

STATE OF NEW YORK

9648

IN SENATE

March 31, 2026

Introduced by Sen. HARCKHAM -- read twice and ordered printed, and when printed to be committed to the Committee on Energy and Telecommunications

AN ACT to amend the public service law and the state finance law, in relation to geothermal renewable energy credits

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

1 Section 1. Legislative findings and intent. 1. Buildings are New
2 York's largest source of greenhouse gas emissions. New York has estab-
3 lished statewide goals of 40 percent greenhouse gas emission reduction
4 by 2030 and 85 percent by 2050.

5 2. New York has also established an all-electric building code for
6 most new construction.

7 3. High-efficiency geothermal heating and cooling systems can supply
8 efficient, affordable, and consistent year-round heating, cooling, and
9 water heating. They are five times more efficient than cold-climate air
10 source heat pumps.

11 4. New York's electric grid is projected to move from peak demand
12 during the summer to peak demand during the winter by 2036.

13 5. Statewide energy supply deficiencies could arise as soon as winter
14 2029-2030.

15 6. The New York state scoping plan estimated that higher adoption of
16 geothermal heating and cooling systems could reduce New York's system
17 peak demand by four to twelve gigawatts compared to a scenario relying
18 more heavily on air-source heat pumps.

19 § 2. Paragraph (b) of subdivision 1 of section 66-p of the public
20 service law, as amended by section 3 of part QQ of chapter 56 of the
21 laws of 2023, is amended to read as follows:

22 (b) "renewable energy systems" means systems that generate electricity
23 or thermal energy through use of the following technologies: solar ther-
24 mal, photovoltaics, on land and offshore wind, hydroelectric, geothermal
25 electric, geothermal ground source heat, geothermal heating and cooling
26 systems that leverage geothermal energy, tidal energy, wave energy,

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

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1 ocean thermal, and fuel cells which do not utilize a fossil fuel
2 resource in the process of generating electricity.

3 § 3. The public service law is amended by adding a new article 12 to
4 read as follows:

5 ARTICLE 12

6 GEOTHERMAL HEATING AND COOLING

7 Section 250. Definitions.

8 251. Geothermal portfolio standard.

9 252. Eligibility.

10 253. Alternative compliance payment and program review.

11 § 250. Definitions. For the purposes of this article the following
12 terms shall have the following meanings:

13 1. "Geothermal heating and cooling system" means a system that
14 exchanges thermal energy from the ground or groundwater to leverage
15 thermal energy through a geothermal heat pump or a system of geothermal
16 heat pumps interconnected with any geothermal extraction system or
17 facility that is (a) a closed loop or a series of closed loop systems in
18 which fluid is permanently confined within a pipe or tubing and does not
19 come in contact with the outside environment; or (b) an open loop system
20 in which ground or surface water is circulated in an environmentally
21 safe manner directly into the system or facility and returned to the
22 same aquifer or surface water source.

23 2. "Geothermal renewable energy credit" or "GREC" means a tradeable
24 compliance instrument equal to one megawatt-hour of useful thermal heat-
25 ing and cooling as determined under commission rules by converting BTUs
26 to megawatt-hours. Eligible geothermal renewable energy credits shall be
27 the product of the performance rating of the geothermal heating and
28 cooling system and the energy usage of the geothermal heating and cool-
29 ing system needed to serve the space heating and cooling and/or water
30 heating load required by the building. To make this calculation, the
31 commission (a) shall approve an appropriate formula supported by a
32 geothermal industry trade organization, (b) may propose adjustments to
33 any formulas for its proposed renewable energy credit calculation meth-
34 odology, and (c) may reflect calculation methodologies already in use
35 for other state renewable portfolio standards, if applicable and appro-
36 priate. The commission shall utilize the New York generation attribute
37 tracking system or a compatible platform to register geothermal
38 resources and issue and track GRECs.

39 3. "Load serving entity" or "LSE" is any entity subject to the juris-
40 isdiction of the commission that secures energy to serve the electrical
41 energy requirements of end-use customers in the state.

42 4. "Low- and moderate-income installation" or "LMI installation" means
43 an installation serving households or facilities meeting income or
44 service criteria established by the commission.

45 § 251. Geothermal portfolio standard. 1. Within six months of the
46 effective date of this article, the commission shall propose a geother-
47 mal portfolio standard with a geothermal carve-out applicable to each
48 LSE serving retail electric load in New York state. Compliance shall be
49 demonstrated with the retirement of GRECs issued pursuant to subdivision
50 three of this section.

51 2. Each LSE shall procure and retire GRECs in an amount not less than
52 the following percentages of the LSE's prior-year retail electric sales:

53 (a) two thousand twenty-seven: one tenth of one percent;

54 (b) two thousand twenty-eight: one quarter of one percent;

55 (c) two thousand twenty-nine: one half of one percent;

56 (d) two thousand thirty: three quarters of one percent;

1 (e) two thousand thirty-one: one and one-half percent;

2 (f) two thousand thirty-two and thereafter: two percent; provided
3 however, after a program review, the commission may increase the
4 requirement up to three percent by two thousand thirty-five if cost-ef-
5 fective and in the public interest.

6 3. The commission shall finalize the standard established pursuant to
7 this section within twelve months of the effective date of this article.

8 § 252. Eligibility. 1. Eligible technologies include geothermal heat-
9 ing and cooling systems as defined in section two hundred fifty of this
10 article.

11 2. Geothermal heating and cooling systems shall meet minimum perform-
12 ance standards set by the New York state clean heat energy star geother-
13 mal specification to the extent applicable.

14 3. Only installations placed in service on or after January first, two
15 thousand twenty-six are eligible to generate GRECs.

16 4. Not less than fifteen percent of the annual geothermal carve-out
17 shall be met with GRECs from LMI installations of facilities primarily
18 serving LMI customers, subject to rules promulgated by the commission.

19 § 253. Alternative compliance payment and program review. 1. An LSE
20 that fails to procure and retire sufficient GRECs shall pay an alterna-
21 tive compliance payment into the geothermal fund established pursuant to
22 section ninety-nine-uu of the state finance law for geothermal deploy-
23 ment, workforce training, and LMI installations. The New York state
24 energy research and development authority shall establish the alterna-
25 tive compliance payment price per GREC not less than:

26 (a) two thousand twenty-seven: one hundred dollars;

27 (b) two thousand twenty-eight: ninety-five dollars;

28 (c) two thousand twenty-nine: eighty-five dollars;

29 (d) two thousand thirty: seventy-five dollars;

30 (e) two thousand thirty-one: seventy dollars; and

31 (f) two thousand thirty-two, and thereafter: sixty-five dollars.

32 2. By December first, two thousand thirty, and every two years there-
33 after, the commission shall report to the governor and legislature on
34 market performance, cost impacts, emissions reduction, and recommenda-
35 tions on adjusting the geothermal carve-out.

36 § 4. The state finance law is amended by adding a new section 99-uu to
37 read as follows:

38 § 99-uu. Geothermal fund. 1. There is hereby established in the joint
39 custody of the comptroller, the commissioner of taxation and finance,
40 and the commissioner of health, a fund, to be known as the "geothermal
41 fund".

42 2. Such fund shall consist of all moneys received pursuant to section
43 two hundred fifty-three of the public service law, and otherwise appro-
44 priated thereto from any other fund or source pursuant to law. Nothing
45 contained in this section shall prevent the state from receiving grants,
46 gifts or bequests for the purposes of the fund as defined in this
47 section and depositing them into the fund according to law.

48 3. Moneys of the fund shall be made available to the New York state
49 energy research and development authority for the purposes of section
50 two hundred fifty-three of the public services law.

51 § 5. This act shall take effect on the one hundred eightieth day after
52 it shall have become a law.