



September 6, 2016

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

Re: Case 16-M-0395 – In the Matter of New York Power Authority Customer Opt-In to  
Clean Energy Programs

Case 15-M-0252 – In the Matter of Utility Energy Efficiency Programs

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

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Dear Secretary Burgess,

National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) hereby submits the following initial comments pursuant to the New York State Public Service Commission’s Notice Concerning New Case Number and Soliciting Comments, issued July 12, 2016, in the above-referenced proceedings.

Any questions you may have regarding the attached can be directed to the undersigned at (716) 857-7440 or at [crahene@natfuel.com](mailto:crahene@natfuel.com).

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "E. Crahen".

Evan M. Crahen  
Regulatory Analyst II  
Rates and Regulatory Affairs

Attachment

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

- CASE 16-M-0395 - In the Matter of New York Power Authority Customer Opt-In to Clean Energy Programs.
- CASE 15-M-0252 - In the Matter of Utility Energy Efficiency Programs.
- CASE 14-M-0094 - Proceeding on Motion of the Commission to Consider a Clean Energy Fund.

**INITIAL COMMENTS OF  
NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
IN RESPONSE TO THE JULY 12, 2016  
NOTICE CONCERNING NEW CASE NUMBER AND SOLICITING COMMENTS**

**A. Procedural Overview**

On June 30, 2016, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation d/b/a National Grid, and Orange and Rockland Utilities, Inc. (collectively the “Joint Electric Utilities”) filed a proposal in Case 14-M-0094 to allow New York Power Authority (“NYPA”) customers to participate in Clean Energy Fund (“CEF”) programs offered by the New York State Energy Research and Development Authority (“NYSERDA”) as well as Energy Efficiency Transition Implementation Plan (“ETIP”) programs offered by the Joint Electric Utilities. Also on June 30, 2016, New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation (“NYSEG and RGE”) filed a separate proposal in Case 14-M-0094, supporting the Joint Electric Utilities’ proposal with modifications. On July 7, 2016, the Joint Electric Utilities filed an updated proposal in Case 14-M-0094, slightly modifying text contained in their initial June 30, 2016

proposal. On July 12, 2016, the New York State Public Service Commission (“Commission”) issued a Notice Concerning New Case Number and Soliciting Comments (“July 12, 2016 Notice”) in Case 16-M-0395, inviting interested parties to submit initial comments on the aforementioned proposals (previously filed in Case 14-M-0094) by September 6, 2016, and reply comments by September 19, 2016. In response to the July 12, 2016 Notice, National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) submits these initial comments.

## **B. Initial Comments**

Distribution is a natural gas-only utility, which provides service to approximately 740,000 customers in western New York and northwestern Pennsylvania. The Company appreciates the opportunity to provide these comments in response to the July 12, 2016 Notice.

NYPA customers play a critical role in New York State’s economic development, supporting jobs upstate, providing housing to at-risk populations, and managing transportation infrastructure such as airports, bridges and tunnels. To date, NYPA customers have largely been ineligible to participate in many of New York State’s clean energy programs because there has not been a mechanism (i.e., an electric surcharge on electric usage) that would allow these customers to contribute to the funding of these programs.

The Commission’s CEF Order recognized that an appropriately designed electric utility opt-in tariff for NYPA customers could promote the greater deployment of clean energy technology around the state, while avoiding inequities among ratepayers.<sup>1</sup> As a result, the electric utilities were directed to file a proposal for an opt-in tariff that is informed by input from NYSERDA and other interested stakeholders.<sup>2</sup> Distribution is generally supportive of the

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<sup>1</sup> Case 14-M-0094 – Order Authorizing the Clean Energy Fund Framework, at 63.

<sup>2</sup> Case 14-M-0094 – Order Authorizing the Clean Energy Fund Framework, at 63, 64 and 110 (ordering clause 22).

inclusion of NYPA customers to opt-in to participate in clean energy programs, benefitting all customers by contributing to energy reductions in New York State.

As respects the Joint Electric Utilities proposal, page 11 notes “NYPA customers [should] be allowed a one-time election to opt in to the programs, with no ability to opt out at a future date.”<sup>3</sup> However, page 12 of the proposal notes “[the electric utilities] propose to enroll customers into the opt-in program in batches, twice a year, in order to enhance administrative ease.”<sup>4</sup> Procedurally, the Joint Electric Utilities should be afforded the opportunity to clarify their proposal and the record in this proceeding, either through reply comments or additional procedural process. Specifically, the Joint Electric Utilities should note their preference between: 1) a one-time opt-in and enrollment period, or 2) on-going opt-in opportunities with semi-annual enrollments. Alternatively, the Commission could support NYSEG and RGE’s proposal, which definitively notes “the Companies also propose that NYPA customers be allowed a one-time election to opt in to the programs, with no ability to opt out at a future date.”<sup>5</sup> Distribution is supportive of a timely and efficient opt-in process for NYPA customers, without creating administrative burdens on the electric utilities from a program implementation perspective.

NYPA customer participation in clean energy programs, on an opt-in basis, should not be limited to electric measures only, even though the opt-in surcharge mechanism would be on electric bills. Such an approach would continue to further restrict NYPA customer participation in clean energy programs, the exact issue the Commission is attempting to eliminate in this proceeding. Distribution supports the Joint Electric Utilities’ desire to reduce the cost per kWh

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<sup>3</sup> Joint Electric Utility Proposal, at 11.

<sup>4</sup> Joint Electric Utility Proposal, at 12.

<sup>5</sup> NYSEG and RGE Proposal, at 2.

of energy efficiency program investments in New York State.<sup>6</sup> In fact, energy efficiency investments in natural gas technologies (viz., distributed generation (“DG”) or combined heat and power (“CHP”)) could help the Joint Electric Utilities to significantly reduce costs per kWh. It should be noted that in Case 15-E-0082, Department of Public Service Staff recognized that community distributed generation would allow, among other things, residents, renters, homeowners, schools, and *businesses* [emphasis added] to use cleaner energy and affordable power,<sup>7</sup> which is a basic tenet of the Commission’s Reforming the Energy Vision (“REV”) Proceeding.<sup>8</sup> NYSEERDA’s “fuel neutral” CEF would be useful to the Commission, ensuring that NYPA customers would have access to funding for natural gas technologies that can reduce costs per kWh.

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, the State is uniquely able to take full advantage of the unprecedented abundance of natural gas resources. Western New York does not face the serious upstream pipeline constraints present in downstate New York and New England. The availability of the lowest natural gas prices in the country, coupled with low cost NYPA power, provides western New York with a new and exciting competitive opportunity to attract high paying manufacturing jobs back to the region. Allowing NYPA customers to participate in CEF programs can only enhance this newly formed competitive opportunity.

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<sup>6</sup> Joint Electric Utility Proposal, at 12.

<sup>7</sup> Case 15-E-0082 – Staff Report on the Collaborative Regarding Community Distributed Generation for Low-Income Residential Customers, at 1.

<sup>8</sup> Case 14-M-0101 – Order Adopting Regulatory Policy Framework and Implementation Plan, at 4.

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](mailto:CrahenE@natfuel.com)

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