

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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In the Matter of  
  
Niagara Mohawk Power Corporation d/b/a National Grid  
  
Cases 17-E-0238 & 17-G-0239  
  
September 2017

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Prepared Rebuttal Testimony of:

Staff Gas Programs and Supply  
Panel

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1 Q. Members of the Staff Gas Programs and Supply  
2 Panel (Panel), please state your names.

3 A. Our names are Davide Maioriello and Michael C.  
4 Tushaj.

5 Q. Are you the same Staff Gas Programs and Supply  
6 Panel that submitted testimony on August 25,  
7 2017 in these proceedings regarding Niagara  
8 Mohawk Power Corporation d/b/a National Grid's  
9 (NMPC) rate filing?

10 A. Yes.

11 Q. Are there any exhibits in connection with your  
12 rebuttal testimony?

13 A. Yes, we are sponsoring two exhibits.  
14 Exhibit\_\_\_(SGPSP-3) contains a worksheet of the  
15 emission savings associated with NMPC's  
16 Neighborhood Expansion Program.

17 Exhibit\_\_\_(SGPSP-4) contains various pages of  
18 the 2015 State Energy Plan (State Energy Plan).

19 Q. What is the purpose of your rebuttal testimony?

20 A. We will address various recommendations made by  
21 Pace Energy and Climate Center (PACE) witness  
22 Karl R. Rábago, Environmental Defense Fund (EDF)  
23 witness Simi Rose George, and Alliance For A  
24 Green Economy (AFGE) witness Thomas G. Acton

1 (together the Parties) that are related to  
2 NMPC's gas programs. The Parties generally  
3 recommend that NMPC stop expanding its gas  
4 network to serve new customers.

5 Q. Please summarize your recommendations.

6 A. We recommend that the Commission allow the gas  
7 programs to continue to allow NMPC to meet  
8 customers' requests for service.

9 Q. Please elaborate on the proposals of PACE, EDF  
10 and AFGE.

11 A. PACE, EDF, and AFGE propose that the Commission  
12 either declare a moratorium on gas load building  
13 programs and/or spending until the Commission  
14 can establish and implement a new protocol for  
15 evaluation of the program from a long-term  
16 societal perspective, providing guidance for the  
17 development and implementation of more cost-  
18 effective alternatives to natural gas system  
19 expansion. The new evaluation protocol would  
20 include the use of a comprehensive benefit cost  
21 analysis (BCA) to evaluate gas programs or  
22 projects against alternatives to natural gas  
23 system expansion. In addition, the evaluation  
24 protocol could be used for designing earning

1 adjustment mechanisms to guide for the  
2 implementation of more cost-effective  
3 alternatives.

4 Q. Does this Panel agree with the parties  
5 recommendations?

6 A. We do not support the proposed moratorium or  
7 curtailment of programs such as the neighborhood  
8 expansion program. That said, we do support  
9 implementing an evaluation mechanism as  
10 described by the Parties.

11 Q. Why does the Panel disagree with the Parties'  
12 recommendations?

13 A. The Parties fail to include the ongoing benefits  
14 and planning from both the 2015 State Energy  
15 Plan (State Energy Plan) and New York State  
16 Research and Development Authority (NYSERDA).

17 Q. How did the State Energy Plan address developing  
18 programs to encourage customer conversions to  
19 natural gas?

20 A. On page 96 of the State Energy Plan, it states:  
21 "DPS and utilities are developing programs to  
22 encourage customer conversions from carbon-  
23 intensive petroleum products, such as #6 heating  
24 oil and other distillate fuels, to cleaner fuel

1 alternatives, while emphasizing the use of high-  
2 efficiency heating equipment. Home heating  
3 applications using petroleum distillate fuels  
4 produce higher levels of carbon dioxide, sulfur  
5 dioxide, and particulate matter than natural gas  
6 or renewable thermal solutions and can adversely  
7 affect the health of their surrounding  
8 communities. Due to the infrastructure costs  
9 associated with increasing access to cleaner  
10 heating alternatives, DPS will utilize  
11 regulatory approaches to align these activities  
12 with the State's environmental policy goals."

13 Q. Does NMPC have gas programs that address the  
14 State Energy Plan goal of encouraging customer  
15 conversions from carbon-intensive petroleum  
16 products?

17 A. Yes. In this case, NMPC has developed programs  
18 to encourage customer conversions from carbon-  
19 intensive petroleum products, such as #6 heating  
20 oil and other distillate fuels, to natural gas.  
21 NMPC's new growth programs such as the  
22 conversion rebate programs and neighborhood  
23 expansion program require the use of high-  
24 efficiency equipment and supports the goals of

1           the State Energy Plan by displacing home heating  
2           applications using petroleum distillate fuels  
3           that produce higher levels of carbon dioxide,  
4           sulfur dioxide, and particulate matter than  
5           natural gas or renewable thermal solutions.  
6           These distillate fuel home heating applications  
7           can adversely affect the health of people in  
8           their surrounding communities. As shown in  
9           Exhibit\_\_\_(SGPSP-3), the forecast conversion of  
10          120 customers associated with the neighborhood  
11          expansion program would reduce carbon dioxide  
12          emissions by 195 metric tons on a recurring  
13          annual basis. Utilizing the societal cost of  
14          carbon adopted by the Commission of \$102.03 per  
15          metric ton, the network expansion program  
16          provides an annual social cost of carbon benefit  
17          of \$19,921.

18    Q.    Where did the Commission adopt this societal  
19          cost of carbon?

20    A.    The Commission adopted the societal cost of  
21          carbon we utilized in our calculation in its  
22          Order Establishing the Benefit Cost Analysis  
23          Framework, issued on January 21, 2016, in Case  
24          14-M-0101, Proceeding on Motion of the

1 Commission in regards to Reforming the Energy  
2 Vision.

3 Q. Did the State Energy Plan address utility energy  
4 efficiency programs?

5 A. Yes. On page 79, the State Energy Plan States:  
6 "Utility energy efficiency programs will  
7 complement NYSERDA's transition under the CEF  
8 [Clean Energy Fund] from a resource acquisition  
9 (i.e., incentive based) model to a market  
10 transformation approach. To avoid market  
11 disruption and prevent backsliding, current  
12 utility energy efficiency budgets and program  
13 performance targets will be maintained."

14 Q. How is this relevant to NMPC's programs, such as  
15 the neighborhood expansion program?

16 A. This guidance supports why NMPC should continue  
17 to attach new customers and offer rebates, while  
18 the Commission, NYSERDA and local distribution  
19 companies design new energy efficiency programs.  
20 This section of the State Energy Plan goes on to  
21 describe other relevant aspects of the  
22 transition, planning and coordination with  
23 NYSERDA. A copy of the specific State Energy  
24 Plan pages are included in Exhibit\_\_\_\_(SGPSP-4).

1 Q. How should NMPC coordinate its gas new growth  
2 programs with the NYSERDA Clean Energy Fund  
3 Investment Plan?

4 A. In order for NMPC to prevent a backsliding of  
5 the progress in reducing carbon dioxide  
6 emissions provided by its existing gas customer  
7 programs, NMPC should continue those programs  
8 while market development of cost-effective  
9 mainstream alternatives for renewable heating  
10 and cooling (RH&C) technologies, such as ground-  
11 source heat pumps, to take place. This  
12 transition is described on page eight of the  
13 goals associated with Renewable Heating and  
14 Cooling Chapter of the Clean Energy Fund  
15 Investment Plan submitted in Matter 16-00681, In  
16 the Matter of the Clean Energy Fund Investment  
17 Plan, May 8, 2017. The goal states the  
18 following "Cost-effective investment  
19 opportunities in RH&C would need to increase by  
20 an order of magnitude for RH&C to move from its  
21 current niche position to a mainstream market.  
22 The activities in this initiative are intended  
23 to reduce costs by 10 percent - 20 percent in  
24 communities with campaigns in five years, making



1 progress towards the preconditions for a  
2 sustainable market. NYSERDA will evaluate  
3 market conditions to determine what subsequent  
4 activities are needed to continue to move RH&C  
5 towards a sustainable market. Additional cost  
6 reductions (potentially from indirect benefits  
7 of increased market scale) combined with  
8 monetization of grid value and potentially  
9 carbon value would likely be needed to create a  
10 sustainable mass market industry over the next  
11 decade." This goal essentially provides a  
12 timeline of when NYSERDA foresees that the RH&C  
13 may be able to sustainably compete with existing  
14 fossil fuel market solutions such as oil and  
15 propane.

16 Q. What impacts to the State Energy Plan do you  
17 foresee if NMPC were unable to continue to add  
18 new customers?

19 A. Due to the well-established and highly  
20 competitive fuel oil and propane markets in New  
21 York, if NMPC is unable to provide service to  
22 new customers, those customers will most likely  
23 become and/or remain oil or propane customers,  
24 at least until RH&C solutions can provide enough

1 savings to entice a conversion. This is  
2 particularly true of new housing units being  
3 constructed in NMPC's service territory that are  
4 not on streets with existing gas distribution  
5 main. Furthermore, according to the  
6 Commission's regulations found at 16 NYCRR  
7 Section 230.2, Provision of gas service, New  
8 York state local distribution companies, such as  
9 NMPC, have the obligation to provide gas service  
10 to customers when requested. Until RH&C becomes  
11 a cost effective option, if NMPC is not allowed  
12 or unable to provide the service requested, the  
13 customer will turn to the existing competitive  
14 market for service, primarily from unregulated  
15 entities such as oil and propane dealers.

16 Q. Why does this Panel support the Parties'  
17 proposal to establish new protocols for  
18 evaluation of gas projects and programs?

19 A. We believe that based on the critical needs  
20 associated with pipeline constraints for the  
21 NMPC service territory, particularly in the  
22 Eastern Region, and the goals of the State  
23 Energy Plan, a collaborative among interested  
24 parties in this proceeding will be able to

1           timely establish a framework that takes into  
2           consideration the unique circumstances of the  
3           NMPC service territory.

4   Q.    What is your recommendation?

5   A.    We recommend that the Commission allow the gas  
6           programs, such as the neighborhood expansion  
7           program, to continue while a new gas project or  
8           program evaluation protocol and BCA process is  
9           established through a collaborative with the  
10          interested parties in these proceedings.

11   Q.    Does this conclude your testimony?

12   A.    Yes, at this time.

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