May 15, 2018

Honorable Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Re: Matter 17-01276 – In the Matter of the Value of Distributed Energy Resources Working Group Regarding Value Stack

Matter 17-01277 – In the Matter of the Value of Distributed Energy Resources Working Group Regarding Rate Design

Dear Secretary Burgess,

On May 7, 2018, the Environmental Defense Fund (“EDF”) filed a comment letter in the aforementioned Matter numbers, in response to Department of Public Service Staff’s (“Staff”) letter of April 6, 2018, and a recent presentation made by the Clean Energy Parties.1 National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) hereby submits this comment letter to further supplement the record.

EDF’s comment letter states, among other things: (1) “favorable treatment intended for renewable energy resources must not be promulgated in a manner that allows emitting DER to receive the same favorable treatment as non-emitting DER,”2 and (2) “some favorable treatment for distributed solar might be appropriate, for any of a number of reasons”3 including “to get a fledgling clean-energy industry to grow rapidly.”4

These comments are inconsistent with the Commission’s stated Reforming the Energy Vision (“REV”) policy goal of “fuel and resource diversity,”5 6 which has now been in effect for more than four years, and has been consistently reinforced by the Commission. More specific to the Value Stack Proceeding, the Commission made a similar policy determination:

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2 Id.
3 Id., at page 2.
4 Id., at page 2.
6 Case 14-M-0101 – Order Adopting a Ratemaking and Utility Revenue Model Policy Framework, issued and effective May 19, 2016, at pages 111, 112 and Appendix A.
“it is a key principle of REV that regulation and tariffs should be technologically neutral and focus on values provided and costs imposed by a DER and their behavior.”

Picking “winner” and “loser” technologies is not aligned with REV principles; to do so creates artificial barriers, dictating which market actors can viably participate or not. Instead, the most effective method of encouraging behavior consistent with the precepts of the REV proceeding would be for the Commission to establish a broad policy applicable to all technologies, and allow market actors to develop innovative ideas, strategies, techniques and products to fulfill those objectives and earn value stack compensation. Stated otherwise, no DER technology should receive “favorable treatment,” to the detriment of other types of DER technologies.

Simply put, every DER technology has an environmental impact. For many DER technologies, the greatest environmental impacts lie within the supply chain and in the types of natural resources expended and impacted during product manufacturing and installation. When considering enhancements to the calculation of environmental value, the Commission should consider both supply chain and manufacturing/installation impacts as “deducts” from value stack compensation, in order to accurately measure values provided and costs imposed by a DER.

Lastly from a resiliency and reliability perspective, it is in the public’s interest for the Commission to properly compensate technologies that are extremely effective in supporting overall system needs, particularly given the recent onslaught of winter storms statewide.

The Company appreciates the opportunity to submit this letter to further enhance the record in light of EDF’s May 7, 2018 comment letter. If you have any questions, please contact me at your convenience.

Respectfully yours,

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8 The natural gas supply chain is transparent, domestic, and documented, unlike the supply chains of other types of technologies which are seemingly environmentally advantageous. This is further described in detail by The Washington Post: https://www.washingtonpost.com/graphics/business/batteries/congo-cobalt-mining-for-lithium-ion-battery/.
9 Despite EDF’s statements to the contrary (at page 2), recent winter storm outages highlight the real world danger of ignoring access to reliable generating resources, or solely relying on resources that could potentially become intermittent. Caution needs to be exercised to not “over compensate” DER technologies in the avoided “D” component, which are not properly backstopped.