



# NY - G E O 2 0 2 5

APRIL 23-24, 2025 | SARATOGA SPRINGS, NY



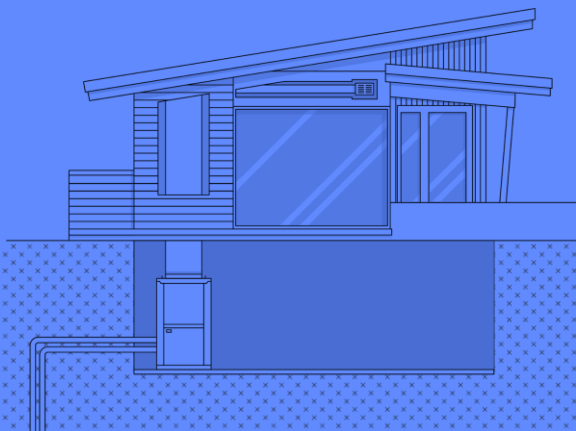
## The Good, the Bad, & the Ugly: *A Review of States' GSHP Incentive Programs*

Speaker:

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# Geothermal heat pumps and the policies meant to incentivize them

The Good, The Bad, and The Ugly



# Agenda

① The Good



② The Bad



③ The Ugly



④ Themes



## SECTION 1

# The Good

### IRA INCENTIVES

- 30% federal tax credit for 10 years for homeowners
- Up to \$3,200 additional for things like HPWH, MPUs and energy audits.
- Up to 40% tax credit for a home builder building a development, with some selected geographies receiving an even higher credit
- In addition to the above, \$5,000 / new home built

*example: IRA's impact on pricing*

Dandelion Cost Breakdown	
Heat Pump Systems	\$47,250.00 ▾
Product Options	\$0.00
Incentives	-\$7,980.00 ▾
Discounts	\$0.00 ▾
Total Out of Pocket Costs	\$39,270.00
Tax Credits	-\$16,781.00 ▾
Net System Cost ⓘ	\$22,489.00

## SECTION 1

# The Good

## FLAT OR PER TON UTILITY INCENTIVES

- Con Edison: \$25,000 per home
- Eversource: \$15,000 per home
- Central Hudson: \$2,000 per ton





## SECTION 2

# The Bad

## SUBSIDIZED LOANS THAT ARE UNPREDICTABLE OR INSUFFICIENT

- Many states have subsidized loan programs to encourage heat pump adoption and electrification (great!)
- However, if these loans:
  - Have different interest rates depending on a homeowner's income or zip code
  - Have a low cap, or
  - Can only be paid out after the installation is complete, it limits their usefulness



## SECTION 2

# The Bad

## ELECTRICITY RATES THAT RESULT IN UNPREDICTABLE SAVINGS

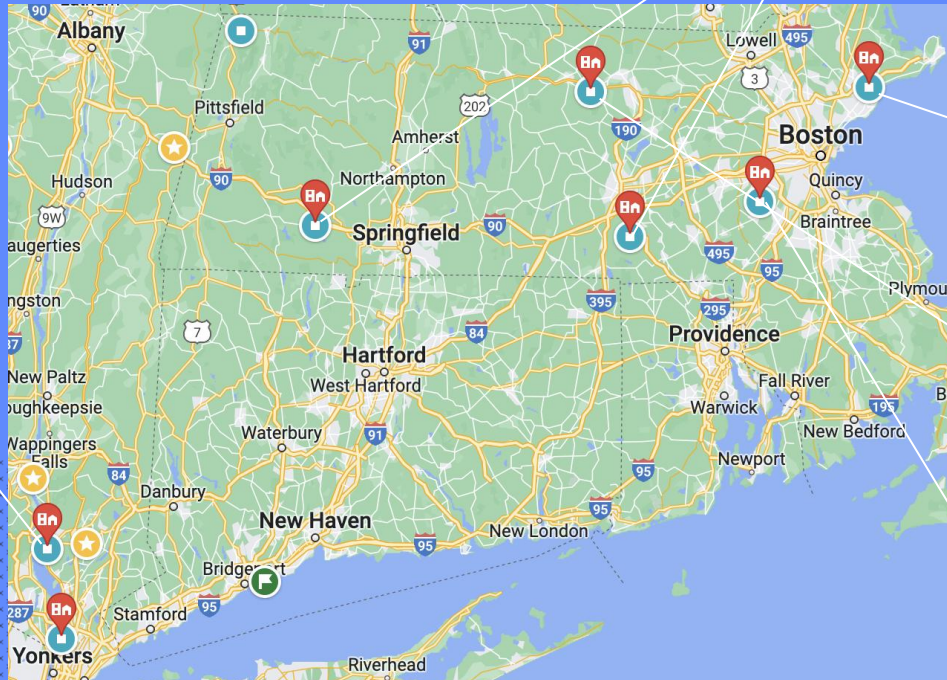
- It is undeniable: if electricity costs less, it's better for heat pump users. However:
- Electricity rates are hard to understand, electricity spend is hard to predict, and unless the rate difference is super simple and super large, it is unlikely to influence homeowners' buying decisions.





## SECTION 3

# The Ugly



Williamstown, MA: "We will never allow geothermal drilling."

Peekskill, NY: electrician must be corporate officer

Irvington, NY: platform, gravel pit, silt fence

Sutton & Blandford, MA: permits only reviewed in person at a meeting that takes place once per month.

Beverly, MA: permits only reviewed in person at a meeting that takes place once per month, and only with a specific license-holder present.

Westminster, MA: no drilling permitted while the town investigates PFAS contamination.

Dover, MA: 100' away from septic; 50' between bores



## SECTION 3

# The Ugly

SUBSIDIZING GAS, for  
example NY's 100' rule

### What are gas line extension subsidies?

New York utilities traditionally subsidize costs of extending service to new customers, called "line extension allowances."

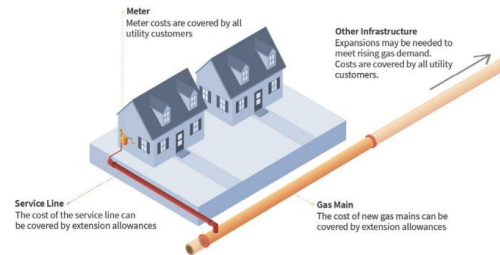
Subsidized extensions of gas service pass hundreds of millions of dollars in costs to existing customers while expanding the fossil fuel system.

Multiple states have acted to remove these legacy subsidies; California will end line extension allowances in 2023, and Colorado has updated its rules to ensure line extensions are no longer subsidized after 2023.

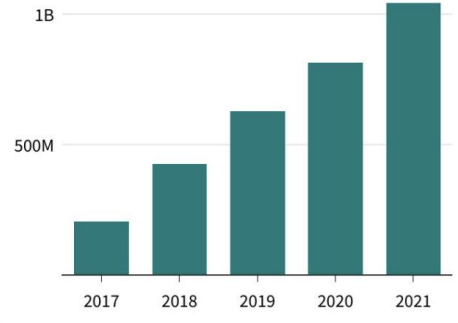
### How Much Does it Cost?

- **\$1 billion** in added costs for NY ratepayers over five years
- **Nearly 170,000 customers added** to the gas system
- **Increased financial risks**, with higher spending but projected declines in future gas demand

### Infrastructure Associated with Extension Allowances



### Cumulative Ratepayer Costs (\$) of Subsidized Gas Line Extensions, Estimated



# Themes

1. Simplicity is good.
1. Minimize upfront cost. This is what people care about.
1. Permits, licenses, inspections and rebate QA processes are useful for quality assurance, but costly.
1. We should stop incentivizing the products we want people to stop buying.

# Thank you!

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