S.2016-A (Krueger)/A.4592-A (Fahy)

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S.2016-A (Krueger)/A.4592-A (Fahy)

SUBJECT

"Home Energy Affordability Transition," or HEAT Act

DATE

February 22, 2024

OPPOSE

While we support the CLCPA's renewable energy and emission reduction goals, The Business Council remains focused on assuring that the state's transition to a lower emission economy is workable and affordable, and avoids imposing significant adverse impacts on the state's economy, individual businesses and residents. For these reasons, we oppose adoption of the proposed "HEAT Act."

Among other things, this legislation would amend the Public Service Law to include achievement of the "Climate Leadership and Community Protection Act," or CLCPA. We believe this is already the case under the CLCPA, as "all state agencies, offices, authorities, and divisions" are required, when considering and issuing permits, licenses, and all other administrative approvals, to consider whether they are inconsistent with the CLCPA or will interfere with the attainment of the CLCPA's statewide greenhouse gas emission reduction mandates, and where that is the case, to require justification and mitigation measures if such actions are to be approved.

Even so, the CLCPA does not impose any specific restrictions on the use of natural gas or changes in the natural gas distribution system, including the significant system restrictions that would be authorized under the HEAT Act. Many businesses, especially those likely to be designated as "emissions intense" and "trade exposed" (EITEs) under the state's nascent "cap and invest" regulation, will rely on adequate supplies and affordable costs for natural gas for the foreseeable future to remain economically viable. We are concerned that the HEAT Act's broad authority to prohibit some uses of natural gas and mandate the discontinued use of portions of the gas distribution system will result in significant uncertainty for numerous in-state businesses, and adversely impact decisions to invest or re-invest in gas-dependent operations.

Further, several provisions of the HEAT Act are unnecessary to address the future of the state's gas distribution systems. Two separate proceedings are underway through the Public Service Commission to address this very issue. First, the PSC's "gas planning proceeding," (Case 20-G-0131), which requires each gas utility to develop a comprehensive, utility-specific proposal on forward-looking system and policy needs, with a goal of minimizing total costs, among other issues. These utility-specific proposals are under review by the Commission, prior to finalization and implementation. Second, its "CLCPA Implementation Proceeding" (Case 22-M-0149) directs the Department of Public Service staff to issue an annual report "detailing overall compliance with the Climate Leadership and Community Protection Act," including assessing emissions associated with electric and gas usage, the cost and benefit to ratepayers of CLCPA investments, among other factors.

Taken together, these proceedings provide the Commission and other stakeholders with a public, transparent process to evaluate potential changes to the state's gas system.

The transition to a low-emission economy will be challenging, and most businesses will be impacted by multiple direct and indirect CLCPA mandates that will impose increased costs and operational changes. As the state moves forward on CLCPA implementation, it is crucial to avoid imposing excessive restrictions on access to reliable energy supplies, and to leave open options to achieve greenhouse gas emissions with the least amount of economic disruption. Expanded use of renewable natural gas and hydrogen may be significant long-term options of EITEs and other businesses for which full electrification is not feasible, so the state needs to avoid imposing unnecessary restrictions on these types of emission reduction strategies.

For these reasons, The Business Council opposes adoption of the proposed "HEAT Act."