



January 28, 2026

Testimony of Michael Hamersky, Executive Director, Pace Energy and Climate Center
Environmental Conservation/Energy Joint Legislative Budget Hearing

Thank you, Chair Krueger, Chair Pretlow, and members of the Committees on Finance, Ways and Means, Environmental Conservation, Energy, and other members of the legislature who are here today. My name is Michael Hamersky, Executive Director of The Pace Energy and Climate Center (“PECC”), and I appreciate the opportunity to comment on the Fiscal Year 2027 Executive Budget (the “Budget”).¹ Over nearly four decades, PECC has established itself as a national leader at the intersection of energy, environmental law, and climate policy.² As a project of the Elisabeth Haub School of Law at Pace University, PECC combines legal scholarship with pragmatic policy expertise, serving as a trusted advisor to government decision-makers, regulators, and key stakeholders across New York State and beyond.

Since its founding, PECC has worked to advance policies that improve energy system efficiency, accelerate renewable generation, reduce greenhouse gas emissions, and strengthen community resilience to climate impacts. Initially focused on regulatory law and utility oversight, PECC’s mission has expanded over time to encompass broader climate change mitigation strategies and equitable clean energy deployment. Our work includes objective legal and policy analysis, targeted stakeholder engagement, and the development of innovative models for decarbonizing the built environment, particularly in partnership with municipalities, state agencies, and community organizations across New York.

I respectfully submit this testimony on behalf of PECC to help ensure that New York meets its statutory climate obligations, protects ratepayers with lower energy bills, and delivers a decarbonized energy future that benefits all New Yorkers.

I. New York Must Continue to Phase Out Fossil Fuels

PECC recognizes that New York’s energy demand is expected to grow in the coming years. However, these challenges do not relieve New York of its statutorily mandated efforts to phase out fossil fuels and adopt policies consistent with achieving deep decarbonization under the Climate Leadership and Community Protection Act (“CLCPA”).³ As a national leader in clean

¹ N.Y. STATE DIV. OF THE BUDGET, *FY 2027 Executive Budget Briefing Book* (Jan. 2026), <https://www.budget.ny.gov/pubs/archive/fy27/ex/book/briefingbook.pdf> [hereinafter *FY27 Budget Book*]; and N.Y. STATE DIV. OF THE BUDGET, *FY 2027 Budget Publications*, <https://www.budget.ny.gov/pubs/archive/fy27/index.html> - ex-docs.

² Pace Energy & Climate Center, Elisabeth Haub School of Law at Pace University: <https://www.pace.edu/law/centers-and-institutes/pace-energy-and-climate-center>.

³ N.Y. Env’tl. Conserv. Law § 75-0101 et seq.

energy policy, New York must not shirk its commitments to support renewable energy development.

The Budget’s lack of explicit support for renewable energy development is unacceptable, and the Governor’s related statements endorsing an “all of the above” energy approach risk perpetuating continued investment in fossil fuel infrastructure. Such support is fundamentally inconsistent with the State’s climate mandates under the CLCPA, which require economy-wide greenhouse gas reductions of 40% by 2030 and 85% by 2050, as well as transition to a 100% zero emission electricity sector by 2040.⁴ While PECC recognizes the complexity of New York’s current energy mix and the transmission constraints shaping near-term planning decisions, PECC urges New York to not use those constraints to justify retreating from the State’s role as a national climate leader. The CLCPA is enforceable law, and failing to support renewable energy development in the Budget undermines the State’s ability to meet its statutory obligations.

The FY26 Budget’s inclusion of the \$1 billion Sustainable Future Program (“SFP”) represented a meaningful step toward aligning capital investment with these mandates. The absence of a comparable commitment in this Budget represents a significant step backward.

II. New York Must Renew the Sustainable Future Program at Equal or Increased Funding Levels

The creation of the SFP in the FY26 Enacted Budget was a meaningful step toward aligning State capital investment with New York’s climate and energy goals.⁵ The SFP was designed to advance high-impact, system-level decarbonization projects, particularly in sectors that have historically lacked stable and scalable capital pathways.⁶ The most consequential aspect of the SFP is its early and explicit support for thermal energy networks (“TENS”), campus- and municipal-scale decarbonization, and public or non-investor-owned infrastructure models.

Through direct engagement with municipalities, state agencies, SUNY campuses, industry partners, and community stakeholders, PECC has observed that transformational energy infrastructure requires sustained, predictable capital investment, not solely one-time appropriations, to deliver long-term systems change. The SFP was an important acknowledgment of this reality.

Initial SFP allocations included more than \$200 million for thermal and geothermal energy network projects at SUNY campuses and in municipalities, alongside investments in public renewable energy development, building decarbonization programs such as EmPower+, and improvements to under-resourced public schools.⁷ Taken together, these investments

⁴ N.Y. Envtl. Conserv. Law § 75-0107; N.Y. Pub. Serv. Law § 66-p(2)(b).

⁵ N.Y. STATE DIV. OF THE BUDGET, *FY 2026 Executive Budget Briefing Book* (Jan. 2025), <https://www.budget.ny.gov/pubs/archive/fy26/ex/book/briefingbook.pdf> [hereinafter *FY26 Budget Book*].

⁶ N.Y. STATE OFF. OF THE GOVERNOR, *Governor Hochul Announces Historic Investments to Secure a Sustainable Future for All New Yorkers and Support Our Agriculture Industry as Part of the FY 2026 Budget* (May 9, 2025), <https://www.governor.ny.gov/news/governor-hochul-announces-historic-investments-secure-sustainable-future-all-new-yorkers-and>.

⁷ N.Y. STATE OFF. OF THE GOVERNOR, *Governor Hochul Announces Plan for the \$1 Billion Sustainable Future Program Supporting Climate Action and Jobs* (Sept. 24, 2025), <http://governor.ny.gov/news/governor-hochul-announces-plan-1-billion-sustainable-future-program-supporting-climate-action> [hereinafter *SFP Announcement*].

demonstrated that the SFP could function as a cross-sector infrastructure strategy that supports coordinated planning and long-term system transformation.⁸

Renewal of the SFP at equal or increased funding levels is necessary because many of the projects it supports are inherently phased, multi-year undertakings. Networked thermal systems and other large-scale decarbonization efforts require early-stage studies, load modeling, procurement, and sequencing before construction can begin, and a single-year appropriation cannot support that reality. Without predictable funding continuity, institutions face pressure to pursue piecemeal, building-by-building solutions that can increase peak electric demand, foreclose more efficient system-level options, and undermine long-term planning objectives.

The absence of renewed SFP funding in the Budget proposal risks stalling progress just as the first cohort of projects enters advanced planning and early implementation. Treating long-term infrastructure transformation as a one-time investment sends a counterproductive signal to public institutions, designers, and financiers, particularly at a time of uncertainty around federal clean energy incentives. Sustained capital commitment is essential to preserving momentum, protecting the value of existing public investments, and ensuring that comprehensive decarbonization planning remains viable.

Energy affordability and public health considerations further support renewal. Programs seeded through the SFP reduce long-term energy costs, improve indoor air quality, and deliver permanent emissions reductions, particularly in disadvantaged communities (“DACs”) and low- and moderate-income (“LMI”) households. As utility rates continue to rise, sustained investment in these programs functions as a durable strategy for reducing household energy burdens while advancing climate goals.⁹

Continuity of funding is also critical to workforce development and local economic stability. The initial SFP round is expected to generate significant employment across engineering, construction, manufacturing, and operations, but workforce training and supply-chain readiness depend on a predictable project pipeline. Annual SFP appropriations allow employers, labor organizations, and educational institutions to align capacity with long-term demand and ensure that equity commitments are scaled statewide rather than confined to a single cohort of projects.

Looking ahead, additional funding consistent with the SFP cohort could build on the program’s early success by addressing targeted gaps and emerging needs, including but not limited to:

- Confronting persistent affordability gaps in existing programs, including EmPower+, by providing flexible supplemental capital where demand continues to exceed available resources;

⁸ See *FY26 Budget Book* at 61 and *SFP Announcement* (demonstrating SFP’s cross-sector design beyond discrete project grants).

⁹ See EARTHJUSTICE, *New York State Budget Lacks Bold Action on Energy and Climate* (Jan. 23, 2026), 2026), <https://earthjustice.org/press/2026/new-york-state-budget-lacks-bold-action-on-energy-and-climate>, and WE ACT FOR ENV’T JUSTICE, *WE ACT for Environmental Justice Is Disappointed That Governor Hochul Omitted Critical \$1 Billion Sustainable Future Program Funding in 2026–2027 Executive Budget* (Jan. 21, 2026), <https://weact.org/updates/we-act-for-environmental-justice-is-disappointed-that-governor-hochul-omitted-critical-1-billion-sustainable-future-program-funding-in-2026-2027-executive-budget/> (highlighting concerns that insufficient or inconsistent clean energy investment increases household energy burdens and perpetuates public health and environmental inequities, particularly in DACs and LMI communities).

- Strengthening public-sector leadership in clean and thermal energy infrastructure by better aligning State-supported planning, financing, and technical assistance with the phased, system-level, and technology-specific nature of these investments, including through expansion of NYSERDA low-cost financing tools;¹⁰
- Expanding NYPA’s role in renewable energy development to include TENs, prioritizing the planning, technical, and capital needs of NYPA-served entities such as SUNY campuses, municipalities, school districts, and other publicly owned entities that lack access to traditional capital markets or existing NYSERDA financing tools;¹¹
- Supporting foundational work to inform potential geothermal renewable energy credit structures that stakeholders, including NY GEO and its membership, are actively exploring to address upfront cost barriers and future system-level deployment; and
- Reducing early-stage project risk by funding technology-neutral thermal planning and projects that move beyond default reliance on air-source heat pumps or electric boilers and require evaluation other existing and emerging thermal heat-capture and transfer technologies, including waste-heat recovery, and helping future-proof State investments as technologies and system designs continue to evolve.

By renewing the SFP at equal or increased funding levels, the State will send a strong signal of support for the phased nature of decarbonization and efficient system-level planning, and help ensure that New York’s climate, affordability, and environmental justice goals are achieved in practice. Without renewal, the State risks slowing progress at a moment when sustained leadership is most needed.

III. The Budget Must Prioritize Long Term Energy Affordability

The Budget is correct in prioritizing certain policies to support energy affordability. New York’s energy transition must center affordability as a core policy goal, not a secondary benefit. The CLCPA explicitly requires that climate action “mitigate the impacts on [DACs] and [LMI] households,” and affordability must therefore inform every major policy and programmatic decision.¹² While the Budget includes several praiseworthy efforts in furtherance of these aims, all of which PECC fully supports, such as measures to promote utility transparency and accountability, including executive compensation disclosures, budget-constrained rate proposals, energy affordability indexes and monitors, and targeted consumer bill credits through programs like Advancing Excelsior Power, it nonetheless falls short of supporting a comprehensive strategy to truly achieve long-term energy affordability.¹³

Long term energy affordability requires explicit support for renewable energy. Decades of empirical data demonstrate that renewable energy resources, including wind, solar, and geothermal, provide long-term price stability and significantly lower lifecycle system costs. Continued reliance on fossil fuels, even for short-term price relief, exposes ratepayers to fuel price

¹⁰ *FY27 Budget Book*, at 58 (establishing NYSERDA financing and support authorities).

¹¹ *FY27 Budget Book*, at 58, 78-81, and 98-10 (highlighting NYPA’s role as a public infrastructure developer and describing SUNY and public-entity capital and eligibility constraints).

¹² N.Y. Evtl. Conserv. Law § 75-0103(11).

¹³ *FY27 Budget Book*, at 59; and N.Y. STATE DIV. OF THE BUDGET, *FY 2027 New York State Executive Budget: Transportation, Economic Development and Environmental Conservation Article VII Legislation*, at Part N (Jan. 2026), <https://www.budget.ny.gov/pubs/archive/fy27/ex/artvii/ted-bill.pdf> [hereinafter *FY27 TED Budget*].

volatility and geopolitical risks.¹⁴ One need not look further than this past week to witness spikes in natural gas prices in response to extreme weather.¹⁵ Extreme weather, made worse by climate change, will continue to lead to volatile, and rising natural gas prices, which increased costs will be felt by New York energy consumers.

Scaling renewables, paired with storage and demand-side resources, will deliver predictable, low-cost power over decades and minimize exposure to volatile commodity markets, a critical affordability strategy for households and businesses alike. The reduction or expiration of key federal incentives for renewable energy is a challenge, but the Budget should include support for mechanisms to bridge the investment gap created by the reduction or expiration of key IRA incentives. Strategic use of remaining tax credits, green bank financing, state bonding authority, and public-private partnerships can help sustain the pace of renewable buildout even as federal support wanes. The Budget's modest reforms to SEQRA do not go nearly as far as what is required to support the amount of distributed energy resources needed to meet the CLCPA's targets.¹⁶

Critically, the Budget fails to propose a durable, long-term funding mechanism for the clean energy transition. Although the State has begun implementing the authorized cap-and-invest program, now branded as the Clean Air Initiative, including finalizing the first phase of greenhouse gas reporting regulations, the Budget does not advance the program as a revenue-generating tool.¹⁷ A well-designed Clean Air Initiative would provide a stable, predictable funding stream for decarbonization investments while helping offset ratepayer costs. Auction revenues could be recycled into bill credits for LMI customers, weatherization and electrification incentives, and community solar deployment, ensuring that emissions reductions and affordability progress advance in tandem.¹⁸ Absent such a mechanism, New York's affordability approach risks remaining piecemeal, fragmented, and overly dependent on federal funding cycles.

Equally important, the Budget should address utility rate design as a driver of affordability. Current volumetric and demand-based charges often penalize customers who electrify or invest in efficiency by increasing fixed charges or shifting costs. Well-designed rates can encourage load flexibility, reduce peak demand, and ensure cost recovery occurs equitably while lowering bills for those who can least afford them. While utility transparency and affordability indexes are a good start, they do even begin to address the fundamental changes to utility rate design that will truly lead to lower energy bills.

¹⁴ See Navia Simon & Laura Diaz Anadón, "Power Price Stability and the Insurance Value of Renewable Technologies," *Nat. Energy* 10, 329–341 (2025). Available at: <https://doi.org/10.1038/s41560-025-01704-0>; and see Roosevelt Institute, *Energy Price Stability: The Peril of Fossil Fuels and the Promise of Renewables* (2022). Available at: https://rooseveltinstitute.org/wp-content/uploads/2022/05/RI_EnergyPriceStability_IssueBrief_202205.pdf.

¹⁵ See Matt Egan & Chris Isidore, *Extreme Winter Storm Threat Sparks Historic Natural Gas Spike*, CNN, Jan. 22, 2026. Available at: <https://www.cnn.com/2026/01/22/business/weather-snow-storm-natural-gas-price>

¹⁶ See *FY27 TED Budget*, at Part R.

¹⁷ N.Y. DEP'T OF ENV'T CONSERVATION, *DEC Finalizes Program to Track Climate Pollution Sources* (Dec. 1, 2025), <https://dec.ny.gov/news/press-releases/2025/12/dec-finalizes-program-to-track-climate-pollution-sources>; N.Y. STATE, *Clean Air Initiative*, <https://capandinvest.ny.gov/>.

¹⁸ Acadia Center & WEACTION for Environmental Justice, *New York's Household Energy Burden: Imperative, Challenges, and Solutions* (2025), pp. 20–22. Available at: https://acadiacenter.wpenginepowered.com/wp-content/uploads/2025/03/AC_WeAct_EnergyBurden_R5.pdf.

IV. Conclusion

New York stands at a critical juncture in its climate and energy future. The CLCPA and Energy Law §6-104 set forth legally binding mandates that require not only deep decarbonization but also an equitable, affordable, and reliable energy transition. The Budget must therefore support a durable framework that aligns with New York's statutory mandates, strengthens public confidence, and delivers a decarbonized, equitable, and affordable energy future for all New Yorkers.

Thank you again for the opportunity to testify today. I would be happy to discuss this testimony further and answer any follow-up questions you may have in person or via email at mhamersky@law.pace.edu.