



May 2022

Doreen Harris
President and CEO
New York State Energy Research and Development Authority

Basil Seggos
Commissioner
New York State Department of Environmental Conservation

Dear Chairs Harris and Seggos,

The Northeast Gas Association (NGA) is appreciative of the opportunity to provide comments regarding the Climate Action Council's Scoping Plan which will set the course toward implementation of the Climate Leadership and Community Protection Action (CLCPA).

NGA is an energy trade association representing members from throughout the Northeast U.S. region – including New York. These companies deliver safe, reliable, and affordable natural gas to 14 million customers, 5 million in New York State alone, from homes and businesses to schools, hospitals, and power plants. NGA and its members¹ support the transition to a net-zero carbon energy system. As we make this transition, we know that consumers will continue to value reliability, resiliency, affordability, and safety of the energy system. Natural gas will continue to be an important energy resource that powers and balances the electrical grid, heats homes and businesses, and powers industry.

NGA commends New York State for the considerable progress it has made in reducing carbon emissions in the last two decades, notably in the power generation sector. According to the New York Independent System Operator's 2021 *Power Trends* report, since 1999 the state's power sector carbon emissions have been reduced by 52%. The natural gas utilities in the state have likewise made strong progress in lowering emissions in their operations and in their delivery networks.

More remains to be done to meet the state's ambitious goals. The utilities are pursuing multiple options, from lower carbon supply inputs to innovative technologies to operational best practices. There is not one pathway but multiple opportunities. We are pleased to summarize some of these industry actions and to note the continuing positive role that natural gas can play to help New York achieve its emissions reduction goals.

Continue Energy Efficiency

We encourage New York to continue pursuing cost-effective solutions. Energy efficiency programs like air-sealing and insulation are less capital intensive than other options, for example replacing a home heating system. In addition, efficiency programs have the benefit of reducing carbon emissions now and lowering consumers' energy costs which is particularly important following the recent commodity price volatility in global and national energy markets. High energy costs and the pandemic-related economic impacts continue to challenge New Yorkers and Americans across the country.

¹ Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. declined to participate in the development of these comments

Despite these challenges, the total annual impact of efficiency programs continues to grow, since most efficiency measures generate savings for residents and businesses for years after they are installed. Energy efficiency programs are a low cost, high return tool that should be continued to support emission reduction goals.

Reliability

In 2021 natural gas powered more than 50% of electric generation in the state. With the April 2021 closure of Indian Point, downstate New York in particular has become even more reliant on natural gas. Natural gas is essential to keeping the lights on and reliability becomes even more critical as New York's economy is increasingly electrified over time.

Natural gas is a complement to renewable energy generation. The peak of solar generation does not correspond with peak demand in New York. In addition, both wind and solar are weather dependent - therefore these resources cannot be called upon when needed the way that natural gas can be. Technology developments, including battery storage, and diversity of resources will be essential for long term success. As the NYISO stated in their 2021 Power Trends report "to maintain reliability, bulk power system operators will require a full portfolio of resources that can be dispatched in response to any change in real-time operating conditions. The ability to dispatch resources to reliably meet ever-changing grid conditions and serve New York's electric consumers will always be paramount." For this reason, natural gas must continue to be part of the State's energy mix.

Technology Diversity

New York utilities are modernizing the state's valuable natural gas infrastructure which can be repurposed to deliver other low-to-no carbon fuels such as renewable natural gas and hydrogen. These emerging resources can be used to heat our homes and businesses, fuel our vehicles, power industrial processes that cannot be electrified, and generate electricity. Leading utilities like National Grid have committed to eliminate fossil fuels from their gas and electric systems by 2050 in part by utilizing the existing infrastructure to deliver renewable natural gas and hydrogen. Many NGA member companies are conducting research and demonstration projects to further this innovative and promising work.

While the CLCPA does not explicitly ban natural gas, the prescriptive nature of the legislation aims to limit its use in the future. Since the law passed there have been other legislative and regulatory efforts to diminish its role in the State's energy mix. NGA does not support bans on energy resources like natural gas. In our long-term view, it is better to encourage innovation and incentives that lead to desired outcomes rather than imposing restrictions, which can have abrupt economic impacts and lead to unintended consequences for affordability and reliability. Fuel diversity minimizes price volatility and best ensures reliability by mitigating over-reliance on energy resources with uncertain availability. According to Columbia University's Center on Global Energy Policy "investments in existing infrastructure can support a pathway toward wider storage and delivery of cleaner and increasingly low-carbon gases while lowering the overall cost of the transition and ensuring reliability across the energy system. In the same way that the electric grid allows for increasingly low-carbon electrons to be transported, the natural gas grid should be viewed as a way to enable increasingly low-carbon molecules to be transported."

While natural gas is a critical resource today, another opportunity to further the State's goals is to amend Public Service Law to allow gas utilities to become holistic energy providers with the opportunity to own community scale geothermal systems. According to a 2021 report by NYSERDA, "Scaling geothermal as rapidly as possible ultimately requires exploiting the scale, business platforms, and technical capabilities of existing utilities. Amending the Public Service Law to enable utilities to own and operate geothermal assets will enable these utilities to roll this technology out to consumers who are already their customers." All options to achieve carbon reduction should be on the table and customers should be provided options that best meet their needs.



Affordability

Natural gas is highly efficient and reliable, and remains a dependable, affordable, and domestic fuel with lower emissions than other heating fuels such as oil and propane. Natural gas heats the homes of more than half of New Yorkers and remains a low-cost option. There continues to be strong demand from consumers and businesses. NGA does not support the Scoping Plan's recommendation that the State eliminate utility's statutory obligation to serve customers.

While electrification is a key component of the State's clean energy strategy, it is not a singular solution. According to NYSERDA's 2019 report *New Efficiency: New York Analysis of Residential Heat Pump Potential and Economics* the conversion from natural gas to heat pumps for home heating cannot be justified economically or environmentally. The State should continue to allow residents and businesses to convert to natural gas to reduce emissions more quickly at a reasonable cost.

As the state begins to recover from the Covid-19 pandemic, policymakers must be cognizant of energy costs for both consumers and businesses. Attracting and retaining businesses will be a challenge if energy costs are too high or if gas is not readily available. If businesses serving the New York metropolitan area decide to relocate to states with lower-cost energy, New York municipalities and the State will lose tax revenue and jobs while failing to offset global emissions.

NGA is encouraged by the cost-benefit information shared in the Scoping Plan. As New York moves forward we urge a more detailed and transparent cost-benefit analysis. This transition is extraordinary in its scope. To ensure consumers are engaged and prepared, it is incumbent on the Climate Action Council to provide New Yorkers with details on the expected impacts on customers' energy bills. In addition, to account for the full cost and benefits of energy resources it is critical that resources are accounted for in a uniform way; all energy resources should be measured based on their full life cycle. With this information policymakers can select the most efficient, socially responsible, and economically viable options to achieve emissions reduction.

We appreciate the opportunity to provide comments for the record and the Climate Action Council's efforts to encourage the public to engage. We encourage the Council to continue providing transparency in this process by ensuring that the Future of Gas subcommittee meet in public.

Sincerely,

Charles Crews
President & CEO
Northeast Gas Association

