NEW YORK GEOTHERMAL ENERGY ORGANIZATION

July 11, 2025 – The New York Geothermal Energy Organization (NY-GEO) is a not-for-profit trade association representing 280 member organizations and 850 individuals in the geothermal heat pump (GHP) industry across New York State. Our members include designers, installers, drillers, engineers, manufacturers, distributors, contractors, and renewable energy consultants dedicated to advancing ground-source heat pumps for heating and cooling buildings.

NY-GEO commends the Commission's effort to shift the New Efficiency: New York (NENY) program toward strategic electrification, in alignment with the Climate Leadership and Community Protection Act (CLCPA). To ensure this transition is equitable and effective, we urge the Commission to maintain incentives for geothermal systems in new all-electric construction, as outlined in the Climate Action Council's Scoping Plan.

The New York Climate Action Council 2022 Scoping Plan specifically recommends that a core building sector strategy required to meet New York's greenhouse gas emissions goals is to design incentive levels and programs to align with the value to the energy system and consumers, stating that "while the upfront cost to install GSHP systems and thermal energy networks is higher, geothermal heating and cooling systems are less expensive to operate (lower annual energy bills and maintenance costs), have a longer lifespan compared to other types of HVAC equipment, and require less electricity to operate during the coldest peak times compared with ASHP systems. The value provided to both the energy system and consumers, in particular to low-income and vulnerable households, should be considered in setting incentives."

While our members are working to expand access to geothermal, incentives remain essential to encourage adoption, particularly to meet CLCPA decarbonization goals and reduce summer and winter peak loads. Starting in 2026, New York's building code will require most new construction to be all-electric.[1] Without continued geothermal incentives, builders are likely to default to air-source heat pumps (ASHPs), primarily due to lower upfront costs. While ASHPs play an important role, **geothermal systems offer significantly greater benefits**, including:

- **Reduced Peak Demand and Grid Resiliency**: Geothermal systems maintain efficiency during temperature extremes, using only one-third the peak load of ASHPs. This reduces grid strain and avoids costly infrastructure upgrades. The

[1] https://assembly.ny.gov/all-electric-buildings/

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NYS Scoping Plan estimates that higher geothermal adoption could cut system peak demand by 4–12 GW compared to ASHP-heavy scenarios.[2]

- **Lower Energy Use and Operating Costs**: Geothermal heat pumps use half the energy of ASHPs and can cover 100% of a building's heating and cooling needs without backup. They are more cost-effective over time than both ASHPs and natural gas systems.[3]
- **Long-Term System Value**: The CLCPA Scoping Plan notes that while geothermal systems have higher upfront costs, they offer lower annual operating and maintenance expenses, longer lifespans, and greater peak-time efficiency—benefits especially important for low-income and vulnerable communities.

To fully realize these benefits and prevent geothermal from being excluded in the evolving energy landscape, we urge the Commission to:

1. Maintain New Construction Incentives Using Non-LMI EE/BE Ratepayer Funds

We recommend continuing geothermal incentives for new construction projects under the "Non-LMI EE/BE ratepayer funds." While code updates are important, they don't address the upfront cost gap between ASHPs and geothermal systems. Without incentives, geothermal adoption in new builds will stall, jeopardizing peak reduction, emissions targets, and long-term ratepayer savings.

2. Support Utility Administration of Geothermal Rebates for Affordable and LMI Housing

Allow utilities to continue providing geothermal incentives for affordable and low-to-moderate income (LMI) new construction. Utility-administered programs are efficient, integrated with grid planning, and well-aligned with local needs. Transitioning these programs to NYSERDA could disrupt progress, especially for mixed-income developments that would otherwise need to navigate two separate systems.

Since the launch of NENY, NY-GEO, and the utilities have collaborated to make geothermal more accessible, particularly for LMI households, utilities have streamlined processes like on-bill financing and direct rebates, avoiding unnecessary inefficiencies and ensuring maximum impact, especially for vulnerable communities.

Continuing current incentive eligibility will sustain geothermal market growth, support workforce development, and ease grid burdens, particularly during peak

[2] New York State Climate Action Council. 2022. "New York State Climate Action Council Scoping Plan." climate.ny.gov/Scoping Plan Appendix G p. 89

[3] As of July 1, 2025, the U.S. Senate passed a bill that terminates the 25D 30% geothermal tax credit by the end of 2025. If this bill is passed by the House, these utility rebates become even more critical to ensure NY ratepayers can realize the benefits of geothermal.

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seasons. Removing or disrupting these incentives would hinder progress and shift costs to all ratepayers, especially those least able to afford them.

Thank you for your continued leadership in supporting programs that reduce emissions, improve grid reliability, and deliver long-term savings for all New Yorkers.

Sincerely,

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