



## **A.7736 (JOHN, ET AL.) S.3712 (PARKER, ET AL.)**

### **Summary**

This bill would amend New York State Public Service Law to permit service charges on natural gas bills for the installation of capital improvements and fixtures to promote energy efficiency. Such service charges would only be added to bills upon request and with the customer's consent.

### **Explanation**

On June 23, 2008, the New York State Public Service Commission (PSC) released the Order Establishing an Energy Efficiency Portfolio Standard and Approving Programs. The Order's fundamental goal is to reduce forecasted statewide electricity demand 15 percent by the year 2015, as well as to improve how efficiently customers use natural gas.

On-bill financing is the mechanism that allows a utility or gas customer to borrow money to fund efficiency improvements and then pay back the loan through a surcharge on their bill. The idea behind the concept is that money saved by using less energy can go toward paying back such a loan at a zero or below-market interest rate. After the loan is repaid, customers continue to realize the benefits of such installations in the form of lower bills, increased property value, and less pollution.

The PSC Order recognized the important role that on-bill financing can play in the state's efforts to increase energy efficiency, as it eliminates a barrier to participation in such programs. Many customers lack ready access to capital, and allowing them to pay back the cost of their natural gas efficiency installations on utility bills will increase the number of New Yorkers who take such steps.

To fully explore the mechanisms and programs necessary to meet these ambitious efficiency targets, the PSC established a series of working groups, including one focused on natural gas efficiency and another to investigate the potential for on-bill financing to expedite efficiency installations. In the course of those proceedings, Section 65(6) of the Public Service Law was identified as an obstacle preventing natural gas customers from participating in gas efficiency on-bill financing programs. This bill would remove that barrier.

While natural gas is the cleanest burning fossil fuel used for energy, it is still a significant source of pollution, including the carbon dioxide emissions warming our planet. This bill will allow New Yorkers to participate in on-bill financing programs that will reduce the amount of natural gas they are burning for energy, thereby reducing the state's overall greenhouse gas emissions.

**Environmental Advocates of New York supports this bill.**

**Memo 46**