

# New York's Household Energy Burden Imperative: Challenges and Solutions

February 2025

PREPARED FOR WE ACT 4 CHANGE BY ACADIA CENTER

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## Introduction

More than 2 million New York households face energy burdens—the percentage of gross household income spent on home energy costs—above 6% of household income. Experts agree that household energy burden above 6% is overly excessive. Thankfully, New York State has a growing number of tools for addressing these affordability challenges that can and should be utilized to bring benefits to households. To help assess the feasibility of addressing the excess energy burdens that exist today, this report presents: 1) an estimate of the excess energy burdens borne by low and moderate-income (LMI) households in New York; and 2) an inventory of potential policy and program levers that could be utilized by New York State to reduce these energy burdens and make greater progress toward a 6% energy burden cap.

Since 2016, New York has embraced a policy goal of limiting energy burdens to 6%. Despite some strides made to attain this goal, significant work remains to be done to reduce excessive energy burdens in the State. In light of these challenges, the NY HEAT Act (currently under consideration by the Legislature) would require a plan to ensure achievement of a 6% energy burden cap.

In 2022, excess energy burdens totaled roughly \$2.28 billion for electricity and natural gas. That amount will likely change over time as a result of a broad set of market factors and energy policies that play a role in raising or lowering energy costs. For instance, natural gas currently provides the largest share of New York's electricity generation sources, which means that gas price spikes have an outsized impact on electricity and heating bills and energy burdens.<sup>1</sup> A managed transition away from natural gas and other fossil fuels and a doubling down on clean energy resources such as solar, energy efficiency, and offshore wind would mitigate the risk of fossil fuel price spikes and could ease energy burdens over time.

**Despite the size of energy burdens in New York, addressing excess household energy burdens in the state is achievable.** Policymakers and regulators have many solutions at their disposal and can make use of a wide range of program and policy levers, including:

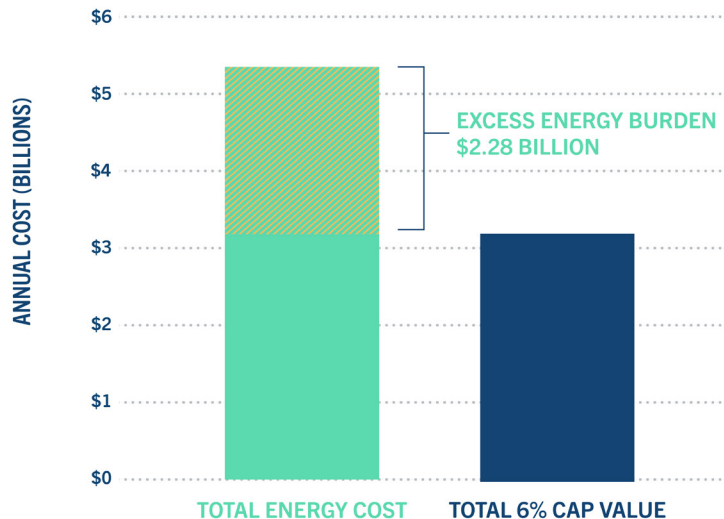
CATEGORY	PROGRAM	PROGRAM DESCRIPTION	BENEFIT/BUDGET/ FUNDING AMOUNT
Affordable Clean Energy Supply	Solar for All	Provides no-cost community solar subscriptions to LMI households, reducing energy bills. Funded by NYSERDA through the Clean Energy Fund (CEF), paid by ratepayers.	\$40-\$180 per household/year; \$32m/year
	NYPA Renewable Energy Access and Community Help Program (REACH) Credits	Provides bill credits from NYPA's renewable energy projects to LMI households. Funded by NYPA clean energy revenues.	size TBD, but approved by PSC to mirror structure of EAP (below)
Direct Financial Relief	Energy Affordability Program (EAP) and Arrears Management Plans	Offers monthly utility bill discounts and debt relief to low-income households. Funded by ratepayers through utility charges. Only 42% of potentially eligible households are enrolled in EAP low-income discount rates, leaving 57.6% (1,429,600 households) unenrolled.	\$140-\$1,700 per household/year; \$380 Million/year (EAP)
	Home Energy Assistance Program (HEAP)	Is a federally funded program that helps low-income households pay heating and cooling costs for electricity, gas and other heating fuels.	\$400-\$1,000/year based on fuel add-ons/income; \$400m in FY'24

CATEGORY	PROGRAM	PROGRAM DESCRIPTION	BENEFIT/BUDGET/ FUNDING AMOUNT
Home Retrofit and Weatherization Measures	EmPower+ Electrification Retrofits	Delivers free or low-cost home energy efficiency and electrification upgrades for income-eligible households. Funded through NYSERDA's Clean Energy Fund (CEF), RGGI proceeds, and recent on-budget funding support.	~\$10,000; \$200m/year
	Weatherization Assistance Program (WAP)	Offers federally funded home energy efficiency improvements such as insulation and heating upgrades for low-income households. Federally funded.	~\$700/year; ~\$65m/year
	State and Utility Low and Moderate-Income Energy Efficiency Programs	Supports weatherization, appliance upgrades, and energy bill reductions for LMI households. Funded by ratepayers.	Varies, up to \$10,000 or more; up to \$225m/year if approved
Advanced Rate Design Reforms	Advanced Rate Design Reforms	Implements modern electricity pricing structures (e.g., time-of-use rates, demand-based pricing) to incentivize efficiency	Impact of TOU rates would vary; findings from pilots suggest potential for \$100-400m of millions in total annual bill savings for LMI customers
Plus, A Wide Variety of Funding Sources	Regional Greenhouse Gas Initiative (RGGI) Program Funding	Uses proceeds from CO <sub>2</sub> emissions allowance auctions to fund clean energy and energy efficiency programs. Administered by NYSERDA.	\$70m/year or more on efficiency/clean energy for LMI households
	Federal Funding Through the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA)	Provides grants, tax credits, and rebates for home energy efficiency, electrification, and renewable energy projects. Availability of this funding is now more uncertain in the coming years.	\$318m over five years to New York (HER/HEAR) in IRA
	Cap-and-Invest Rebates and Decarbonization Investments	Polluters pay for emissions, funding rebates, electrification, and efficiency upgrades for LMI households and buildings.	\$3 billion or more per year, depending on design and auction results
	Disbursements from the General Fund	State tax revenues provide supplemental funding for energy affordability and efficiency programs, as appropriated by the legislature.	Allocations have included \$200m/year for bill discounts and EmPower+

The report finds that, taken together, these solutions provide a plausible pathway for New York to direct at least \$2.45 billion per year toward energy burden relief, compared to the \$2.28 billion in total estimated existing energy burdens.



FIGURE 1  
2022 New York State Cumulative Household Electricity and Gas Costs  
for Households Exceeding 6% Energy Burden vs. Energy Costs Under  
6% Cap Scenario



Source: Acadia Center analysis of data from US Census



## Key Findings

This report's analysis of existing energy burdens and programmatic and policy levers available to New York State reveals the following takeaways:

- **The size of the challenge:** LMI households in New York State currently (2022) pay a combined, one-year total of approximately \$2.28 billion above what a 6% energy burden cap would indicate—affecting an estimated 2.2 million households, or approximately a full third of all NYS households.
- **Addressing this energy burden challenge is doable:** These energy burden findings are significant, but they are in the same order of magnitude as the energy burden relief efforts the State has been providing through select programs and policies in recent years—\$1.4 billion per year in 2024.<sup>2</sup> And this total does not include all of the funding invested each year by the state through utility and state agency energy efficiency programs (e.g., RGGI, Clean Energy Fund, utility EE programs).<sup>3</sup> This suggests that increasing existing efforts to align with the identified energy burden is not infeasible.
- **Clean energy can reduce costs over time:** Current energy bill relief measures are already reaching hundreds of thousands of households per year. Deeper inroads in energy efficiency—in tandem with bill discounts—can significantly reduce the number of households facing excess energy burdens, thereby reducing total energy burden costs year-over-year as energy efficiency retrofits are deployed.
- **New York has many solutions to employ:** The State has numerous effective program and policy levers to pull to help meet a 6% energy burden cap, such as: Solar for All Community Solar subscriptions; Energy Affordability Program (EAP) and arrears management plans; NYPA Renewable Energy Access and Community Help Program (REACH) Credits; EmPower+ electrification retrofits for LMI households, and other related measures; Weatherization Assistance Program (WAP); state and utility low and moderate-income energy efficiency programs; Regional Greenhouse Gas Initiative (RGGI) program funding; federal funding through the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA); advanced rate design reforms; Cap-and-Invest rebates and decarbonization investments; and, disbursements from the General Fund, among others.

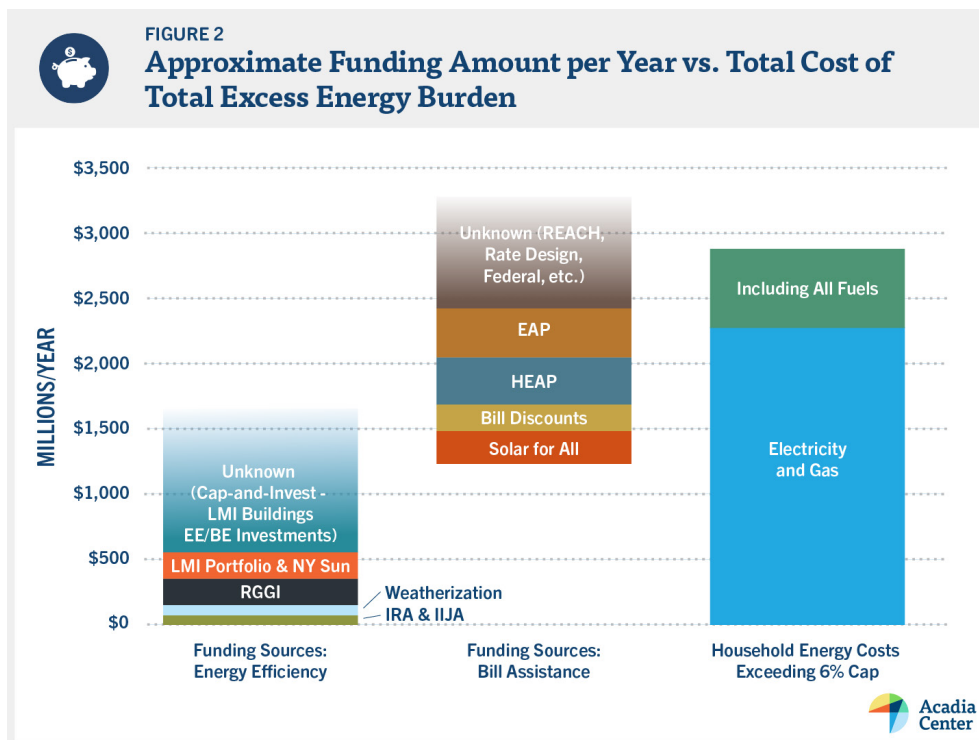
- **Adding it all up:** Taken together, the solutions identified in this report provide a plausible pathway for NYS to direct at least \$2.45 billion (or more) per year in investments toward energy burden relief in the years ahead, compared to the \$2.28 billion in total estimated existing burdens.
- **Overall feasibility and impact:** In light of these findings, it does not appear unreasonable or problematic for the State to codify its existing 6% energy burden policy goal into law. In fact, the public policy and public interest merits of the underlying policy goal are still sound, and the analysis reveals that it should be feasible for the State to make progress in closing the gap between its current energy burden relief efforts and the full achievement of the 6% goal through a suite of new and enhanced interventions.

## Energy Burdens in New York

Analysis of U.S. Census Public Use Microdata Sample (PUMS) data reveals that:

- **Energy burden disproportionately affects lower-income households.** All New York households earning below \$45,000 per year experience an energy burden above 6% for electricity and gas.
- **Renters bear the majority of excess energy burdens.** 73% of households facing excess energy burdens are renters, including those who pay utility bills directly and those whose energy costs are included in rent. This analysis includes both renters that receive energy bills and renters that have all energy bills included in rent.<sup>2</sup>
- **Embedded energy costs impact renters indirectly.** Approximately \$0.28 billion of the excess burden is embedded in rent, meaning many affected households experience higher housing costs rather than direct utility bills.

## Conclusion



Taken together, the solutions identified in this report—from LMI energy efficiency programs and community solar subscriptions to Empower+ retrofits and RGGI funding—provide a plausible pathway for New York to direct roughly \$2.45 billion per year in investments toward energy burden relief in the years ahead, compared to the \$2.28 billion in total estimated existing burdens.

**Note:** Some current programs already in place may be providing some relief from the \$2.2b gap—e.g., supplemental utility bill discounts provided retroactively after census data reporting was conducted. Nonetheless, the lion's share of the identified \$2.2b gap remains to be addressed via new supportive programs and new infusions to existing programmatic efforts.

## End Notes

- 1 U.S. Energy Information Administration (EIA), New York State Profile and Energy Estimates <https://www.eia.gov/state/analysis.php?sid=NY>
- 2 Governor Kathy Hochul, “Governor Hochul Announces \$200 Million Utility Bill Relief for 8 Million New Yorkers,” New York State Governor’s Office, accessed December 10, 2024, <https://www.governor.ny.gov/news/governor-hochul-announces-200-million-utility-bill-relief-8-million-new-yorkers>.



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