone line.

36 [~~e-~~] d. To every telegraph line which lies wholly within the state and
37 that part within the state of New York of every telegraph line which
38 lies partly within and partly without the state and to the persons or
39 corporations owning, leasing or operating any such telegraph line.

40 [~~f-~~] e. To the furnishing or distribution of water for domestic,
41 commercial or public uses and to water systems and to the persons or
42 corporations owning, leasing or operating the same.

43 [~~g-~~] f. To every stock yard within the state and to the stock yard
44 company owning, leasing or operating the same, to the same extent and in
45 respect to the same objects and purposes as such jurisdiction extends,
46 under this chapter, to depots, freight houses and shipping stations of a
47 common carrier, including the duty of such stock yard company to submit
48 reports and be subjected to investigation as if it were a common carri-
49 er, and the powers and duties of such commission to fix charges and make
50 and enforce orders relating to adequate service by such company.

51 [~~h-~~] g. A corporation or person owning or holding a majority of the
52 stock of a common carrier, gas corporation or electrical corporation
53 subject to the jurisdiction of the public service commission shall be
54 subject to the supervision of the public service commission in respect
55 of the relations between such common carrier, gas corporation or elec-
56 trical corporation and such owners or holders of a majority of the stock

1 thereof in so far as such relations arise from or by reason of such
2 ownership or holding of stock thereof or the receipt or holding of any
3 money or property thereof or from or by reason of any contract between
4 them; and in respect of such relations shall in like manner and to the
5 same extent as such common carrier, gas corporation or electrical corpo-
6 ration be subject to examination of accounts, records and memoranda, and
7 shall furnish such reports and information as the public service commis-
8 sion shall from time to time direct and require, and shall be subject to
9 like penalties for default therein.

10 [~~i-~~] h. To thermal energy provided by gas corporations, electric
11 corporations, or combination gas and electric corporations.

12 2. The commission shall encourage all persons and corporations subject
13 to its jurisdiction to formulate and carry out long-range programs,
14 individually or cooperatively, for the performance of their public
15 service responsibilities, including the achievement of the climate
16 justice and emission reduction mandates in chapter one hundred six of
17 the laws of two thousand nineteen, and such successors in law and func-
18 tion as may arise from time to time, with economy, efficiency, and care
19 for the public safety, the preservation of environmental values and the
20 conservation of natural resources.

21 § 5. Section 30 of the public service law, as amended by chapter 686
22 of the laws of 2002, is amended to read as follows:

23 § 30. Residential gas, electric and steam service policy. 1. This
24 article shall apply to the provision of all or any part of the gas,
25 electric or steam service provided to any residential customer by any
26 gas, electric or steam and municipalities corporation or municipality.
27 It is hereby declared to be the policy of this state that the continued
28 provision of [~~all or any part of such gas,~~] electric and steam [~~service~~]
29 services to all residential customers without unreasonable qualifica-
30 tions or lengthy delays is necessary for the preservation of the health
31 and general welfare, is consistent with the achievement of the state's
32 climate justice and emission reduction mandates, and is in the public
33 interest. It is further the policy of this state that electric and
34 steam services to all residential customers, and gas service for exist-
35 ing residential customers must be provided in a manner that is safe and
36 adequate, not unjustly discriminatory or unduly preferential, and in all
37 respects just and reasonable, while providing for an orderly right-siz-
38 ing of the gas distribution system to achieve consistency with the
39 climate justice and emission reduction mandates in chapter one hundred
40 six of the laws of two thousand nineteen, and such successors in law and
41 function as may arise from time to time, encouraging neighborhood-scale
42 transitions and the elimination of on-site co-pollutants.

43 2. The commission shall regulate for the continued provision of gas
44 service to all existing residential customers who choose to continue
45 such service, unless such service is discontinued pursuant to a program
46 approved by the commission. Such programs shall ensure that any transi-
47 tioning customer has access to:

48 (a) safe and reliable substitutes for heating, cooling, cooking, and
49 water-heating prior to a cessation of gas service; and

50 (b) necessary and appropriate financial and technical support, includ-
51 ing for the purchase and installation of customer-owned equipment.

52 3. (a) It shall be a goal of the commission that all residential
53 customers be adequately protected from bearing an energy burden greater
54 than six percent of their household income, prioritizing low-to-moderate
55 income customers, including those who are already eligible for the
56 commission's energy affordability program. The commission may authorize

1 the use of reasonable per-customer caps on the amount of energy subject
2 to the affordability protections of this subdivision. The commission may
3 also establish a reasonable cap on collections from ratepayers to fund
4 the commission's energy affordability program or similar successor
5 programs provided such cap is not less than 3% of total electric or gas
6 revenues for sales to end-use customers for each utility.

7 (b) Within one year of the effective date of this subdivision, the
8 commission shall develop a plan to implement the goal under paragraph
9 (a) of this subdivision. In developing such plan, the commission shall
10 evaluate available tools, including but not limited to bill discounts,
11 bill credits, redirection of avoided costs of utility infrastructure,
12 rate making strategies, energy efficiency, distributed renewable energy,
13 and potential budgetary measures, prioritizing mitigation of rate
14 increases on residential customers. Beginning in the calendar year
15 following the effective date of this subdivision, and continuing annual-
16 ly on or before October first, the commission shall report to the gover-
17 nor and legislature on the actions it has taken, including the plan
18 developed pursuant to this paragraph, and the progress that has been
19 made toward achieving the goal laid out in paragraph (a) of this subdivi-
20 vision. Such report shall include but not be limited to recommendations
21 regarding any additional legislative or budgetary measures necessary to
22 achieve such goal. The annual report shall also be published on the
23 commission's website.

24 4. For the purposes of this section, the term "low-to-moderate income
25 customers" shall mean households with annual incomes at or below eighty
26 percent of the state median income.

27 § 6. Subdivision 1 of section 1020-cc of the public authorities law,
28 as amended by section 11 of part A of chapter 173 of the laws of 2013,
29 is amended to read as follows:

30 1. All contracts of the authority shall be subject to the provisions
31 of the state finance law relating to contracts made by the state. The
32 authority shall also establish rules and regulations with respect to
33 providing to its residential gas, electric and steam utility customers
34 those rights and protections provided in article two and sections one
35 hundred seventeen and one hundred eighteen of the public service law and
36 section one hundred thirty-one-s of the social services law. It shall
37 be a goal of the authority that all residential customers be adequately
38 protected from bearing an energy burden greater than six percent of
39 their household income pursuant to subdivision three of section thirty
40 of the public service law. The authority shall conform to any safety
41 standards regarding manual lockable disconnect switches for solar elec-
42 tric generating equipment established by the public service commission
43 pursuant to subparagraph (ii) of paragraph (a) of subdivision five and
44 subparagraph (ii) of paragraph (a) of subdivision five-a of section
45 sixty-six-j of the public service law. The authority shall let contracts
46 for construction or purchase of supplies, materials, or equipment pursu-
47 ant to section one hundred three and paragraph (e) of subdivision four
48 of section one hundred twenty-w of the general municipal law.

49 § 7. Subdivisions 1, 3 and 4 of section 31 of the public service law,
50 as added by chapter 713 of the laws of 1981, are amended to read as
51 follows:

52 1. Every gas corporation, electric corporation or municipality shall
53 provide residential service upon the oral or written request of an
54 applicant, provided that any residential gas service shall only be
55 provided in accordance with section thirty of this article and is
56 subject to any orders or regulations limiting or discontinuing gas

1 service that are implemented by the commission to facilitate the
2 achievement of consistency with the climate justice and emission
3 reduction mandates in chapter one hundred six of the laws of two thou-
4 sand nineteen, and such successors in law and function as may arise from
5 time to time, and provided further that the commission may require that
6 requests for service be in writing under circumstances as it deems
7 necessary and proper as set forth by regulation, and provided further
8 that the applicant:

9 (a) makes full payment for residential utility service provided to a
10 prior account in [~~his~~] the applicant's name; or

11 (b) agrees to make payments under a deferred payment plan of any
12 amounts due for service to a prior account in [~~his~~] the applicant's name
13 and makes a down payment based on criteria to be established by the
14 commission. No such down payment shall exceed one-half of any money due
15 from an applicant for residential utility service, or three months aver-
16 age billing, whichever is less; or

17 (c) is a recipient of public assistance, supplemental security income
18 or additional state payments pursuant to the social services law, or is
19 an applicant for such assistance, income or payments, and the utility
20 corporation or the municipality receives payment from, or is notified of
21 the applicant's eligibility for utility payments by the social services
22 official of the social services district in which such person resides
23 for amounts due for service to a prior account in the applicant's name,
24 together with guarantee of future payments to the extent authorized by
25 the social services law; and

26 (d) receives clear, timely information from the gas corporation, elec-
27 tric corporation, municipality, or retail energy service company, writ-
28 ten in plain language, available in the top twelve most common non-Engl-
29 ish languages spoken by limited English proficient New Yorkers, and
30 approved by the commission after stakeholder input, on incentives and
31 opportunities for installing, energy-efficient electric heating and
32 cooling technologies, weatherization, demand-side management, and
33 distributed energy resource programs.

34 (e) nothing in this subdivision shall be construed to prohibit exist-
35 ing gas customers, in accordance with section thirty of this article and
36 subject to any other regulations implemented by the commission, from
37 reconnecting to the gas distribution system following a gas interruption
38 due to emergency repairs or remediation of leaking equipment.

39 3. Subject to the requirements of subdivisions four and five of this
40 section, and in accordance with section thirty of this article, whenever
41 a residential customer moves to a new residence within the service
42 territory of the same utility corporation or municipality, [~~he~~] the
43 applicant shall be eligible to receive service at the new residence and
44 such service shall be considered a continuation of service [~~in all~~
45 ~~respects~~] as operationally feasible based on infrastructure and commod-
46 ity availability at the site of the new residence, with any deferred
47 payment agreement honored, and with all rights of such customer and such
48 utility corporation provided by this article unimpaired.

49 4. In the case of any application for service to a building which is
50 not supplied with electricity or gas, a utility corporation or munici-
51 pality shall be obligated to provide electric service to such a build-
52 ing, and to provide gas service for such a building in accordance with
53 commission regulation, provided however, that the commission may require
54 applicants for service to buildings [~~located in excess of one hundred~~
55 ~~feet from gas or electric transmission lines~~] to pay or agree in writing
56 to pay material and installation costs relating to the applicant's

1 proportion of the pipe, conduit, duct or wire, or other facilities to be
2 installed.

3 § 8. Section 12 of the transportation corporations law, as separately
4 amended by chapters 713 and 895 of the laws of 1981, is amended to read
5 as follows:

6 § 12. Gas and electricity must be supplied on application in accord-
7 ance with commission rules and regulations. Except in the case of an
8 application for residential utility service pursuant to article two of
9 the public service law, upon written application of the owner or occu-
10 pant of any building [~~within one hundred feet of any main of a gas~~
11 ~~corporation or gas and electric corporation, or a line of an electric~~
12 ~~corporation or gas and electric corporation, appropriate to the service~~
13 ~~requested,~~] and payment by [~~him~~] the applicant of all money due from
14 [~~him~~] the applicant to the corporation, it shall supply [~~gas or~~] elec-
15 tricity as may be required for [~~lighting~~] such building and it may
16 provide gas for such building in accordance with commission regulation,
17 notwithstanding there be rent or compensation in arrears for gas or
18 electricity supplied, or for meter, wire, pipe or fittings furnished, to
19 a former occupant thereof, unless such owner or occupant shall have
20 undertaken or agreed with the former occupant to pay or to exonerate
21 [~~him~~] them from the payment of such arrears, and shall refuse or neglect
22 to pay the same; and if for the space of ten days after such applica-
23 tion, and the deposit of a reasonable sum as provided in the next
24 section, if required, the corporation shall refuse or neglect to supply
25 gas or [~~electric light~~] electricity as required, such corporation shall
26 forfeit and pay to the applicant the sum of ten dollars, and the further
27 sum of five dollars for every day thereafter during which such refusal
28 or neglect shall continue; provided that no such corporation shall be
29 required to lay service pipes or wires for the purpose of supplying gas
30 or electric light to any applicant where the ground in which such pipe
31 or wire is required to be laid shall be frozen, or shall otherwise pres-
32 ent serious obstacles to laying the same; nor unless the applicant, if
33 required, shall deposit in advance with the corporation a sum of money
34 sufficient to pay the cost of [~~his proportion~~] the applicant's portion
35 of the pipe, conduit, duct or wire required to be installed, and the
36 expense of the installation of such portion.

37 § 9. Subdivision 2 of section 66 of the public service law, as amended
38 by chapter 877 of the laws of 1953, is amended and a new subdivision
39 12-e is added to read as follows:

40 2. Investigate and ascertain, from time to time, the quality of gas
41 supplied by persons, corporations and municipalities; examine or inves-
42 tigate the methods employed by such persons, corporations and munici-
43 palities in manufacturing, distributing and supplying gas or electricity
44 for light, heat, cooling, or power and in transmitting the same, and
45 have power to order such reasonable improvements as will best promote
46 the public interest, preserve the public health and protect those using
47 such gas or electricity and those employed in the manufacture and
48 distribution thereof, and have power to order reasonable improvements
49 and extensions of the works, wires, poles, lines, conduits, ducts and
50 other reasonable devices, apparatus and property of gas corporations,
51 electric corporations and municipalities; and have power after an inves-
52 tigation and a hearing to order any corporation having authority under
53 any general or special law or under any charter or franchise, to lay
54 down, erect or maintain wires, pipes, conduits, ducts or other fixtures
55 in, over or under the streets, highways and public places of any munici-
56 pality for the purpose of supplying, selling or distributing natural

1 gas, to augment its supply of natural gas, whenever the commission deems
2 necessary and whenever artificial gas can be reasonably obtained, by
3 acquiring by purchase, manufacture or otherwise a supply thereof to be
4 mixed with such natural gas, in order to render adequate service to the
5 customers of such corporation or to maintain a proper and uniform pres-
6 sure; and have power after an investigation and a hearing to order any
7 corporation having authority under any general or special law or under
8 any charter or franchise, to lay down, erect or maintain wires, pipes,
9 conduits, ducts or other fixtures in, over or under the streets, high-
10 ways and public places of any municipality for the purpose of supplying,
11 selling or distributing artificial gas, to augment its supply of artifi-
12 cial gas, whenever the commission deems necessary and whenever natural
13 gas can be reasonably obtained, by acquiring by purchase or otherwise a
14 supply thereof to be mixed with such artificial gas, in order to render
15 adequate service to the customers of such corporation or to maintain a
16 proper and uniform pressure; and to fix such rate for the supplying of
17 mixed gas as shall secure to such corporation a fair return; and may
18 order the curtailment or discontinuance of the use of natural gas for
19 manufacturing or industrial purposes, for periods aggregating not to
20 exceed four months in any calendar year, if it is established to the
21 satisfaction of the commission that the supply of natural gas is not
22 adequate to meet the reasonable demands of domestic consumption and may
23 [~~prohibit the use of natural gas in wasteful devices and practices~~]
24 order the curtailment or discontinuance of the use of the distribution
25 system, where the commission has determined that such curtailment or
26 discontinuance is reasonably required to implement state energy policy,
27 provided that such curtailment or discontinuance shall be consistent
28 with programs approved by the commission pursuant to subdivision two of
29 section thirty of this chapter, and may prohibit the use of natural gas
30 in wasteful devices and practices, as defined by the commission, and
31 require conservation and efficiency in gas usage.

32 12-e. The commission shall review the capital construction plan of
33 each gas corporation and establish a process to examine feasible alter-
34 natives to such construction in order to achieve consistency with the
35 climate justice and emission reduction mandates in chapter one hundred
36 six of the laws of two thousand nineteen, and such successors in law and
37 function as may arise from time to time, encouraging neighborhood-scale
38 transitions and the elimination of on-site co-pollutant emissions. Such
39 process shall include thresholds and criteria for the types of projects
40 subject to such examination. The commission shall require participation
41 in such process by each electric corporation with a service area over-
42 lapping the service area of the gas corporation; and the commission
43 shall have the power to require any such electric corporation to partic-
44 ipate in alternatives to gas capital construction, including partic-
45 ipation in financing. Any costs incurred by such electric corporation
46 for such corporation's participation shall be subject to an opportunity
47 for full recovery, as determined by the commission.

48 § 10. Section 66-a of the public service law, as added by chapter 7 of
49 the laws of 1948, subdivision 1 as amended and subdivision 3 as added by
50 chapter 582 of the laws of 1975, and subdivision 2 as amended by chapter
51 722 of the laws of 1977, is amended to read as follows:

52 § 66-a. Conservation of gas, declaration of policy, delegation of
53 power. 1. It is hereby declared to be the policy of this state that
54 when there develops in any area a situation under which a gas corpo-
55 ration supplying gas to such area is unable to meet the reasonable needs
56 of its consumers and of persons or corporations applying for new or

1 additional gas service, the available supply of gas shall be allocated
2 among the customers of such gas corporation, in such manner as may be
3 necessary to protect public health and safety and to avoid undue hard-
4 ship, particularly for low-to-moderate income residential customers,
5 electric generation needed for electric system reliability, and custom-
6 ers with hard-to-electrify industrial and commercial uses, pursuant to
7 rules and regulations as may be adopted by the commission, and that to
8 carry out this declared policy the jurisdiction of the public service
9 commission should be clarified. It is further declared to be the policy
10 of this state that gas service to existing customers must be provided in
11 a manner that is safe and adequate, not unjustly discriminatory or undu-
12 ly preferential, and in all respects just and reasonable, subject to the
13 provisions of section thirty of this chapter.

14 2. Notwithstanding the provisions of any statute or any franchise held
15 by a gas corporation, the commission shall have power, upon the finding
16 that continued gas service is not consistent with the achievement of the
17 climate justice and emission reduction mandates in chapter one hundred
18 six of the laws of two thousand nineteen, and such successors in law and
19 function as may arise from time to time, or that there exists such a
20 shortage of gas in any area in the state, that the gas corporation
21 supplying such area is unable and will be unable to secure or produce
22 sufficient gas to meet the reasonable needs of its customers and of
23 persons or corporations applying for new or additional gas service, to
24 require such corporation to immediately discontinue the supplying of gas
25 to additional customers or of supplying additional service to present
26 customers, for such purpose or purposes as may be designated by the
27 commission, or to customers using gas for a purpose prohibited by the
28 commission pursuant to this act, and that upon the finding that the
29 supply of gas available is and will be insufficient to supply the
30 demands of all consumers receiving service, to require such gas corpo-
31 ration to curtail or discontinue service to any or all classes of
32 customers of such gas corporation. In imposing such a direction or
33 requirement, the commission shall give consideration first to existing
34 domestic uses and uses deemed to be necessary by the commission to
35 protect public health and safety and to avoid undue hardship [~~and shall~~
36 ~~be limited to the period of the emergency provided that the gas corpo-~~
37 ~~ration affected shall make such restriction, curtailing or discontin-~~
38 ~~uance applicable to all customers or applicants for service in a like~~
39 ~~class. If the commission determines that good cause exists for supplying~~
40 ~~service to additional customers or for supplying additional service to~~
41 ~~some existing customers, notwithstanding the curtailment or discontin-~~
42 ~~uance of service to other existing customers, it shall, to the extent~~
43 ~~feasible, allocate gas with equal priority to new or additional domestic~~
44 ~~uses of gas and commercial or industrial processes which require gas~~
45 ~~because there is no practical substitute for it in such proportion as~~
46 ~~the commission determines to be reasonable. Provided that the commis-~~
47 ~~sion shall be permitted, after public hearing, to authorize any natural~~
48 ~~gas produced from lands under the waters of Lake Erie to be used for~~
49 ~~process or feedstock requirements]. The commission is authorized to
50 adopt such rules, regulations and orders as are necessary or appropriate
51 to carry out these delegated powers.~~

52 3. In carrying out the delegated powers provided for in this section,
53 the commission shall, to the extent practicable, determine and establish
54 gas conservation measures or standards, including energy efficient elec-
55 trification of gas end uses. The commission may require compliance with
56 such measures or standards as a condition of receiving service.

1 4. The commission shall determine conditions under which new or addi-
2 tional gas service is warranted notwithstanding the need to conserve
3 resources for service to existing gas customers. Such determination
4 shall be consistent with the achievement of the climate justice and
5 emission reduction mandates in chapter one hundred six of the laws of
6 two thousand nineteen, and such successors in law and function as may
7 arise from time to time, and may take into account factors including
8 economic development, impacts on new and existing customers including
9 low-to-moderate income customers, impacts on system safety and adequacy,
10 equity toward existing customers with limited conversion alternatives,
11 and the feasibility of neighborhood-scale alternatives to usage of fuels
12 with greenhouse gas emissions and on-site co-pollutants, including ther-
13 mal energy networks.

14 5. The commission shall require gas and/or electric utilities to
15 provide coordination assistance and financial assistance, in such forms
16 as the commission deems reasonably required to implement state energy
17 policy, to identify and adopt alternatives where applications for new or
18 additional gas service are denied and encourage neighborhood-scale tran-
19 sitions.

20 § 11. Section 66-b of the public service law is REPEALED.

21 § 12. The public service law is amended by adding a new section 66-x
22 to read as follows:

23 § 66-x. Expansion of gas company service territories. Except as
24 provided in this section, and notwithstanding any other provision of
25 this chapter, after December thirty-first, two thousand twenty-five, the
26 commission shall not grant an amendment of a gas company's certificate
27 of public convenience and necessity that expands a gas company's service
28 territory in order to extend gas plant and the availability of gas
29 service into geographic areas where gas service was not available prior
30 to such date. The commission may authorize exceptions to the policy set
31 forth in this section on a case-by-case basis, provided that the commis-
32 sion finds that the amendment of the certificate of public convenience
33 and necessity is limited to a project that serves a compelling state
34 interest, alternatives to gas service are either not technically feasi-
35 ble or prohibitively expensive, and that the project will be completed
36 and put into service not later than December thirty-first, two thousand
37 twenty-eight.

38 § 13. Section 66-g of the public service law is REPEALED.

39 § 14. The public service law is amended by adding a new section 77-a
40 to read as follows:

41 § 77-a. Aligning utility regulation with climate justice and emission
42 reduction mandates. 1. Within three months of the effective date of
43 this section, the commission shall initiate a proceeding, or multiple
44 proceedings, as it deems appropriate, to consider and act on the matters
45 identified in this section in order to better align its regulation of
46 utility services with the timely achievement, of consistency with the
47 climate justice and emission reduction mandates in chapter one hundred
48 six of the laws of two thousand nineteen, and such successors in law and
49 function as may arise from time to time. If the commission is already
50 engaged in a proceeding addressing one or more of the matters identi-
51 fied in this section, it shall not be required to open a new proceeding
52 on that matter. Following completion of all proceedings initiated
53 pursuant to this section, the commission shall initiate regular subse-
54 quent proceedings, as it deems necessary, to ensure the achieve-
55 ment of the goals outlined in this section. The proceeding or
56 proceedings shall include:

1 (a) Within one year of the effective date of this section, a review of
2 the public service law and its current rules and policy guidance to
3 identify any law, rule, guidance, or lack thereof, that may inhibit
4 timely, equitable achievement of consistency with the climate
5 justice and emission reduction mandates in chapter one hundred six of
6 the laws of two thousand nineteen, and such successors in law and func-
7 tion as may arise from time to time. The commission shall report to the
8 legislature its progress and findings, identify subsequent actions it
9 will take, and make recommendations for any statutory amendments, or
10 budgetary or other actions that may be needed to facilitate the timely
11 achievement of such mandates.

12 (b) Within one year of the effective date of this section, a revision
13 of the commission's rules and regulations for determining appropriate
14 allowances for the extension of gas and electric utility services to
15 ensure that utility service is provided in a manner consistent with the
16 achievement of the climate justice and emission reduction mandates in
17 chapter one hundred six of the laws of two thousand nineteen, and such
18 successors in law and function as may arise from time to time. In estab-
19 lishing rules governing the allowance for the extension of gas service,
20 the commission shall eliminate all main and service line extension
21 allowances for gas service and may increase allowances for electric
22 service. The commission may establish rules that provide for distinct
23 electric allowances for all-electric customers and for dual-fuel custom-
24 ers and may provide additional electric allowances to buildings that are
25 made ready for beneficial electric loads such as those with electric
26 vehicle charging facilities and grid interactive buildings. The commis-
27 sion may also establish allowances for buildings seeking interconnection
28 with thermal energy networks.

29 (c) In order to minimize long-term costs and stranded assets, and
30 maximize savings and benefits for customers, within one year of the
31 effective date of this section the commission shall issue an order
32 requiring each gas corporation, within one hundred eighty days of the
33 issuance of such order, to restructure its plan for addressing the leak-
34 prone gas mains and service lines on its system to facilitate the order-
35 ly right-sizing of the gas distribution system to achieve consistency
36 with the climate justice and emission reduction mandates in chapter one
37 hundred six of the laws of two thousand nineteen, and such successors in
38 law and function as may arise from time to time, while maintaining safe-
39 ty and reliability of the gas system, subject to all relevant federal
40 laws and regulations. To accomplish this, the commission shall require
41 each gas corporation, in coordination with any and all electric corpo-
42 rations with overlapping service areas, to pursue programs pursuant to
43 subdivision two of section thirty of this chapter that minimize the
44 replacement of leak-prone gas mains and service lines. The commission
45 shall require each gas corporation, after notice and comment, to estab-
46 lish criteria for evaluating whether specific segments of leak-prone
47 mains and service lines are candidates for such programs and to evalu-
48 ate their entire inventory of leak-prone pipes to create a strategic
49 decommissioning ranking in which it ranks the segments in terms of the
50 ability to electrify all customers served by the segment and retire the
51 gas distribution infrastructure. The commission shall require each gas
52 corporation to file an annual report that provides a qualitative and
53 quantitative assessment of the reduction of leak-prone pipe inventory
54 and that updates the strategic decommissioning ranking from the prior
55 year. The commission shall establish notice requirements and consumer
56 and affordability protections in accordance with section thirty of this

1 chapter applicable to customers served by segments of the gas distribu-
2 tion system targeted for decommissioning.

3 (d) In order to maximize the cost savings and benefits of the transi-
4 tion of the electric system for the equitable, orderly, and affordable
5 achievement of consistency with the climate justice and emission
6 reduction mandates in chapter one hundred six of the laws of two thou-
7 sand nineteen, and such successors in law and function as may arise from
8 time to time, within one year of the effective date of this section the
9 commission shall issue an order requiring all electric corporations to
10 pursue all available electric energy efficiency and demand flexibility
11 measures that are cost-effective, reliable, and feasible. No less
12 frequently than every three years, the commission shall identify the
13 statewide achievable potential for energy efficiency and demand flexi-
14 bility measures for the subsequent ten-year period and establish annual
15 energy efficiency and demand flexibility targets for each electric
16 corporation that are no lower than its proportional share of the state-
17 wide achievable potential.

18 (e) Within one year of the effective date of this section, the commis-
19 sion shall complete a proceeding to develop and issue a report evaluat-
20 ing and considering rate making strategies to encourage and facilitate
21 achievement of the climate justice and emission reduction mandates in
22 chapter one hundred six of the laws of two thousand nineteen, and such
23 successors in law and function as may arise from time to time. The
24 report shall explore options for developing and assessing the impacts of
25 rates for electric, gas, steam, and thermal energy networks on total
26 customer energy costs, and shall explore options for integrating cost
27 sharing and recovery across utilities and services. The report shall
28 also identify statutory barriers to the implementation of such strate-
29 gies. In considering such rate making strategies, the commission shall
30 have a goal of ensuring that all residential customers be adequately
31 protected from bearing an energy burden greater than six percent of
32 their household income pursuant to subdivision three of section thirty
33 of this chapter.

34 (f) Within one year of the effective date of this section, the commis-
35 sion shall determine, based on the best available information, the
36 greenhouse gas emission reductions necessary to bring the statewide gas
37 distribution system into alignment with the statewide two thousand thir-
38 ty and two thousand fifty greenhouse gas emission reduction targets in
39 chapter one hundred six of the laws of two thousand nineteen, and such
40 successors in law and function as may arise from time to time, and set
41 interim emission reduction targets for each gas utility as well as
42 developing a periodic process to review and update such targets;

43 (g) Within one year of the effective date of this section, the commis-
44 sion shall revise its rules and regulations for conducting benefit-cost
45 analyses so that the methodology and the base financial and framework
46 assumptions for the analysis support achievement of the climate justice
47 and emission reduction mandates in chapter one hundred six of the laws
48 of two thousand nineteen, and such successors in law and function as may
49 arise from time to time. Such revisions shall include, but not be
50 limited to:

51 (1) Greenhouse gas emission reduction mandates shall be used as a
52 constraint in designing the scenarios to be analyzed such that all the
53 scenarios shall comply with the statutory greenhouse gas emission
54 requirements and any interim targets set by the department of environ-
55 mental conservation or the commission in order to internalize the cost
56 of achieving such targets in the benefit-cost analysis.

1 (2) Quantification of public health impacts from improvements in ambi-
2 ent and indoor air quality. When quantitative metrics are not possible,
3 qualitative analysis shall be included.

4 (3) Consideration of the significant uncertainties and risks associ-
5 ated with different scenarios, including the environmental impact of
6 leaked gas, the prolonged reliance on the gas system that results from
7 long-lived investments in gas infrastructure and gas-consuming equip-
8 ment, the positive option value associated with measures that can elimi-
9 nate or defer the need for investments in gas infrastructure and gas-
10 consuming equipment, and potential challenges associated with full
11 electrification.

12 (4) In instances where an alternative fuel has an environmental attri-
13 bute, only attribute alternative fuels with emission reduction benefits
14 under the benefit-cost analysis if the environmental attributes are
15 retained by the utility for the benefit of the utility's customers or by
16 the end-use customer.

17 (5) Use accurate depreciation schedules that assume the full value of
18 any new gas asset is fully depreciated no later than two thousand fifty,
19 absent demonstration that the specific asset will remain in service
20 beyond two thousand fifty, and earlier if it is likely that such asset
21 will need to be phased out or retired before two thousand fifty given
22 any interim greenhouse gas emission reduction targets or geographically
23 targeted strategic asset retirement.

24 (6) Assess demographic impacts by measuring with as much geographic
25 granularity as possible and considering different levels of exposure and
26 risk factors for impacts on disadvantaged communities and other popu-
27 lations with vulnerability to changes induced by regulation.

28 2. Nothing in this chapter or any other law of New York state shall be
29 interpreted or otherwise construed as preempting a municipality from
30 adopting building codes or other regulations regarding on-site emissions
31 for new and existing buildings within their localities.

32 § 15. The labor law is amended by adding a new section 224-g to read
33 as follows:

34 § 224-g. Wage requirements for neighborhood-scale decarbonization
35 projects. 1. For purposes of this section, the term "covered neighbor-
36 hood-scale decarbonization project" shall mean projects performed by
37 contractors or subcontractors hired directly by a public utility compa-
38 ny, as defined by subdivision twenty-three of section two of the public
39 service law, to ensure that customers permanently transitioning off
40 utility gas service have access to safe and reliable substitutes for
41 heating, cooling, cooking, and water-heating prior to a cessation of gas
42 service.

43 2. Notwithstanding the provisions of section two hundred twenty-four-a
44 of this article, a covered neighborhood-scale decarbonization project
45 shall be subject to prevailing wage requirements in accordance with
46 sections two hundred twenty and two hundred twenty-b of this article.
47 Provided that a neighborhood-scale decarbonization project which is not
48 considered to be covered by this section may still otherwise be consid-
49 ered a covered project pursuant to section two hundred twenty-four-a of
50 this article if it meets the requirements of such definition.

51 3. For purposes of this section, a covered neighborhood-scale decar-
52 bonization project shall not include:

53 a. projects performed under private contract with an entity other than
54 a public utility company, even if the building owner or the contractor
55 receives financial and technical support from a public utility company,
56 including for the purchase and installation of customer-owned equipment;

1 b. projects that meet exclusion criteria established by the public
2 service commission at its discretion to reasonably ensure the require-
3 ments of this section do not inhibit equitable and orderly achievement
4 of the climate justice and emission reduction mandates in chapter one
5 hundred six of the laws of two thousand nineteen, and such successors in
6 law and function as may arise from time to time; or

7 c. projects performed under a pre-hire collective bargaining agreement
8 between an owner or contractor and a bona fide building and construction
9 trade labor organization which has established itself, and/or its affil-
10 iates, as the collective bargaining representative for all persons who
11 will perform work on such a project, and which provides that only
12 contractors and subcontractors who sign a pre-negotiated agreement with
13 the labor organization can perform work on such a project, or projects
14 performed under a labor peace agreement, project labor agreement, or any
15 other project performed under an enforceable agreement between an owner
16 or contractor and a bona fide building and construction trade labor
17 organization.

18 4. For purposes of this section, the "fiscal officer" shall be deemed
19 to be the commissioner. The enforcement of any covered neighborhood-sca-
20 le decarbonization project pursuant to this section shall be subject to
21 the requirements of sections two hundred twenty, two hundred twenty-a,
22 two hundred twenty-b, two hundred twenty-three, two hundred
23 twenty-four-b and two hundred twenty-seven of this article and within
24 the jurisdiction of the fiscal officer; provided, however, nothing
25 contained in this section shall be deemed to construe any covered neigh-
26 borhood-scale decarbonization project as otherwise being considered
27 public work pursuant to this article.

28 5. The fiscal officer may issue rules and regulations governing the
29 provisions of this section. Violations of this section shall be grounds
30 for determinations and orders pursuant to section two hundred twenty-b
31 of this article.

32 § 16. This act shall take effect immediately.