STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission Regarding the Grid of the Future	**)** **)**	**Case 24-E-0165**

PETITION OF ENVIRONMENTAL DEFENSE FUND, ALLIANCE FOR A GREEN ECONOMY, BUILDING DECARBONIZATION COALITION, EARTHJUSTICE, NEW YORKERS FOR CLEAN POWER, REWIRING AMERICA, AND SIERRA CLUB TO ADVANCE RATE DESIGN SUPPORTIVE OF AFFORDABLE, BENEFICIAL ELECTRIFICATION

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Filed by: Magdalen Sullivan, Environmental Defense Fund
257 Park Ave S.
New York, NY 10010
(202) 572-3315
msullivan@edf.org

Environmental Defense Fund ("EDF"), Alliance for a Green Economy ("AGREE"), Building Decarbonization Coalition ("BDC"), Earthjustice, New Yorkers for Clean Power ("NYCP"), Rewiring America, and Sierra Club (jointly "petitioners") hereby petition the Commission to direct DPS Staff to advance electric rate design that is supportive of affordable, beneficial electrification on a statewide basis, to comply with the Commission's related directive in the Grid of the Future initiating order, and to address electric heat-friendly rate design in the forthcoming iteration of the Grid of the Future Plan.

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I. Introduction

New Yorkers deserve consistent, equitable access to affordable, clean energy and a livable environment. The imperative to reduce reliance on fossil fuels in the building sector has never been clearer. With rising monthly utility bills, volatile fossil fuel prices due to global energy crises, and a necessity to reduce greenhouse gas emissions to mitigate harmful climate change, the state must seek solutions that can reduce fossil fuel use in the building sector while making electricity more affordable for residents and businesses. Modernizing rate design can simultaneously address energy affordability, reduce exposure to global energy prices, and advance state climate goals.

According to new analysis, New York homes relying on electric heating—heat pumps or electric resistance heat—spend more on electric bills than it costs to serve them and are overpaying by at least $855 per year, on average.[1] Approximately 250,000 homes, around 3.5% of all New York households, currently use an electric heat pump for space heating, but more rapid adoption is needed. According to the State Energy Plan, 1.8 million homes need to be using heat pumps by 2040 to be on track with state climate goals.[2]

Today's electric rate design options provided by most utilities in New York overcharge electric heating customers and create a barrier to widespread heat pump adoption for residential customers. Though households that switch from natural gas heating to heat pumps dramatically cut their overall energy use, most see their utility bills rise after the switch. This price penalty for

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1 Attachment 1, Sherry Zuo et al., *Heat Pump Rate in New York State: An analysis of cost-reflective rates for heat pump customers*, Switchbox (Apr. 2026), https://switchbox-data.github.io/reports2/ny_hp_rates/docs/switchbox_ny_hp_rates.pdf [hereinafter Switchbox Analysis].

2 New York State Energy Plan, Buildings Chapter at pp. 2, 8.

using efficient heating technology does not reflect actual cost causation, is out of step with New York's energy and climate policy, and must be fixed.

On April 18, 2024, the New York Public Service Commission ("Commission") initiated the Grid of the Future proceeding, with the stated aim of promoting "the timely and effective evolution of the electric grid."[3] The Commission ordered Department of Public Service ("DPS") Staff to develop a Grid of the Future Plan that, in part, identifies "the potential for customer savings and benefits through improved" rate options and evaluates alternative rate designs that "may be attractive" for heat pump customers.[4] On March 31, 2025, DPS Staff issued the first iteration of the Grid of the Future Plan, which did not meaningfully engage with rate design and has thus not complied with the Commission's initiating order. The second iteration of the Grid of the Future Plan is expected on June 30, 2026.

Though some incremental progress on advancing modern rate designs has been made in individual utility rate proceedings, the Commission should address rate design in a statewide proceeding to ensure a timely, standardized approach to addressing the limitations of existing rate structures. The Commission identified rate design as one of the nine required elements of the Grid of the Future Plan, directing the DPS Staff to identify opportunities for more customer-friendly and economically efficient price signals through utility bills, including potential new time-varying rate options for customers that install beneficial electrification technologies like heat pumps. We respectfully request that the forthcoming second iteration of the Grid of the Future Plan address electric heating-friendly rate design, and that the Commission and Staff take additional steps to advance this issue.

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3 *Proceeding on Motion of the Commission Regarding the Grid of the Future,* Case 24-E-0165, Order Instituting Proceeding at 11 (Apr. 18, 2024) [hereinafter Initiating Order].

4 *Id.* at 17.

Part II of this petition demonstrates why the Grid of the Future proceeding is an appropriate venue to explore alternative rate designs, pursuant to the Commission's initiating order. Part III outlines the basics of rate design, traditional and alternative rate options available to New Yorkers today, and why legacy rate policy choices unfairly harm customers with electric home heating appliances. Part IV argues that modernizing rates can achieve multiple policy goals—addressing energy affordability while advancing state climate goals and promoting grid flexibility. Examples of other jurisdictions that have embraced rate reforms that support electric heating are provided in Part V. Part VI summarizes a new report by Switchbox, submitted as Attachment 1 to this petition, which finds that, on average, New Yorkers' electric delivery rates are grossly overcharging heat pump and electric resistance customers in relation to the actual costs they impose on grid infrastructure. Lastly, Part VII offers concrete recommendations for the Commission and DPS Staff to address electric heat customer overpayments statewide.

II. Grid of the Future is the Appropriate Venue to Explore Rate Designs that Support Beneficial Electrification

The Commission initiated the Reforming the Energy Vision ("REV") proceeding in 2014 with the objectives of supporting customer control of energy bills, increasing systemwide efficiency and resiliency, and reducing carbon emissions.[5] Since the Climate Leadership and Community Protection Act ("CLCPA")—New York's landmark climate law—took effect in 2020, the Commission has designated additional proceedings to advance the greenhouse gas ("GHG") emissions reduction requirements and clean power generation requirements in the

[5] *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision*, Case 14-M-0101, Order Instituting Proceeding at 2 (Apr. 25, 2014).

statute.[6] While some initiatives pursuant to CLCPA implementation have sought to increase grid capacity, others have introduced new or increased demands on the electric grid, including transportation and building electrification.

On April 18, 2024, the Commission initiated the Grid of the Future proceeding, with the stated purpose of "unlock[ing] innovation and investment to deploy flexible resources – such as [distributed energy resources] and virtual power plants ("VPPs") – to achieve our clean energy goals at a manageable cost and at the highest levels of reliability."[7] The Grid of the Future proceeding aims to "determine possible future actions that [the Commission] could take to substantially promote the timely and effective evolution of the electric grid."[8]

In the initiating order, the Commission identified rate design as the fourth of nine required elements of the Grid of the Future Plan, instructing DPS Staff to "identify whether additional rate options providing stronger time-varying price-signals beyond those already available to customers should be implemented, such as a rate option which may be attractive for customers that install beneficial electrification technologies including ground-source and air-source heat pumps."[9] Despite this explicit directive in the initiating order, the first iteration of the Plan, issued in March 2025, does not meaningfully discuss rate design.

In multiple proceedings at the Commission in the months following, the Commission and DPS Staff have deferred discussions of building electrification-enabling rate design and

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6 *See, e.g.*, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Case 15-E-0302, Order Initiating Process Regarding Zero Emissions Target (May 18, 2023); *In the Matter of Assessing Implementation of and Compliance with the Requirements and Targets of the Climate Leadership and Community Protection Act*, Case 22-M-0149, Order on Implementation of the CLCPA (May 12, 2022); *Proceeding on Motion of the Commission in Regard to Gas Planning Procedures*, Case 20-G-0131, Order Instituting Proceeding (Mar. 19, 2020).

7 Initiating Order at 3.

8 *Id.* at 11.

9 *Id.* at 17.

emphasized that Grid of the Future is the appropriate venue for such discussions. In May 2025, the Commission issued an order in the New Efficiency: New York ("NENY") proceeding on low- to moderate-income energy efficiency and building electrification portfolios responding to stakeholders advocating for a heat pump rate design. The Commission deemed rate design as outside the scope of the NENY proceeding, but noted that "the initiating Order for the Grid of the Future proceeding requires DPS Staff to develop a plan" that engages with rate reform. [10] The Commission instructed Staff to "explore alternate rate designs that can effectively support LMI electrification while also ensuring that the costs of providing and maintaining utility services remains just and reasonable."[11]

In Consolidated Edison's most recent rate case, AGREE, EDF, and Rewiring America advocated for changes to the company's rate options and education programs specifically geared toward creating fairer and more understandable rates for heat pump customers.[12] In June 2025 rebuttal testimony, DPS Staff opposed the proposal, asserting that an "individual utility rate proceeding is not the right venue" to consider "the issue of whether to implement new rate design options for customers."[13] Staff explicitly identified the Grid of the Future proceeding as

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[10] *In the Matter of a Comprehensive Energy Efficiency Initiative,* Case 18-M-0084, Order Authorizing Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolio for 2026-2030 at 85 (May 15, 2025).

[11] *Id.* at 85.

[12] *See Proceeding on the Motion of the Commission as to the Rate, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric and Gas Service*, Cases 25-E-0072 & 25-G-0073, Corrected Direct Testimony of Ron Nelson on Behalf of Environmental Defense Fund (June 16, 2025); *Proceeding on the Motion of the Commission as to the Rate, Charges, Rules & Regulations of Consolidated Edison Company of New York, Inc. for Electric & Gas Service*, Cases 25-E-0072 & 25-G-0073, Direct Testimony of Alexander Lopez on Behalf of Alliance for a Green Economy (May 30, 2025).

[13] *Proceeding on Motion of the Commission as to the Rates, Charges, Rules & Regulations of Consolidated Edison Company of New York, Inc. for Electric & Gas Service,* Cases 25-E-0072 & 25-G-0073, Rebuttal Testimony of Staff Markets and Innovation Panel at 8 (June 24, 2025).

the appropriate venue where "the Commission indicated it wants to consider new forms of rate design options for customers that adopt heat pumps."[14]

The Commission has clearly designated this Grid of the Future proceeding as its preferred forum to act on rate design to facilitate beneficial electrification. The second iteration of the Grid of the Future Plan, forthcoming in June 2026, should meet the Commission's directive.

Taking action to update electric rate design falls squarely within the Commission's authority to oversee and set utility rates pursuant to NY Public Service Law Section 65. The law requires that rates be "just and reasonable," and prohibits a rate from granting "any undue or unreasonable preference or advantage to any person, corporation or locality, or to any particular description of service in any respect whatsoever."[15] In construing these requirements, the courts allow the Commission broad discretion, and in determining utility rates, "there is no requirement that any specific factors be considered or excluded from consideration."[16] In an appeal involving solely rate design, the Appellate Division Court held that the Commission "can validly set differential rates based upon considerations other than cost, as long as they are otherwise rationally based."[17] In that case the court upheld a rate design that was "favorable to residential users on a cost basis" due to the rational basis supporting the Commission choice, which included conservation-based concerns.[18]

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14 *Id.* at 8-9.

15 N.Y. Pub. Serv. L. § 65(1), (3).

16 *Gen. Motors Corp. v. Pub. Serv. Comm'n*, 95 A.D.2d 876 (3d Dep't 1983); *see also N.Y.S. Council of Retail Merchants, Inc. v. Pub. Serv. Comm'n*, 45 N.Y.2d 661, 672 (1978) (stating that a court will only set aside a rate determination if it is "without any rational basis or without any reasonable support in the record").

17 *Multiple Intervenors v. Pub. Serv. Com.*, 154 A.D.2d 76, 80 (3d Dep't 1990).

18 *Id.*

III. Current Rate Offerings in New York Undermine the Commission's Commitment to Affordability

Utility companies are considered legal monopolies—they are granted exclusive franchises by state regulators to provide energy delivery services to specific service areas. The delivery rates that a utility charges customers are regulated by state officials, which are tasked with ensuring that companies deliver "safe and adequate" service with "just and reasonable" rates.[19] In New York, the Commission must approve any utility proposal to raise electricity rates.

A. Rate Design Basics

Rates are the primary mechanism through which utilities collect revenue from customers. Utilities use these revenues to recover costs incurred to build, maintain, and operate the grid, provide customer service, service debt, and provide a rate of return to shareholders. Which costs a utility can recover through rates, as well as how much money it collects from ratepayers to pay its investors, is meticulously debated in rate cases among companies, regulatory staff, and other stakeholders. Based on the record developed in the rate case, the Commission makes a final determination as to what it considers to be a just and reasonable rate.

Cost allocation and rate design are two key items that are approved in rate cases, and together they determine how a customer's individual bill will be calculated. While cost allocation assigns revenue responsibility among customer classes, rate design determines cost recovery from individual customers within those classes. Electric utilities charge residential customers for two kinds of costs: supply and delivery. Supply charges recoup expenses associated with procuring the electricity consumed by customers. Delivery charges recoup expenses associated with the transportation of electricity from generation sites to homes and businesses—including

[19] N.Y. Pub. Serv. L. § 65(1).

installing, maintaining, and updating the poles and wires that transmit electricity. This petition is focused on the method of calculating delivery rates.

Delivery charges on electric bills between different customers can vary widely based on: the class of customer (residential, commercial, or industrial); amount of energy consumed (volumetric charge); the fixed amount that does not change regardless of how much or when energy is consumed (fixed charges); the month or time-of-day of energy usage (seasonal, time-of-use); the highest peak of energy used by the customer in a given period (demand-based charge); the customer's level of energy use at the time when other system components are most stressed (coincident demand-based charge); eligibility in energy affordability programs (income-based pricing); or energy policy initiatives (system benefit charge). Not all types of charges are applied to every customer's bill, but each of these rate design elements can be either emphasized or deemphasized to send price signals to customers that boost grid reliability, promote equity, or further policy goals such as energy efficiency, peak reduction, or emissions reductions.

Cost causation is a key principle used in rate design—meaning that customers should generally pay rates that reflect their individual contributions to system costs. Rates that are closely aligned with cost causation are not only reasonable—because individuals' bills are more aligned with their actual cost of service—they also are aligned with key public interest goals such as keeping overall system costs low, promoting innovation in energy markets and eliminating cross-subsidization between ratepayers of different customer classes or load profiles.

The Commission has an obligation to ensure rates are "just and reasonable[,]"[20] and has acknowledged that "[a] rate design that provides a better match between cost causation and

[20] N.Y. Pub. Serv. L. § 65(1).

revenue recoveries than the existing rates generally should be made available to customers wherever possible."[21]

At the same time, cost causation is not the sole objective of rate design. Other goals—such as customer acceptance, bill predictability, and administrative simplicity[22]—may diverge from strict cost-causation principles. For example, while real-time pricing may closely track hourly wholesale energy costs, exposing most residential customers to highly variable prices may be inappropriate for customers who cannot constantly monitor and change their energy use. Similarly, low understandability of demand charges has been cited by Con Edison as a barrier to residential uptake for the Steady Use Rate (Service Class 1 Rate IV),[23] indicating that demand-based rates may not be desirable for many residential customers, even for those customers that could benefit from them.

B. Default Electric Delivery Rates Harm Customers that Use Electricity for Home Heating and Available Alternatives Are Inadequate

The "default rate" is the pricing formula an electric utility automatically assigns to calculate the energy bills of new customers unless or until the customer switches to an "optional rate." An "optional rate" is a different pricing formula that eligible customers may elect to participate in and may be designed to encourage energy saving behavior or to achieve a policy goal.

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[21] *In the Matter of the Value Distributed Energy Resources,* Case 15-E-0751, Order on Standby and Buyback Service Rate Design and Establishing Optional Demand-Based Rates at 16 (May 16, 2019).

[22] Bonbright's first principle of good rate design holds that rates should be simple, understandable, acceptable, and feasible to apply. James C. Bonbright, PRINCIPLES OF PUBLIC UTILITY RATES at 291 (1961), https://www.raponline.org/wp-content/uploads/2023/09/powellgoldstein-bonbright-principlesofpublicutilityrates-1960-10-10.pdf.

[23] *See* Case 25-E-0072, Direct Testimony of Alexander Lopez on behalf of AGREE at 34, Lines 9-14 (May 30, 2025) (citing Exhibit__(AL-6): Company's Response to EDF Question No. 1-10).

1. Residential Default Delivery Rates in New York: Fixed & Volumetric Charges

Fixed and Volumetric Charges. All residential default rate structures offered by New York electric utilities include two types of charges: 1) a fixed charge, which is consistent month-to-month regardless of usage levels and times, and 2) a volumetric $/kilowatt-hour (kWh) charge determined by a customer's actual energy use that month.

Overemphasizing fixed charges can run counter to goals like energy efficiency and grid reliability, because customers are not incentivized to reduce energy use through energy-saving behaviors or equipment. Overemphasizing volumetric charges, especially where there is excessive inclusion of fixed costs in volumetric charges, can lead to bill impacts that are divorced from cost causation.[24] Rate options, such as the alternatives discussed *infra* Section C and Appendix A, attempt to find the right balance between these charges and other fluid pricing elements within rate designs to send customers direct price signals that align energy consumption with desired outcomes and policy goals.

Default Electric Delivery Rates in New York. Electric utilities in New York offer several rate structures geared toward specific customer classes with varying eligibility requirements or durations. Each utility has a "default" rate for residential customers. Below is an overview of the default rates of the major New York electric utilities. The vast majority of residential ratepayers' monthly bills are calculated by these default residential rates.

[24] *See* Kenneth W. Costello, *Today's rate designs are defective. How can utilities better recover their fixed costs, and from whom?*, UTILITY DIVE (Nov. 22, 2022), https://www.utilitydive.com/news/-utility-fixed-rate-design-demand-charge-solar-costello/634213/.

Table 1: New York Electric Utilities - Default Residential Delivery Rates			
Utility	**Fixed Charge (per monthly billing period)**	**Volumetric Charge (per kWh)**	
Central Hudson Gas & Electric Corp.	$22.50	$0.13860	
New York State Electric & Gas Corp.	$19.00	$0.09507	
Niagara Mohawk Power Corp.	$19.00	$0.08889	
Rochester Gas & Electric Corp.	$23.00	$0.08316	
		June-September	**October-May**
Consolidated Edison Company of New York	$20.00	$0.16107, for first 250 kWh $0.18518, over 250 kWh	$0.16107
Orange & Rockland Utilities	$22.50	$0.11052, for first 250 kWh $0.13822, over 250 kWh	$0.11052
Sources: Central Hudson, Schedule for Electric Service at Leaf 165 (SC 1) (effective Sept. 1, 2025 – July 1, 2026); Consolidated Edison Company of New York, Schedule for Electricity Service at Leaf 388 (effective Feb. 1, 2026); New York State Electric & Gas Corporation, Schedule for Electric Service at Leaf 119 (effective May 1, 2026); Niagara Mohawk Power Corporation, Schedule for Electric Service at Leaf 349 (effective Apr. 1, 2026); Orange & Rockland Utilities, Schedule for Electric Service at Leaf 264 (effective Jan. 1, 2026); Rochester Gas & Electric Corporation, Schedule for Electric Service at Leak 161 (effective May 1, 2026).			

All default residential delivery rates include a fixed charge. The volumetric charge at Central Hudson Gas & Electric Corp. ("CHGE"), New York State Electric & Gas Corp. ("NYSEG"), Niagara Mohawk Power Corp. ("NMPC"), and Rochester Gas and Electric ("RGE") is set at a fixed rate year-round. In contrast, the volumetric charges at Consolidated Edison Company of New York ("Con Edison") and Orange & Rockland Utilities ("ORU") vary seasonally: an inclining block structure applies during the summer season (June through September), while a flat volumetric rate applies during the non-summer season (October through May).

An inclining block rate structure charges a lower volumetric rate for an initial block of energy consumption within a billing period, with higher marginal rates applied to usage above that threshold. This structure sends a price signal that encourages customers to limit electricity

consumption beyond the lower block amount. At Con Edison and ORU, the inclining block structure is applied during the summer months, aligning with the peak season for the New York Independent System Operator ("NYISO") power system.

2. Default Delivery Rates Overcharge Electric Heat Customers

A 2019 NYSERDA analysis of residential heat pump adoption trends and economics identified an "inverse cost shift effect[,]" concluding that heat pump customers "could significantly overpay on their electricity bills under prevailing residential electric rate structures."[25] NYSERDA explains the phenomenon:

> Customers who install heat pump technology to replace conventional oil or gas combustion heating and air conditioning increase electricity usage during the winter and decrease electricity usage during the summer. For many customers, the result is a net increase in annual electricity usage that results in a net annual bill increase and increased revenues for the utility. Because the system is generally less constrained in the winter heating season, the increase in cost for the utility to provide the additional electricity in the winter is often less than the increase in revenue for the utility. This phenomenon most typically occurs for installations in the residential sector and is largely due to the structure of volumetrically based retail rates in the residential sector, which are designed to recover both variable costs as well as a portion of fixed-system infrastructure costs through a variable rate.
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> For regulated utilities that earn a specified return on invested capital, an increase in utility revenues that exceeds the cost to serve additional load cannot be retained as profit but must be returned to utility ratepayers. As a result of these dynamics, the installation of a heat pump may lead the customer to start paying for a relatively larger fraction of the total systemwide grid infrastructure costs, which in turn, translates to a rate decrease for ratepayers as a whole; an "inverse cost shift" from non-heat pump ratepayers to the heat pump customer occurs.[26]

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[25] NYSERDA, *New Efficiency: New York: Analysis of Residential Heat Pump Potential and Economics,* Report No. 18-44, at S-3 (Jan. 2019).

[26] NYSERDA, *New Efficiency: New York: Analysis of Residential Heat Pump Potential and Economics,* Report No. 18-44, at 58-59 (Jan. 2019).

In sum, for a residential electric customer who installs a heat pump for home heating purposes and remains on the default residential electric rate—which may be the only option available—monthly bills will be higher than that individual customer's contribution to grid costs. The excess in rates that the customer pays will contribute to expenditures caused by customers without heat pumps—leading to cross-subsidization of the electric grid between customers of different load profiles. A recent analysis by Switchbox, submitted as Attachment 1, found that utilities are overcharging heat pump customers for delivery costs by an average of $855 per year.[27] Though the average cost to provide electric service to a heat pump customers is only 2 percent higher than the cost to service gas-heated customers, New York's default rate designs result in electric delivery bills for heat pump customers that are on average 109 percent higher. And heat pump customers are not the only ratepayers that are charged in gross excess of their cost of service. The Switchbox analysis found that electric resistance customers overpay by $873 a year on average under default rate structures.[28]

Because utilities collect the sum of costs allocated to residential customers from electric heat and gas heat customers indistinguishably, the overcharge of electric heat customers leads to an undercharge of gas heat customers. The inverse cost shift phenomenon—or cross-subsidy of fossil heat customers by electric heat customers—betrays the principles of cost causation and equity and reinforces cost barriers to building electrification. Simply put, residential heat pump users and electric resistance heat users are paying more than their fair share of delivery costs under default electric rates.

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[27] Switchbox Analysis at 23, tbl.1.

[28] *Id.*

Alternative rate options for these electric heat customers are needed to ensure that customers are being charged fair rates that are reflective of their burden on the system.[29] In Con Edison's recent rate proceeding, AGREE, EDF, and Rewiring America provided testimony demonstrating how a fairer and more cost-aligned rate structure could collectively save the company's heat pump customers $131 million over the next rate period.[30] In addition, non-heat pump users will benefit from the added efficiencies that a more sophisticated grid can deliver.

C. Low-Income Customers and Renters Disproportionately Bear the Overcharges Faced by Electric Resistance Customers

Electric resistance heating is disproportionately used by households facing the greatest affordability constraints and the highest barriers to heat pump upgrades. And electric resistance customers overpay by $873 a year on average for electricity under default rate structures.[31]

In New York State, based on analysis of NREL ResStock data:

- Low-income households are **34 percent more likely** to rely on electric resistance hearing than non-low-income households.[32]
- Multifamily households are **339 percent more likely** to rely on electric resistance heating than single family households.

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[29] *See generally Proceeding on the Motion of the Commission as to the Rate, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric and Gas Service*, Cases 25-E-0072 & 25-G-0073, Corrected Direct Testimony of Ron Nelson on Behalf of Environmental Defense Fund (June 16, 2025).

[30] *See id.*; *Proceeding on the Motion of the Commission as to the Rate, Charges, Rules & Regulations of Consolidated Edison Company of New York, Inc. for Electric & Gas Service*, Cases 25-E-0072 & 25-G-0073, Direct Testimony of Alexander Lopez on Behalf of Alliance for a Green Economy (May 30, 2025).

[31] Switchbox Analysis at 23, tbl.1.

[32] Low-income households are defined as households with total gross annual income at or below 80 percent of area median income (AMI).

- Renters are **167 percent more likely** to rely on electric resistance heating than homeowners.

These customer groups may face greater barriers to upgrading from inefficient electric resistance heating to high-efficiency heat pumps, including access to capital or credit, split incentives between landlords and tenants, and building-specific installation constraints. As a result, cost-reflective electric heating rates could deliver meaningful near-term bill relief for the approximately 675,000 residential customers in New York who currently rely on electric resistance heat.[33]

While electric resistance heating is not the preferred pathway for achieving New York's climate and building electrification goals due to its inefficiencies, electric heating rates would still provide significant affordability benefits to these households. Because electric resistance systems consume substantially more electricity during the winter heating season than heat pumps, these customers tend to overpay relative to their cost of service by an even greater margin than heat pump customers.

[33] *See supra* Table 2.

Table 2: Electric Heating Technology by Household Type, New York State

Household Type	Total Households	Households with Electric Resistance Heat	Share with Electric Resistance Heat	Households with Heat Pumps	Share with Heat Pumps	Relative Likelihood of Electric Resistance Heating*
Low Income	3,380,590	352,465	10.4%	90,072	2.7%	+ 34%
Non-Low Income	4,149,605	322,189	7.8%	111,262	2.7%	—
Renters	3,485,799	470,290	13.5%	113,031	3.2%	+ 167%
Homeowners	4,044,395	204,304	5.1%	88,305	2.2%	—
Multifamily	3,845,329	556,577	14.5%	125,394	3.3%	+ 339%
Single-Family	3,528,691	116,311	3.3%	73,672	2.1%	—
Mobile Home	156,175	1,766	1.1%	2,271	1.5%	—
All Households	7,530,195	674,655	9.0%	201,337	2.7%	—

* Relative likelihood compares each focal group to its counterpart (Low Income vs. Non-Low Income; Renters vs. Homeowners; Multifamily vs. Single-Family).
Source: Analysis of New York residential housing stock from NREL ResStock data.

There is a strong rate fairness rationale for including electric resistance households as eligible participants in an electric heating rate. There is also a compelling equity rationale: low-income households, renters, and multifamily residents are disproportionately represented among electric resistance heating customers, meaning that excluding them would risk leaving behind many of the households most in need of bill relief and least able to make the switch to heat pumps.

For these reasons, electric heating rates should be available to all residential customers who use electricity as their primary heating source, regardless of whether that heating is provided by a heat pump or electric resistance system.

D. Currently Available Alternative Rate Options Are Inadequate in Design and Scope

In recognition of the need to modernize rate design, the Commission has approved optional rate pilots or initiated their development in various rate proceedings. However, the few pricing options currently offered by most New York utilities do not address the fairness issue identified by NYSERDA and Switchbox's new analysis. Con Edison is the only exception; however, that utility's overreliance on opt-in demand-based rates as a solution has limited the effectiveness of the rate to date.[34] The Commission has yet to explore the potential for rate reform to drive down fossil-fuel reliance, GHG emissions, or electric system costs for all ratepayers, even as it deploys that strategy for large load interconnections.[35] Without a statewide approach, the key inadequacies of the few available alternative rate options will persist in the current piecemeal, utility-specific approach.

Seasonal & Time-of-Use ("TOU") Rates. Recognizing that electric demand is historically higher on the hottest days of the year due to air conditioning usage, seasonal rate structures impose higher volumetric charges in the summer to encourage energy-saving behaviors and reduce constraints on the grid. Time-of-Use ("TOU") rates operate under the same principle, yet on a daily timescale instead of an annual one. TOU rates charge varied volumetric $/kWh prices during predetermined hourly windows of the day, known as "peak" hours.

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[34] Con Edison is expected to assess and implement additional, beneficial changes to its rate offerings in the coming years, consistent with the outcome of its recent rate case. *See Proceeding on the Motion of the Commission as to the Rate, Charges, Rules & Regulations of Consolidated Edison Company of New York, Inc. for Electric & Gas Service*, Cases 25-E-0072 & 25-G-0073, Order Adopting Terms of a Joint Proposal and Establishing Electric and Gas Rate Plans (Jan. 22, 2026); Joint Proposal at Parts G.5, I.2 (Nov. 5, 2025).

[35] *See Proceeding on Motion of the Commission to Address interconnection Reforms for Large Loads,* Case 26-E-0045, Order Instituting Proceeding and Soliciting Comments at 2 (Feb. 12, 2026) ("[T]he Commission is exploring revisions to the existing approach for interconnection of new large electric load customers that would relieve these facilities' impact on rates.").

Typically, this means that a utility would charge customers a higher volumetric rate for electricity during the afternoon or early evening, when system usage is highest.

Existing TOU rates offered by New York electric utilities, detailed in Appendix A to this petition, are not designed to address the underlying drivers of heat pump customer overpayment, as their reliance on high volumetric charges overcollect from electric heat customers. Instead, TOU rates are meant to increase systemwide efficiency by shifting customers' usage to periods of lower demand. Though TOU rates differentiate prices by time of day, many of the options available in New York do not meaningfully reflect seasonal cost differences, even though many distribution system costs are driven by summer peak demand. For example, the TOU delivery rates from NMPC and CHGE do not vary by season. As a result, customers with electric heating—whose usage is concentrated in winter—continue to pay volumetric charges that exceed their cost of service.

In addition, several TOU designs define "on-peak" periods very broadly—for instance, 7 AM to 11 PM under rates from NMPC and Con Edison—spanning up to 16 hours of the day. Such broad peak windows—whether they be inappropriate in some service areas or accurate in others like New York City—dilute the time-varying price signal, sometimes fail to target the actual hours when system demand peaks, and limit the ability of customers to shift load in ways that would meaningfully reduce system costs. These designs may benefit loads that can move consumption to overnight periods, such as electric vehicle charging, but they do little to address the structural overpayment faced by customers using electricity for space heating.

Well-designed TOU rates feature both seasonal differentiation (e.g., summer and non-summer) as well as on-peak periods that reliably capture system peak hours while being sufficiently narrow in duration to incentivize load shifting. Successful TOU rates can

significantly contribute to grid flexibility, as identified in the Brattle study of New York Grid Flexibility Potential.[36]

Demand-Based Rates. Instead of charging a customer for their total monthly electricity usage, demand-based rates charge residents based on a customer's maximum demand during a given period. The 15- to 60-minute period during which the highest demand is measured can be during a predetermined peak period (coincident), or reflective of the customer's actual highest demand period during a predetermined month (non-coincident).[37]

New York officials and utilities have prioritized implementation of demand-based rate structures.[38] In 2019, the Commission ordered utilities to adopt "optional demand-based rates," stating that the measure "advances REV objectives of promoting more efficient use of energy, achieving deeper penetration of renewable energy resources and [distributed energy resources], as well as promoting market solutions to achieve greater use of advanced energy management products."[39] More recently, the 2025 New York State Energy Plan directed the Department of Public Service to "ensure the efficient and effective rollout" of a three-part demand-based rate design to "advanc[e] the goals of electrification and affordability."[40]

Demand-based rates can be effective at lowering bills for heat pump customers, who have more consistent demand metrics than non-electric-heating households. However, the mechanism

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36 *Proceeding on Motion of the Commission Regarding the Grid of the Future,* Case 24-E-0165, New York's Grid Flexibility Potential, Volume I at 52 (Jan. 1, 2025).

37 *See Modern Rate Design in the Northeast: Unlocking Efficiency, Affordability, and Electrification* at 27-28, NEEP (Dec. 2025).

38 *In the Matter of the Value Distributed Energy Resources,* Case 15-E-0751, Order on Standby and Buyback Service Rate Design and Establishing Optional Demand-Based Rates at 13 (May 16, 2019) (ordering each utility to "submit a draft tariff implementing optional demand-based rates for mass market customers based on the standby rate design principles").

39 *In the Matter of the Value of Distributed Energy Resources,* Case 15-E-0751, Order on Standby and Buyback Service Rate Design and Establishing Optional Demand-Based Rates at 13-15 (May 16, 2019).

40 State Energy Plan, Buildings Chapter, at 12.

has several drawbacks. First, demand-based rates are highly technical and can be difficult for residential customers to understand and navigate—leading to either low participation rates or lack of behavior changes while on the alternative rate.[41] Further, non-coincident demand-based rates—which are more commonly deployed for residential customers than coincident—are not particularly effective in achieving grid flexibility since they "do not accurately reflect an individual residential customer's contribution to system capacity costs" and can inadvertently "penalize customers that shift energy demand to off-peak hours."[42]

Optional Electric Rates in New York. If authorized by the Commission, utilities may offer alternative rate options—including those using the seasonal, time-of-use, or demand-based principles outlined above. Often, eligible customers must proactively opt-in to the service class that corresponds to the alternative rate option. Appendix A outlines existing voluntary TOU residential delivery rates offered by New York electric utilities. Each utility offers alternative rate options that have differing peak windows, savings opportunities, and equipment requirements.[43]

Opt-in rates require customers to affirmatively choose to be charged based on a different price structure, which leads to low participation rates.[44] For example, Con Edison has offered an alternative demand-based rate specifically designed to benefit heat pump customers since 2020,[45] yet has only attracted approximately 640 participating customers, fewer than 1 percent of all heat

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41 *See* Cases 25-E-0072 & 25-G-0073, Corrected Direct Testimony of Ron Nelson on Behalf of Environmental Defense Fund at 17 (June 16, 2025).

42 *Modern Rate Design in the Northeast: Unlocking Efficiency, Affordability, and Electrification* at 28, NEEP (Dec. 2025).

43 For example, to participate in Niagara Mohawk's voluntary time-of-use rate, a customer must install special metering equipment. NATIONAL GRID, *Voluntary Time-of-Use Rate,* https://www.nationalgridus.com/Upstate-NY-Home/Voluntary-Time-of-Use-Rate/Voluntary-Time-of-Use-Rate (last accessed April 7, 2026).

44 *See Modern Rate Design in the Northeast: Unlocking Efficiency, Affordability, and Electrification* at 39-40, NEEP (Dec. 2025).

45 Con Edison Company of New York, Schedule for Electricity Service at Leaf 389.2 (SC1 Rate IV) (effective Feb. 1, 2026).

pump users in its service territory.[46] There are several explanations for low participation in alternative rates, including lack of awareness that the rate exists, the psychological and behavioral hurdle of needing to affirmatively opt-in to a different pricing option, the complexity and opaqueness of some alternative rate designs that fail to convince customers that switching would lead to savings, and eligibility requirements for alternative rates that restrict participation to customers with specific equipment or load profiles.[47]

IV. Modernizing Electric Rate Design Can Promote Building Electrification, Address Energy Affordability, and Advance Key State Policy Priorities

In the face of federal opposition to clean energy projects, federal cuts to meaningful energy affordability programs, and global events that disrupt energy prices, New York cannot afford to overlook policy tools that can alleviate everyday energy burdens. Widespread building electrification is not only a major tool for reducing reliance on fossil fuels, it will further New York's commitment to affordability if coupled with appropriate energy pricing. The Commission has taken commendable actions to advance building electrification goals, including developing the statewide Clean Heat Program, initiating the development of a statewide non-pipeline alternatives ("NPA") framework,[48] requiring utilities to create building electrification and energy efficiency portfolios,[49] and directing utilities to "include an assessment of the GHG emissions

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[46] *Proceeding on the Motion of the Commission as to the Rate, Charges, Rules & Regulations of Consolidated Edison Company of New York, Inc. for Electric & Gas Service*, Cases 25-E-0072 & 25-G-0073, Direct Testimony of Alexander Lopez on behalf of AGREE at Exhibit__(AL-2): Company's Response to EDF Question No. 1-5 (May 30, 2025).

[47] *See generally Id.*

[48] *Proceeding on the Motion of the Commission in Regard to Gas Planning Procedures*, Case 20-G-0131, Order Adopting Gas System Planning Process at 65-66 (May 12, 2022).

[49] *In the Matter of a Comprehensive Energy Efficiency Initiative,* Case 18-M-0084, Order Directing Energy Efficiency and Building Electrification Proposals (July 20, 2023).

impacts of each specific investment" in rate cases.[50] Despite these initiatives, heat pump installations to date are below statewide targets, and operating costs remain a major barrier to adoption.[51] Action is needed to ensure that heat pump customers are not overcharged on monthly bills.

A. Improving Rate Design is a Key Strategy to Encourage Heat Pump Adoption and Promote Energy Affordability

An electric heat pump is a heating appliance that extracts heat from a source—such as air, the ground, or a thermal energy network—and then amplifies and directs that heat to a desired destination.[52] Heat pumps can also double as cooling appliances and are much more efficient than traditional home heating and cooling technologies, such as gas boilers, because it takes less energy to transfer heat than to generate it.[53] Heat pumps can reduce overall energy demand and shift dependence away from cost-volatile fuels.[54]

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[50] *In the Matter of Assessing Implementation of and Compliance with the Requirements and Targets of the Climate Leadership and Community Protection Act*, Case 22-M-0149, Order on Implementation of the Climate Leadership and Community Protection Act at 14-15, 16 (May 12, 2022).

[51] *Compare In the Matter of a Comprehensive Energy Efficiency Initiative,* Case 18-M-0084, New York State Clean Heat Program 2025 Annual Report at 11, tbl.4 (Apr. 1, 2026) *with* Governor Kathy Hochul, NEW YORK STATE OF THE STATE 2022 at 152, https://www.governor.ny.gov/sites/default/files/2022-01/2022StateoftheStateBook.pdf.

[52] IEA, *How a heat pump works*, https://www.iea.org/reports/the-future-of-heat-pumps/how-a-heat-pump-works (last accessed Feb. 4, 2026).

[53] REWIRING AMERICA, *How heat pumps work in the summer and winter,* https://homes.rewiringamerica.org/articles/heating-and-cooling/how-do-heat-pumps-work (last accessed April 7, 2026); IEA, *How a heat pump works*, https://www.iea.org/reports/the-future-of-heat-pumps/how-a-heat-pump-works (last accessed Feb. 4, 2026); Gibb et al, *Coming in from the cold: Heat pump efficiency at low temperatures,* JOULE (Sept. 2023), https://www.cell.com/action/showPdf?pii=S2542-4351%2823%2900351-3.

[54] *See* IEA, *The Future of Heat Pumps* (Dec. 2022), at 66, Figure 3.1 (demonstrating the reduced lifetime operating expenses of air-source heat pumps as compared to fossil-based energy sources or conventional air conditioning units).

Awareness of the efficacy and benefits of heat pumps is growing,[55] but cost barriers remain.[56] The main consumer costs associated with heat pump adoption include (1) upfront equipment and building retrofitting costs, and (2) operating costs. Heat pumps continue to have more expensive upfront and installation costs than fossil-based heating systems, and incentives are needed to help offset the costs of purchasing and installing a heat pump.[57] These upfront issues, however, are beyond the scope of this Petition.

Heat pump operating costs are largely driven by electric rates. Though "heat pumps operat[e] at two to three times the efficiency of combustion-based gas heating systems[,]" high electricity prices create "uncertainty as to whether heat pump investments will offer" energy bill savings when compared to gas heating systems.[58] In other words, heat pumps are highly effective and efficient heating tools, but legacy policy decisions regarding energy pricing prevent the full realization of the cost benefits that should accompany efficient energy use.

To help customers seamlessly access clean electric heating, two essential conditions must be met: (1) ability to obtain a heat pump, necessitating continued incentives and rebates to help offset the up-front cost of heat pump installations, and (2) reliable monthly bills with a heat pump, allowing customers to feel confident that they won't face a financial penalty for replacing

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55 *See e.g.*, Cara Buckley, *Why Mainers Are Falling Hard for Heat Pumps,* N.Y. TIMES (Mar. 2, 2024), https://www.nytimes.com/2024/03/02/climate/heat-pumps-maine-electrification.html; FUTURE MARKET INSIGHTS, *Heat Pump Market Size and Share Forecast Outline 2025 to 2035,* Snapshot (Jan. 23, 2026) https://www.futuremarketinsights.com/reports/heat-pumps-market ("Dominance [of residential application] is linked to superior return-on-investment potential compared to fossil fuel heat system maintenance.").

56 *See* IEA, *Overview of key barriers to accelerating the deployment of heat pumps and corresponding policy solutions,* https://www.iea.org/reports/the-future-of-heat-pumps/overview-of-key-barriers-to-accelerating-the-deployment-of-heat-pumps-and-corresponding-policy-solutions#abstract (last accessed Apr. 7, 2026).

57 *See* IEA, *The Future of Heat Pumps* (Dec. 2022), https://www.iea.org/reports/the-future-of-heat-pumps/executive-summary; *see, e.g.,* CENTRAL HUDSON, *Heat pumps,* https://www.cenhud.com/en/my-energy/save-energy-money/residential-incentives/heat-pumps-residential/ (last accessed Feb. 8, 2026).

58 State Energy Plan, Buildings Chapter at 11.

fossil fuel heating with a heat pump. Offering alternative pricing options can help address operating costs since current default electric rates can result in heat pump users having significantly higher energy bills during winter months that do not necessarily reflect their cost causation and can lead to unfair revenue collection.[59] A recent analysis by Energy and Environmental Economics found that alternative rate designs—including a seasonal heat pump rate, a rate with a higher fixed charge, and a technology-specific marginal cost rate—each resulted in monthly cost savings for heat pump customers.[60]

The 2025 State Energy Plan recognizes the connection between energy affordability and building electrification, and endorses alternative rate design as a key strategy to achieving both by directing the Department of Public Service to "ensure the efficient and effective rollout" of alternative rate options.[61] The Climate Scoping Plan also identifies electric rate design reform as a critical step to achieving widespread building decarbonization and tasked the Commission with aligning electric price signals to achieve emissions reduction goals in the building sector.[62] Adopting alternative electric rate designs for customers that use electric appliances for home heating is a key strategy that the state can pursue to address energy affordability and advance policy goals.

Unfortunately, the 2025 State Energy Plan only addresses demand-based rates, recommending that DPS "ensure the efficient and effective rollout" of a three-part demand-based

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59 *See Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric and Gas Service,* Cases 25-E-0072 & 25-G-0073, Direct Testimony of Ron Nelson on Behalf of Environmental Defense Fund at 12 (May 30, 2025).

60 E3, Presentation, Heating Homes and Cooling Costs: Rate Design to Support Decarbonization and Customer Affordability (Mar. 2026), https://drive.google.com/file/d/1R44dDWCw2prDlax9tA7zURWb4ixLKCYl/view.

61 State Energy Plan, Buildings Chapter, at 12.

62 N.Y.S. CLIMATE ACTION COUNCIL, Final Scoping Plan at 206 (Dec. 2022), https://climate.ny.gov/Resources/Scoping-Plan [hereinafter Scoping Plan].

rate design to "advanc[e] the goals of electrification and affordability."[63] As discussed above, demand-based rates may be appropriate for some customers, but are insufficient to attract broad residential customer adoption necessary to address electrification affordability at scale and are not the best pathway to advance these joint goals.

Additionally, to maximize peak demand reduction capacity, heat pump incentives and heat pump-friendly rate eligibility could be tied to customer adoption of smart thermostats and participation in utility smart thermostat programs. Bundling technologies like smart thermostats, grid-interactive water heater controls, and heat pumps can support rate-aware scheduling, event-based curtailment, and demand response programs.[64]

B. New York Must Electrify its Building Sector to Meet Climate Goals

In 2019, New York became a national leader in climate and energy policy by enacting the CLCPA, which mandates that New York State adopt measures to reduce statewide GHG emissions by 85 percent by 2050 (below 1990 levels) and achieve economywide net-zero emissions by 2050.[65] The GHG emissions limits in the CLCPA are not discretionary—state agencies must seek and implement concrete strategies to ensure their achievement.[66]

Widespread building electrification is a critical component of achieving the CLCPA's emission reduction goals. According to the New York Department of Environmental Conservation ("NYDEC") 2025 GHG emissions report, the buildings sector is one of the biggest

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63 State Energy Plan, Buildings Chapter, at 12.

64 *See Proceeding on Motion of the Commission Regarding the Grid of the Future*, Case 24-E-0165, Comments of Rewiring America on the First Iteration of the Grid of the Future Plan at 11 (July 15, 2025).

65 New York State Climate Leadership and Community Protection Act ("CLCPA"), 2019 N.Y. Laws 106, § 1(4); *id.* § 2 (N.Y. ECL §§ 75-0107(1), 75-0103(14)(d)).

66 *See* CLCPA § 8; *Citizen Action of New York v. N.Y. State Dep't Env't Conservation*, Decision & Order, Index No. 903160, N.Y. Sup. Ct., at 8 (2025) (ruling that "DEC does not have the discretion to say no or to decide that it has the authority to choose not to follow the express legislative directive [in the CLCPA].").

sources of GHGs in New York, accounting for 28 percent of statewide emissions.[67] Most of these emissions result from combustion of fossil fuels in buildings for space heating, cooking, or other appliances. The New York Climate Action Council's 2022 Scoping Plan—which presents recommendations to meet the Climate Act's nation-leading goals and requirements—highlights the necessity of reducing reliance on fossil natural gas by at least 33 percent by 2030 and 57 percent by 2035, with most gas customers fully electrifying by 2050.[68] The 2025 New York State Energy Plan, citing the buildings sector's major contribution to statewide emissions levels, identified "electrification to reduce on-site fossil fuel use" as a key decarbonization strategy.[69]

One scenario outlined in the 2025 NY State Energy Plan "expected to see a total of 680,000 housing units with heat pumps as the primary heating system" by 2030, and "1.8 million housing units with heat pumps as the primary heating system" by 2040, but only if aided by "continued investment, innovation, and policy action[.]"[70] According to extensive modeling by NYSERDA, decarbonizing New York's building sector will require the "rapid adoption of high-efficiency heat pumps so that one to two million energy-efficient homes use heat pumps by 2030, and by 2050, the large majority of buildings statewide use electric heat pumps for heating, cooling, and hot water."[71]

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67 NYS DEP'T ENV'T CONSERVATION, *2025 Statewide GHG Emissions Report,* Summary Report, at vii, tbl. ES.3, https://dec.ny.gov/sites/default/files/2024-12/summaryreportnysghgemissionsreport.pdf (last accessed Jan. 8, 2026).

68 Scoping Plan at 350.

69 N.Y. ENERGY PLANNING BOARD, *2025 State Energy Plan*, Buildings Chapter, at 1, https://energyplan.ny.gov/Plans/2025-Energy-Plan [hereinafter State Energy Plan].

70 State Energy Plan, Buildings Chapter, at 8.

71 Scoping Plan at 176.

V. Emerging Solutions Outside of New York

Electric utilities and state officials across the country have implemented rate reforms that make energy pricing more equitable and alleviate cost barriers to building electrification. These approaches include utility-led efforts to offer alternative rates specifically aimed at electric heat customers, as well as state-led initiatives to reform rate designs. State regulators and legislatures have engaged with rate reform by either directing utilities to expand pricing options to include rates that benefit electric heat customers, or by changing default rate structures to align with principles of fairness and equity.

A. Utilities Across the Country Offer Alternative Rates Designed to Reduce Heat Pump Operating Costs

Over 80 utilities across the county offer an alternative rate for electric heat customers.[72] For example, Xcel Minnesota (MN), PECO (PA), and Versant Power (ME) each offer a rate designed for residential customers that use electric space heating.

To qualify for Xcel Minnesota's electric space heating rate, residential customers must use electricity as their "primary heating source."[73] Xcel's rate does not have specific technology requirements, listing "heat pumps, electric baseboard[s], [or] electric boiler[s]" as examples of qualifying equipment.[74] The rate, which includes charges for both delivery and supply, mirrors the standard electric rate in overall rate structure, monthly service charge, and per-kWh energy

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[72] Ryan Shea et al., *It's Time to Stop Overcharging Heat Pump Customers. Electrified Heating Rates Can Help*, RMI (Feb. 13, 2025), https://rmi.org/its-time-to-stop-overcharging-heat-pump-customers-electrified-heating-rates-can-help/.

[73] XCEL MINNESOTA, Information Sheet, *Stay Warm, Save More: Electric Space Heating Rate Reduction* (Oct. 14, 2025), https://xcelnew.my.salesforce.com/sfc/p/#1U0000011ttV/a/R300000ED6SX/_SKuxKW.1G7bAcRKzcX0gKvNCSlbKYsxBeue.7M1_Ss.

[74] *Id.*

charge in the summer, but offers a lower per-kWh energy charge in the winter.[75] Xcel also offers an opt-in TOU rate for electric space heating customers that mirrors its main TOU rate but has lower per-kWh rates in the winter.

In Philadelphia, PECO Energy offers a special rate during non-summer months "designed for customers who heat their homes with electric systems, such as electric baseboards, electric furnaces, or heat pumps."[76] Similar to Xcel Minnesota, the PECO electric heat rate matches its default rate in the summer months, but lowers the per-kWh charge during the winter months.[77]

Versant Power in Maine offers a "Home Heating Eco Rate" to residential customers with "an electric resistance space heating system, an electric heat pump systems, an electric heat pump water heater, and/or an electric storage space heating systems that separately or collectively are capable of heating 50% or more of the premises."[78] The alternative rate offers a lower per-kWh rate during the winter months for usage in excess of 700 kWh.[79]

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[75] XCEL MINNESOTA, *Xcel Energy Minnesota Residential Electrical Prices,* (Jan. 1, 2024), https://xcelnew.my.salesforce.com/sfc/p/#1U0000011ttV/a/R300000BMDbO/l6wdFxk4yN39w_JhKCqKJ9knzPCttRTQS7STuyUqK4Y.

[76] Bernard Brown, *PECO gives a discount to customers heating with electric,* GRID PHILLY (Jan. 1, 2026), https://gridphilly.com/blog-home/2026/01/01/peco-gives-a-discount-to-customers-heating-with-electric/.

[77] PECO Energy Company, Electric Service Tariff at 51-52 (Effective Apr. 1, 2024), https://azure-na-assets.contentstack.com/v3/assets/blt1b5616c79bacadb4/blt9448ea371fcf175a/6609218e603601000a65be45/Current_Elec_tariff_eff_april_1_2024.pdf?branch=prod_alias.

[78] Versant Power, *Rates Explained,* https://www.versantpower.com/rates/rates-explained (last accessed April 5, 2026).

[79] *Compare* Versant Power, Residence Service Rate, Rate A, https://www.versantpower.com/docs/default-source/rates/january-2026/rate_a_res.pdf?sfvrsn=7629e4f5_1 (effective Jan. 1, 2026) *with* Versant Power, Home Heating Eco Rate, Rate A-20, https://www.versantpower.com/docs/default-source/rates/january-2026/rate_a20_resheat.pdf?sfvrsn=73871511_1 (effective Jan. 1, 2026).

B. Statewide Reforms to Rate Design Are Underway in Other Jurisdictions

Several public utility commissions and state legislators have recognized the need to reform rate design either to promote building electrification or to make all electric rates more equitable.

Massachusetts – Rate Design. In 2022, the Massachusetts Commission on Clean Heat recommended that the Department of Public Utilities ("DPU") explore "the benefits of adopting a new electric rate design" and "design and offer such beneficial rates."[80] In 2024, the DPU approved the implementation of a heat pump rate for Massachusetts electric utility Unitil, which charges a volumetric rate in the winter that is 43 percent lower than the default rate.[81]

Unitil Electric Service Default & Heat Pump Rate			
Season	**Fixed Charge**	**Default Volumetric Charge**	**Heat Pump Rate Volumetric Charge**
Winter November – April	$8.50	$0.15377 per kWh	$0.08834 per kWh
Summer May – October		$0.15377 per kWh	
Source: Unitil Massachuestts, Summary of Electric Service Rates (effective April 1, 2026)			

The DPU directed Unitil to monitor "progress towards increased electrification" and assess "the successes, failures, and lessons learned from its heat-pump rate offering" in its next rate case.[82] Following the Unitil framework, in March 2025 the DPU ordered all three electric

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80 Massachusetts Commission on Clean Heat, Final Report at 25 (Nov. 30, 2022), https://www.mass.gov/doc/massachusetts-commission-on-clean-heat-final-report-november-30-2022/download.

81 Massachusetts DPU, *Petition of Fitchburg Gas and Electric Light Company d/b/a Unitil (Electric & Gas Division), pursuant to G.L. c. 164, § 94 and 220 CMR 5.00, for Approval of a General Increase in Base Distribution Rate for Electric Service and a Performance-Based Ratemaking Plan,* D.P.U. 23-80/81, Final Order (June 28, 2024), https://fileservice.eea.comacloud.net/V3.1.0/FileService.Api/file//ifdjeibj?gSEiNpeKfi+M9T4Q6eLlpmFJ0ioKRMXdZYr4j7j/42qk9v9pxUxyG6LkaCeWBSjqbmMlNqhcSkxPf0qUr1gASPKrYE1qejvebf677PtCVStUdHoHpEGELGLGjR+ZpYgt.

82 *Id.* at 408-09.

utilities servicing Massachusetts—Unitil, National Grid, and Eversource—to offer heat pump rates by November 2025.[83] The DPU noted the benefits of taking this statewide approach, stating that "[i]mplementing comparable heat-pump rates across all three service areas" will ensure that the electric utilities can leverage statewide marketing campaigns "to drive heat pump acceptance while minimizing customer confusion regarding heat pump operating costs."[84]

Under these new rates, 64 percent of households can save a median of $540 each winter by upgrading to heat pumps.[85] But analysis has shown that the heat pump rates could be further improved as they still overcollect from heat pump customers. The Massachusetts Department of Energy Resources ("DOER") has petitioned the DPU to improve the rates by further lowering delivery rates[86]—and under the DOER-proposed rates, 82 percent of Massachusetts households can save an average of $687 each winter by upgrading to high-efficiency heat pumps.[87]

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[83] Massachusetts DPU, *Inquiry by the Department of Public Utilities on its own Motion into a Seasonal Heat-Pump Rate,* D.P.U. 25-08, Vote and Order Opening Inquiry (Mar. 21, 2025), https://fileservice.eea.comacloud.net/V3.1.0/FileService.Api/file//iidcijhj?xU+BPZPRHutfE7UxxTaB8mFJ0ioKRMXdZYr4j7j/42qk9v9pxUxyG6LkaCeWBSjqbmMlNqhcSkxPf0qUr1gASPKrYE1qejvebf677PtCVStUdHoHpEGELGLGjR+ZpYgt.

[84] Massachusetts DPU, *Inquiry by the Department of Public Utilities on its own Motion into a Seasonal Heat-Pump Rate,* D.P.U. 25-08, Vote and Order Opening Inquiry at 8 (Mar. 21, 2025), https://fileservice.eea.comacloud.net/V3.1.0/FileService.Api/file//iidcijhj?xU+BPZPRHutfE7UxxTaB8mFJ0ioKRMXdZYr4j7j/42qk9v9pxUxyG6LkaCeWBSjqbmMlNqhcSkxPf0qUr1gASPKrYE1qejvebf677PtCVStUdHoHpEGELGLGjR+ZpYgt.

[85] EDF, Press Release, *New Report: Massachusetts households poised for more than $600 in median savings with heat pump upgrades under proposed rates* (July 22, 2025), https://www.edf.org/media/new-report-massachusetts-households-poised-more-600-median-savings-heat-pump-upgrades-under.

[86] Massachusetts DPU, *Inquiry by the Department of Public Utilities on its own Motion into a Seasonal Heat-Pump Rate,* D.P.U. 25-08, Petition Requesting the Department of Public Utilities Open an Investigation into a Seasonal Heat Pump Rate (Jan. 31, 2025), https://fileservice.eea.comacloud.net/V3.1.0/FileService.Api/file//iidagcdj?HdTqIuMogh2bwGXNmuRU0WFJ0ioKRMXdZYr4j7j/42qk9v9pxUxyG6LkaCeWBSjqbmMlNqhcSkxPf0qUr1gASPKrYE1qejvebf677PtCVStUdHoHpEGELGLGjR+ZpYgt.

[87] Bryan Murray & Juan-Pablo Velez, Heat Pump Rate in Massachusetts: An Analysis of Proposed Winter Season Delivery Rates for Heat Pump Customers in Existing Construction, Switchbox (June 2, 2025), https://www.switch.box/mahprates.

Massachusetts – Rate Enrollment. A separate beneficial and relevant program in Massachusetts demonstrates a constructive pathway to ensure appropriate enrollment by customers once a fairer rate has been adopted. Mass Save—a longstanding statewide energy efficiency initiative—offers rebates to residents who install heat pumps as either a whole-home or partial-home heating system. For whole-home installations, current rebates lower the initial cost of adoption by $8,500, or $1,600 for income-based rebates.[88] This program provides critical data to necessary parties on recent heat pump adoption to assist in effective implementation of the state's new heat pump rates. All customers who installed a heat pump through the Mass Save program since January 1, 2019, are automatically enrolled in their respective utility' heat pump rate.[89]

California. Another approach is to modify standard rates for all customers, such as California's measure to shift a greater portion of revenue recovery into fixed charges and out of volumetric rates. In 2022, the California legislature acknowledged that the "majority of an electrical corporation's revenue requirement, including funds for electric generation, transmission and distribution investments, and operations and maintenance work, is recovered from customers by a volumetric rate," even though "only a portion of the electrical corporation's costs directly vary based on how much electricity a consumer consumes[.]"[90] Recognizing that "[t]he disparity between volumetric revenue recovery and fixed costs that do not vary with electricity consumption … contribute to potential inequities among customers," the legislature directed the California Public Utilities Commission to modify standard electric rates, shifting

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88 MASS SAVE, *Air Source Heat Pumps*, https://www.masssave.com/residential/rebates-offers-services/heating-and-cooling/heat-pumps/air-source-heat-pumps, (last visited May 4, 2026).

89 Mass Save, *Frequently Asked Questions: How do I get on the heat pump rate?,* https://www.masssave.com/en/frequently-asked-questions#heatpumprate (last visited May 4, 2026).

90 Assembly Bill 205, Sec. 14(a)(2).

revenue recovery into income-graduated fixed charges and accordingly lowering volumetric rates.[91]

Colorado. Senate Bill 24-214 (2024, enacted)[92] requires investor-owned utilities to propose a voluntary residential heat-pump rate in their next general rate case by August 1, 2027, designed (if cost-justified) to lower the average monthly energy bills of households using heat pumps while avoiding cross-subsidies. The utility can propose the rate as a new standalone rate, a new or existing rider, or integrated into an existing TOU rate.

VI. Switchbox Analysis: Better Rate Designs Can Fix Overcharging of Electric Heat Customers

A new analysis by Switchbox, Attachment 1 to this petition, demonstrates the urgent need for comprehensive statewide rate reform. The analysis finds that though customers that switch from gas heating to electric heat pumps dramatically cut their energy use, most of these same customers see their monthly energy expenses go up due to outdated electric pricing policies. The analysis demonstrates that electric resistance customers are also overpaying, making this an across-the-board issue for customers using electric heating.

[91] Assembly Bill 205, Sec. 10 (amending Section 739.9 of the Public Utilities Code), Sec. 14(a)(2).
[92] SB24-214, Implement State Climate Goals (May 17, 2024), https://leg.colorado.gov/bills/sb24-214.

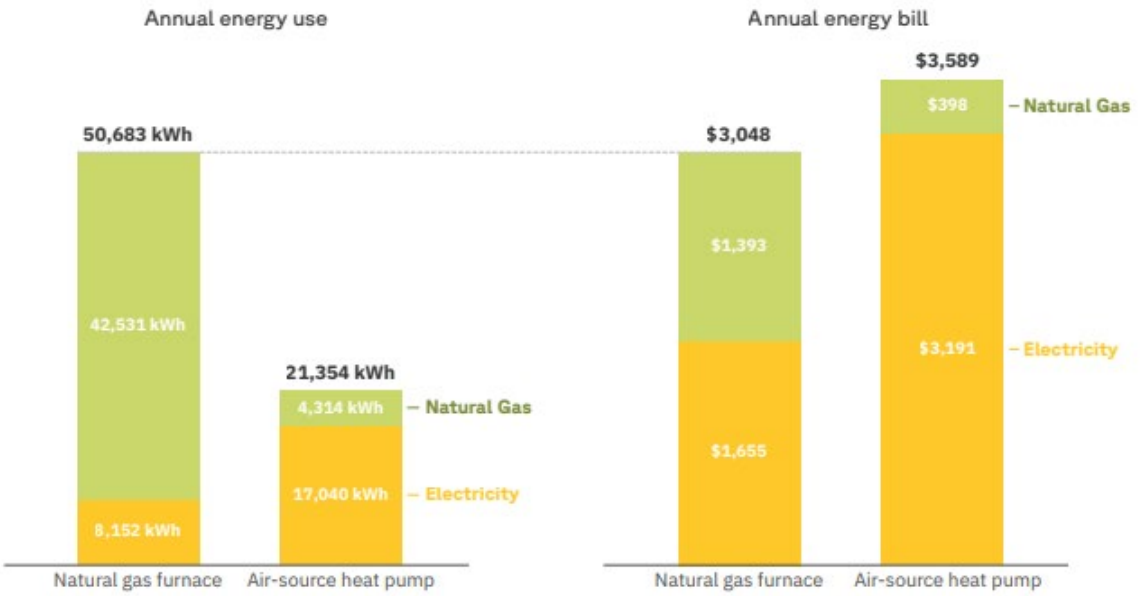

Figure 1. *Annual energy consumption and energy bills before and after switch to a heat pump, for the gas-heated homes at statewide median energy bill (among gas-heated homes with full baseline cooling).*
1 kWh of gas = 3,412 BTU.
Source: Switchbox Analysis, Attachment 1, Figure 2.

In addition to violating traditional ratemaking fairness principles, these outdated rate structures stand as huge barriers to energy efficiency, energy affordability, and New York's energy transition. Under current rates, only about 27 percent of residential households would save on energy bills by switching from gas heating to electric heat pumps.

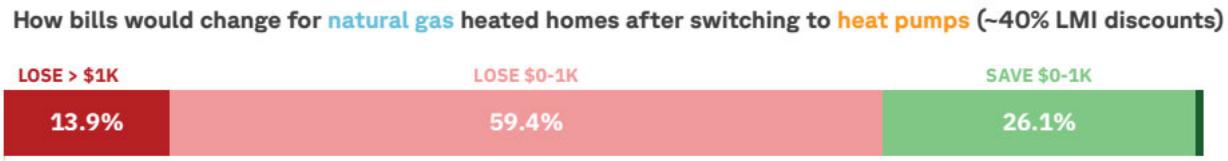

Figure 2. *Change in total annual energy bills (electricity + natural gas) for natural gas-heated households that switch to heat pumps (NY, statewide). Assumes 40% of LMI households are enrolled in the utilities' energy affordability program before and after switching to a heat pump.*
Source: Switchbox Analysis, at Figure 3.

This cost to individual customers is inconsistent with the cost to the electric grid of a customer switching from gas-heating to an electric heat pump. Even though the cost of servicing electric heat pump customers is only 2 percent higher than that of customers that heat their

homes with gas, their electric delivery bills are 109 percent higher. As a result, utilities in New York overcharge heat pump users by $855 per year on average − approximately $170 million statewide, creating a major disincentive for customers to use heat pumps. Electric resistance users face an even greater overcharge of $873 per year on average, which amounts to approximately $570 million statewide. In total, New York electric heating customers are overpaying approximately $740 million per year, while customers using fossil fuel or other heating sources essentially get a discount.

New York State's heat pump customers are overpaying by an average of $855 per year

Heating source	% of customers	% of consumption	Avg. consumption	Avg. delivery bill	Avg. cost of service	Avg. cross-subsidy	Avg. cross-subsidy ÷ Avg. COS
Heat pump	2.7%	6.0%	15,669 kWh / year	$1,940 / year	$1,086 / year	$855 / year	78.7%
Electric resistance	9.0%	18.7%	14,917 kWh / year	$1,945 / year	$1,072 / year	$873 / year	81.4%
Natural gas	59.6%	48.0%	5,793 kWh / year	$930 / year	$1,060 / year	−$131 / year	−12.3%
Delivered fuels	24.9%	24.0%	6,929 kWh / year	$1,038 / year	$1,113 / year	−$75 / year	−6.8%
Other	3.7%	3.3%	6,296 kWh / year	$912 / year	$1,060 / year	−$148 / year	−13.9%
All customers	100.0%	100.0%	7,188 kWh / year	$1,075 / year	$1,075 / year	$0 / year	0.0%

Total customer count from 2024 EIA-861, subclass customer counts estimated using RECS 2020. Building loads and utility assignments from ResStock. Cost-of-service from Switchbox analysis.

Figure 3. *Average annual electric delivery bill, electric delivery cost of service, and cross-subsidy by residential customer subclass, under default rates. Assumes lump-sum residual allocation (equal residual share for all customers).*
Source: Switchbox Analysis, at Table 1.

Switchbox models three alternative delivery rate options that could correct this discrepancy for electric heating customers and transform the economics of operating electric heat pumps: a dedicated heat pump delivery rate, an electric heating rate, and a time-of-use heat pump rate. The heat pump and electric heating rates, and their impact on the statewide cross-subsidy, are included below. See Attachment 1 for utility-specific TOU rate proposal.

Heat Pump Delivery Rate

	ConEd	NiMo	NYSEG	CenHud	RG&E	O&R	PSEG-LI
Summer delivery rate (¢/kWh)	15.58	8.63	10.27	14.61	7.09	11.84	10.23
Winter delivery rate (¢/kWh)	5.21	1.89	2.75	2.59	1.33	3.60	2.44
Winter discount	66.6%	78.1%	73.2%	82.3%	81.2%	69.6%	76.2%

Figure 4. *Proposed seasonal heat pump rate, per utility. Summer rates match current default rate (when default rate is flat), winter rates are reduced to align heat pump customers' annual bills with their cost-of-service. Default delivery rates in ConEd, O&R, and PSEG-LI are not flat — Switchbox derived flat rates for these utilities as a starting point.*
Source: Switchbox Analysis, at Table 4

Heat pump rate eliminates cross-subsidy from electric customers with heat pumps to those who heat with fossil fuels

		All customers on utility's default rates		**HP customers on hp seasonal rate; non-HP customers on adjusted default rate**			
Heating source	Avg. cost of service	Avg. delivery bill	Avg. cross-subsidy	Change in avg. delivery bill	Avg. delivery bill	Avg. cross-subsidy	Avg. cross-subsidy ÷ Avg. COS
Heat pump	$1,086 / year	$1,940 / year	$855 / year	−$855 / year	$1,086 / year	$0 / year	0.0%
Electric resistance	$1,072 / year	$1,945 / year	$873 / year	$55 / year	$2,000 / year	$928 / year	86.5%
Natural gas	$1,060 / year	$930 / year	−$131 / year	$19 / year	$949 / year	−$111 / year	−10.5%
Delivered fuels	$1,113 / year	$1,038 / year	−$75 / year	$24 / year	$1,062 / year	−$52 / year	−4.7%
Other	$1,060 / year	$912 / year	−$148 / year	$25 / year	$938 / year	−$123 / year	−11.6%
All customers	$1,075 / year	$1,075 / year	$0 / year	$0 / year	$1,075 / year	$0 / year	0.0%

Figure 5. *Average electric delivery bill, delivery cost of service, and cross-subsidy by heating fuel type, under two sections: 1. all customers under each utility's current default rates and 2. all heat pump customers on utility's HP seasonal rate and all other customers on utility's adjusted default rate. Assumes lump-sum residual allocation (equal residual share for all customers).*
Source: Switchbox Analysis, at Table 5.

Electric Heating Delivery Rate

	ConEd	NiMo	NYSEG	CenHud	RG&E	O&R	PSEG-LI
Summer delivery rate (¢/kWh)	15.48	8.67	10.24	14.58	7.07	11.75	10.08
Winter delivery rate (¢/kWh)	4.91	2.46	2.74	4.56	1.93	4.09	3.43
Winter discount	68.3%	71.6%	73.3%	68.8%	72.7%	65.2%	66.0%

Figure 6. *Proposed electric-heating seasonal rate, per utility. Applies to combined heat pump and electric-resistance customers. Summer rates match the current default rate (when default rate is flat); winter rates are reduced to align heat pump and electric-resistance customers' annual bills with their combined cost-of-service*
Source: Switchbox Analysis, at Table 6

EH seasonal rate eliminates cross-subsidy from electric-heating customers to those who heat with fossil fuels

		All customers on utility's default rates		Electric-heating customers (HP + ER) on EH seasonal rate; fossil-fuel customers on adjusted flat rate			
Heating source	Avg. cost of service	Avg. delivery bill	Avg. cross-subsidy	Change in avg. delivery bill	Avg. delivery bill	Avg. cross-subsidy	Avg. cross-subsidy ÷ Avg. COS
Heat pump	$1,086 / year	$1,940 / year	$855 / year	−$810 / year	$1,131 / year	$45 / year	4.2%
Electric resistance	$1,072 / year	$1,945 / year	$873 / year	−$886 / year	$1,058 / year	−$14 / year	−1.3%
Natural gas	$1,060 / year	$930 / year	−$131 / year	$112 / year	$1,041 / year	−$19 / year	−1.8%
Delivered fuels	$1,113 / year	$1,038 / year	−$75 / year	$122 / year	$1,160 / year	$47 / year	4.2%
Other	$1,060 / year	$912 / year	−$148 / year	$136 / year	$1,049 / year	−$12 / year	−1.1%
All customers	$1,075 / year	$1,075 / year	$0 / year	$0 / year	$1,075 / year	$0 / year	0.0%

Figure 7. *Average electric delivery bill, delivery cost of service, and cross-subsidy by subclass, under two sections: 1. all customers under each utility's current default rates and 2. all electric-heating customers (HP + ER) on utility's EH seasonal rate and all other customers on utility's adjusted flat rate. Assumes lump-sum residual allocation (equal residual share for all customers).*
Source: Switchbox Analysis, at Table 7

Outdated methods of pricing energy are keeping heat pumps from having lower operating costs than gas heating systems. By eliminating these overpayments, 72 percent of gas-heated households would save by upgrading to heat pumps under the modeled seasonal heat pump rate (up from 27 percent under today's rates), and the share of households losing more than $1,000 per year would drop from 14 percent to just 1 percent.

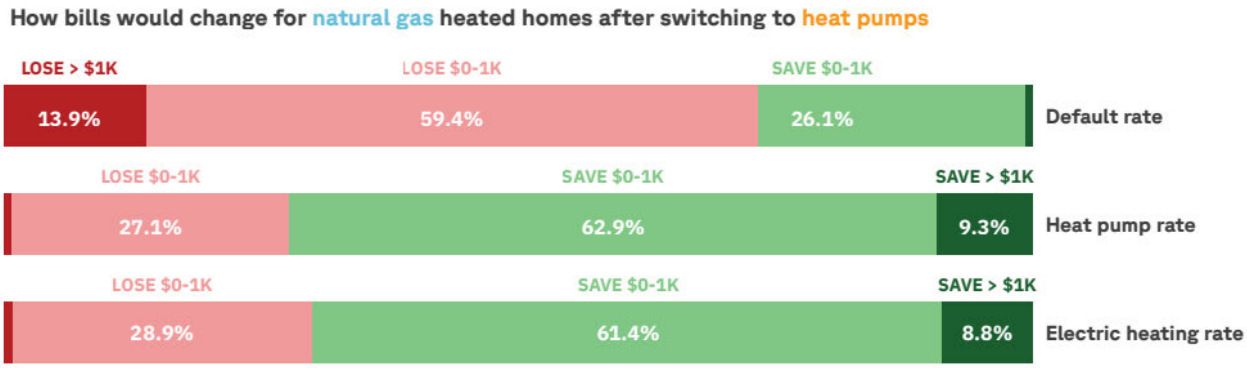

Figure 8. *Change in total annual energy bills — natural gas homes switching to a heat pump: default rate vs. electric heating rate (Statewide). Assumes 40% of LMI households are enrolled in utility energy affordability programs before and after switching to a heat pump.*
Source: Switchbox Analysis, at Figure 22.

Additionally, fairer rates could improve energy affordability for low-income households. First, many low-income, renter, and multifamily customers are on electric resistance heating, *see infra* Part III.C, and rates that eliminate existing overpayment for electric resistance heating can save these customers money immediately. From a systemwide perspective, the electric heating rate offers similar savings to natural gas-heated homes that switch to heat pumps as the heat pump rate—with 8.8 percent of households saving over $1,000 a year and 70 percent of households saving overall. Thus, the rate option that eliminates the overpayment for electric resistance heating customers, which disproportionately impacts low- to moderate-income customers, produces substantively similar economic benefits to heat pump affordability overall.

Further, if low- to moderate-income households installing heat pumps are enrolled in a fairer rate and the available utility bill discount programs at the same time, the share of highly energy-burdened households would drop by 15 percentage points compared to today.

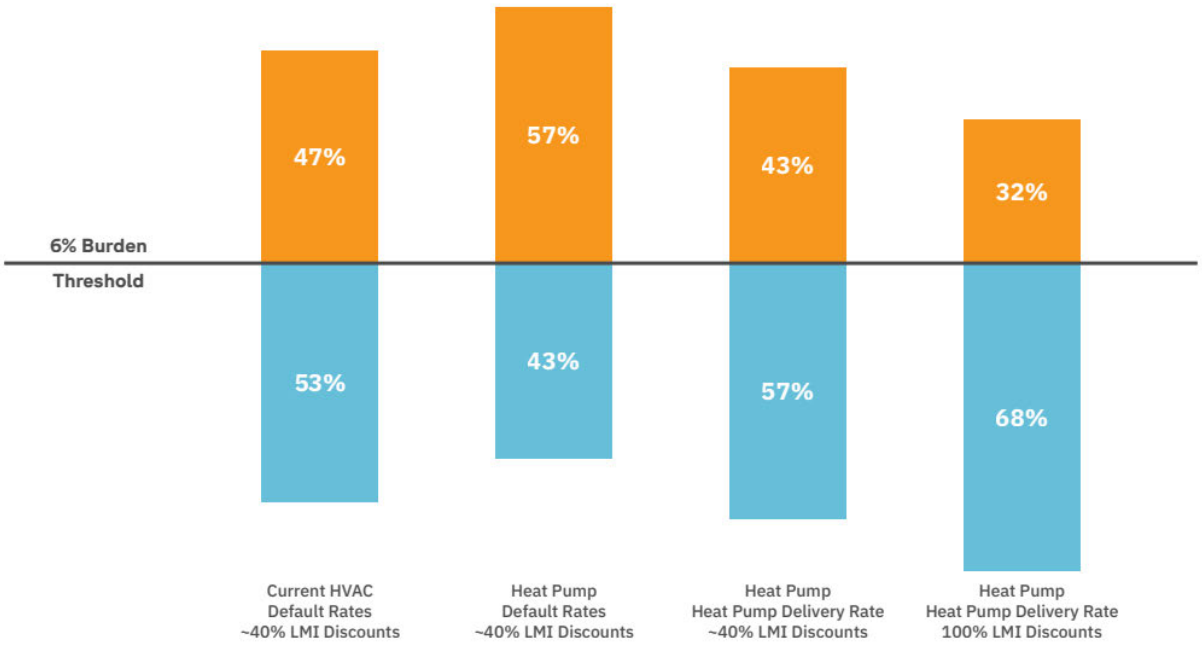

Figure 9. *Share of low-income gas-heated households above the 6% high energy burden threshold.* Source: Switchbox Analysis, at Figure 18.

A fair rate for heat pump customers will incentivize the switch to energy efficient home heating and cooling, and correct a major inequity in statewide energy pricing. In addition to removing the cross-subsidy from customers that heat with electricity to those that heat with fossil fuels, adding a TOU element to the heat pump rate can simultaneously address economic efficiency, promoting demand flexibility by encouraging customers to move energy use to periods of lower electricity demand and contributing to grid flexibility. Thus, the analysis also models a seasonal-TOU rate–with off-peak and on-peak periods tailored to each utility. Under the seasonal TOU rate, customers that switch from gas heating to heat pumps would save even more on annual energy costs.

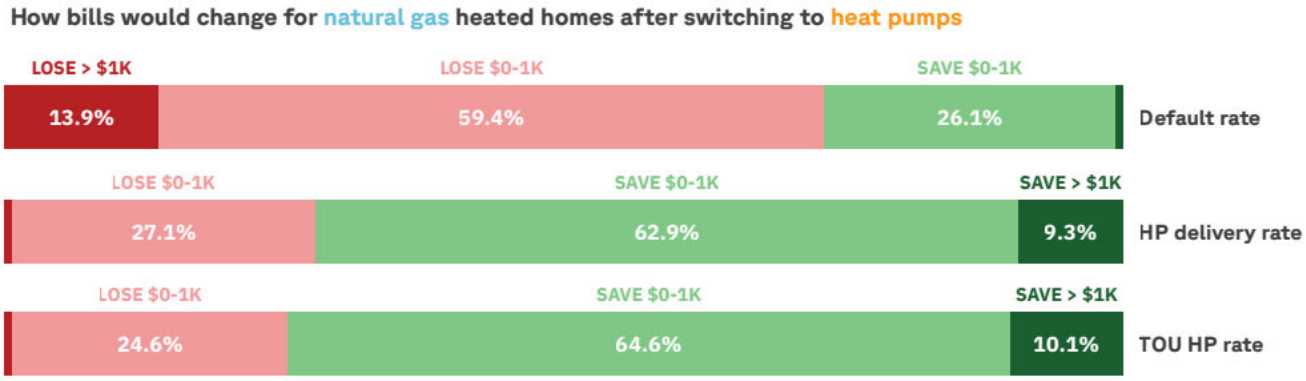

Figure 10. *Change in total annual energy bills — natural gas homes switching to a heat pump: default rates vs. dedicated heat pump delivery rate vs. time-of-use heat pump rate (Statewide). Assumes 40% of LMI households are enrolled in the utilities' energy affordability program before and after switching to a heat pump.*
Source: Switchbox Analysis, at Figure 33.

VII. Recommendations for Next Steps by the Commission and Staff

Exploration and adoption of electrification-friendly rates is urgently needed to ensure fair rates for electric heating customers and advance heat pump adoption. The Commission has the authority to address this issue, and has identified this Grid of the Future ("GOTF") proceeding as the forum to evaluate such rate options. Despite the Commission's direction to identify rate options "for customers that install beneficial electrification technologies including ground-source

and air-source heat pumps," the first iteration of the GOTF Plan does not meaningfully discuss rate design.[93] The Commission should implement a comprehensive yet fast-moving process to advance fair and affordable rates for electric heating customers.

The Commission and DPS Staff should:

Immediately:

1. Include a directive for providing rate options for electric heating customers that address overpayment and support New York's clean energy policy in the forthcoming second iteration of the GOTF Plan, expected June 30, 2026, and identify concrete next steps.
2. Hold a technical workshop within 60 days of issuance of the 2nd GOTF Plan to discuss pathways to implement new rates—based on the delivery cost of service for heat pump and electric resistance customers—amongst Staff, utilities, stakeholders, and the public.[94] Possible implementation and integration pathways may include bundling eligibility requirements for technologies that are aligned with Grid of the Future's goals, such as smart thermostats, grid-interactive water heater controls, and heat pumps.[95]

In the medium term:

1. Direct utilities to implement appropriate cost-of-service-based delivery rates for electric heating customers by December 31, 2027, with appropriate guardrails to ensure public outreach and transparency.
2. Direct utilities to develop and implement customer outreach and education materials regarding electric heating rates by December 31, 2027.
3. Direct utilities to publicly report relevant data on rates and engagement at appropriate frequencies.

To elevate rate options in the forthcoming June 2026 GOTF Plan, Staff may draw on the analysis and context provided in this filing and appendices, which details the New York-specific context driving the need for fairer and more attractive rates for electric heating customers and provides numerous examples of comparable approaches in other jurisdictions. The next iteration

[93] Initiating Order at 17; *Proceeding on Motion of the Commission Regarding the Grid of the Future*, Case 24-E-0165, Grid of the Future Plan – First Iteration (Mar. 31, 2025).

[94] *See, e.g.,* MASS. DEP'T ENERGY RESOURCES, *Massachusetts Electric Rate Task Force*, https://www.mass.gov/info-details/massachusetts-electric-rate-task-force.

[95] *See Proceeding on Motion of the Commission Regarding the Grid of the Future*, Case 24-E-0165, Comments of Rewiring America on the First Iteration of the Grid of the Future Plan at 11 (July 15, 2025).

of the Plan should recognize the importance of rates as a tool for aligning utility pricing with New York's policy objectives and establish a concrete timeline, work products, and stakeholder process to advance new rate options across all electric utilities in New York State, as a required GOTF plan element. One long-term event that should be planned for is the anticipated transition to winter-peaking around 2040 as identified by NYISO.[96]

As detailed above and in Attachment 1, there are several rate options that could benefit customers. The petitioners are not taking a position on which of these should definitively be implemented, but look forward to participating in discussions with the Commission, utilities, and the public to carefully consider these options and select the best fit:

Matrix of Rate Options		
Rate Type, choose 1:	Rate Access, choose 1:	Customers who can access the rate, choose 1:
Seasonal Flat Rate Seasonal Time-of-Use Rate	Auto-Enrollment Opt-In	Electric heat customers Heat pump customers All customers

Petitioners recognize that there are many options and decisions to be made. But it is clear today that default electric rates are dramatically overcharging electric heat customers. Rapid adjustments are needed to make heat pumps more accessible, remedy overpayment by electric resistance and heat pump customers, and reduce the inappropriate underpayment—effectively, a discount—being provided to natural gas heating customers. Petitioners urge the Commission and Staff to prioritize next steps that will most rapidly lead to implementation of fairer rates.

[96] *See* NYISO, *Gold Book: 2025 Load & Capacity Data* at 19 (Apr. 2025), https://www.nyiso.com/documents/20142/2226333/2025-Gold-Book-Public.pdf.

Respectfully submitted,

Magdalen Sullivan, Attorney
Erin Murphy, Senior Attorney
Environmental Defense Fund
257 Park Ave S.
New York, NY 10010
msullivan@edf.org
emurphy@edf.org
(202) 572-3525

Jessica Azulay, Executive Director
Alliance for a Green Economy
2013 E. Genesee St.
Syracuse, NY 13210
jessica@agreeny.org
(315) 480-1515

Nicole Abene, NY Associate Director
Building Decarbonization Coalition
nicoleabene@buildingdecarb.org

Meagan M. Burton, Senior Attorney
Earthjustice
Northeast Office
48 Wall Street, 15th Floor
New York, NY 10005
mburton@earthjustice.org
(212) 823-4982

Anshul Gupta, Policy & Research Director,
New Yorkers for Clean Power
239 Fair Street, Suite 6,
Kingston NY, 12401
anshul@nyforcleanpower.org
(914) 441-2358

Alexander Lopez, Senior Manager,
Regulatory Policy
Rewiring America
6218 Georgia Avenue NW, Suite #1
Washington, DC 20011
alexl@rewiringamerica.org
(503) 278-6081

Joshua Berman, Senior Attorney
Sierra Club
50 F St. NW, 8th Floor
Washington, DC 20001
(202) 650-6062

Appendix A: Optional Time-of-Use Electric Rates in New York

The Commission has approved optional rate pilots or initiated their development in various rate proceedings. Eligible customers must voluntarily opt-in to the service class that corresponds to the alternative rate option, and each utility offers rates that have differing peak windows, savings opportunities, and equipment requirements. The voluntary TOU residential delivery rates currently offered by New York electric utilities are outlined below.[97]

Also included below is Consolidated Edison Company of New York's demand-based optional rate (Table 2), which the company purports was specifically designed to benefit heat pump customers, and New York State Electric & Gas Corporation's electric vehicle-specific TOU delivery rate.

Table 1: Central Hudson Gas & Electric Corporation SC6 Time-of-Use Billing – Bundled Service*		
	Fixed Charge	**Volumetric Charge**
On-Peak *Non-Holiday Weekdays 2-7 PM*	$25.50	$0.14732 per kWh
Off-Peak *All Other Hours*	$25.50	$0.12739 per kWh
Effective on: September 1, 2025		
Source: Central Hudson, *Time-of-Use Billing*, (last accessed April 6, 2026); *see also* Central Hudson Gas & Electric Corporation, Schedule for Electric Service at Leaf 209. *These rates reflect supply and delivery charges.		

Table 2: Consolidated Edison Company of New York			
SC1 Rate III – Residential and Religious – Voluntary Time-of-Day – Delivery Charges			
Season	**Time**	**Fixed Charge**	**Volumetric Charge**
Summer Months *June – September*	On-Peak *8 AM to 12AM (midnight)*	$21.00	$0.2786 per kWh
	Off-Peak *12 AM - 8 AM*	$21.00	$0.0522 per kWh
Non-Summer Months *October – May*	On-Peak *8 AM to 12AM (midnight)*	$21.00	$0.1711 per kWh
	Off-Peak *12 AM - 8 AM*	$21.00	$0.0522 per kW
Source: Consolidated Edison Company of New York, Schedule for Electricity Service at Leaf 389.1			

[97] For example, to participate in Niagara Mohawk's voluntary time-of-use rate, a customer must install special metering equipment. NATIONAL GRID, *Voluntary Time-of-Use Rate,* https://www.nationalgridus.com/Upstate-NY-Home/Voluntary-Time-of-Use-Rate/Voluntary-Time-of-Use-Rate (last accessed April 7, 2026).

SC1 Rate IV – Residential and Religious – Optional Demand-Based – Delivery Charges			
Season	**Time**	**Fixed Charge**	**Demand Charge**
Summer Months *June – September*	On-Peak *Non-Holiday* *Weekdays 12 – 8 PM*	$31.00	$27.35 per kW
	Off-Peak *Non-Holiday* *Weekdays 2 and 8 PM - 12 (noon)* *All day weekends and holidays*	$31.00	$7.17 per kW
Non-Summer Months *October – May*	On-Peak *Non-Holiday* *Weekdays 12 – 8 PM*	$31.00	$21.04 per kW
	Off-Peak *Non-Holiday* *Weekdays 2 and 8 PM - 12 (noon)* *All day weekends and holidays*	$31.00	$7.17 per kW
Effective on: February 1, 2026			
Source: Consolidated Edison Company of New York, Schedule for Electricity Service at Leaf 389.2			

Table 3: Orange & Rockland Utilities SC 19 Residential Time-of-Use Service – Delivery Charges			
Season	**Time**	**Fixed Charge**	**Volumetric Charge**
Summer Months *June – September*	On-Peak *Non-Holiday* *Weekdays: 12-7 PM*	$29.00	$0.44651 per kWh
	Shoulder Peak *Non-Holiday* *Weekdays: 10 AM – 12 PM and 7 – 9 PM*	$29.00	$0.15976 per kWh
	Off-Peak *Non-Holiday* *Weekdays 9 PM – 10 AM* *All hours on weekends on holidays*	$29.00	$0.02876 per kWh
	On-Peak	$29.00	$0.15976 per kWh

Non-Summer Months *October – May*	*Non-Holiday Weekdays: 10 AM – 9 PM*		
	Off-Peak *Non-Holiday Weekdays 9 PM – 10 AM All hours on weekends on holidays*	$29.00	$0.02876 per kWh
Effective on: January 1, 2026			
Source: Orange and Rockland Utilities, Schedule for Electric Service at Leaf 342.			

Table 4: Niagara Mohawk
SC1 Provision L - Residential Optional Time-of-Use Delivery & Commodity Rate

Season	Time	Fixed Charge	Volumetric Charge
Summer Months *June – August*	Super Peak *Non-Holiday Weekdays 2-6 PM*	$19.00	$0.126331 per kWh
	On-Peak *All days 7 AM – 11 PM*	$19.00	$0.126331 per kWh
	Off-Peak *All days 11 PM – 7 AM*	$19.00	$0.01299 per kWh
Non-Summer Months	On-Peak *All days 7 AM – 11 PM*	$19.00	$0.126331 per kWh
	Off-Peak *All days 11 PM – 7 AM*	$19.00	$0.01299 per kWh
Effective on: April 1, 2026			
Source: Niagara Mohawk Power Corporation, Schedule for Electric Service at Leaf 355. Ratepayers must install necessary metering to participate in this rate. Participants will also be subject to a $4.42 monthly charge, unless the customer is a participant in the Clifton Park Reduction REV Demonstration Project or if the customer provides verification for a plug-in electric vehicle at the residence.			

Table 5: Long Island Power Authority
Voluntary Residential Service with Time-of-Use Delivery Rates

Rate Code 190			
Time	**Season**	**Fixed Charge**	**Volumetric Charge**
On-Peak *Weekdays 4 – 7 PM*	Summer Months *June – September*		$0.2697 per kWh

		$0.56 per day	
	Shoulder Season *October, November, April, May*	$0.56 per day	$0.1698 per kWh
	Winter Months *December – March*	$0.56 per day	$0.2222 per kWh
Off-Peak *Weekdays 6 AM – 4 PM; 7 – 10 PM* *Weekends 6 AM – 10 PM*	All months	$0.56 per day	$0.1157 per kWh
Super Off-Peak *All days 10 PM – 6 AM*		$0.56 per day	$0.0694 per kWh
Rate Code 191			
Time	**Season**	**Fixed Charge**	**Volumetric Charge**
On-Peak *Weekdays 4 – 8 PM*	Summer Months *June – September*	$0.56 per day	$0.2324 per kWh
	Shoulder Season *October, November, April, May*	$0.56 per day	$0.1466 per kWh
	Winter Months *December – March*	$0.56 per day	$0.1862 per kWh
Off-Peak *Weekdays 7 AM – 4 PM; 8 – 11 PM* *Weekends 7 AM – 11 PM*	All months	$0.56 per day	$0.1157 per kWh
Super Off-Peak *All days 11 PM – 7 AM*		$0.56 per day	$0.0694 per kWh
Rate Code 192			
Time	**Season**	**Fixed Charge**	**Volumetric Charge**
On-Peak *Weekdays 3 – 7 PM*	Summer Months *June – September*	$0.56 per day	$0.2336 per kWh

		$0.56 per day	
	Shoulder Season *October, November, April, May*	$0.56 per day	$0.1578 per kWh
	Winter Months *December – March*	$0.56 per day	$0.1972 per kWh
Off-Peak *Weekdays 6 AM – 3 PM; 7 – 10 PM* *Weekends 6 AM – 10 PM*	All months	$0.56 per day	$0.1157 per kWh
Super Off-Peak *All days 10 PM – 6 AM*		$0.56 per day	$0.0694 per kWh
Rate Code 193			
Time	**Season**	**Fixed Charge**	**Volumetric Charge**
Daytime *All days 6 AM – 11 PM*	Summer Months *June – September*	$0.56 per day	$0.1438 per kWh
	Non-Summer Months	$0.56 per day	$0.1173 per kWh
Nighttime *11 PM – 6 AM*	All Months	$0.56 per day	$0.0694 per kWh
Effective on: January 1, 2025			
Source: Long Island Power Authority, Tariff for Electric Service at Leaf 196E.			

Table 6: New York State Electric & Gas Corporation SC8 Special Provision (p) – Plug-In Electric Vehicle Time-of-Use Billing – Delivery Rates		
	Fixed Charge	**Volumetric Charge**
On-Peak *7 AM-11:30 PM*	$19.00	$0.11121 per kWh
Off-Peak *11:30 PM – 7 AM*	$19.00	$0.04089 per kWh
Effective on: May 1, 2025		
Source: NYSEG, Schedule for Electric Service at Leaf 266.2.		