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Rory M. Christian, Chair

Contact:

James Denn | James.Denn@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYS DPS>

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PSC Directs Modifications to National Fuel Gas's Long-Term Gas Plan

NFG Directed to Propose Demand Response Programs and Pilot Projects Focused on Cold-Climate Air Source Heat Pumps

ALBANY — The New York State Public Service Commission (Commission) today directed National Fuel Gas Distribution Corporation (NFG) to take a number of actions to modify and improve its gas system long-term plan. The modifications include input and recommendations from stakeholders involved in the proceeding. With its decision, the Commission directs NFG to propose pilot projects testing different scenarios of heat-pump deployment, provide additional information in its annual updates to its long-term plan and separate reports, and address certain recommendations in its next long-term plan filing. NFG will provide annual updates to its long-term plan by May 31 of each year and submit the next iteration of its next long-term plan by December 15, 2026.

“The Commission’s groundbreaking planning process will reduce greenhouse gas emissions from the State’s natural gas delivery system,” Commission Chair Rory M. Christian said. “Subjecting the long-term plans of National Fuel Gas and other major utilities to a rigorous review and open stakeholder process will ensure that the gas utilities take appropriate actions to help meet the State’s greenhouse gas emission reduction goals. These gas plans will ensure that gas utilities continue to provide safe, adequate, and reliable service while striving to reduce greenhouse gas emissions.”

Specifically, the Commission directed NFG to make filings in the near-term to propose demand response programs and pilot projects focused on cold-climate air source heat pumps. The Commission also directed NFG to provide more complete information on rate and bill impacts resulting from its long-term plan, to develop criteria for determining when leak prone pipe segments can be replaced with non-pipe alternatives, to develop with stakeholder input a benefit-cost handbook to be used to evaluate future non-pipe alternatives and provide updated information on the availability of renewable natural gas in its service territory. In its next long-term plan filing, NFG is directed to include scenarios that evaluate the use of hydrogen and meet demand growth solely with non-pipe alternatives.

In the gas-planning proceeding, the Commission directed NFG and other major gas utilities to file a gas system long-term plan to allow for a transparent review and input from stakeholders, while ensuring State policies are met and utilities can continue to provide safe and adequate service. NFG filed its initial long-term plan in December 2022, and filed a revised long-term plan, which was intended to incorporate feedback of stakeholders and staff. Additional stakeholder review culminated in NFG filing its final plan.

Department of Public Service staff engaged a consultant, Charles River Associates, Inc. (CRA), to assist in its review. CRA filed a series of three reports evaluating NFG's long-term plan filings and stakeholder proposals. Staff considered the reports of CRA as well as the input of numerous stakeholders, including New York Alliance for a Green Economy, Utility Intervention Unit, Division of Consumer Services, Department of State, New York State Energy Research and Development Authority, New York Geothermal Energy Organization, Environmental Defense Fund, the Sierra Club, Natural Resources Defense Council, among others.

While NFG incorporated staff and stakeholder feedback in its final plan, consensus could not be reached on a final plan. Based on input from stakeholders and CRA, the Commission required NFG to pursue additional efforts and provide additional information through specific filings. These requirements reflect recommendations from staff and the stakeholders, on topics such as pilot programs for cold climate heat pumps and demand response and additional bill impact analysis.

New York State's Nation-Leading Climate Plan

New York State's nation-leading climate agenda calls for an orderly and just transition that creates family-sustaining jobs, continues to foster a green economy across all sectors and ensures that at least 35 percent, with a goal of 40 percent, of the benefits of clean energy investments are directed to disadvantaged communities. Guided by some of the nation's most aggressive climate and clean energy initiatives, New York is on a path to achieving a zero-emission electricity sector by 2040, including 70 percent renewable energy generation by 2030, and economywide carbon neutrality by mid-century. A cornerstone of this transition is New York's unprecedented clean energy investments, including more than \$52 billion in 118 large-scale renewable and transmission projects across the state, \$6.8 billion to reduce building emissions, \$3.3 billion to scale up solar, nearly \$3 billion for clean transportation initiatives, and over \$2 billion in NY Green Bank commitments. These and other investments are supporting more than 165,000 jobs in New York's clean energy sector in 2021 and over 3,000 percent growth in the distributed solar sector since 2011. To reduce greenhouse gas emissions and improve air quality, New York also adopted zero-emission vehicle regulations, including requiring all new passenger cars and light-duty trucks sold in the State be zero emission by 2035. Partnerships are continuing to advance New York's climate action with nearly 400 registered and more than 100 certified Climate Smart Communities, nearly 500 Clean Energy Communities, and the State's largest community air monitoring initiative in 10 disadvantaged communities across the state to help target air pollution and combat climate change.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 22-G-0610 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.