



## **2025 Joint Legislative Budget Hearing on Environmental Conservation**

**January 28, 2025**

### **TESTIMONY of**

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Thank you for the opportunity to provide testimony on the proposed Executive Budget on behalf of the Alliance for Clean Energy New York. The Alliance for Clean Energy New York (ACE NY) is a broad coalition dedicated to promoting clean energy, energy efficiency, a healthy environment, and a strong economy for the Empire State. ACE NY is New York's premier advocate for the rapid adoption of renewable energy, energy efficiency, and transportation electrification technologies. Our members include renewable energy and energy efficiency companies, including companies that are currently operating renewable energy facilities in New York, such as hydropower and wind facilities, and those pursuing opportunities to invest in New York to build land-based wind and offshore wind, community solar and grid-connected solar, energy storage, fuel cells, and transmission. We also have member companies that manufacture electric vehicles or electric vehicle charging infrastructure or otherwise support the electrification of transportation. You can learn more about ACE NY at [www.aceny.org](http://www.aceny.org).

This testimony specifically addresses the following areas:

- Greening of State Facilities
- Funding for Climate Initiatives
- Support for Existing Climate Programs
- Additional Actions Needed to Support Clean Energy

ACE NY is pleased that the Governor’s budget presentation highlighted the need to address climate change, transition to renewable power at state facilities, and provide additional staffing at the Office for Renewable Energy Siting and Electric Transmission. These actions ensure that the state makes progress towards the ambitious economy-wide greenhouse gas emissions and renewable energy goals of New York’s climate law, the Climate Leadership and Community Protection Act (CLCPA).

New Yorkers continue to experience the increasing effects of climate change. Floods in August led to states of emergency on Long Island, causing evacuations and destruction of infrastructure, with damage in Suffolk County estimated at \$25 million. A historically dry fall led to wildfires in New Jersey sending smoke to cover much of the Hudson Valley and Capital Region. New York set a new record for tornadoes reported, with four hitting Western New York in two hours in July.

New York State's [Climate Impact Assessment](#) paints a stark picture of how climate change will affect the state. It predicts that by 2050, there will be 5-9 multiday heat waves affecting the state, and all parts of the state will see days with a heat index over 103°F. The Assessment estimates a 1-8% increase in rain and snow across the state by 2030, with an increase up to 12% by 2050. The eastern part of the state is predicted to experience at least one 4-inch rainstorm per decade by 2050. The Assessment concludes with “*there is **high** confidence that flood intensity and damages will increase during the 21st century. Such a conclusion is arguably intuitive when coupled with this assessment’s projection of more frequent and intense heavy precipitation events.*”<sup>1</sup>

To quote the United Nations Environment Program Executive Director, Inger Andersen, “*We must instead lift the needle out of the same old groove of insufficient ambition and not enough action, and start setting other records: on cutting emissions, on green and just transitions*”<sup>2</sup>

ACE NY believes that transitioning to renewable sources of energy is one of the best strategies in the fight against climate change. NYS Energy Research and Development Authority’s (NYSERDA) 2024 RFP for wind and solar projects resulted in 38 projects totaling 3,500 MW applying. Similarly, the fifth

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<sup>1</sup> [New York State Climate Impacts Assessment: Chapter 2: New York State’s Changing Climate \(nysclimateimpacts.org\)](#)

<sup>2</sup> [UN urges dramatic climate action as records keep tumbling | UN News](#)

offshore wind (OSW) solicitation received 21 proposals from three developers, totaling more than 5,000 MW of total offer capacity. This shows the renewable industry will continue to invest in NY, but there are actions the Legislature needs to take to support our climate transition.

The Legislature has a stake in the successful achievement of the Climate Law's extremely ambitious, but achievable, goals. Given that the law is so broad, and economy-wide and greenhouse gas emissions are so ubiquitous, you may believe that it is simplifying things to state that building wind and solar projects is the single most important thing we can be doing in the short term, but in fact, it's true. To reduce emissions from the electric sector, you need more renewable power generation. To meet the goals in the law for offshore wind, distributed solar, and 70% renewable electricity by 2030, NYS needs more wind and solar. We will reduce emissions from transportation and heating – the other two major sectors -- by electrifying vehicles and heating, but only if that electricity comes from renewables. Further, it takes years to develop a renewable energy project -- from land acquisition to public outreach, permitting and interconnection to financing and construction – and the snags in these processes need to be removed as soon as possible to construct as many projects as possible. Then, we can collectively and gradually move closer to the law's 2030 and 2050 mandates.

## **I. Greening of State Facilities**

ACE NY supports the Governor's proposals to source renewable energy for state facilities' needs, projects to weatherize and increase energy efficiency at state buildings. The Governor's [Executive Order 22](#)<sup>3</sup> requires all state operations to use 100% renewable electricity by 2030. The Governor has proposed that the New York Power Authority (NYPA) contract for the delivery of renewable power for state facilities. ACE NY supports the NYPA contracting out for this generation. Given that NYPA does not have the in-house expertise to design and construct renewable energy projects, state funds should not be put at risk for project failure or cost overruns. Contracting with private renewable projects allows for the control of per megawatt (MW) costs.

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<sup>3</sup> Leading By Example: Directing State Agencies to Adopt a Sustainability and Decarbonization Program, September 20, 2022, [https://www.governor.ny.gov/sites/default/files/2022-09/EO\\_22.pdf](https://www.governor.ny.gov/sites/default/files/2022-09/EO_22.pdf)

ACE NY supports the Governor’s proposed funding to decarbonize state facilities. ACE NY supports funding for the implementation of the Empire State Plaza [Energy Infrastructure Master Plan](#)<sup>4</sup>. The Plan, finalized in May of 2024, has a phased approach for the Office of General Services and NYPA to decarbonize the Empire State Plaza. The funding would support Phase 1 of the Plan to replace the steam driven chillers with electrical chillers. ACE NY also supports the \$50 million allocation for the Public Facilities Sustainability Program. It is important that this program focuses on building efficiency and weatherization to reduce future heating and cooling needs.

The State Capital budget includes the creation of a \$25 million SUNY Green Energy Loan fund to support energy efficiency and climate projects at state university campuses. Although ACE NY is supportive of the State’s efforts to decarbonize our education facilities, the fund should be an annual capital appropriation or bonding authority to ensure projects are adequately funded. The benefits from reduced building operation costs through energy efficiency measures and reduced air pollution from renewable energy generation accrue to all state residents and SUNY students.

## **II. Funding for Climate Initiatives**

ACE NY is supportive of the NYPA’s four-year capital plan to invest \$1.1 billion in transmission projects. This will address the significant transmission constraints that are hampering renewables deployment. Absent investment in local and/or bulk transmission solutions items, new renewable projects could experience deliverability and curtailment problems, limiting their contributions to New York's ambitious climate targets.

ACE NY is supportive of the Governor’s proposal to transfer \$25 million from NYPA to the General Fund for workforce training at the Department of Labor’s Office of Just Energy Transition focused on renewable energy. The clean energy transition continues to increase the number of trained workers

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<sup>4</sup> Empire State Plaza Energy Infrastructure Master Plan, Rambol, May 20, 2024, <https://ogs.ny.gov/system/files/documents/2024/08/esp-energy-infrastructure-master-plan-report-06-05-2024-redacted.pdf>

that will be needed for renewable energy construction, EV charger installations, and building weatherization and heat pump installations.

The Governor has proposed a new three-year economic development program – Promote Opportunity with Electric Readiness for Underdeveloped Properties (POWER UP) – to fund, through access to grants and loans, the energy capacity at prospective industrial sites. This budget proposal includes \$100 million for the first year. It is important for this program to focus on the development of on-site or near-site renewable energy projects, or the transmission of energy generated from renewable energy. State funding for programs should focus on implementing the Climate Law as opposed to supporting generation that will need to be phased out by 2040.

Although ACE NY supports the Governor’s newly proposed Sustainable Future Program aimed at climate mitigation and adaptation capital projects with \$1 billion over five years, we are concerned this fund does not contain any details on what or how it will be spent, or how projects will be identified. To ensure funds are spent on projects with true climate mitigation and adaptation benefits, this Program should have program details and parameters that are transparent and publicly available. In addition, this fund does not negate the need to establish the Cap and Invest program as required by the Climate Law. This fund, which is projected to spend \$200 million per year of bonded capital funds, should not replace the recurring annual funding through the Cap and Invest program that was envisioned when the Climate Law was enacted.

### **III. Support for Existing Climate Programs**

ACE NY supports the Governor’s continued funding for the Empower+ program. The NYSERDA program offers low-income New Yorkers a chance to electrify their homes with a guarantee that they won’t spend more than 6% of their income on an electric bill.

ACE NY supports Part Z of the Proposed Revenue Budget Article VII Bill ([S.3009/A.3009](#)) which extends the alternative fuels and EV recharging property tax credit for three years. This tax credit reduces the cost of switching to EVs by offering residents a state tax credit for installing EV charging

equipment. The transportation sector is a major contributor to New York’s greenhouse gas emissions, accounting for roughly 26% of emissions,<sup>5</sup> and our vehicles will need to transition to ZEVs to meet the Climate Law goals.

The Governor’s proposal to increase staffing at the Department of Public Service (DPS) is supported by ACE NY. Specifically, the Office of Renewable Energy Siting and Electric Transmission (ORES) additional Full-Time Equivalents (FTE) of 6 individuals will be needed as last year’s Renewable Action Through Project Interconnection and Deployment Act (RAPID Act) is enacted to expedite the permitting process for transmission projects. ORES will need to enable the rapid deployment of renewables and transmission projects to address the climate crisis.

#### **IV. Additional Actions Needed to Support Clean Energy**

There are several proposals missing from the Governor’s budget that would remove barriers and accelerate our transition to clean energy and a healthier environment. New York has set ambitious goals and fast-approaching timelines for the development of renewable energy in the state, and there are barriers that need to be addressed to make sure that New York reaches those goals. Permitting and siting roadblocks, unwieldy tax negotiations, and even non-standardized financing for project decommissioning are simply a few of the barriers faced by wind and solar developers and affecting projects moving to construction. New York must work to remove these obstacles to ensure the timely development of clean energy projects.

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<sup>5</sup> “Reducing Greenhouse Gas Emissions.” *Reducing Greenhouse Gas Emissions - NYS Dept. of Environmental Conservation*, [www.dec.ny.gov/energy/99223.html#:~:text=The%20transportation%20sector%20is%20the,greenhouse%20gas%20emissions%20and%20growing](http://www.dec.ny.gov/energy/99223.html#:~:text=The%20transportation%20sector%20is%20the,greenhouse%20gas%20emissions%20and%20growing).

Below we list some measures or issues that the Legislature should consider addressing:

- **Improve Tax Policies to Facilitate Renewable Energy Development**

Exempt Renewable Energy PILOT Revenue from Tax Cap Calculations: By exempting Payment In Lieu of Taxes (PILOT) property assessment increases, and not exempting PILOT revenue from Tax Cap calculations, the current law limits revenues that a municipality or school district can realize without a public referendum. In other words, even though a wind or solar project will be paying significant property taxes via a PILOT payment in a town, the tax cap will often require a town to reduce residential and commercial property taxes rather than realize additional revenue and limit their ability to fund expanded local programs.

Include Agrivoltaic Projects in the Agricultural Property Tax Exemption: Currently, farmers receive a property tax exemption on land used in agricultural production. However, local assessors assess agrivoltaic projects at full value, even if the land and the farm are eligible for the agricultural property tax exemption. The Agriculture and Markets law should be amended to clarify that if land hosting a solar project otherwise meets the eligibility requirements for an agricultural property tax exemption, then it still should be able to receive that exemption. This will encourage farmers to maintain farm operations even after deciding to host solar energy and will encourage them to co-locate agricultural activities with solar.

- **Standardize Renewables End-of-Life Management**

Currently, decommissioning financial requirements are handled at the local level, even those that are required by state regulations through the Office of Renewable Energy Siting and Electric Transmission (ORES). To standardize and streamline this process, while maintaining the same stringent financial requirements for decommissioning, ORES should develop a procedure to process the financial security or letter of credit it requires or required by localities in their permit. This would reduce the burden on the municipalities and create a uniform procedure for the holding and processing of the financial security for decommissioning renewable energy projects.

- **Authorizing Offshore Wind Generation Procurement**

For New York to decarbonize the grid by 2040 and attain economy-wide carbon neutrality by 2050, NYSERDA must have procurement flexibility for Offshore Wind Energy Certificates (ORECs). Therefore, the State should authorize NYSERDA to procure more than 9 GW of offshore wind energy. We support legislation that advances the offshore wind industry in New York as one of the best renewable technologies to meet the downstate energy demands.

- **Increase in Port Infrastructure Funding**

ACE NY supports an increase in funding for NYSERDA to distribute through grants to port facilities that are built to support the construction, operations and maintenance of offshore wind activities throughout the state. This should not be limited to downstate port facilities but to all ports that will be retrofitted or newly built to handle supply chain manufacturing and distribution as well as construction, operations, and maintenance of the offshore wind industry.

- **Support Energy Storage Development**

Enable ORES to Oversee Energy Storage Permitting: In order to support safer energy storage deployments, improved regulatory consistency, and accelerated progress toward climate and equity targets, ORES should be allowed to grant standalone energy storage permits. ORES currently permits energy storage co-located with renewable generation projects. ORES already has significant technical expertise to review site plans and to conduct inspections, expertise that local officials do not possess. Centralized permitting will remove the inconsistent permitting processes currently in place at the local level. By allowing energy storage facilities to access the same standardized and streamlined process as other clean energy projects, investment and development risk will be reduced, accelerating progress toward New York's clean energy goals.

Sales Tax Exemption for Commercial Energy Storage: ACE NY was pleased that last year's final State budget included a sales tax exemption for residential energy storage systems. The Legislature should build upon the Energy Storage Roadmap that was approved last summer and extend this sales tax exemption to commercial energy storage systems. In addition to the new exemption for residential



storage, other similar clean energy technologies, such as residential and commercial solar energy equipment and commercial fuel cells, are eligible for a sales tax exemption. The State Department of Taxation and Finance issued an advisory opinion<sup>6</sup> stating that to be eligible for state sales and use tax exemptions like solar and fuel cell equipment and installation, energy storage must meet specific, narrowly defined technical requirements that effectively make it impossible to qualify for the exemption. We support S.1537 (Parker) / A.313 (Paulin) which would ensure that clean energy technologies are treated similarly under State tax law, thus creating a level playing field for these technologies. The State must align tax exemptions with its policy goals.

- **Sales Tax Exemption for Heat Pumps**

Heat pumps are the key to our transition to efficient electric heating for our buildings. They offer homeowners and landlords an efficient all-in-one heating and cooling system. Air source heat pumps are two to three times more efficient than fossil fuel or electric resistance heating systems.<sup>7</sup> The Climate Action Scoping Plan<sup>8</sup> calls for the scaled-up installation of heat pumps and also a scale-up of financial incentives for heat pumps. To reach the Governor’s goal of two million climate-friendly homes by 2030 and the emission reductions required by the Climate Law, the state should eliminate the sales tax for the purchase and installation of residential and commercial heat pumps and allow for local municipalities to suspend their share of the sales tax also. The state currently provides a sales tax exemption on the installation of residential and commercial solar energy systems and fuel cells, and this measure would extend this to heat pumps.

- **Expanding Clean Transportation**

Allow for the Direct Sale of Electric Vehicles: The Legislature should allow manufacturers of only electric vehicles to sell their electric vehicles (EVs) at retail locations across the state. Presently, there are only five retailer locations that hold certificates of registration to sell EVs in New York, all of which are located downstate. We support S.7767 of 2024 (Harckham) / A.2264 (Solages), which would require DMV to allow non-franchised sellers of new electric vehicles (EVs) to open additional

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<sup>6</sup> [https://www.tax.ny.gov/pdf/advisory\\_opinions/sales/a09\\_36s.pdf](https://www.tax.ny.gov/pdf/advisory_opinions/sales/a09_36s.pdf)

<sup>7</sup> Air Source Heat Pumps, DOE <https://www.energy.gov/energysaver/air-source-heat-pumps>

<sup>8</sup> Page 183, Scoping Plan [Scoping Plan - New York's Climate Leadership and Community Protection Act \(CLCPA\) \(ny.gov\)](#)

sale locations if the sale of EVs from franchised dealers is lagging and it's found that NYS is not meeting EV sales targets. Now, companies that manufacture only EVs cannot sell them directly to New Yorkers at new retail locations. New Yorkers need to be able to purchase the electric vehicle of their choice and have access to all the auto manufacturers, not just those with existing dealerships. New York's final Climate Action Scoping Plan includes the expansion of DMV retail certificate program beyond the current cap (five) on sellers. This change would have no cost to the General Fund and would scale up the number of EV retailers in the state. Moreover, it would make it more convenient for all New Yorkers to buy EVs, promoting consumer choice and giving fairer access.

Establish a Clean Fuel Standard: A clean fuel standard (CFS) is a proven, efficient, and cost-effective way to reduce CO<sub>2</sub> emissions and pollution from the transportation sector, which is responsible for 28% of the state's GHG emissions.<sup>9</sup> ACE NY supports S.1343 (Parker)/A.472 (Woerner) which would establish a carbon intensity standard for all transportation fuels. Entities must meet the standard by producing or purchasing low carbon fuels or credits, encouraging the gradual transition away from gasoline to EVs. New York's Final Climate Action Scoping Plan includes a similar measure.

Exempt Electric Vehicles from Sales Tax: S.5455 of 2024 (Jackson) / A.3159 of 2024 (Fahy) provides a State sales and compensating use taxes exemption on the first \$35,000 of battery, electric, or plugin hybrid EVs purchase, and authorizes local governments to elect to do the same. This legislation will help to reduce the upfront cost of purchasing or leasing an EV, a critical barrier to EV adoption. This bill will support EV deployment and market development in New York. We would also support a phase-out plan for this exemption. For example, the sales tax exemption could be valid between now and 2035 for light duty vehicles.

Thank you for the opportunity to provide input on the energy and environmental aspects of the Executive Budget.

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<sup>9</sup> "Reducing Greenhouse Gas Emissions." *Reducing Greenhouse Gas Emissions - NYS Dept. of Environmental Conservation*, [www.dec.ny.gov/energy/99223.html#:~:text=The%20transportation%20sector%20is%20the,greenhouse%20gas%20emissions%20and%20growing](http://www.dec.ny.gov/energy/99223.html#:~:text=The%20transportation%20sector%20is%20the,greenhouse%20gas%20emissions%20and%20growing).