

Energy Efficiency and Housing Advisory Panel

Panel Meeting 9
March 16, 2021



**Climate Action
Council**

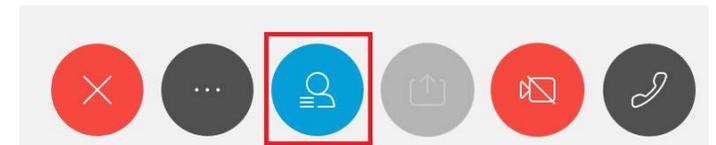
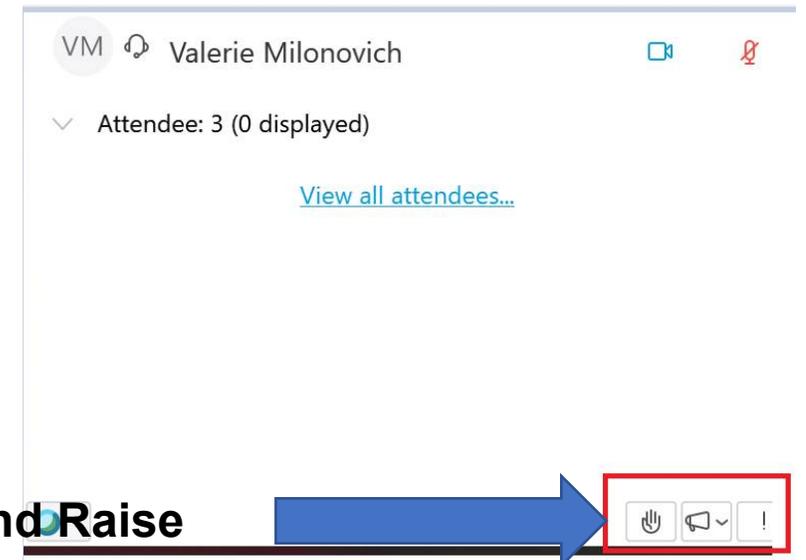
Meeting Procedures

Before beginning, a few reminders to ensure a smooth discussion:

- > Panel members should be on mute if not speaking.
 - > If using phone for audio, please tap the phone mute button.
 - > If using computer for audio, please click the mute button on the computer screen (1st visual).
- > Video is encouraged for Panel members, in particular when speaking.
- > In the event of a question or comment, please use the hand raise function (2nd visual). You can get to the hand raise button by clicking the participant panel button (3rd visual). The chair will call on members individually, at which time please unmute.
- > If technical problems arise, please contact Edward Galvin at Edward.Galvin@cadmusgroup.com



You'll see  when your microphone is muted



Agenda

Overall Objective: Review stakeholder input and the draft recommendations package under development, to confirm areas of alignment and priority areas to refine

- > Welcome (2 min)
- > Review input (15 min)
 - Climate Action Council member input during building electrification discussion
 - Key themes from stakeholder comments
- > Discuss the draft recommendations package under development (40 min)
- > Next steps (3 min)

Input from Climate Action Council Members and Stakeholders

Input from Council Members

> **Dennis Elsenbeck**

- Expect that rapid electrification will accelerate the need for distribution system upgrades – so shouldn't we go directly to figuring out the increased costs for the distribution system?
- Look at value stacked pricing to provide incentive to avoid distribution system upgrade
- Phasing of codes and regulations – currently very strict on energy storage

> **Raya Salter**

- Keep equity front of mind in system upgrades – communities that have historically been left out or left
- DACs are referred to as customers, but they are full participants in the economy
- Support and capacity building for MWBEs

> **Bob Howarth**

- Consider incentives for GSHP since they are more efficient
- Worry that waiting 5-10 yrs for new construction (10-15 yrs for replacement) to ban gas in construction may not get to the goals (40% GHG reduction by 2030), especially with upstream and methane emissions
- Considering the low cost of natural gas, should consider a carbon fee to appropriately price the harm of gas

Input from Council Members

> **Anne Reynolds**

- Can cost info for building upgrades be summarized similarly to that for EVs: When will we reach upfront cost parity? When will we reach operational cost parity? How many buildings need to electrify each year to meet the goals?

> **Gavin Donohue**

- What is meant by cost compression in this context? When will we know what the costs are?
- Explore putting a cost on carbon

> **Donna DeCarolis**

- Beneficial to share comments to EE&H Panel from the Utility Consultation Group with Council members
- Extent to which resilience is being considered by Panel – Texas as example, need storm hardened, reliable infrastructure
- Cost – unclear how cost for consumers is being considered? Have hybrid ASHP/furnace options been explored?

> **Peter Iwanowicz**

- Urge panelists to consider challenges around alternative fuels (e.g., potential pollution burden on EJ communities)

Stakeholder Input: Recap

- > **Expert Round Tables**
 - **3 in November 2020: builders, installers, designers (SF/MF); landlords, owners, agents**
- > **Stakeholder (expert) survey**
 - **October – December 2020: ~65 responses**
- > **Public Engagement Session (2/4/21)**
 - **270 attended, ~330 including NYS agencies**
 - **Written comments** received through 2/18/21
 - **110 unique comments (session and email), plus ~320 comments via two coordinated emails**
- > **Additional listening sessions with real estate actors re: housing**

Stakeholder Comments: Overview

- > **Most active engagement from Environmental/EJ and energy efficiency/heat pump groups**
- > **Significant attention and support for possible State codes and equipment standards to phase out fossil fuel heating/hot water/appliances – with clear dates allowing the market to adjust**
 - Support for all-electric Code for new construction
 - Support for phasing out the sale/installation of fossil fuel equipment (for replacement at end of useful life)
 - Range of timelines proposed
 - Emphasis on the need for consumer education, funding, tech. assistance to help meet new mandates
 - Concerns noted include: disproportionate impacts on low-income customers, cost of violation penalties, transition for workers whose skills do not easily transfer to another sector

Stakeholder Comments (continued)

> **Strong and broad support for:**

- Building electrification and energy efficiency
- Public education/marketing – for consumers, contractors, real estate industry, etc.
- Funding/incentives and technical assistance (to offset cost premiums, in conjunction with regulations), esp. for LMI/DAC
- Workforce development and training, with attention to equity and workforce diversity
- Statewide requirement for building energy usage benchmarking and disclosure

> **Calls for:**

- Planning/policy for a managed transition from fossil gas system; calls to end the 100-foot rule
- Consideration of enforcement – already code enforcement challenges
- Attention to HFCs/refrigerants (use, management, disposal, R&D)
- Attention to biofuels and renewable natural gas (different views evident)
- Monitoring/mitigating risks re: affordable housing, gentrification, disinvestment in disadvantaged communities
- Additional input from housing and developers

Coordinated Responses

Coordinated Email Response (71 emails)

- Fund all mandates – vis a vis poor/working class households and DACs – grants, incentives, and affordable inclusive financing
- End structural racism in the housing market
- Invest in green jobs – training, community-to-career pathways
- Support and prioritize MWBEs
- Prioritize bottom-up solutions
- Open all meetings of the Panel to the public

Coordinated Email Response (245 emails)

Urges sunset plan for fossil fuel combustion in all NY buildings:

- Immediately - End the 100 foot rule subsidy for new gas service
- January 1, 2024 - No new fossil fuel systems in new construction
- January 1, 2026 - No new fossil fuel water heating systems upon replacement
- January 1, 2028 - No new fossil fuel heating systems upon replacement
- *Different dates might apply for affordable housing or for safety-related waivers*

Environmental, EJ groups, and Clean Energy Industry

Common Themes

- Overall support for draft recommendations shared on Feb. 4
- Strengthen building codes and equipment standards – solidify dates for all electric new construction and for phasing out purchase of combustion appliances
- Consumer education, pilots, tech. assistance, financial support for upgrades and energy audits
- ASAP: statewide benchmarking and strengthened appliance standards
- ASAP: Planning studies/process on long-term transition away from gas
- Workforce development, target MWBEs

Equity and Affordability – specific points

- Prioritize resources to DACs, affordable housing
- If resource constraints, set dates that consider the needs of certain sectors (e.g. affordable housing)
- Incorporate housing quality, health, and affordability across recommendations
- State/muni housing agencies to require projects meet efficiency standards, transition to electrification

Financial Assistance – specific points

- Update NY Green Bank Investment Plan
- Tariff-based inclusive financing programs
- Reforms to the Benefit Cost Analysis framework
- Prioritize early focus on energy efficiency and/or packaging efficiency + electrification upgrades

Real Estate Industry

Real Estate Industry

- Support for phasing out fossil fuels in new construction
 - Clear date signals necessary
 - Support for statewide benchmarking
 - One size fits all approach will not work
 - Grid and transmission line readiness and resilience
 - Tie fossil fuel mandates to electric grid readiness
 - Mandates should align with capital cycle of buildings
 - Avoid penalties to buildings for upstream emissions
 - Align all new State requirements with NYC local laws
 - Incentives needed; prioritize LMI
 - Provide training for building workers
- Practical considerations for retrofits raised in discussion: tenant disruption in occupied units, construction feasibility/space for equipment, logistics for rewiring/electrical service upgrades, need more info on solutions and cost, economic impact of COVID-19

Utilities

Utilities

- Support for the State's energy and climate goals
- Urge a pause on recommendations that would constrain installation of gas equipment until completion of a gas transition planning study
 - Understand energy needs, conversion costs, impact on LMI/DAC
- Publish “how to” case studies of electrification
- Provide incentives to lower cost
- Identify funding (state, federal, property tax treatment)
- Advance low/no carbon gas technologies, incl. State support for R&D

City of New York

City of New York

- Cost considerations as a key factor – more info needed on costs of recommendations, affordability, LMI/DAC impacts, funding
- Make upgrades accessible to LMI and DACs
- More analysis needed to plan for a managed transition off fossil fuels, incl re: impact of modified depreciation rates on customers
- Encourage packaging EE with electrification
- More stringent, performance-based building codes
- State appliance standards, incl. for cold climate heat pumps
- Access to energy usage data and benchmarking
- Education, workforce development, inclusion of MWBEs
- Consider adopting climate action tax credit

**Discussion:
Recommendations
Package under
Development**

Workforce (enabling strategy)

DRAFT MATERIAL

Initiative #	Description	Action type	Ease of implementation	Cost
E-3	Support workforce education, training, job placement and development that equip the state's current and future workforce to design, install, inspect, maintain and operate healthy, comfortable, low-carbon buildings while increasing clean energy job placement for disadvantaged communities and advancing industry diversity.	Financial, programmatic, regulatory	Medium	Low/Medium

Consumer Education (enabling strategy)

DRAFT MATERIAL

Initiative #	Description	Action type	Ease of implementation	Cost
E-4	Support broad consumer awareness and education, create strategic partnerships including with trusted community leaders, and scale-up targeted outreach and decision-making support to increase market demand and accelerate the transition to low-carbon, energy-efficient, all-electric buildings.	Programmatic	Easy	Medium

Innovation (enabling strategy)

DRAFT MATERIAL

Initiative #	Description	Action type	Ease of implementation	Cost
E-5	Support research and development (R&D), demonstration projects, and more companies and manufacturers operating in NYS to bring innovative solutions to the marketplace for: highly efficient, all-electric, and resilient buildings; grid-interactive buildings, with revenue opportunities; and reducing embodied carbon in buildings.	Programmatic	Easy	Commensurate with scale

Benchmarking and Disclosure (mitigation strategy)

DRAFT MATERIAL

Initiative #	Description	Action type	Emissions impact by 2050	Ease of implementation	Cost
M-2	Require measuring building energy usage, benchmarking energy performance, and making that information accessible via disclosure or labeling.	Legislative, programmatic	[to estimate]	Easy/Medium	Low

Codes and Standards (mitigation strategy)

DRAFT MATERIAL

Initiative #	Description	Action type	Emissions impact by 2050	Ease of implementation	Cost
M-1	Enact codes and standards that: phase out fossil fuel use in buildings, requiring electric space heating, electric hot water heating, and electric appliances; improve energy efficiency; and enhance building resilience.	Legislative, regulatory, programmatic	High	Medium/Hard	High

Gas system transition (mitigation strategy)

DRAFT MATERIAL

Initiative #	Description	Action type	Emissions impact by 2050	Ease of implementation	Cost
M-3	Advance a managed, phased, and just transition from reliance on fossil gas and the gas distribution system to a clean energy system, including elimination of embedded subsidies for fossil gas.	Regulatory, legislative	Planning required to estimate	Hard	Planning expected to mitigate
M-4	[Forthcoming – Mitigation for HFCs]				

EE&H – Next Steps

Meetings/Timeline

> **Subgroup sessions during second half of March**

- March 17 – Considerations for rent-stabilized and affordable housing
- March 24 – Level-setting: possible financing and financial solutions to enable recommendations
- March 31 – Identifying possible financing and financial solutions
- TBC: Feedback on input assumptions for the Integration Analysis and EE&H cost/impact scenario

> **April**

- April 12 – CAC meeting – Council members review recommendations from:
 - Agriculture & Forestry,
 - Waste,
 - Energy-Intensive & Trade-Exposed Industries,
 - Just Transition Working Group
- April 9 – wrap up EE&H recommendations
- April 16 – EE&H and other panel recommendations shared with Panel Chairs for review
- Panel members to remain available for further potential collaboration and recommendation refinement
- Panels will shift to meeting on an as-needed basis

> **May**

- May 3 – EE&H recommendations shared with CAC for review
- May 10 - CAC Meeting – Council members review EE&H, Land Use & Local Government, Power Generation, and Transportation Panel recommendations and discuss with panel reps

Appendix

Low-cost Financing (enabling strategy)

DRAFT MATERIAL

Initiative #	Description	Action type	Ease of implementation	Cost
E-1	Low-cost financing for energy efficiency, electrification, electrification readiness, solar PV, and other related improvements in buildings	Financial	Medium	Commensurate with scale

Incentives (enabling strategy)

DRAFT MATERIAL

Initiative #	Description	Action type	Ease of implementation	Cost
E-2	Provide incentives for single family, multifamily, and commercial and institutional building owners that speed uptake and help to transform the market for building efficiency, electrification, and decarbonization, with a focus on enabling uptake in LMI households, disadvantaged communities, and affordable housing.	Financial, programmatic, regulatory	Medium	Commensurate with scale