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The New York Energy Consumers Council's Comments to The New York State Climate Action Council regarding the Draft Scoping Document

The New York Energy Consumers Council (“NYECC”) and its predecessor organizations have represented the energy interests of commercial property owners and managers in New York City before State agencies for more than 70 years. NYECC also continues to represent institutions such as hospitals, colleges, governmental agencies, financial institutions, and real estate organizations. NYECC’s membership includes landmark member properties such as 7 World Trade Center and Rockefeller Center. NYECC’s membership represents a significant portion of the Con Edison steam customer base.

NYECC appreciates this opportunity to comment upon the Draft Scoping Document (“DSD”), which was released by the Climate Action Council (“CAC”) to lay down a detailed roadmap of how the State and various stakeholders will help to meet the aggressive goals of the Climate Leadership and Community Protection Act (“CLCPA”).

In general, NYECC appreciates the detail and scope of the DSD. The document undertakes to describe how each sector can contribute towards reaching the eventual goal of zero emissions. NYECC will focus particularly on the buildings and electricity sectors.

The Electricity Sector

In March of 2022, London Economics International LLC produced a study for The Durst Organization, the New York Energy Consumers Council and Source One Energy Solutions that investigated issues related to Consolidated Edison’s planning and infrastructure needs and whether it is going to comply with the CLCPA in a timely fashion. A summary of that study is attached as an exhibit and is being submitted as part of NYECC’s comments on the DSD.

A cost study by the New York State Department of Public Service and the New York State Energy Research and Development Authority (“NYSERDA”), in consultation with New York State’s utilities, should be completed to evaluate opportunities to avoid or reduce grid upgrade costs using district thermal systems – and in the case of New York City (“NYC”), district steam. A new cost study of this nature would also help to integrate the ongoing Statewide Reliability Needs Assessment (RNA) with local resources and improve the precision of related forecasting. The lack of transparency from Con Edison on the plan to decarbonize the district steam system, and the cost to ratepayers

to do so, is a serious barrier to consumer decision making on the adoption of electrified heating systems versus available acceptable alternatives such as decarbonized steam. By addressing this issue directly through a comprehensive study, NYSERDA can mitigate owner decision-making risk regarding steam usage when considering whether and how to electrify their portfolios. In addition to reducing overall electricity demand, continuing use of a lower carbon fuel within the steam system, and eventually a fully decarbonized, steam system will provide buildings and New York City with improved reliability in the case of electricity disruptions. Further comments regarding the district steam system are below.

The Final Scoping Document should discuss aligning energy price signals with policy goals. Electricity rates should be aligned with the CLCPA's goals. A primary barrier to the adoption of heat pump technology is concern over the escalating electricity cost impacts. Providing the appropriate price signals must include electric rate structures and programs that incentivize deployment and usage of DERs, battery and thermal storage, and other load flexibility measures that promote more efficient utilization of the electric delivery system and help to mitigate summer and winter system peaks. Additionally, in New York City, more transparency around price and rate structures for steam is necessary to determine the appropriate role of district steam in phased building decarbonization plans.

Buildings Sector

NYECC strongly supports a statewide audit system. A statewide energy benchmarking and disclosure program is an important step in data transparency. In NYC, Local Law 84 requires building owners to report energy and water data to the City – a requirement that has been successful in bringing awareness to energy use and prompted meaningful investments in building energy efficiency. Based on NYC's and consumer experience with reporting this data, the PSC should require electric, gas, and water utilities to provide automatic aggregated whole building uploads of utility customer data directly to EPA's Energy Star Portfolio Manager and that the methods for providing that data directly from the utility be audited and approved by a third-party agency specializing in data extraction and integration to ensure data accuracy. In addition, for the sake of uniformity and efficiency, New York City's well-established audit system should automatically be deemed as compliance with whatever statewide system is developed and implemented.

NYECC supports the CAC's approach to moving new buildings away from fossil fuel combustion. We also support the CAC's phased in approach to requiring new buildings to stop using fossil fuels. This approach reflects the complexity of the building sector, especially in New York City, and recognizes that certain tools and technologies need to be implemented to make this idea work. That said, we do recommend both for new buildings and existing buildings that the timeline should allow for revision/extension based on technology advancement, state of grid decarbonization and grid resiliency. There should also be allowances for exceptions for special-use types or specific hardships.

NYECC also appreciates the DSD's strategy to decarbonize existing buildings. The multi-faceted approach acknowledges the complexity of the existing built environment and the high costs that can be associated with converting existing buildings to clean heating and cooling technologies. This approach also recognizes that technology in this area continues to evolve, and that solutions, especially in large buildings, might be greatly improved over time in the long term versus the short term. In addition, the gradual approach allows for the deployment of sufficient renewable energy and time for grid upgrades to protect reliability under the much higher electricity peak load to be expected. We believe the phase-in schedule outlined in the DSD strikes the correct balance of being

aggressive enough while also allowing for the longer-term changes listed above to take effect, as well as to allow buildings flexibility to meet their unique circumstances and to undertake what will often be extensive and disruptive actions to their daily operations.

We strongly encourage the CAC not to require that all new buildings be all-electric. With new tools and strategies developing all the time, the CAC should call for a fossil fuel ban, but should leave the door open for low- and no-carbon fuels, which could take pressure off the grid, allow buildings to not rely exclusively on expensive electricity, and provide energy reliability options that would not be impacted by electricity outages. We would also reiterate our support for a decarbonized steam system, which would provide similar benefits to those listed above

The DSD also calls for a building energy performance standard for existing buildings. Because of New York City’s Local Law 97 (“LL 97”), which requires existing buildings to reduce emissions starting in 2024, and then reduce emissions significantly more in 2030 and beyond, it is imperative that any new performance standard enacted be in line with LL 97 mandates. This is especially so as buildings are already planning and budgeting for strategies to meet the law’s mandates. In addition, any performance standard enacted must recognize, as LL 97 does to a degree, the complexity of the buildings sector and be designed recognizing that complexity. The State will also need to provide a range of programs and incentives to help buildings meet any such enacted standard, as the expected work required will often be expensive and disruptive to building operations.

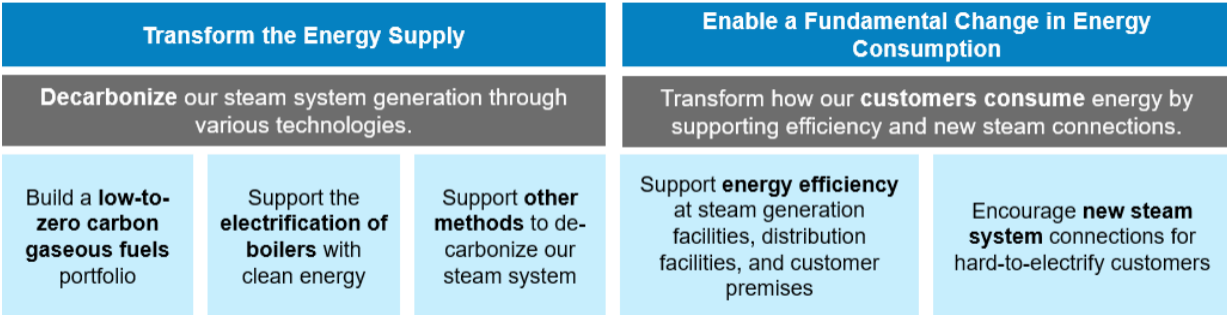
This last point about incentives, programs, and funding is more broadly true even without a new performance standard. Decarbonizing the economy will of course bring significant costs to all buildings, and the State and local governments need to do everything in their power to help pay for all of the essential work that is expected to be done.

Con Edison Steam System

There is very little mention in the DSD of leveraging the Con Ed Steam system in Manhattan as an effective tool for lowering CO2 generation and to meet the larger NY state decarbonization goals.

As stated in Con Ed Steam's Long Range Plan (LRP) released earlier this year: "We have developed a strategy to help achieve economy-wide net-zero GHG emissions in our service territories by 2050 and have already significantly decarbonized our steam system. Since 1990⁵ and 2005⁶ we have achieved 61% and 53% GHG reductions from our steam combustion emissions, respectively. We are proud that these investments support the 40% economy-wide GHG emissions reduction by 2030 goal and will continue to pursue further decarbonization efforts to enable lower total CECONY-wide (electric, gas, and steam) energy emissions. An overview of our ongoing efforts to support steam system decarbonization is included in Figure 2."

Figure 2. Steam Clean Energy Strategies



Also, Con Ed Steam states in the Executive Summary of the LRP: "We anticipate investing approximately \$1.5 billion in our steam system through 2031. We anticipate that many of these investments will provide customers a cost-effective way to comply with City emissions limits. In addition, we will prioritize energy solutions and investments that provide multiple benefits."

In Manhattan, there is neither the electrical distribution/internal infrastructure to fully electrify all large Class A commercial buildings nor capacity to electrify the smaller Class B/C structures. The Con Ed Steam system can continue to bring a low-carbon heating source utilizing the existing buildings' heating systems and simultaneously provide permanent peak load relief within winter peak scenarios. In sum, any investment in technological advances related to the Con Ed steam system will benefit the City's emissions profile in the aggregate.

Opportunities to utilize Con Ed Steam as a low-carbon source for the coming years include:

- **Class A commercial heating systems currently connected to Con Ed Steam**
 - Many of these buildings are too large to effectively implement holistic electric heating alternatives.
 - There are over 500 buildings greater than 250k SF in Manhattan.
- **Class B/C commercial buildings with oil & gas fired boilers**
 - There are thousands of these buildings in Manhattan utilizing on-site fossil fuel consumption for space heating and domestic hot water heating needs.
 - Many of these properties are located either in or close proximity to the Con Ed Steam system. Connecting these buildings to Con Ed steam would accelerate conversion from site consumption of fossil fuel to District Steam.
- **Large Multi-Family Buildings** connected to Con Ed Steam and consuming fossil fuel for boilers
- **Many Institutional Facilities** (hospitals and higher education facilities)

The Con Ed Steam-supplied buildings represent a significant portion of the energy consumed during the winter heating months and should directly be acknowledged in your plan as a viable and desirable low-carbon long term solution. In addition to current steam customers, approximately 6,000 large buildings operating on oil or gas near steam mains could benefit from this transition [to clean steam]. Of these buildings, more than 1,000 would have a net-zero cost connection.¹ These buildings could benefit from clean steam either holistically or hybridized with heat pump solutions and/or by transitioning to Con Edison's proposed hot water system serving parts of the District perimeter. We also believe that if the decarbonization of Con Edison's steam system were mandated, this would further support the goals of the CLCPA.

Once again, NYECC appreciates the ability to comment on this DSD. We applaud the hard work of the CAC and look forward to working with the State to meet the important and ambitious goals for decarbonizing New York.

¹ <https://www.coned.com/en/about-us/media-center/news/20220323/con-edisons-steam-system-will-become-nycs-hottest-new-clean-energy-solution>