

Fossil Fuel Conversion Policy

As the Program adjusts to meet New York's electrification goals, fossil fuel heating and hot water system equipment incentives have been discontinued except in the situations outlined below. In further support of electrification, funds have been allocated for the safe decommissioning of above/underground fuel storage tanks for homes heated with fuel oil to switch to heat pump technology.

Eligibility Criteria

1. Households with existing propane, kerosene, oil heating and natural gas equipment are only eligible to receive incentives in the following situations:
 - a. Equipment is being replaced as part of a no heat situation (see [Program Manual](#) Section 5.9 for Tier 1 (Low-Income) and Tier 3 (Moderate Income) project requirements.
 - b. Equipment fueled with a delivered fuel is being replaced with an air source heat pump. When heat pump equipment is being installed and the existing heating system is oil-fired, the contractor must ensure the oil tank and fill pipe are decommissioned per code.
 - c. Equipment fueled with delivered fuels is being replaced with a ground source heat pump and meets cost effectiveness criteria
2. The full cost of installation for a fuel conversion must be submitted as part of the workscope submission for review and approval.
3. Fuel conversions of secondary heating systems are not allowed.

For additional information, please see Section 5.15 of the [Program Manual](#), Eligible Measures List.

Oil Tank Removal

Additional funding for both Tier 1 (Low-Income) and Tier 3 (Moderate Income) customers has been made available when the oil tank is being removed with the conversion of an oil-heating system to an ASHP/GSHP.

The measure will not be included in project level cost effectiveness calculations when proposed under these conditions.

Incentive Structure

Tank Location	Incentive Cap Low Income/Moderate Income	Incentive Information	Example
Above ground	\$2000/\$1,000	Tier 1 (Low-Income) (100%) Tier 3 (Moderate Income) 100% Moderate Income Costs beyond caps are responsibility of customer.	<i>Below ground tank removal at cost of \$3600.</i>
Below ground	\$5000/\$2500		<ul style="list-style-type: none"> • <i>Tier 1 (Low-Income): \$3600 incentive, no customer contribution.</i> • <i>Tier 3 (Moderate Income): \$2,500 incentive, \$1,100 customer contribution.</i>

If you have any questions regarding this requirement, please reach out to your Account Manager or contact Contractor Support at 800-284-9069 or support.residential@nyserda.ny.gov.

Revision History

July 2025 – Under Eligibility Criteria, added natural gas to “Households with existing propane, kerosene, oil heating and natural gas equipment”.

Under Eligibility Criteria, in sub section b., removed the option of a backup heating system and the requirement to provide a letter to the oil distributor if an oil system is decommissioned.

Under Eligibility Criteria removed section 2. regarding “Households with existing natural gas heating equipment are eligible to switch to heat pumps in the following situations:”

Under Eligibility Criteria, removed language regarding “Fuel conversion projects not covered under this policy must be submitted to the program implementor and will be evaluated on a case-by-case basis.”