



national fuel

February 2, 2015

Honorable Kathleen H. Burgess
Secretary
New York State Department of Public Service
Three Empire State Plaza, 19th Floor
Albany, NY 12223

Re: Case 14-M-0094 – Proceeding on Motion of the Commission to Consider a Clean Energy Fund

Dear Secretary Burgess,

On January 12, 2015, National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) submitted to the Public Service Commission (“Commission”) its Initial Comments to the November 6, 2014 Notice Soliciting Comments in the above-referenced proceeding. Distribution offers the following additional comments relative to the New York State Energy Research and Development Authority’s (“NYSERDA”) Petition to Complete Capitalization of the New York Green Bank (“NYGB”).

- A common theme in many of the initial comments filed in this proceeding, including the comments of Distribution, is minimizing or eliminating the burden placed on New York State ratepayers to fully fund the NYGB.¹ The Company strongly encourages the Commission to consider its initial comments, which outline a solution to fully capitalize the NYGB without making use of new ratepayer surcharges.² This proposed solution would: (1) provide NYSERDA with the sought after funding requested in their NYGB petition, and (2) address the bill impact concerns raised by parties in this proceeding.
- Distribution notes that the inability of renewable portfolio standard (“RPS”) technologies to achieve their program and budgetary goals in a cost effective manner, when the significant customer subsidies exclusively available to these technologies is properly accounted for³, has required New York State to make a pivotal shift in its energy policy, evidenced by the continued capitalization of the NYGB.⁴ The program shortcomings and general intermittency of these technologies have demonstrated that subsidizing renewable energy resources alone is not economically viable. In contrast, New York State is in the ideal position to continue to support the use of clean, plentiful natural gas and simultaneously achieve measurable greenhouse gas reductions. Given the State’s close proximity to Marcellus Shale production and a reliable and robust pipeline system that can transport these supplies to New York,⁵ the State is uniquely able to take full advantage of the unprecedented abundance of natural gas resources.

- Distribution maintains its position in this proceeding that ratepayers should have equitable access to NYGB funding in order to support their energy efficiency and clean energy investment goals. To that end, the Commission should not force NYSERDA to establish “set asides” in support of a specific subset of the State’s customers or in support of various renewable technologies.⁶
- With respect to the limited initial comments submitted on fuel neutrality⁷ and a proposed pay-as-you-go approach,⁸ Distribution notes that it has already provided detailed comments on these topics as part of this proceeding, and the Company requests that the Commission consider its previously submitted comments accordingly.⁹

Any questions you may have regarding the foregoing may be directed to the undersigned.

Respectfully submitted,

/s/ Evan M. Crahen

Evan M. Crahen
Regulatory Analyst II
Rates and Regulatory Affairs
National Fuel Gas Distribution Corporation
(716) 857-7440
CrahenE@natfuel.com

/s/ Randy C. Rucinski

Randy C. Rucinski
Assistant General Counsel
Rates and Regulatory Affairs
National Fuel Gas Distribution Corporation
(716) 857-7237
RucinskiR@natfuel.com

References:

¹ Case 13-M-0412 – Distribution, at 4 through 8; City of New York, at 4, 5, 12 and 13; Joint Utilities, at 2 through 5 and 7; Multiple Intervenors, at 4 through 6; Pace Energy and Climate Center, at 5; and Sierra Club, at 2 and 7.

² Case 13-M-0412 – Initial Comments of Distribution on the NYSERDA’s Petition to Complete Capitalization of the NYGB, filed on January 12, 2015.

³ RPS technologies are not valued using the same cost effectiveness methodologies as Energy Efficiency Portfolio Standard (EEPS) programs. This was recognized by Staff’s white paper in Case 14-M-0101.

⁴Source: New York State Renewable Portfolio Standard Annual Performance Report, March 2014 Final Report. Through December 31, 2013, at 1 and 28. NYSERDA’s progress at achieving the Main-Tier and Customer-Sited Tier targets is 48% and 57%, respectively. In addition, NYSERDA has only been able to spent 17.8% of the total RPS budget.

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⁵ Within Distribution's service territory, the average residential customer's commodity cost of gas for calendar year 2014 was approximately 13.3% less than monthly NYMEX pricing at Henry Hub during the same time period. In addition, the average residential customer's annual bill is currently estimated to be 38% lower when compared to 2008, the year in which Marcellus Shale production began to significantly ramp up. Source: Distribution analysis and NYMEX Henry Hub pricing reported by the United States Energy Information Administration (EIA), at <http://www.eia.gov/dnav/ng/hist/rngwhhdm.htm>.

⁶ Case 13-M-0412 – Association for Energy Affordability, at 8 and 9; City of New York, at 6 through 9; Energy Efficiency for All, at 4 through 6; Independent Power Producers of New York, Inc., at 3 and 4; and Sierra Club, at 5 and 6.

⁷ Case 13-M-0412 – Environmental Entrepreneurs (E2), at 4.

⁸ Case 13-M-0412 – Joint Utilities, at 5 and 6.

⁹ Case 14-M-0094 – Initial Comments of Distribution on the NYSERDA's Clean Energy Fund Proposal and 2015 Allocation Supplement, at 17, 18, and 21 through 25.