

Empire State Development

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February 25, 2013

Honorable Jeffrey Cohen, Acting Secretary
New York State Department of Public Service
Three Empire Plaza 19th Floor
Albany, New York 12223-1350

Re: Case 12-G-0297 – Proceeding on Motion of the Commission To Examine
Policies Regarding the Expansion of Natural Gas Service

Dear Acting Secretary Cohen:

In response to the Public Service Commission's ("PSC" or "the Commission") Order Instituting Proceeding and Establishing Further Procedures issued on November 30, 2012 in the above referenced proceeding, please accept these comments on behalf of Empire State Development ("ESD").

ESD is the state's lead economic development agency and implements programs and initiatives to promote business investment, job creation and development of prosperous communities throughout the State. Governor Cuomo has focused on economic development in New York as a primary objective of his administration, including leveraging State resources to stimulate improvement and expansion of infrastructure, attraction of new businesses, investment in the expansion of existing businesses and creation/retention of jobs. In October 2012, the Governor's Energy Highway Blueprint noted that an acceleration of investment in natural gas infrastructure in the State will enhance reliability and safety, and result in substantial economic development benefits for New York's economy.

In this proceeding the PSC is examining the potential benefits to New Yorkers resulting from the expanded use of natural gas as an alternative to other fossil fuels, including reducing energy costs, lowering overall emissions, enhancing gas system reliability, extending low income programs and promoting economic development in the State.

ESD concurs with the PSC in noting that New York is positioned geographically to take advantage of competitively priced natural gas supplies from sources outside the State and expand supply for New York's residential and commercial and industrial customers. The provision of increased supplies of natural gas, coupled with the expansion of natural gas service, has the potential to create a number of economic development benefits for New York. The planning process for expansion of natural gas service in the State should include gas utilities, state and local agencies, customers and stakeholders, and focus on providing cost effective service that maximizes opportunities for new business investment and job creation.

Natural gas serves as an important fuel source for electric generation in New York. Recent low natural gas prices linked to increasing supplies in the United States have made this fuel increasingly attractive for the generation of electricity, and these low cost supplies have helped to put downward pressure on wholesale electricity prices in New York. Lower gas and electricity prices with long term stability contributes to reducing the cost of doing business in the State, and frees up resources for companies to invest in expansion and providing jobs for New York residents. Low energy prices help to keep New York State companies competitive in the marketplace. ESD recommends that the PSC give positive consideration to increasing the distribution of natural gas as an important component in the operation of a balanced and diverse portfolio of electric generation resources in New York. This balanced approach will contribute to the maintenance of price stability, and help protect consumers against volatility in the markets over the long term.

Manufacturers and industries that utilize natural gas as feedstock in the production of products, such as chemicals, plastics, and steel, and plan on expansion or location in New York State, will benefit from improvements to the natural gas distribution infrastructure. As with reduced electric costs, reliable supplies of lower cost natural gas reduces overall production costs for these businesses and improves their ability to compete in both domestic and international markets. The ability of New York businesses to increase sales and invest in business expansion aided by cost effective natural gas infrastructure will help fuel the State's economy in the 21st century.

With respect to planning for expansion of natural gas distribution in New York, ESD recommends that any planning processes developed as part of this proceeding include outreach to the State's Regional Economic Development Councils (REDC's) and regional and local economic development entities. These entities will assist the PSC and gas utilities in the identification of expansion of gas distribution potential in the State's regions and localities, including potential projects that stimulate new business investment and job creation.

Thank you for the opportunity to comment.

Sincerely,



Keith Corneau
Director of Energy Policy

cc: Parties