Alliance for a Green Economy, along with the undersigned community and environmental organizations respectfully submit the following comments on National Fuel Gas Distribution Corporation's ("National Fuel" or "the Company") revised long-term plan.

Introduction

This comment was written as climate-fueled wildfires spread hazardous levels of smoke throughout New York State. It is another reminder that we must act urgently to combat the climate crisis, and why the 2019 Climate Leadership and Community Protection Act ("Climate Act") is so important. We must preserve the law from attacks, delays, and misinformation.

Last year, the state called on each gas utility to come up with a 20-year plan that "must be consistent with" the 2019 Climate Act.[1] National Fuel, which operates as a monopoly gas distribution corporation in Western New York and also has upstream gas extraction and interstate pipeline interests, is the first to submit its plan. Despite hundreds of pages of comments from environmental organizations, the plan does not come close to complying with New York's Climate Act on greenhouse gas reductions or benefits to disadvantaged communities. Further, the plan that National Fuel promotes will be unnecessarily costly and dangerous to customers. We fear that this plan, if allowed to go through, will not only harm the residents of Western New York but will also set a bad precedent for gas utilities across the state that will soon follow with their own long-term plans.

Given National Fuel's persistent meddling in the state's implementation of the Climate Act, its lack of compliance comes as no surprise. Earlier this year, National Fuel used customers' private information to robocall customers, encouraging them to lobby against the state's plans to limit fossil fuels in new buildings.[2] Just last month, it was reported that National Fuel was using a customer-funded "energy efficiency" website to lobby against electrification policies.[3] The company is also a steering committee member for an industry front group that promotes the continued use of fossil fuels.[4] National Fuel has repeatedly proven that it cannot be trusted to use customer information or funds appropriately, and it is currently working to shape public opinion and state policy against the Climate Act and the recommendations of the Climate Action Council.

This is why Alliance for a Green Economy, along with the undersigned organizations, are calling on the Department of Public Service, their consultant in this case Charles River Associates, and the Public Service Commission to carefully and critically review all assumptions, analyses, and proposals in National Fuel's long-term plan. Energy customers in Western New York deserve affordable, sustainable energy that doesn't threaten their health, the planet, or future generations.

In this comment, we describe how National Fuel's plan defies common sense and fails to meet the requirements of the Climate Act or the recommendations of the Climate Action Council. This comment is similar in substance to a previous comment we submitted in response to National Fuel's initial long-term plan. It is unfortunate that National Fuel did not use the initial comments in this proceeding to make its plan compliant with the Climate Act. Our comment has been updated to reflect National Fuel's updated plan. Further, we have been joined by groups from across New York in opposing National Fuel's current

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[1] NYPSC Case 20-G-0131, Proceeding on Motion of the Commission in Regard to Gas Planning Procedures, Order Adopting Gas System Planning Process, at 4, (May 12, 2022).

[2] https://nysfocus.com/2023/03/07/fossil-fuel-gas-robocall-climate-new-york

[3] https://nysfocus.com/2023/05/17/national-fuel-utility-customer-gas-ban-lobbying

[4] https://www.energyandpolicy.org/new-yorkers-for-affordable-energy/

plan because, as the smoke from the wildfires recently demonstrated, the greenhouse gas emissions from National Fuel's system impact all New Yorkers. We are also concerned about National Fuel's long-term plan setting a negative precedent for all other gas utilities that will soon be submitting long-term plans.

National Fuel's Long-Term Plan Is Inconsistent With the Climate Act

In 2019, New York State passed a nation-leading Climate Act. The Climate Act requires a 40% reduction in the state's greenhouse gas ("GHG") emissions by 2030 and 85% reductions by 2050.[5] Along with these greenhouse gas emissions reductions come many benefits. The Final Scoping Plan ("Climate Plan") approved by the state's Climate Action Council ("CAC") describes the reliability upgrades, health improvements, cost reductions, and job growth that will result from ending fossil fuel combustion in New York. Importantly, while making these changes will cost money, the cost of inaction is estimated at $115 billion more than the cost of implementing the Climate Plan.[6]

National Fuel is not doing its part to achieve the required emissions reductions, as its proposed plan does not reduce greenhouse gas emissions 40% by 2030 and does not present a feasible plan for coming anywhere near the 85% reductions by 2050. In addition, its numbers are built on dubious assumptions about the availability and feasibility of green hydrogen and so called "renewable" natural gas, as well as an inaccurate interpretation of the Climate Act regarding the use of out-of-state "renewable" natural gas.[7]

The required reduction targets are not met in large part because National Fuel's plan does not prioritize electrification and does not reduce the gas system, both of which are recommended by the CAC's Climate Plan. The Climate Plan calls for a "substantial reduction of fossil natural gas use and strategic downsizing and decarbonization of the gas system."[8] Additionally, the Climate Plan provides four scenarios to meet GHG emissions targets in the Climate Act, none of which include fossil natural gas ("fracked gas") after 2050.[9] The company's plan ignores this guidance, as it maintains all current gas infrastructure and only makes modest reductions to fracked gas use.

We know that National Fuel's corporate profits depend on maintaining the current gas infrastructure, but it is still required to make its plan consistent with the greenhouse gas reduction mandates in the Climate Act, as ordered by the Commission in NYPSC Case 20-G-0131.

National Fuel Suppresses Details That Would Alter Its Plan

National Fuel claims that its long-term plan "achieves a reasonable balance between GHG emissions reductions and the cost of achieving them."[10] But this is only true when important policy details and current rebates and incentives are left out.

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[5] CLCPA § 2 (2019).
[6] NYS Climate Action Council, "Scoping Plan," at 3, (Dec. 2022), https://climate.ny.gov/-/media/project/climate/files/NYS-Climate-Action-Council-Final-Scoping-Plan-2022.pdf [hereinafter "Scoping Plan"].
[7] Environmental Defense Fund Comments on NFG Initial Long-Term Plan, at 25-51, (March 14, 2023).
[8] Scoping Plan, at 350.
[9] Scoping Plan Appendix G, at 24-25.
[10] National Fuel Gas Distribution Corporation, "Revised Long-Term Plan" NY PSC Case No. 22-G-0610, at 29, (May. 22, 2022) [hereinafter "National Fuel LTP"].

For example, right now a homeowner in New York state can receive up to $14,000 for electrification and weatherization through the Inflation Reduction Act.[11] This federal incentive creates no additional cost for National Fuel customers, but National Fuel still counts it in the cost of its plan.

As a result, the plans modeled with high electrification are misleadingly low in their benefit cost analysis (BCA). These high electrification pathways are supported by the Climate Action Council because electrification is more efficient and healthier than gas combustion.

Charles River Associates (CRA) point out this omission in National Fuel's plan: "CRA believes that the BCA calculation should include the cost of heat pumps reduced by the value of an estimate of federal incentives. This would represent a New York State societal cost view, because these costs are covered under a federal program and are available in all states."[12] Weatherization and other important decarbonization actions also have federal incentives through the inflation reduction act, which should also be included.

Defying reason, National Fuel's long-term plan also contains no mention of New York State's cap-and-invest program. While the details of cap-and-invest are still being figured out, the plan will clearly impact future costs in National Fuel's plan. Under any cap-and-invest policy, the cost of fracked gas will surely rise while the money paid by polluters will be invested into decarbonization actions like weatherization and electrification programs.[13]

Without cap-and-invest and current federal incentives factored in, National Fuel's long-term plan downplays the benefits and overestimates the costs of electrification. Properly accounting for incentives and upcoming policy would demonstrate the value of downsizing its gas system, as the Climate Action Council's scoping plan recommends.

Furthermore, National Fuel's own revised long-term plan demonstrates that electrification is the most reasonable path, even before current incentives and upcoming policy are factored in. Based on stakeholder feedback, National Fuel released three "informational scenarios" that more accurately follow New York's Climate Act and Climate Plan. (National Fuel made clear that it does not support these additional scenarios and that they are for informational purposes only.) Notably, each of these scenarios has a better benefit cost ratio than the long-term plan promoted by the company, and this is without accounting for federal incentives and New York's upcoming cap and invest program.[14] Once incentives and cap-and-invest are accurately accounted for, scenarios following the Climate Plan are a clear and overwhelming improvement on National Fuel's long-term plan.

National Fuel's Plan Will Significantly Raise Prices for Customers As it Continues to Invest in Fracked Gas Infrastructure.

The company's long-term plan includes replacing approximately 110 miles of leak prone pipe ("LPP") each year until 2035, at a cost of over one million dollars per mile. The total cost is approximately 1.2 billion dollars from 2023-2035.[15] The Commission's gas planning order is clear that utilities should identify

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[11] https://www.rewiringamerica.org/app/ira-calculator
[12] Charles River Associates "Preliminary Findings Report" at 29 (May 25, 2023).
[13] See generally https://capandinvest.ny.gov/
[14] Revised LTP "Appendix F," at K-7
[15] National Fuel Gas Distribution Corporation, "Revised Long-Term Plan" NY PSC Case No. 22-G-0610, at 37-38, (May 22, 2022) [hereinafter "Revised National Fuel LTP"].

potential sections of LPP to abandon instead of replace as part of the gas planning process, yet this is missing from National Fuel's plan.[16]

The Climate Plan projects that by 2050, 85% of homes and commercial buildings "will be electrified with energy-efficient heat pumps and thermal energy networks." Nevertheless, National Fuel plans to maintain, and not downsize, its current gas distribution system. As customers electrify their homes for affordability, reliability, safety, health, or to be consistent with state policy, the cost of maintaining National Fuel's large gas distribution footprint will fall on fewer and fewer gas customers, raising prices for those left on the system. National Fuel acknowledges this in its plan, as it describes that the average "non participant" in electrification will see a rate hike of $128 per month by 2042.[17] This is why the Climate Plan calls for strategically downsizing the gas system and abandoning large segments of gas infrastructure. Abandoning segments of gas infrastructure doesn't mean abandoning customers without the energy they need for heating, hot water, and cooking. The Commission's non-pipe alternatives ("NPA") framework and the Utility Thermal Energy Network and Jobs Act provide a way for utilities to meet customers' energy needs with alternatives that are compliant with the Climate Act. In many cases, these alternatives can be more cost-effective than expanding or replacing expensive gas infrastructure.

The costs of unneeded infrastructure will likely be passed on to the low and moderate income customers who have fewer resources and face higher barriers to leave the gas system. As the NRDC described in their comment on National Fuel's initial long-term plan, "customers that have the least control over their building systems, such as renters and low-income households without the financial assets to make investments in their building systems, are the most likely to be left carrying an unsustainable cost."[18]

National Fuel Does Not Provide Minimum Benefits to Disadvantage Communities

The Climate Act requires that at least 35% of the benefits of the renewable energy transition go to disadvantaged communities.

Charles River Associates (the consultant for DPS in this proceeding) determined that only 14% of the decarbonization actions taken by National Fuel's plan go to low-and-middle income (LMI) customers. Charles River Associates further points out that LMI is not the same as disadvantaged communities, while National Fuel was using them interchangeably.[19]

National Fuel must create a plan where at least 35% of the benefits of their decarbonization actions go toward disadvantaged communities.

National Fuel Misses the Opportunity to Provide Good, Union Jobs Through Better Investments in Thermal Energy Networks.

In 2022, unions and climate advocates worked together to pass the Utility Thermal Energy Network and Jobs Act. Thermal energy networks provide reliable heating and cooling and can create sustained, well-paid union jobs. According to the Climate Action Council, "thermal energy networks have the potential to

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[16] NYPSC Case 20-G-0131, Proceeding on Motion of the Commission in Regard to Gas Planning Procedures, Order Adopting Gas System Planning Process, at 39, (May 12, 2022).
[17] Revised National Fuel LTP at 55
[18] NRDC Comments on NFG Initial Long-Term Plan, at 31, (March 14, 2023).
[19] Charles River Associates "Preliminary Findings Report" at 70-71 (May 25, 2023).

help establish a major transition strategy for gas utilities and their workforces and contractor bases to shift to being clean thermal energy providers."[20]

National Fuel only proposes one modest thermal energy network per year in its long-term plan. In contrast, the Climate Plan asks utilities to consider moving "whole streets or neighborhoods at a time from gas infrastructure to a community-based thermal energy network that supports heat pumps."[21]

As a viable pathway for National Fuel to keep its workforce employed while also following the Climate Act, National Fuel should revise its plan to account for a steady increase of thermal energy networks.

Conclusion

Communities in the Buffalo area and across New York deserve a just, affordable, and renewable future. This cannot be supported through National Fuel's current proposal, which burdens communities with high costs and continued air pollution from fuel combustion, while failing to meet the GHG emission reductions and the support for disadvantaged communities mandated by the Climate Act.

Respectfully submitted,

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[20] Scoping Plan, at 78.
[21] Id. at 351.