

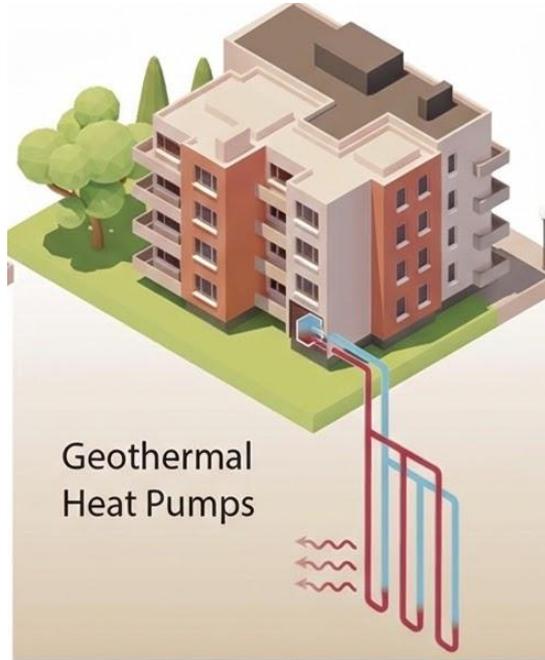
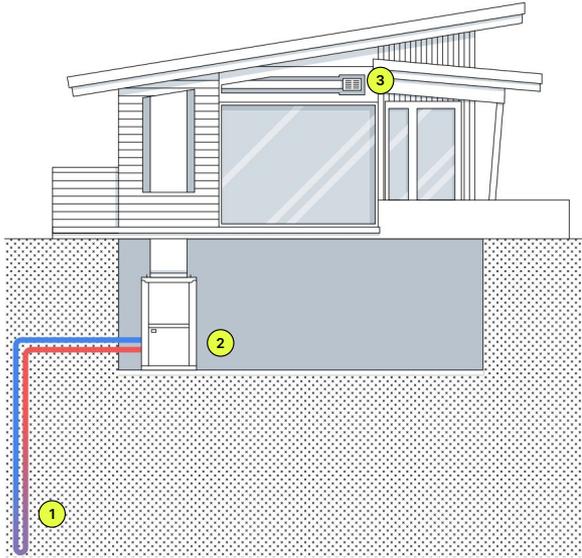
The New York Geothermal Standard Act

*Expanding geothermal to ensure a reliable and
affordable grid*

February 2026



What is Geothermal?



Geothermal systems offer an array of benefits to New Yorkers.

NEW LABOR OPPORTUNITIES for...

- State drillers / operating engineers
- State pipe trades / HVAC contractors
- State electrical workers
- State construction jobs
- U.S. manufacturing

EMISSIONS & POLLUTION MITIGATION at...

- The property level
- The utility-scale generation level

HELPS NEW YORK MEET ENERGY GOALS...

- Reduces peak demand
- Frees up capacity outside of interconnection queues



Why Support Geothermal Now?

Adjusting to winter peaks will be a forthcoming issue in New York as much more of the power grid switches to electric.

The New York State Scoping Plan estimates that higher adoption of geothermal heat pumps could reduce New York system peak by 4-12 GW compared to adoption of air-source heat pumps.

Space heating makes up a greater portion of energy use in homes in New York compared to the US average at 56%

Statewide energy supply deficiencies could arise as soon as winter 2029-2030 under normal weather conditions. Under extreme conditions, next year.

Geothermal systems are a key affordability solution for NYS.

The New York Geothermal Standard Act aims to increase the deployment of geothermal heating and cooling systems in New York State.

Geothermal systems significantly reduce energy consumption and shave peak demand, thereby serving as an important **rate mitigation technology**.

Increased adoption of geothermal means **lower consumer energy costs**, a **stronger grid**, and **more skilled jobs** for drillers, pipe trades, electrical workers, and manufacturers.

The core benefit of geothermal is the ratepayer-wide benefit.

Deploying **geothermal systems benefits all ratepayers** (regardless of system ownership) in markets experiencing load growth and rising energy costs.

One key ratepayer benefit is accrued through the **peak shaving capabilities** of geothermal deployment.

Rising peak demand drives new capacity investment. If peak demand can be mitigated through the scaled deployment of geothermal (alongside DG solar, batteries, etc.), then those associated costs of new capacity, T&D, etc. can be avoided.

U.S. DOE estimates that scaled geothermal deployment nationally would **save hundreds of billions up to \$1 trillion in electricity services.**

Avoided new energy costs mean avoided new charges on all ratepayers' bills.

The challenge: capex and skilled labor.

Geothermal systems possess long-term benefits but capex is substantial. Drilling and system installation has proven cost-prohibitive for many citizens.

Geothermal owners have tended to be higher income individuals at the residential level, or well-funded commercial or public operations, such as U.S. Army bases or universities.

As a result, opportunities for drillers, electricians, and HVAC contractors remain limited.

A financial incentive that can bring system capex down to a market-competitive cost and support a leasing model would not only incentivize wider geothermal system deployment (in turn reducing installation costs through scale) but institute a virtuous cycle for the growth of New York's drilling labor pool as well as other relevant trades.

The New York Geothermal Standard Act.

The New York Geothermal Standard Act would establish Geothermal Portfolio Standard (GPS).

The GPS establishes a procurement carve-out dedicated to geothermal heating and cooling systems.

Installation and operation of a geothermal system would generate a Geothermal Renewable Energy Credit (GREC) based on the projected energy savings of the system. Those credits can be traded on existing open credit markets or owners can sell the lifetime savings for an upfront lump sum.

GRECs increase accessibility to cost savings for more New Yorkers.

The New York Geothermal Standard represents an extension of the State's national leadership in the geothermal sector.

Rebates have successfully incentivized customer-owner system installations by higher income households. That said, the capital outlay for customer-owned systems is still cost-prohibitive for many New Yorkers.

The proposed REC framework allows for third-party ownership that can facilitate leased geothermal systems. Leased systems will increase accessibility to geothermal cost savings.

RECs also support ongoing grid resiliency and security. As a performance-based incentive, the Geothermal Standard ensures that REC revenues are tied to ongoing peak mitigation.



Thank you.

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***A Legislative Proposal to
Establish a
Bonding Authority for
Thermal Energy Networks in
New York***

February 17, 2026



EXECUTIVE SUMMARY



New York's buildings are the state's largest source of greenhouse gas emissions. Thermal Energy Networks (TENs) — systems that distribute heating and cooling through underground loops — offer a scalable, equitable solution. But high upfront costs and fragmented financing options are slowing deployment.



Purpose: Establish a public bonding authority to finance Thermal Energy Networks (TENs).



Rationale: Supports CLCPA mandates and accelerates clean heating/cooling deployment.

CLIMATE & LEGISLATIVE CONTEXT

Advancing Objectives to Support a Clean Energy Economy



CLCPA: Net-zero by 2050, 40% GHG reduction by 2030.



Utility TEN & Jobs Act (2022): Authorizes utility-owned TENS.



Public Service Law §66-T: Supports TEN development.

CURRENT CHALLENGES

Why Change Is Needed



Rising energy costs strain budgets.



Local governments — especially disadvantaged communities — cannot independently borrow at low rates or take on project risk.



High upfront costs and fragmented financing options are slowing deployment.

FINANCING GAP SOLUTION

Access for Municipalities & Disadvantaged Communities



Pool risk across many projects.



Provide **equitable access to capital**.



Ensure at least 40% of investments flow to **disadvantaged communities** (aligned with CLCPA).



Support communities that otherwise couldn't deploy clean heating infrastructure.

PROPOSED BONDING AUTHORITY

Overview



Name: NY Thermal Infrastructure Finance Authority (NYTIFA).

**The New York Power Authority would be a viable option.*



Powers: Issue bonds, grants/loans, acquire land, partner with utilities/municipalities.



Equity Mandate: 40% investment in disadvantaged communities.

BENEFITS TO NEW YORK

Leading the Way



Accelerates climate goals.



Reduces energy burden and improves air quality.



Creates union jobs.



Leverages federal funds.



Promotes equity.

IMPLEMENTATION TIMELINE

Step-by-Step Enactment



2026

- Draft Legislation
- Engage Stakeholders



2027

- Charter Authority
- Appoint Board



2028

- Launch Pilot Bond Issuances



2028+

- Statewide Expansion

