Understanding NY's All-Electric Buildings Act

Benesch's Laura Sugarman examines restrictions on fossil-fuel use in new construction

By Laura Sugarman

New York's All-Electric Buildings Act (the "Act") is the latest in a series of environmentally-forward legal actions proposed by New York State geared toward achieving zero-emissions buildings. New York is the first state to commit to all-electric new buildings, meaning replacement of machines or systems that currently use fossil fuels, like gasoline diesel, natural gas or coal, with versions that run on electricity instead – ideally generated from clean, renewable sources.

Who is covered and when

- **Phase 1 (effective for permits filed on or after Dec. 31, 2025 / Jan. 1, 2026, in practice):** New buildings seven stories or fewer must be all-electric. Large new commercial or industrial buildings over 100,000 m^2 of conditioned floor area are not included in Phase 1 and transition later.

- **Phase 2 (effective for permits filed on or after Dec. 31, 2028 / Jan. 1, 2029):** All other new buildings must be all-electric.

State guidance and the New York State Fire Prevention and Building Code Council's rulemaking tie applicability of the Act to applications for building permits that are "substantially complete" as of December 31, 2025; projects with substantially complete applications before then may proceed under existing rules. Ongoing litigation seeks to block implementation, but in July 2025, a federal court allowed the Act to proceed while the case continues *(Mulhern Gas Co. v. Mosley)*. Developers and owners should plan for compliance on the statutory schedule.

What the law prohibits

The Act prohibits the installation of fossil-fuel backed equipment and building systems in covered new buildings on the schedule above. "Fossil-fuel equipment and building systems" is a defined term and includes space and water heating, natural gas, heating oil, propane and other fuel-fired systems.

Key exemptions

The statute and implementing policy recognize several exemptions, including:

- Emergency backup and standby power
- Hospitals and other medical facilities
- Commercial food establishments
- Manufacturing and industrial uses
- Car washes and laundromats
- Critical infrastructure and emergency management facilities
- Existing buildings and renovations or additions to them (separate NYC rules may apply to emissions from existing large buildings)

The Act also authorizes an exemption where electric service "cannot be reasonably provided by the grid." The Public Service Commission has proposed to limit this exemption to cases where providing full electric service would delay a project by 18 months or more compared with traditional service. That proposal is not final but signals how utilities may apply the standard.

Permitting, enforcement and penalties

Compliance will be administered through New York's Uniform Fire Prevention and Building Code and local building departments at permit review and inspection. Violations can be enforced through orders to remedy and, if unresolved, court-ordered abatement. Penalties may include fines of up to $1,000 per day of violation, imprisonment up to one year, or both.

Developers should expect local officials to evaluate mechanical, power and fuel-gas specification sheets for prohibited equipment during plan review, and to condition certificates of occupancy on installed systems meeting the all-electric requirements.

Interaction with other New York rules

The Act is distinct from New York City's Local Law 97, which sets carbon emissions limits for certain existing large buildings. While LL97 does not itself require electrification, it can drive retrofits toward electric systems in existing stock. Statewide, NYSERDA continues to fund electrification and efficiency programs that support compliance.

Trends in other states

- **Massachusetts** is running a 10-municipality "fossil-fuel-free" demonstration program allowing participating jurisdictions to restrict fossil fuels in new construction and major renovations.

- **Washington State** adopted building code updates that require high-efficiency electric heat pumps in much new construction, though the rules have been revised and are being litigated.

- **California's** 2025 Energy Code, effective for permits filed Jan. 1, 2026, expands heat pump use and electric-readiness statewide.

Several states have passed preemption laws limiting local gas bans; developers operating nationally should confirm local authority in each jurisdiction.

Practical steps now

1. Lock in grandfathering where eligible. If your project will rely on fossil-fuel equipment, ensure your permit application is substantially complete before Dec. 31, 2025, or be prepared to redesign as all-electric.

2. Design for compliance. Specify electric space and water heating (e.g., heat pumps), electric cooking, and service sizes and panel capacity to support electricity loads. Coordinate early with utilities on service upgrades and timelines, especially where grid constraints could implicate the "reasonably provided" exemption.

3. Document exemptions. If claiming an exemption, identify the use clearly on plans and in permit narratives and confirm with the authority having jurisdiction.

4. Anticipate enforcement. Align drawings and specifications with the Uniform Code. Noncompliance can delay certificates of occupancy and trigger fines or other penalties.

Bottom line: For permits filed in 2026, most new low-rise buildings in New York must be all-electric, with broader coverage implemented in 2029. Plan designs, schedules and budgets accordingly, and document any qualifying exemptions early in the permitting process.

Laura Sugarman is an experienced and trusted advisor on complex real estate development matters, structuring and closing deals for transformative projects in New York and across the nation.

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