



September 25, 2017

VIA ELECTRONIC MAIL

Hon. Kathleen Burgess
Secretary to the Commission
New York State Public Service Commission
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Agency Building 3
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RE: Case No. 17-G-0432; Petition of New York State Electric & Gas Corporation for Authorization to Construct a Natural Gas Compressor Pilot Project in Tompkins County, NY.

The Sierra Club¹ and the Alliance for Non-Pipe Alternatives (“Joint Parties”) respectfully submit the following comments in support of New York State Electric and Gas’ (“NYSEG”) proposed Gas Compressor Project (“Compressor Project”) Petition, filed by NYSEG on July 19, 2017.

The Joint Parties applaud NYSEG’s first-of-its-kind approach to address safety and reliability issues in operation of the natural gas distribution system in the Town of Lansing, Tompkins County, during times of peak demand. The Compressor Project has strong community support, can quickly solve NYSEG’s existing reliability issues, and has economic benefits beyond Tompkins County, as its successful implementation can set a valuable and scalable precedent for addressing gas reliability issues across New York.

Along with the Compressor Project, NYSEG’s Non-Pipe Alternatives RFP (“NPA RFP”) can solicit cost-effective demand reduction initiatives and renewable heating and cooling technologies to solve Tompkins County’s current gas demand issues, furthering the county’s existing trend from gas to electric and supporting both the county and State Energy Plan goals of reducing greenhouse gas (“GHG”) emissions 80% by 2050.

¹ Founded in 1892, the Sierra Club is the nation’s oldest grassroots environmental organization with approximately 600,000 members in all 50 states, including 40,000 members in the State of New York. The Sierra Club’s mission involves promoting the responsible use of the earth’s resources and protecting and restoring the quality of the natural and human environments. In view of this mission, the Sierra Club seeks to ensure the availability of safe and reliable energy in a manner that protects human health and promotes a healthy environment.

Implementation of both the Compressor Project and cost-effective solutions through the NPA RFP can solve NYSEG's existing reliability and demand issues quickly and at a lower cost than installation of a new gas pipeline, while also applying the Commission's Reforming the Energy Vision ("REV") principles to thermal energy. Due to these enormous benefits and the urgency of the reliability concerns, the Joint Parties recommend the expeditious approval of the Compressor Project to address reliability concerns and NYSEG's subsequent issuance of the Non-Pipe Alternatives RFP to address ongoing gas demand issues in Tompkins County.

I. Comments

A. The Commission Should Expeditiously Approve NYSEG's Compressor Project

The Compressor Project is the optimal solution for addressing NYSEG's safety and reliability issues associated with pressure loss in the Town of Lansing's gas distribution system during times of peak heating demand. Installation of four in-line compressors is a creative solution that can be swiftly implemented in time for the 2018-19 heating season. Importantly, the expeditious installation of the Compressor Project also provides time for NYSEG and the community to use the NPA RFP process to identify a range of cost-effective solutions to meet current and future energy needs, support economic development, and reduce GHG emissions.

Furthermore, NYSEG's petition states that "it will be critical for the local community to actively support and be involved in and committed to the successful implementation of the Compressor Project."² As filed in the public comments in this proceeding, the Tompkins County Legislature unanimously passed a resolution supporting the Compressor Project and committed to "assist NYSEG, as requested, in planning for the pressure boosters and in facilitating communication between NYSEG and the public."³ Similarly, the Dryden Town Board unanimously passed a resolution supporting the Compressor Project and the City and Town of Ithaca have submitted supportive comments in this proceeding. In addition, more than 500 Tompkins County residents have submitted comments supporting the Compressor Project.

Due to these enormous benefits, the urgency of addressing reliability concerns, and unanimous support from the Tompkins County government and other sectors of the Tompkins County community, the Joint Parties strongly support NYSEG's Compressor Project, and urge the Commission's immediate approval to ensure that the Compressor Project is in place by the beginning of the 2018/2019 heating season.

B. NYSEG Should Issue its Non-Pipe Alternatives RFP as Soon as Practicable, and Should Consider a Broad Range of Solutions to Address Thermal Demand and Economic Development Concerns

If the Compressor Project is approved, NYSEG's subsequent NPA RFP will address Tompkins County's existing and future demand issues which necessitated the moratorium begun in February 2015. To ensure the Compressor Project and NPA RFP are successful in solving these reliability and demand issues, NYSEG submitted a letter in January 2017 to former

² NYSEG Petition, 2.

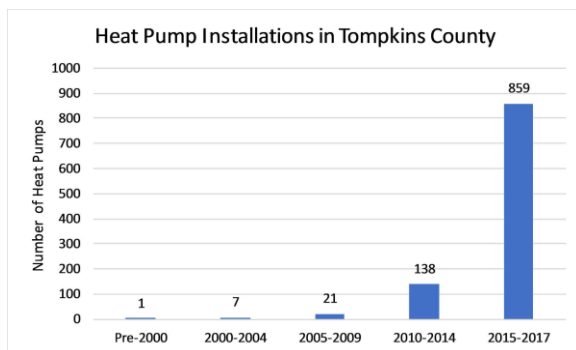
³ Tompkins County Legislature, Resolution No. 2017-189, adopted Sept. 20, 2017.

Commission Chair Audrey Zibelman recommending that “Tompkins County review current building codes and pursue updates that would increase energy efficiency and the use of technologies to reduce greenhouse gas emissions.”⁴

These initiatives and efforts have already begun, exemplified by the Tompkins County Energy Roadmap (“Energy Roadmap”), released in March 2016, which set a goal of reducing natural gas use 50% from 2008 levels and achieving at least 80% GHG reductions by 2050. Based on the Energy Roadmap, the Tompkins County Department of Planning and Sustainability released “Energy Recommendations for New Construction,” to recommend utilization of electric heat pumps and “avoid systems that burn fossil fuels.”⁵ Furthermore, the City and Town of Ithaca, which together account for 50% of Tompkins County’s population, are jointly undertaking a green building policy project that will consider policies related to use of heat pumps for space and water heating, and the Towns of Caroline and Dryden are currently reviewing their local laws, with an aim toward strengthening support for electric heat pump use.

The Energy Roadmap’s recommendations are also already being implemented by both large and small energy users in the area. Planned renovations at the Ithaca-Tompkins Regional Airport Terminal could reduce gas consumption by 50-60%, and Cornell University specifically cited the Energy Roadmap in stating that no new natural gas will be used in its new graduate-housing Maplewood development. It is expected that future development at Cornell will also continue in this manner.

Similarly, Tompkins County homeowners are also switching from gas to electric heat pumps for both existing residences and new construction. Tompkins County pioneered the State’s first HeatSmart program that has successfully applied the principles of the Solarize campaign to energy efficiency and heat pump adoption in existing residences. Additionally, hundreds of new homes are utilizing heat pumps, and these installations are occurring not only in Lansing, but also in areas where there is adequate gas supply, thus demonstrating market readiness for heat pump technologies. As a result, heat pump installations in Tompkins County have risen exponentially in the last few years, as illustrated below⁶:



⁴ See NYSEG letter to PSC Chair Audrey Zibelman (January 23, 2017).

⁵ Tompkins County Energy Recommendations for New Construction.

⁶ Data compiled by Cornell Cooperative Extension of Tompkins County based on verbal reports by known engineers, architects and heat pump installers serving the Tompkins County region, as of May 2017.

Furthermore, NYSEG's Energy Smart Community initiative in Tompkins County, which includes installation of more than 12,000 electric and 8,000 natural gas smart meters, will help offer NYSEG's customers a number of options for reducing both their energy demand and costs, potentially for thermal as well as electric use.

These initiatives and trends highlight the already existing shift in Tompkins County away from gas and toward electric, and demonstrate the enormous potential for the NPA RFP to implement cost-effective, GHG-reducing solutions to solve the area's thermal energy needs.

C. The Compressor Project and NPA RFP Apply Key Principles of REV and the Non-Wire Alternatives Process to Thermal Energy Use

Through REV, the Commission sought to address a variety of concerns in the electric power sector including: meeting peak demand reliability needs while avoiding the expense of costly, underutilized infrastructure, reducing GHG emissions and promoting distributed energy resources, stimulating market innovation, and promoting engagement between the utilities and the communities they serve. One way these principles have been successfully applied is via the Non-Wire Alternative ("NWA") RFP process.

NYSEG's Compressor Project and NPA RFP extend these REV principles and NWA process to the thermal energy sector. Over the past year, NYSEG has engaged with members of the Alliance for Non-Pipe Alternatives and other stakeholders in the Tompkins County community to identify new ways to address reliability concerns while being mindful of the County's GHG reduction goals and ratepayer impacts. The Joint Parties applaud NYSEG's willingness to step outside the box and apply REV principles in this ground-breaking way.

II. Conclusion

Together, NYSEG's Compressor Project and NPA RFP are a cost-effective and environmentally beneficial solution for addressing Tompkins County's gas reliability and demand needs, potentially saving NYSEG's customers millions of dollars while at the same time avoiding installation of a gas pipeline that would only increase the area's reliance on fossil fuels. As the State's energy grid grows cleaner with the Clean Energy Standard, the ongoing trend in Tompkins County from gas to electric will further decrease GHG emissions.

Approving NYSEG's petition not only has unanimous support from the County government, but also furthers the goals of the Tompkins County Energy Roadmap, the Commission's REV vision, and New York's State Energy Plan goals. We urge the Commission to expeditiously approve NYSEG's petition, and for NYSEG to issue its NPA RFP as soon as practicable to solicit a broad range of innovative market solutions (including energy efficiency, demand reduction and renewable heating and cooling technologies) to shave peak demand, address existing and future thermal demand, ensure reliability, and reduce GHG emissions and ratepayer costs.

We appreciate the opportunity to comment, and look forward to working with NYSEG and the Commission to implement these visionary solutions.

Respectfully Submitted,

_____/s/_____

Kate Bartholomew

Chair

Finger Lakes Group of the Sierra Club

Sierra Club Atlantic Chapter

_____/s/_____

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