Testimony of Cecil Scheib
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Before the
New York State Senate Higher Education Committee
December 16, 2019

Good morning Chairperson Stavisky, fellow Senators. My name is Cecil Scheib and I am the Chief Sustainability Officer at NYU. I appreciate the opportunity to testify before you today as you consider the capital needs towards the sustainability of colleges and universities across the State.

At NYU, we are committed to becoming one of the nation’s greenest campuses. Prior to the passage of the Climate Leadership and Community Protection Act (CLCPA), NYU had pledged to achieve a 50% reduction from 2006 levels by 2025 and carbon neutrality by 2040. This reduction in emissions is something the University has voluntarily undertaken, not only because we believe it is part of NYU’s role as an anchor institution in New York, but also because it positively impacts our community. The CLCPA’s renewable energy targets have encouraged NYU to refine our plans even further, and I want to take the opportunity to thank the State for their leadership on this legislation.

NYU is a “city in miniature,” including apartment buildings, offices, laboratories, gyms, classrooms, and street level retail. NYU is also geographically diverse, with buildings across New York City, and 19 different schools, each with their own identities, priorities, goals and needs. NYU’s building emissions represent 0.43% of all building emissions in NYC, and almost 1% of the city’s emissions when accounting for our partners at NYU Langone Health. I believe NYU’s successes are achievable by other institutions as the state moves towards the targets in the CLCPA. Since 2007, NYU has reduced its emissions by 30%, an amount equivalent to planting enough trees to cover all of Manhattan and all of Brooklyn in forest. These 30% reductions are saving about $15 million per year, and just about everything we did had a 1-4-year payback.

An example is the 2014 renovation of Brittany Hall, a student residence on Broadway at East 10th Street, where we removed heavy #4 fuel oil boilers from the basement, a big source of unhealthy airborne particulates. They were replaced with light natural gas boilers on the roof, far from any potential flood risk, and are ready to be replaced with electric heat pumps when advantageous to do so. The project used no special new technology and reduced heating fossil fuel needs by 81%.

These straightforward retrofits can be cost effective. Even with the addition of air conditioning, Brittany Hall cut its operating costs in half. 370 Jay Street, the previous MTA headquarters in downtown Brooklyn, received LEED Platinum certification and incorporated a range of sustainable features, including green roofs and ice storage to help balance the electric grid. NYU reduced capital costs by retaining and air sealing the existing façade instead of replacing it, which was also a carbon benefit from the construction materials avoided. The extra insulation is also appreciated for its sound control by the students and faculty who use the recording studios there.
These efforts require upfront investments and strategic planning. New York State has been an important partner for NYU and our nonprofit peers. With debt as the primary source of funding for our capital projects and sustainability upgrades, the Dormitory Authority of the State of New York (DASNY) has been instrumental in helping to facilitate our debt issuance process. DASNY works with NYU to keep the community informed of our plans, and helps to ensure we remain at the forefront in achieving sustainable building goals with the support of the capital markets. Recent transactions include a Green Bond for our 370 Jay Street facility, as well as other LEED-certified projects on campus. Such projects encourage participation by investors interested in environmental, social and governance (ESG) principles. Furthermore, they broaden NYU’s investor base, improve our performance in the marketplace, and optimize the University’s financing costs. We have also partnered with NYSERDA through many of their programs to help study, plan for and implement our sustainability goals. These existing partnerships with the State are of great help to institutions, but additional assistance can ensure campuses make even greater strides in sustainability.

A major challenge is that the costs of fossil fuel energy as paid by end users does not take into account externalities such as human health, local pollution, and global sustainability. That means that deep energy retrofits of buildings do not always pay for themselves with energy cost savings alone. Due to the prevalence of mass transit for commuting, 99.5% of NYU’s direct emissions are from buildings we occupy. This is a challenge facing many institutions, including for-profit businesses, and particularly those with a majority of their operations in New York City and the higher density areas across the state. NYU is doing all it can to reduce emissions through better operations and maintenance, including training over 1,000 workers in green building operations through a program supported by NYSERDA. But to reach the state’s carbon goals, major capital investments in buildings will have to be made to take performance to the next level.

Given the resources needed to attempt major emission reductions at this scale, there are many forms that capital assistance and other support that the State could consider offering. NYSERDA offers a Buildings of Excellence prize for high-performing buildings, but since commercial buildings and student residences are ineligible, it is challenging for the higher education sector to participate.

Often, rebates may not be the best way to reduce carbon through capital planning, since the timing of project awards does not align well with development of the capital stack at the outset of the project. Furthermore, tax incentives provide less motivation for large nonprofit institutions, some of the largest land owners and operators in the State. Grants, low- or zero-interest loans, on-bill financing, and other approaches that might directly influence capital allocation in order to bring new, carbon-reducing technologies such as heat pumps to first cost parity with fossil fuel technologies at scale could be hugely influential and demonstrate their success for the market. In NYU’s analyses, the marginal cost of deep retrofits and electrification might be half paid back by energy savings over the equipment’s lifetime. If that other half could be supported by the State, perhaps costs would eventually drop as installation becomes more common.
Beyond the extra costs that an institution must absorb simply to install electrified technology instead of increasing its natural gas infrastructure, it must also pay more each year for the energy to run it. While this hearing is focused on capital costs, as a forward-thinking owner, NYU looks at the total lifetime cost, including operating costs. Perhaps programs like ReCharge New York could include preferential treatment for beneficial electrification. Finally, in pursuit of carbon reductions, many institutions find themselves assuming the risk of any early adopter to a newer technology. State support of private higher education efforts to make the electrification transition not only assists with the financial burden, but also helps to validate the technologies for other market sectors and encourages their use.

Another example of an alternate form state support can take is the expansion of funding for the Higher Education Capital Matching Grants (HeCap) program, which enables institutions with a commitment to investing in capital projects to complete these initiatives with grant assistance from the State. Perhaps NYS could create a new funding stream similar to HeCap that would support only projects that reduce an institution’s energy emissions. HeCap has been critical for institutions to support state-of-the-art research facilities and a similar outcome can be achieved for deep energy retrofits of buildings.

In addition to reducing energy use in buildings, it is critical for the State to continue and expand its championing of renewable energy initiatives that align with the unique needs of businesses and nonprofit institutions operating in a downstate region. State initiatives such as offshore wind and the connection to northern hydropower are critical to NYU’s confidence that our own carbon neutrality plan is legitimate. This shift towards clean power generation and storage for New York is transformational and will face many challenges. However, this is an area where government can play a crucial role, as it has in other areas of the world where renewable energy is more advanced. We look forward to working with the State to continue to develop these energy sources, storage systems, and transportation systems.

Given our own goals and the benefits we have already experienced from our emissions reductions, both economic and non-economic, NYU is supportive of the State’s efforts in sustainability and climate change, and we hope we can continue to partner with the State to make even more meaningful reductions. We also hope we can share our experiences with portfolio-wide deep carbon reductions and the planning efforts behind that journey with other institutions seeking to build the capabilities necessary to make incremental improvements. We also envision a sharing culture that draws on the resources of our expert faculty who routinely and actively engage with government on the analysis of climate policy from a legal and data-driven perspective.

We look forward to continuing to partner with New York to make the State more sustainable, reduce the impacts of climate change and ameliorate the effects of waste, pollution, and other environmental contaminants for all residents of New York. We can all work together to make New York State an international leader in sustainability. Thank you again for the opportunity to testify and I welcome any questions you have.