STATE OF NEW YORK

10631

IN SENATE

June 1, 2026

Introduced by Sen. KAVANAGH -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT in relation to directing the New York state energy and development authority to establish pilot programs addressing energy efficiency and weatherization

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

Section 1. 1. The Legislature hereby finds that energy efficiency programs are one of the most effective methods of conserving energy and helping to avoid the need for costly electric plant upgrades.

2. The energy efficiency and weatherization utility program budgets between 2026 and 2030 are expected to be an estimated $3.8 billion. To maximize the impact of these funds, energy efficiency and weatherization programs must be used efficiently, and projects resulting from these funds must be welcomed by the local community. Municipal involvement will also help facilitate the coordinated development of larger-scale residential energy efficiency and weatherization projects that result in significant decreases in overall energy usage in local utilities, easing the burden on the electric grid and helping to decrease the need for future capital expenditures.

3. Given the wide range of energy efficiency and weatherization programs and the variety of funding sources, ensuring that energy efficiency and weatherization funds are spent as effectively and efficiently as possible requires a careful review of existing federal, state and utility-funded resources and the involvement of municipal governments to leverage those resources and provide local knowledge.

4. To ensure these resources are used effectively, the legislature finds it prudent to direct the New York state energy research and development authority to coordinate activity between municipalities, the public service commission and local utilities in the advancement of large-scale municipal-level energy efficiency residential weatherization pilot projects.

§ 2. 1. (a) Within six months after the effective date of this act, the New York State energy research and development authority, hereinaft-

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

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er NYSERDA, shall issue a request for proposals to identify cities, towns, or villages that are interested in participating in municipal-level energy efficiency and weatherization pilot projects to help decrease residential energy usage and reduce future capital costs for utilities. Energy efficiency and weatherization shall include, but not be limited to: application or installation of weatherstripping, caulking, sealant and other materials around doors, windows, and other areas of a building for the purpose of insulating or sealing openings in the building envelope and within the building to mitigate energy loss; thermostat upgrades; roof, chimney, fireplace and roof vent repair, insofar as such repairs are necessary to mitigate energy loss or resolve energy-system related health and safety issues; repair and replacement of storm windows, permanent windows; addition of insulation to exterior walls or ceilings; and other similar projects identified by NYSERDA as promoting residential energy efficiency or weatherization.

(b) The goal of the pilot projects shall be to create easily replicated large-scale energy efficiency and weatherization projects that can be implemented in urban, suburban, and rural parts of the state that result in savings to utility customers in such areas and help decrease the local utility's projected capital expenses.

(c) When reviewing municipal responses to the request for proposal, NYSERDA shall consider: (i) areas of municipalities within disadvantaged communities as defined in article seventy-five of the environmental conservation law; (ii) areas of municipalities with electric grid constraints or a high concentration of leak prone pipes; (iii) areas of municipalities with high concentrations of older residential buildings, and residential buildings with poorly insulated building envelopes; and (iv) the geographic proximity of buildings proposed to be part of the pilot project.

2. (a) After reviewing the municipal responses, NYSERDA shall identify three targeted pilot areas, focusing on the ability to replicate projects elsewhere and the costs and benefits to ratepayers both in the affected area and in the rest of the utility service territory.

(b) In each of the three identified targeted pilot areas, NYSERDA, in consultation with the city, town, or village, shall: (i) conduct, or have conducted, energy audits, including but not limited to identifying air leaks, examining insulation, inspecting all heating and cooling systems and ductwork, and inspecting electrical wiring and identifying electrical capacity, using existing resources; (ii) outline the scope of work to be conducted based on such audits, and the estimated cost of such projects; (iii) complete, or have completed, such work first using funding from existing weatherization or energy efficiency programs or funding, including but not limited to, EmPower+, funding for green rehabilitation projects, and programs administered by electric corporations, gas corporations or combination electric and gas corporations; and (iv) in the event that existing funding is not sufficient, request the public service commission to initiate a proceeding to pay for necessary energy efficiency and weatherization costs, not otherwise eligible to be paid for by existing federal or state programs, or programs within the utility service territories of the selected municipalities.

(c) Any such proceeding initiated pursuant to this subdivision designed to pay for energy efficiency and weatherization costs not covered by existing programs, shall only authorize the collection of funds in an amount less than or equal to the amount saved by the municipal-level energy effective residential weatherization pilot projects resulting from estimated avoided utility capital investments or other

means. When evaluating the NYSERDA request, the public service commission shall ensure that any such request would not negatively impact the safe and reliable operation of the local distribution system and would not result in a net increase in costs to ratepayers.

3. The pilot projects shall be subject to the provisions of section 224-d of the labor law.

4. Following completion of the three pilot projects, NYSERDA shall issue a report to be posted on its website, which shall include an outline of the pilot projects, the outcomes of such projects, including projected energy savings, a cost-benefit analysis of whether increasing the number of residential participants increased beneficial outcomes, and an evaluation related to implementing municipal-level energy efficiency residential weatherization projects, as well as recommendations for changes to existing programs, and actions to facilitate future large-scale energy efficiency projects. Such report shall also detail what costs of the pilot projects were covered by programs existing prior to the effective date of this act and what costs were not covered by such programs; and any other information deemed relevant by NYSERDA.

§ 3. Within one year of the effective date of this act, the public service commission shall initiate a proceeding to conduct a review of the utilization, spending levels, and eligible items covered by existing energy efficiency and weatherization programs available to residential customers. Such review shall be completed within six months and include all programs administered by utility corporations, state agencies, and authorities. In the course of this review, the commission shall evaluate the efficacy and adoption rates of such programs, the three pilot programs enacted by NYSERDA pursuant to section one of this act, and evaluate modifications to such programs to increase adoption rates while balancing ratepayer costs. Additionally, in the course of this review such commission shall evaluate the merits of consolidating utility and state administered energy efficiency and weatherization programs and whether consolidation would result in increased adoption rates.

§ 4. This act shall take effect immediately.