

New York Approved 2 of 11 Thermal Network Pilots. Here Is What the Study Missed.

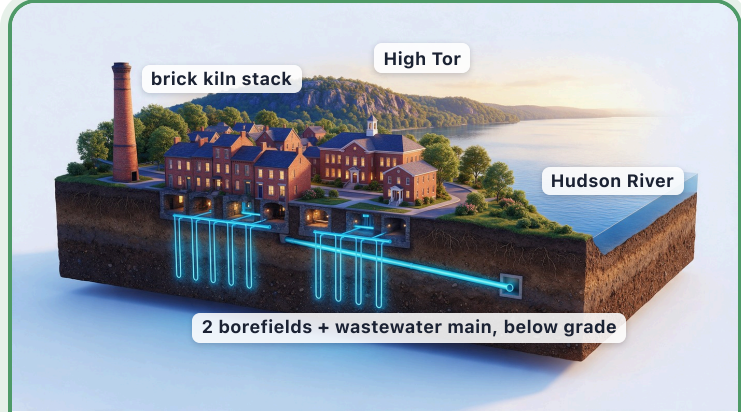
Goal: This paper explains what the New York Public Service Commission (PSC) decided on the first 11 utility thermal energy network (UTEN) pilots, what its cost study left out, and what New York should change before the next round.

NY PSC Case 22-M-0429, order of October 15, 2026 · Full report: gaiergy.com/research/ny-uten-pilot-order/

2 of 11 move forward



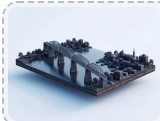
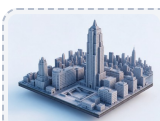
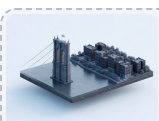
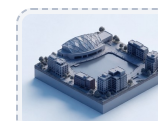
✓ APPROVED Buffalo · NFG
Sewer wastewater heat, central heat pumps (p. 120)



✓ APPROVED Haverstraw West Loop · O&R
2 borefields plus a wastewater force main (p. 144)

\$93 million in state funds lowers ratepayer costs for these two (pp. 3-4, 153-154).

9 not advanced (pp. 95-144, 201-202)

 Poughkeepsie Central Hudson Not advanced	 Chelsea Con Edison Not advanced	 Mount Vernon Con Edison Not advanced
 Rockefeller Center Con Edison Not advanced at this time	 Brooklyn KEDNY Not advanced	 Syracuse NMPC Not advanced at this time
 Troy NMPC Not advanced	 Ithaca NYSEG Not advanced	 Haverstraw East O&R Not advanced

What the PSC got right

- ✓ Stopped 9 pilots that would have needed large ongoing subsidies (pp. 95-144)
- ✓ Raised the enrollment minimum from 15% to 50% (pp. 183-184)
- ✓ Capped each surcharge at 1.0% of utility revenue a year (pp. 155-156, 159-160)

The study left value out

Gaiergy analysis and opinion



cast-iron gas main, 1890

No credit for avoided gas pipe
Con Edison gave no value to replacing an 1890 cast-iron main (pp. 83, 107)



transformer and line upgrades

No credit for avoided grid upgrades
Winter peaks fell 17% to 66%; no dollar value given (pp. 79, 83)



\$3,383 to \$15,804 a ton

No carbon damage value
Cost per ton avoided, with no value of carbon (pp. 64-65)

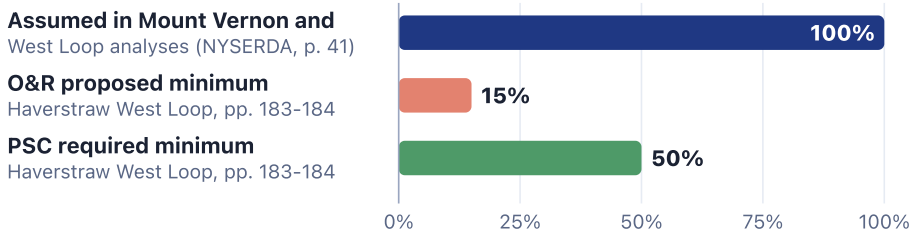
Behind the cost: site, route and sign-ups

Gaiergy analysis and opinion

The PSC stopped these pilots on cost. In our reading, much of that cost traces back to where they were put and who was ready to join.

City	Issue	Page(s)
Poughkeepsie	Anchor left	pp. 13-14
Chelsea	Demolition	pp. 19, 103-104
Mount Vernon	Land unsigned	p. 109
Brooklyn	No room for bores	p. 124
Syracuse	Not yet built	p. 129
Troy	City stepped back	p. 133
Ithaca	Aquifer risk	p. 137
Haverstraw	East One developer	pp. 140-141

Enrollment was the weak link



Estimates that moved

Budgets grew 2.8 times from 2023 to Stage 2, and 7.5 times at Poughkeepsie (Appendix A).

Gaiergy's view of why:

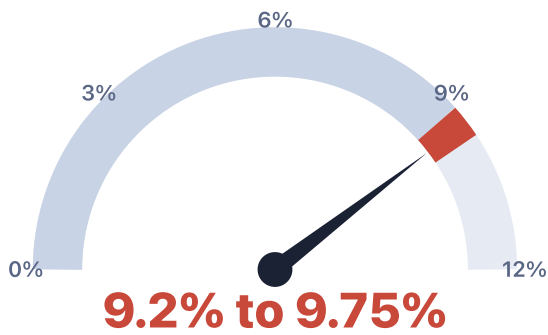
“ *Opinion of Jason Masters, in his words*

There's a uniqueness bias that creeps into these initial cost estimates. These TENs were costed without looking at how to stage their construction against the next 5 to 10 year capital improvement plan that the cities were going forward with anyway. To embed cost efficiency, you need to couple TENs with capital improvement plans.

Jason Masters, President, Gaiergy Corp

The incentive points the wrong way

Gaiergy analysis and opinion

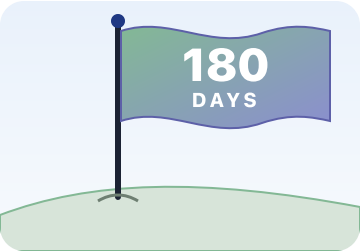


Allowed return on equity, 7 New York utilities
(PSC and DPS rate case documents, accessed 2026-10-21; list in the full report)

- Capital spent
- Added to rate base
- Return on equity
- Paid by customers

then more capital, which earns more return

In 2016, PSC Staff raised a "bias toward return-earning capital expenditures," and the Commission found that utilities have "a more general incentive to favor their own spending over third-party investment" (Case 14-M-0101, REV Track Two Order, pp. 13, 32).



Next window: 180 days

PSC technical conference on waste heat and the rules for thermal energy networks (Ordering Clause 21, p. 207)

Around April 13, 2027 estimate

What New York should change

Gaiergy recommendations

- 1 Prove the customers first
- 2 Count the full value
- 3 Allow hybrid designs and storage pp. 77-78
- 4 Open the door to other owners pp. 42, 194
- 5 Test estimates with builders
- 6 Fix the property tax drag
- 7 Use the 180-day conference Clause 21

“ Closing. Opinion of Jason Masters, in his words

The only way we transition to a more efficient infrastructure is to be cognizant that long-term infrastructure requires a diligence of innovation that the majority of the applicants weren't capable of demonstrating.

Jason Masters, President, Gaiergy Corp

DPS	Department of Public Service
NFG	National Fuel Gas Distribution Corp.
NYSEG	New York State Electric & Gas Corp.
PSC	New York State Public Service Commission
TEN	Thermal energy network

KEDNY	Brooklyn Union Gas Co. (National Grid NY)
NMPC	Niagara Mohawk Power Corp. (National Grid)
O&R	Orange and Rockland Utilities
REV	Reforming the Energy Vision (Case 14-M-0101)
UTEN	Utility thermal energy network