September 30, 2025

Joint Public Hearing: Oversight of the Public Service Commission's Processes Related to Rate Case and Generic Proceedings
Testimony of the Sierra Club

Thank you for holding a hearing on this important topic and for the opportunity to submit written testimony. Sierra Club is the nation's oldest and largest grassroots environmental organization with 600,000 members nationwide including nearly 40,000 members in New York State. In furtherance of its efforts to improve the nation's power system to reduce its climate impacts, increase its reliability and resiliency, and protect ratepayers, Sierra Club participates in public service commission dockets in states across the country. We submit this testimony to provide relevant context regarding the intersection of climate change and public service commission work and the changing regulatory landscape.

Climate change and technological advances—in vehicles,[1] household appliances,[2] and heat pump technology[3]—are altering the scope and nature of the Public Service Commission's role. On one side, technologies such as electric vehicles are bringing new sectors of the economy, like transportation, within the purview of the Commission. On the other, New York's ambitious climate mandates are elevating the need to re-evaluate certain long-standing utility practices that may no longer be sustainable. This re-evaluation is particularly critical because utility customers are facing rising rates that need to be managed sustainably and equitably.

Technological advances are requiring new areas of expertise in Public Service Commission work. With New York adopting ambitious transportation electrification

[1] The rapid rise in electric vehicles, *see, e.g.*, Alexi Morgan & Catey Hill, The Latest EV Statistics and Trends, MarketWatch (Mar. 6, 2025), https://www.marketwatch.com/insurance-services/auto-insurance/electric-vehicle-statistics/, is resulting in electricity being a significant transportation fuel for the first time.
[2] Induction stoves are challenging gas stoves based on superior performance, safety, and environmental benefits. *See, e.g.*, Paul Hope, Pros and Cons of Induction Cooktops and Ranges, Consumer Reports (Oct. 20, 2024), at https://www.consumerreports.org/appliances/ranges/pros-and-cons-of-induction-cooktops-and-ranges-a5854942923/.
[3] The U.S. Department of Energy recently completed a Cold Climate Heat Pump Challenge that demonstrated the efficient performance of new heat pump models at sub-zero temperatures. *See* Pacific Northwest National Laboratory, Performance Results from DOE Cold Climate Heat Pump Challenge Field Validation (Jan. 2025), available at https://www.pnnl.gov/main/publications/external/technical_reports/PNNL-37127.pdf.

mandates,[4] for the first time, the Commissioners and Department of Public Service Staff have needed to work through what role utilities should play in responding to and advancing those requirements. In response, the Commission has added staff with experience on these issues and initiated an array of dockets to consider different aspects of this new regulatory arena.[5]

Buildings are going through a similar but less visible transformation and there is a need to ensure Department of Public Service expertise also keeps pace. Often overlooked, buildings are the largest source of climate pollution in New York[6]—driven primarily by the burning of gas in furnaces and other appliances. A paradigm shift in gas utility business model will be needed if New York is going to reduce these emissions in line with the Climate Law, as the historic gas utility business model of ever-increasing investment in long-lived assets with costs recovered over many decades will lead to unsustainable utility rates as customers increasingly electrify their space and water heating and other appliances, reducing system throughput and customer counts and concentrating rising costs on significantly reduced billing determinants.

We therefore encourage the legislature to ensure that the Commission has the resources it needs to develop expertise in new technologies and new areas of regulation. This could come in the form of retained independent consultants—as the Commission recently piloted in several gas planning dockets—or increased internal capacity. But either way, securing this expertise will be critical for the Commission to effectively guide the clean energy transition that is increasingly falling within its jurisdiction.

Second, and relatedly, while New York's ambitious climate change goals directly and immediately implicate the work of the Public Service Commission, it is clear there is a need for additional guidance from the legislature to the Commission on implementation and prioritization. In the Climate Act, the Legislature provided a fairly prescriptive and detailed roadmap for reducing emissions from the power sector. By 2030, 70 percent of the state's electric load must come from renewable energy. By 2040, the statewide electrical demand system must be zero emissions. Along the way, there are milestones for energy storage and offshore wind.

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[4] Through legislation, New York has codified the goal that 100 percent of light-duty sales and leases would be zero emission vehicles (ZEVs) by 2035 and that 100 percent of medium- and heavy-duty vehicle (MHDV) sales would be ZEVs by 2045. Env. Conserv. L. § 19-0306-b.

[5] Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure, Case 18-E-0138; Tariff Filings to Effectuate the Provisions of Public Service Law Section 66-o (Residential Electric Vehicle Charging Tariff), Case 18-E-0206; Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging, Case 22-E-0236; Proceeding on Motion of the Commission to Address Barriers to Medium- and Heavy-Duty Electric Vehicle Charging Infrastructure, Case 23-E-0070; In the Matter of Proactive Planning for Upgraded Electric Grid Infrastructure, Case 23-E-0364.

[6] New York Department of Environmental Conservation, 2024 Statewide GHG Emissions Report: Summary Report (Dec. 2024), at vi (the building sector accounts for 31 percent of statewide greenhouse gas emissions), available at https://dec.ny.gov/sites/default/files/2024-12/summaryreportnysghgemissionsreport.pdf.

By contrast, despite fuel combustion in buildings being the largest source of greenhouse gas emissions in New York, the CLCPA does not provide the same level of guidance for decarbonizing the buildings sector or for gas utilities. Indeed, buildings have not adequately been part of the climate dialog; the Comptroller's 2024 CLCPA audit of the PSC[7] looked exclusively at how the Commission was faring in achieving the state's renewable energy goal and did not consider gas utilities at all. Beginning in 2022, the Commission took the important step of requiring the gas utilities to develop long-term plans that are supposed to demonstrate "consistency" with the climate law. But, as the Commission has made clear through its recent orders,[8] it is struggling with how to evaluate these plans because there are not clear benchmarks in the Climate Law for greenhouse gas emissions from gas delivered to buildings.

We therefore encourage the Legislature to ensure that the Commission receives clear sector-specific and date-specific benchmarks for reducing emissions from buildings that the Commission can utilize in evaluating utility planning proposals.

Finally, we want to draw the connection between planning guidance and cost management. Until the Commission gets clarity about the goals and benchmarks identified above, it will be challenging for it to identify the most cost-effective strategies for achieving New York's climate mandates. The longer clarity is delayed, the more business-as-usual investments continue to be made by utilities, with the expectation from the utilities that those costs will be recovered from their customers. A recent analysis by Synapse Energy Economics reveals that ongoing utility pipe-replacement programs alone will have a cumulative cost of 150 billion dollars to New York gas customers.[9] Substantial portions of these investments may be unneeded if New York executes on the Climate Action Council's recommended electrification-based future of heat.

In this period where high utility bills are causing families to struggle to power their home and make ends meet, it is critical to revisit existing state laws that constrain the options available to the PSC to address New York's climate mandates while minimizing costs to ratepayers. The Commission needs the legislature to make all tools available that could avoid costs and implement climate-sensitive solutions, including eliminating the current gas utility obligation to serve, which prevents utilities from implementing cost-effective non-pipeline-based alternatives to aging and expensive infrastructure.

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[7] Office of the New York State Comptroller, Public Service Commission & New York State Energy Research and Development Authority: Climate Act Goals – Planning, Procurements, and Progress Tracking, Report 2022-S-4 (July 2024), available at https://www.osc.ny.gov/files/state-agencies/audits/pdf/sga-2024-22s4.pdf.

[8] *See, e.g.*, Order Adopting Terms of Joint Proposal, Establishing Rate Plans and Reporting Requirements at 80, NY PSC Case Nos. 20-E-0380, 20-G-0381 & 19-M-0133 (Jan. 20, 2022) ("[T]he CLCPA contains no mandates related directly to the State's gas distribution systems.").

[9] Synapse Energy Economics, The High Cost of New York Gas Utilities' Leak-Prone Pipe Replacement Programs (Mar. 1, 2023), available at https://www.synapse-energy.com/sites/default/files/22-017_High_Cost_NY_Gas_Utilities_LPP_Programs_0.pdf.