VIA EMAIL

February 12, 2022

Re: Dandelion Energy Testimony on the 2022-2023 New York State Budget

Dear Senator Krueger and Assembly Member Weinstein,

Thank you for the opportunity to present testimony on the 2022-2023 state budget. My name is Heather Deese and I am the Director of Policy & Regulatory Affairs for Dandelion Energy. Dandelion was founded in New York in 2017. We have quickly grown to be one of the nation's leading providers of home geothermal heating and cooling systems. Our 160 employees - half of whom are drillers, plumbers, electricians, and HVAC installers - work from our headquarters in Mount Kisco and facilities in Peekskill, Latham, and Bay Shore. Together with dozens of subcontractors, we install hundreds of geothermal systems throughout the state every year.

Our mission is to make geothermal heat pumps so inexpensive and easy to install that we enable a widespread shift from fossil heating to renewables. Geothermal is the **most efficient** way to heat and cool buildings, according to the U.S. EPA.[1] It is also the **lowest cost** way for homeowners to heat and cool their homes.

Dandelion applauds the state of New York for its visionary climate goals and nation-leading progress supporting geothermal heating and cooling. NYSERDA's Clean Heat program and Green Jobs - Green New York (GJGNY) loans have supported thousands of installations.

But the state needs to do more. While operating costs are low, the upfront installation cost of geothermal presents a barrier to many homeowners. For this reason, **we ask you to include two bills in the budget this year which will spur geothermal deployment**:

- S. 3864, sponsored by Senator Kennedy, establishes an income tax credit for 25% of geothermal energy system purchase and installation costs, with a $5000 maximum.
- S. 642A, sponsored by Senator Sanders, provides a sales tax exemption for residential and commercial geothermal heat pump systems equipment.

These bills are designed to **provide parity for geothermal heat pumps with solar PV**. New York has provided the same sales tax exemption for solar PV since 2005, and the same tax

[1] Geothermal heat pumps - U.S. Energy Information Administration (EIA)

credit for solar PV equipment since 1998. These incentives have made solar PV an attractive investment for thousands and thousands of New York buildings owners.

Providing the same incentives for geothermal that are already available for solar PV will help **move our industry from hundreds to thousands of installations each year** - which is needed to meet the state's ambitious goals for decarbonizing the building sector.

These bills will save New Yorkers money on their heating and cooling costs, spur the growth of our industry, and directly address climate change.

- The tax credit will help make the upfront installation costs more affordable, removing a barrier for many families.
- Once a geothermal system is installed, residents' annual bills for heating and cooling dramatically decrease. A typical home with a heating oil furnace and central air conditioning will see a **40-50% reduction in energy costs**.
- The sales tax exemption will help mediate the impact on our industry of increased supply and equipment costs that is currently causing us to increase prices while also squeezing our margins.
- Geothermal systems have an incredible climate benefit, by **decreasing greenhouse gas emissions from a building by 60-80%** when replacing electric resistance, fuel oil, propane, or gas heating systems.
- The **fiscal impact of these tax incentives will be modest,** likely $4-5M/year each, while: returning meaningful energy bill savings for customers; supporting installation jobs that cannot be outsourced; and keeping dollars spent on energy circulating in the state's economy paying for the electricity that powers the heat pumps, rather than those dollars leaving the state in payments for imported fossil fuel.

We also want to express our support for the Advanced Building, Appliance and Standards Act (S7176) and legislation requiring all electric new buildings as soon as feasible and supporting a just transition to renewable heating and cooling.

Thank you

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Figure 1: How geothermal heating and cooling works.