



Dear Community,

One of the most common concerns I hear from constituents is the rising cost of utility bills. Families are struggling with the costs of electricity and heating while also trying to afford housing, groceries, insurance, and healthcare. This newsletter includes information about the new POWER Checks program designed to provide direct assistance to the millions of New Yorkers struggling with rising utility costs and about the new Excelsior Power Program, that allows customers with smart thermostats and other eligible smart devices to receive utility bill credits in exchange for participating in efforts to reduce electricity use during peak-demand periods.

This newsletter also summarizes several important measures in this year's budget intended to improve utility affordability, strengthen oversight of utilities, increase transparency and accountability, and reduce long-term energy costs. These are found in the FY 2026-27 [Transportation, Economic Development and Environmental Conservation \(TED\)](#) budget bill, and include the creation of a Residential Affordability Through Energy Savings (RATES) Commission charged with evaluating why utility bills are rising, a new Energy Affordability Index that must be considered in utility rate proceedings, requirements for increased transparency and accountability regarding compensation of utility executives, provisions giving the Public Service Commission more time for review of utility rate increase requests, and provisions making it easier to connect local energy resources to the grid.

I hope this information will be helpful in understanding both the challenges we face as a state with our grid and some of the first steps we are taking to create structural improvements. State policy related to utility bills is inherently a complicated topic, so please reach out if you have any questions.

State Budget



Providing Direct Utility Bill Relief Through POWER Checks

In addition to the longer-term reforms described below, the State Fiscal Year (SFY) 2026-2027 Enacted Budget includes funding to provide direct relief to households struggling with rising utility rates through Protecting Our Wallets Energy Rebate (POWER) Checks. These one-time checks will be sent automatically from September to December of this year and provide \$1 billion in relief to 8.2 million New Yorkers. Eligibility is based on 2024 tax returns and New York residency.

The checks will be issued as follows:

- Joint filers with incomes below \$150,000 will receive \$200;
- Joint filers with incomes between \$150,000 and \$300,000 will receive \$150; and
- Single filers with incomes below \$150,000 will receive \$100.



Utility Bill Credits for Reducing Energy Use During Peak Demand (Part III)

On the hottest summer afternoons and coldest winter days, electricity use can surge as large numbers of homes and businesses run air conditioners, heat pumps, and other appliances at the same time. Meeting these short periods of extremely high demand often requires utilities to build and maintain additional power plants, transmission lines, and other infrastructure that may only be needed a few hours each year. These costs are ultimately paid by utility customers.

This year's state budget includes a section that establishes the **Excelsior Power Program**, a voluntary statewide program that allows customers with smart thermostats and other eligible smart devices to receive utility bill credits in exchange for participating in efforts to reduce electricity use during these peak-demand periods. During a peak event, a utility can temporarily adjust a participating thermostat by a few degrees or use other approved devices to modestly reduce energy consumption. Customers would retain the ability to override the adjustment during extreme heat or cold.

The legislation also requires utilities to establish cybersecurity and privacy protections for participating devices and customer information. Utilities must provide clear information

about how customer data is collected, used, stored, and protected. The Public Service Commission is directed to review these protections as part of the program, and utilities must report annually on program participation, performance, and implementation.



Understanding Why Utility Bills Are Rising (Part TT)

This year's budget creates a temporary blue-ribbon commission called the **Residential Affordability Through Energy Savings (RATES) Commission**. The commission will include appointments from the Governor, Senate, and Assembly, as well as participation from state energy and utility regulators. It is required to hold public hearings and issue draft recommendations within one year.

This commission is tasked with identifying the causes of rising utility bills and examining how factors such as utility profits, customer arrears, grid infrastructure investments, and growing electricity demand affect what customers pay each month.

The commission will also examine whether New York can learn from approaches used in other states, whether some programs currently funded through our utility bills should instead be funded through other sources, and whether opportunities exist to reduce costs within the electric system.

The commission itself will not directly lower bills, but it is designed to produce recommendations on actions that may lower or stabilize utility rates in New York.



Making Affordability Part of Utility Regulation (Part P)

The budget also creates a new **Energy Affordability Index** and requires the Public Service Commission (PSC) to issue an annual report on the affordability of residential utility service in New York. The intent is to measure how much of a household's total income is being spent on electricity and heating costs and to track how this affordability changes over time.

The affordability index will become part of major utility rate cases. When a utility seeks a significant rate increase, it must show how the proposal would affect the energy burden of residential customers and identify potential solutions to help households struggling with utility costs. The PSC will evaluate these impacts, give special consideration to low- and middle-income customers, and explain how affordability concerns were considered when deciding whether and under what conditions to approve the proposed rate increase.

The legislation also gives the PSC authority to place an independent affordability monitor inside a utility if residential energy burdens exceed specified affordability thresholds. The monitor is responsible for identifying the causes of high customer energy costs, reviewing operational costs and spending practices by the utility company, and recommending opportunities to reduce costs for customers. These findings must be made public, and the PSC must respond to the monitor's recommendations.

If the monitor uncovers evidence of widespread billing errors, improper charges, fraud, or other wrongdoing, the PSC may initiate a formal investigation. Ultimately any penalties, settlements, or improperly earned profits recovered as a result of an investigation must be returned to residential and small-business customers affected by the actions of the utility company through credits on their utility bills.

Performance Over Payouts: High Standards and Executive Accountability.

Increasing Utility Transparency and Accountability (Part N)

When a utility company seeks permission to increase customer rates, regulators must determine whether the requested costs are reasonable and whether these costs should be passed on to ratepayers. This section of the budget is intended to provide greater transparency into utility spending and strengthen oversight of the costs that ultimately affect customer bills.

The legislation requires utilities to disclose additional information about executive compensation when seeking major rate increases, including the compensation of the chief executive officer and other senior executives, the median compensation of employees, and the ratio between employee and CEO compensation. It also requires greater scrutiny of the

profit utilities are allowed to earn on capital infrastructure investments, to help ensure that customers are not paying more than necessary to support these returns.

In addition to their main proposal, utilities must provide at least one alternative plan designed to meet their objectives at a lower cost. This gives regulators more information about potential cost-saving options before approving any increases that affect customer bills.

The legislation also restricts the ability of utilities to pass certain expenses on to customers through utility bills. For example, the PSC will establish rules limiting how much utilities can recover from customers for costs associated with preparing for, participating in, and appealing rate cases, including fees for attorneys, consultants, and expert witnesses.



Reviewing Utility Rate Increase Requests (Part O)

Utilities often seek formal approval by the PSC for long-term capital plans involving grid upgrades. These include projects to make the electric system more resilient to severe weather, transmission and distribution investments, energy-efficiency programs, and other investments that can take years to complete. Multi-year rate plans can provide predictability, but they can also lock customers into several years of significant rate increases if they are not carefully reviewed.

This section gives the PSC more time to review proposed rate changes before they take effect. The PSC can also extend the period in which a proposed rate change is suspended while holding hearings and reviewing whether the proposal is justified.

The legislation clarifies that the PSC may approve multi-year rate changes for gas and/or electric utilities. However, in each order approving a major rate change, the PSC must explain how the information submitted by all parties in a rate case supported its determination that the rate change is consistent with the public interest. The PSC must also provide a written explanation of its decision.



Making It Easier to Connect Local Energy Resources to the Grid (Part SS)


Solar projects, battery storage systems, microgrids, and other local energy resources often spend years waiting for utility approval to connect to the electric grid. These delays increase development costs and can ultimately cause projects to be abandoned even after

years of planning. These projects are important because they help meet growing electricity demand while simultaneously reducing the need for expensive grid infrastructure upgrades that can increase customer utility bills.

This legislation requires the PSC to evaluate proposals that would help project developers better understand likely upgrade expenses earlier in the process to avoid unnecessary costs, delays, and project cancellations. Reducing these barriers can help bring lower-cost local energy resources online more quickly and reduce overall system costs.

The legislation also directs utilities to develop proposals for “flexible interconnection,” a second strategy for bringing projects online more quickly. In some cases, projects are required to wait years until power lines, substations, and other grid infrastructure are capable of transporting the full amount of electricity a project could provide at all times. In contrast, flexible interconnection programs use smart technology to make better use of existing grid infrastructure. Projects can connect and operate normally most of the time using this existing infrastructure. During the relatively small periods of time when the grid lacks sufficient capacity to transmit all of the project’s electricity, smart technology can temporarily moderate output. Projects can then scale up energy output as grid capacity expands, all while maintaining grid reliability.

In good health,

A handwritten signature in black ink that reads "Anna R. Kelles". The signature is written in a cursive style with a large initial 'A'.

Anna Kelles, Ph.D.

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