

February 20, 2025

**Conservation Law Foundation Testimony in Support of S.B. 1352,  
An Act Promoting Energy Efficiency**

Dear Co-Chairs Senator Needleman and Representative Steinberg, Vice Chairs, Ranking Members, and Members of the Energy and Technology Committee:

Thank you for the opportunity to testify. Founded in 1966, CLF is a nonprofit, regional environmental organization that uses science-based legal advocacy to conserve natural resources, promote thriving communities, and facilitate a just transition to a clean energy economy. CLF has offices in all six New England states, including Connecticut.

**CLF strongly supports S.B. 1352, An Act Promoting Energy Efficiency.** We emphasize the importance of provisions regarding the future of the gas distribution system, thermal energy networks, and heat pumps. Our state's reliance on inefficient fossil fuel heating is costly and produces health-harming pollution. Shifting towards highly efficient heat pumps and thermal energy networks, as contemplated in S.B. 1352, would benefit the health and wellbeing of Connecticut residents. Ensuring that investments in the gas distribution system are consistent with the state's transition to cleaner, more efficient heating through a future of gas docket is necessary to make this transition as smooth and equitable as possible.

**I. Section 5: A Future of Gas Docket Would Ensure that Investments in the Gas Distribution System Are Cost-Effective and Align with State Climate Law**

CLF supports Section 5, which would require PURA to open an uncontested docket to consider the future of the gas distribution system in relation to state climate law. States around the country are updating their regulatory frameworks to align gas distribution system planning and investments with state climate goals. The Massachusetts future of gas decision<sup>1</sup> is now being implemented with involvement from gas companies including Eversource, which operates in

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<sup>1</sup> MA D.P.U. 20-80, *Investigation by the Department of Public Utilities on its own Motion into the role of gas local distribution companies as the Commonwealth achieves its target 2050 climate goals, Order on Regulatory Principles and Framework* (Dec. 2023), <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/18297602>.

both Massachusetts and Connecticut. Other states with future of gas dockets include Rhode Island,<sup>2</sup> California,<sup>3</sup> Oregon,<sup>4</sup> Washington,<sup>5</sup> Nevada,<sup>6</sup> Colorado,<sup>7</sup> and Minnesota.<sup>8</sup>

Notably, there is broad support for a future of gas docket in Connecticut. The Office of Consumer Counsel, PURA's Office of Education, Outreach, and Enforcement, Yankee Gas (Eversource), and environmental advocates have all recommended that PURA open a docket on the future of gas.<sup>9</sup> DEEP has also identified the need for a future of gas docket.<sup>10</sup> The Avangrid local distribution companies (LDCs), Connecticut Natural Gas and Southern Connecticut Gas, have also voiced support for comprehensive gas planning in light of state climate policy.<sup>11</sup>

A future of gas docket is needed to address affordability and equity concerns for ratepayers. Costs to gas ratepayers will increase as rising infrastructure costs coincide with declining demand due to greater energy efficiency and the state's transition away from fossil fuels.<sup>12</sup> Renters and low-income households, which have more limited ability to electrify their homes, are likely to be the last gas customers.<sup>13</sup> A plan is needed to ensure that, as the number of gas customers declines, customers who already bear the highest energy burdens are not left to cover increasing gas distribution rates as the LDCs' revenue requirement is spread over a shrinking customer base.

A planning docket is also necessary to determine how much additional LDC investment in the gas distribution system is prudent to ensure a safe and reliable system as demand declines.

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<sup>2</sup> Docket No. 22-01-NG, Investigation Into the Future of the Regulated Gas Distribution Business in Rhode Island in Light of the Act on Climate.

<sup>3</sup> Docket No. R2001007, Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning.

<sup>4</sup> Docket No. UM 2178, Natural Gas Fact Finding Per EO 20-04 PUC Year One Work Plan.

<sup>5</sup> Docket No. 210553, Examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets.

<sup>6</sup> Docket No. 21-05002, Investigation Regarding Long-Term Planning For Natural Gas Utility Service In Nevada.

<sup>7</sup> Docket No. 21M-0395G, Commission Review of the Regulation of Gas Utilities and Docket No. 21R-0449G Proposed Amendments to the Commission's Rules Regulating Gas Utilities, 4 Code of Colorado Regulations 723-4, Relating to Gas Utility Planning and Implementing SB 21-264 Regarding Clean Heat Plans and HB 21-1238 Regarding Demand Side Management.

<sup>8</sup> Docket No. 21-565, In The Matter Of A Commission Evaluation Of Changes To Natural Gas Utility Regulatory And Policy Structures To Meet State Greenhouse Gas Reduction Goals.

<sup>9</sup> PURA Docket No. 21-08-24, Final Decision, 21 (Apr. 27, 2022), [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/b09c5c63c09c2a25852588310054086c/\\$FILE/210824-042722.pdf](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/b09c5c63c09c2a25852588310054086c/$FILE/210824-042722.pdf).

<sup>10</sup> CT DEEP, *Connecticut Greenhouse Gas Emissions Inventory*, 27 (Apr. 2023), [https://portal.ct.gov/-/media/DEEP/climatechange/1990-2021-GHG-Inventory/DEEP\\_GHG\\_Report\\_90-21\\_Final.pdf](https://portal.ct.gov/-/media/DEEP/climatechange/1990-2021-GHG-Inventory/DEEP_GHG_Report_90-21_Final.pdf).

<sup>11</sup> PURA Docket No. 23-11-02, Application of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company to Amend Their Rate Schedules, Rebuttal Testimony of the Gas Operations Panel, Exhibit CNG/SCG-GOP-REBUTTAL-1, at 5 (Feb. 28, 2024), [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/8da404ebc1063b5a85258ad10073bf77/\\$FILE/Exhibit%20CNG-SCG-GOP-REBUTTAL-1%20Gas%20Operations%20\(2.28.2024%20FINAL\).pdf](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/8da404ebc1063b5a85258ad10073bf77/$FILE/Exhibit%20CNG-SCG-GOP-REBUTTAL-1%20Gas%20Operations%20(2.28.2024%20FINAL).pdf) (“the companies . . . wholly support the promulgation of a comprehensive statewide framework for addressing the nexus of climate change policies and the gas delivery business.”).

<sup>12</sup> Carmelita Miller, *et al.*, The Greenlining Institute, *Equitable Building Electrification: A Framework for Powering Resilient Communities* (Sept. 2019).

<sup>13</sup> *Id.* at 9.

As the state pursues decarbonization, the total number of gas customers will decrease. This will reduce the usefulness or need for gas system assets, resulting in stranded infrastructure.<sup>14</sup> Gas utilities should spend ratepayer funds in a way that is consistent with the need to reduce fossil fuels rather than on investments that will increase total fixed system costs.

## **II. Sections 6 & 7: Thermal Energy Networks Would Enable More Families and Businesses to Access Highly Efficient, Clean Heating and Cooling**

CLF supports Section 6, which would require PURA to establish a program for the development of utility-scale renewable thermal energy networks and require the gas companies to develop up to two pilot projects in their service territories. Thermal energy networks can play an important role in advancing Connecticut’s clean energy transition in alignment with state climate goals, but an effective regulatory framework is needed.

States around the country are moving forward with thermal energy networks as an exceptionally efficient, climate-friendly solution to heat and cool buildings.<sup>15</sup> Because networked geothermal is more efficient than individual heat pumps, it has lower operating costs and reduces demand on the grid.<sup>16</sup> Thermal energy networks also offer a promising workforce opportunity for gas industry workers, who can build on their existing skills to deploy geothermal projects.<sup>17</sup>

Successful utility-led thermal energy network pilots are being implemented in our neighboring states, including projects in Massachusetts and New York. Notably, these include the Eversource pilot in Framingham<sup>18</sup> and several proposed projects by NYSEG, an Avangrid affiliate,<sup>19</sup> in New York.<sup>20</sup> This institutional expertise could be leveraged by the companies’ Connecticut affiliates in developing utility-led pilots.

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<sup>14</sup> Andy Bilich, *et al.*, Environmental Defense Fund, *Managing the Transition—Proactive Solutions for Stranded Gas Asset Risk in California* (2019), [https://www.edf.org/sites/default/files/documents/Managing%20the%20Transition\\_1.pdf](https://www.edf.org/sites/default/files/documents/Managing%20the%20Transition_1.pdf).

<sup>15</sup> June Kim, MIT Technology Review, *Underground thermal energy networks are becoming crucial to the US’s energy future* (Oct. 4, 2023), <https://www.technologyreview.com/2023/10/04/1080795/us-thermal-energy-networks/>.

<sup>16</sup> HEEtlabs & Synapse Energy Economics, *The Electric System Benefits of Thermal Networks* (Feb. 2025), <https://static1.squarespace.com/static/65ef51da4920c9406def48df/t/67b4ebe1a068e75ae720db5e/1739910126038/HEEtlabs+Synapse+Report+Avoided+Costs+Feb+2025.pdf>.

<sup>17</sup> “‘This [thermal energy network] project for us is really enabling our group of dedicated employees to see a way that we can provide different services in a different way and also provide clean solutions to the building sector,’ said Bill Akley, President of Gas Distribution at Eversource. He added that for the workforce, there are many similarities between building and maintaining a gas pipeline system and a networked geothermal system.” Miriam Wasser, WBUR, *The country’s first gas utility-run networked geothermal heating and cooling system breaks ground in Mass.* (June 13, 2023), <https://www.wbur.org/news/2023/06/13/networked-geothermal-eversource-heat-pump-gas-utility>.

<sup>18</sup> Eversource, *Geothermal Pilot Project in Framingham*, <https://www.eversource.com/content/nh/residential/about/transmission-distribution/projects/massachusetts-projects/geothermal-pilot-project>.

<sup>19</sup> Avangrid, *Company Profile*, <https://www.avangrid.com/aboutus/companyprofile>.

<sup>20</sup> Jeff St. John, Canary Media, *New York will replace gas pipelines to pump clean heat into buildings* (Jan. 16, 2024), <https://www.canarymedia.com/articles/carbon-free-buildings/new-york-will-repurpose-gas-pipelines-to-pump-clean-heat-into-buildings>.

Connecticut utilities are well positioned to lead in the deployment of thermal energy networks. Eversource is currently seeking approval from PURA to propose a thermal energy network pilot for new construction in Connecticut, building on their success in Massachusetts.<sup>21</sup> Legislative direction requiring the gas companies to develop thermal energy networks would help the Eversource proposal move forward. The Avangrid gas companies, however, do not plan to propose pilots unless the state develops a regulatory framework for thermal energy networks.<sup>22</sup> Legislative action is therefore needed to drive progress in deploying utility-led pilots statewide.

CLF also supports Section 7, which would require the gas companies to develop an incentive program for renewable thermal energy networks to be owned by municipalities or related entities (such as a municipal utility or electric energy cooperative) that reduce natural gas and electricity demand. We agree that such an incentive program must be in the best interest of ratepayers and that the nonexclusive list of factors in subsection (c) should be considered in assessing project costs and benefits.

### **III. Section 9: Planning for Heat Pump Deployment Will Save Money and Reduce Health-Harming Pollution**

CLF supports Section 9, which would require DEEP to develop a plan for deploying heat pumps, with a strategic focus on applications where heat pumps offer the greatest benefits. Heat pumps are a highly efficient source of heating and cooling, and establishing a plan for heat pump deployment would help Connecticut residents save money on energy bills, reduce pollution that leads to high ozone levels and harms public health, and contribute to meeting state climate goals.

Residential and commercial buildings account for 33% of Connecticut's greenhouse gas emissions—more than any other sector besides transportation.<sup>23</sup> Burning fossil fuels like oil, gas, and propane in furnaces, boilers, and water heaters also generates 23% of Connecticut's nitrogen oxide pollution, roughly *eight times* as much as the state's power plants.<sup>24</sup> This pollution from homes and businesses contributes to unhealthy ozone levels and the state's ongoing failure to meet federal air quality standards for ozone.<sup>25</sup>

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<sup>21</sup> PURA Docket No. 24-12-01, Application of Yankee Gas Services Company d/b/a Eversource Energy to Amend Its Rate Schedules, Exhibit YGS-CLEANTECH-1 (Nov. 12, 2024), [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/cdf36afa6a32eab385258bd30065d880/\\$FILE/49862279.pdf/Docket%20No.%2024-12-01\\_Exhibit%20YGS-CLEANTECH-1%20\(FINAL\).pdf](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/cdf36afa6a32eab385258bd30065d880/$FILE/49862279.pdf/Docket%20No.%2024-12-01_Exhibit%20YGS-CLEANTECH-1%20(FINAL).pdf).

<sup>22</sup> PURA Docket No. 23-11-02, Application of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company to Amend Their Rate Schedules, Administrative Hearing Transcript, p. 1016 (Apr. 30, 2024), [https://www.dpuc.state.ct.us/DPUCTRAN.NSF/9f234955bf427d3d852589090067e6a2/fe987842743b593585258b10004e18e5/\\$FILE/231102-043024%20\(CNG%20PM\)%20\(10\)%20\(Corrected--pp.%201001%20to%201132\).pdf](https://www.dpuc.state.ct.us/DPUCTRAN.NSF/9f234955bf427d3d852589090067e6a2/fe987842743b593585258b10004e18e5/$FILE/231102-043024%20(CNG%20PM)%20(10)%20(Corrected--pp.%201001%20to%201132).pdf).

<sup>23</sup> CT DEEP, *Connecticut Greenhouse Gas Emissions Inventory*, 5 (Apr. 2024), [https://portal.ct.gov/-/media/deep/climatechange/1990-2021-ghg-inventory/deep\\_ghg\\_report\\_90-21\\_pre-22.pdf?rev=335c1fb6947648bab0539c45619076f1&hash=EEF41B3C1A6758F0F0831A17022C9919](https://portal.ct.gov/-/media/deep/climatechange/1990-2021-ghg-inventory/deep_ghg_report_90-21_pre-22.pdf?rev=335c1fb6947648bab0539c45619076f1&hash=EEF41B3C1A6758F0F0831A17022C9919).

<sup>24</sup> *Connecticut's Hidden Air Pollution Problem: Fossil Fuels in Buildings*, 2 (2023), [https://www.sierraclub.org/sites/default/files/2023-09/Connecticut%27s%20Hidden%20Pollution%20Problem\\_4.pdf](https://www.sierraclub.org/sites/default/files/2023-09/Connecticut%27s%20Hidden%20Pollution%20Problem_4.pdf).

<sup>25</sup> *Id.*

Transitioning from fossil fuel heating to highly efficient electric heat pumps powered by clean electricity is the primary pathway to reduce emissions from buildings. Governor Lamont has shown his support for heat pump deployment by signing on to the U.S. Climate Alliance’s commitment to quadruple the number of heat pumps installed by 2030.<sup>26</sup> And DEEP included adoption of heat pumps in residential and commercial buildings in the state’s Priority Climate Action Plan, noting that heat pumps are much more efficient than fossil fuel heating, reduce pollution, and are commercially available.<sup>27</sup> Heat pumps also provide both heating *and cooling*, which is increasingly important as summers continue getting hotter.

Connecticut households can also save on their heating and cooling costs by installing a heat pump. Households with heating oil and propane furnaces or boilers can save up to 35% on their utility bills by upgrading to a heat pump, and the average Connecticut household with a fossil fuel water heater can save up to 10% by replacing it with a heat pump water heater.<sup>28</sup> Energize Connecticut offers up to \$15,000 in rebates for a residential air-source heat pump and \$750 for residential heat pump water heaters.<sup>29</sup> These incentives are making heat pumps more affordable, but there are still challenges to widespread adoption and states need to plan for overcoming these obstacles.

Challenges to heat pump deployment include the upfront costs of installing a heat pump, limited availability of knowledgeable contractors, and the fact that most people don’t think about replacing their heating system until their existing equipment breaks down, leading them to make a hurried decision to replace that equipment as quickly as possible. To ensure that people do not default to buying an outdated, polluting fossil fuel boiler or furnace, the state needs to make it as easy and affordable as possible for people to choose a heat pump as their next heating system.

#### **IV. Section 10: Developing a Solar Canopy Strategic Plan and Program Design Would Advance Deployment of These Beneficial Clean Energy Projects**

Solar canopies have great potential to help Connecticut achieve our clean energy and climate goals while providing grid benefits and avoiding the need for new greenfield project development.<sup>30</sup> Unfortunately, due to higher project costs and the lack of supporting regulatory framework, relatively few solar canopies have been built. Section 10 would take a step in the right direction towards building more solar canopies by requiring PURA to develop a solar canopy strategic plan and program design.

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<sup>26</sup> U.S. Climate Alliance Announces New Commitments to Decarbonize Buildings Across America, Quadruple Heat Pump Installations by 2030 (Sept. 21, 2023), <https://usclimatealliance.org/press-releases/decarbonizing-american-buildings-sep-2023/>.

<sup>27</sup> CT DEEP, *Climate Pollution Reduction Grants, Public Informational Meeting*, Slide 32 (Dec. 18, 2023), [https://portal.ct.gov/-/media/DEEP/climatechange/CPRG/CPRG\\_State\\_Overview-and-GHG-Reduction-Measures-Dec18\\_120823-Final.pdf](https://portal.ct.gov/-/media/DEEP/climatechange/CPRG/CPRG_State_Overview-and-GHG-Reduction-Measures-Dec18_120823-Final.pdf).

<sup>28</sup> *Connecticut’s Hidden Air Pollution Problem: Fossil Fuels in Buildings*, 3 (2023), [https://www.sierraclub.org/sites/default/files/2023-09/Connecticut%27s%20Hidden%20Pollution%20Problem\\_4.pdf](https://www.sierraclub.org/sites/default/files/2023-09/Connecticut%27s%20Hidden%20Pollution%20Problem_4.pdf).

<sup>29</sup> Energize Connecticut, *Rebates and Incentives*, <https://energizect.com/rebates-and-incentives>.

<sup>30</sup> Kieran Rudge & Mark Scully, *People’s Action for Clean Energy*, 2 *The Potential of Solar Canopies in Connecticut: 2024 Update*, [https://www.pacecleanenergy.org/wp-content/uploads/2024/12/Solar-Canopies-2024-Update\\_1-Dec-2024.pdf](https://www.pacecleanenergy.org/wp-content/uploads/2024/12/Solar-Canopies-2024-Update_1-Dec-2024.pdf).

Respectfully submitted on behalf of Conservation Law Foundation,

Shannon Laun  
Vice President, Connecticut  
Conservation Law Foundation  
195 Church Street  
Mezzanine Level, Suite B  
New Haven, CT 06510  
Phone: 475-261-9538  
Email: [slaun@clf.org](mailto:slaun@clf.org)