STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on September 17, 2026

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
James S. Alesi
David J. Valesky
John B. Maggiore, dissenting
Uchenna S. Bright
Denise M. Sheehan
Radina R. Valova

CASE 22-M-0149 - Proceeding on Motion of the Commission Assessing Implementation of and Compliance with the Requirements and Targets of the Climate Leadership and Community Protection Act.

ORDER ON GREENHOUSE GAS EMISSIONS INVENTORY

(Issued and Effective September 18, 2026)

BY THE COMMISSION:

INTRODUCTION

On May 12, 2022, the Public Service Commission (Commission) issued an order to address various aspects related to implementing the requirements of the Climate Leadership and Community Protection Act (CLCPA).[1] One of the primary objectives of the CLCPA is to reduce statewide greenhouse gas (GHG) emissions limits as a percentage of 1990 emissions, culminating

[1] Case 22-M-0149, Climate Leadership and Community Protection Act Implementation and Compliance, Order on Implementation of the Climate Leadership and Community Protection Act (issued May 12, 2022) (CLCPA Initiating Order).

in an 85 percent reduction from 1990 levels by the year 2050.[2] In furtherance of this goal, the Commission stated that it must "establish clear and consistent statewide guidelines for GHG emissions reporting requirements to ensure that the State's major electric and gas [utilities] ... are on track to meet the CLCPA targets."[3] The Commission further directed the Joint Utilities to develop a proposal, in collaboration with Department of Public Service (DPS) staff, for an annual GHG Emissions Inventory Report, following the methodology required in the CLCPA and used by the New York State Department of Environmental Conservation (NYSDEC) in its Statewide GHG Emissions Report.[4]

The GHG Emissions Inventory Report was envisioned to "assess the current direct and indirect statewide GHG emissions, including upstream emissions from imported fossil fuels, local distribution emissions, and end-use (customer meter) emissions" and include detailed requirements and methodology used to calculate emissions.[5] Additionally, the Commission directed the Joint Utilities to include, in all future rate filings, an assessment of the impacts each specific investment, capital

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[2] Chapter 106 of the Laws of 2019; New York Environmental Conservation (ECL) Law §75-0107.

[3] CLCPA Initiating Order, pp. 14-15.

[4] The Joint Utilities include: Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc. (Con Edison); New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation d/b/a National Grid; Orange and Rockland Utilities, Inc.; Rochester Gas and Electric Corporation; The Brooklyn Union Gas Company d/b/a National Grid NY; KeySpan Gas East Corporation d/b/a National Grid; National Fuel Gas Distribution Corporation; Liberty Utilities (St. Lawrence Gas) Corp.; and Corning Natural Gas Corporation.

[5] CLCPA Initiating Order, p. 15.

expenditure, program, and initiative will have on the GHG emissions of the utilities' gas networks.[6]

In this Order, the Commission adopts the Joint Utilities' proposal for a GHG Emissions Inventory, with modifications. As discussed in detail below, the Commission directs the Joint Utilities to submit to the Commission an annual GHG Emissions Inventory Report.

THE PROPOSAL

In response to the Commission's directives, the Joint Utilities (also referred to as the JU) filed, on December 1, 2022, a proposal for an annual GHG Emissions Inventory Report (JU Proposal). The Joint Utilities propose to use a modified Natural Gas Sustainability Initiative (NGSI) methodology for their annual GHG Inventory reporting.[7] According to the Joint Utilities, this methodology was developed by the American Gas Association and the Edison Electric Institute as an industry-wide framework for voluntarily disclosing emissions.[8] The Joint Utilities also propose to modify the NGSI methodology by using a 20-year global warming potential to comply with the requirements of the CLCPA and be consistent with NYSDEC's Statewide GHG Emissions Report.[9] The Joint Utilities seek to use this modified NGSI methodology instead of the NYSDEC methodology as they claim it is more comprehensive and includes additional facilities and

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[6] CLCPA Initiating Order, p. 16

[7] JU Proposal, p. 5.

[8] JU Proposal, p. 7.

[9] This modification would no longer be necessary as the CLCPA Amendments changed the GHG emissions accounting methodology to a 100-year global warming potential.

activities (i.e., pressure relief valves, blowdowns, damages, and the most current emissions factors for mains and services).[10]

The Joint Utilities request to quantify emissions associated with system attributes, or "attributable emissions," and emissions associated with recognized emission reduction initiatives, or "avoided emissions," at the distribution level. The quantification of attributable emissions under the NGSI protocol uses United States Environmental Protection Agency (US EPA)-derived emissions factors for distribution system attributes. Attributable emissions can only be reduced by replacing leak-prone pipe but can increase if the number of new facilities increases. On the other hand, avoided emissions are associated with specific utility emission reduction projects and programs whose impacts may or may not be captured through emissions factors. The Joint Utilities propose that because there is currently no commonly accepted methodology for reporting avoided emissions, the Commission should allow flexibility in this aspect of the report.[11]

The Joint Utilities also propose to quantify upstream emissions, which include emissions associated with the production, gathering and boosting, storage, and transmission of natural gas.[12] To do so, it is necessary to determine the origin of a particular natural gas purchase. When the origin of the gas is known, the Joint Utilities propose to use basin-specific emissions factors to quantify upstream emissions.[13] These emissions factors would come from the National Energy Technology Laboratory's (NETL) analysis of the GHG emissions associated

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[10] JU Proposal, p. 5.

[11] JU Proposal, pp. 7-8.

[12] JU Proposal, pp. 8-9.

[13] JU Proposal, pp. 10-12.

with different production basins in the United States.[14] When the origin of the gas is unknown, the Joint Utilities propose to use a national average emissions factor, as determined by NETL's analysis.[15] For "certified gas," the emissions factor has been evaluated and certified by an independent, third-party, and thus the Joint Utilities propose that these emissions factors be allowed by the Commission.[16]

The Joint Utilities describe the advantages of their proposed approach to quantifying upstream emissions, stating that this methodology is straightforward and transparent and relies on actual purchases of natural gas from known points of origin. It also makes it possible to show the emissions reduction value of certified gas.[17] The Joint Utilities also believe that their reliance on basin-specific emissions factors is more precise than the NYSDEC's use of a single New York State-specific emissions factor for all upstream natural gas supplies.[18]

Lastly, the Joint Utilities propose the use of a common reporting framework to facilitate aggregation and comparison of emissions data across utilities, and they provide an example of such a framework in an attachment to their proposal.[19]

Based on further discussion with DPS staff in early 2023, the Joint Utilities then filed a supplement to their original December 1, 2022 proposal on May 31, 2023. The supplement references an October 2022 NETL paper that further

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[14] JU Proposal, p. 9.

[15] JU Proposal, p. 13.

[16] JU Proposal, pp. 12-13.

[17] JU Proposal, pp. 14-15.

[18] JU Proposal, p. 17.

[19] JU Proposal, pp. 19-20.

reinforces the Joint Utilities' proposal to use basin-specific emissions factors to quantify upstream emissions. The Joint Utilities also provide calculations to support their proposal to apply a ten percent deduction to calculated upstream emissions to account for distribution losses.[20]

In the original proposal, in their discussion of attributable emissions, the Joint Utilities state that the NGSI methodology includes emissions factors for outdoor residential and commercial/industrial meters,[21] but discussions with DPS staff in early 2023 revealed that this was an incorrect interpretation of the Commission's original directive. Thus, in the JU Supplement, the Joint Utilities amend their original proposal to include emissions from end-user combustion, using the US EPA methodology for this category of emissions.[22] DPS staff made some suggestions to the Joint Utilities after the filing of their original proposal, including whether it would be appropriate to include "non-gas" system emissions, such as those from fleet vehicles, building energy usage, and purchased electricity, in the annual GHG Emissions Inventory Report. However, the Joint Utilities do not propose to include non-gas system emissions arguing they are de minimis compared to the other categories. The JU Supplement also includes a comparison table to provide the Commission and stakeholders more information on the various approaches, including hypothetical emissions calculations.[23]

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[20] JU GHG Inventory Supplement (filed May 31, 2023) (JU Supplement), pp. 3-4.

[21] JU Proposal, p. 7.

[22] JU Supplement, pp. 5-6.

[23] JU Supplement, Methodology Comparison Table, Appendix B, p. 12.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking (Notice) was published in the State Register on July 5, 2023 [SAPA No. 22-M-0149SP1]. The time for submission of comments pursuant to the Notice expired on September 5, 2023. The comments received are summarized and addressed below.

COMMENTS

The Environmental Defense Fund (EDF) believes the Joint Utilities' proposal to use the US EPA GHG Reporting Program (GHGRP) and the US EPA's GHG Emissions Inventory (GHGI), as compiled by NGSI, is reasonable. EDF concedes that while the NGSI is a voluntary industry-developed methodology, it largely uses US EPA's GHGRP and GHGI emission factors.

EDF noticed that the Joint Utilities' proposal to modify the US EPA emission factors to use the 20-year Global Warming Potential is consistent with the CLCPA. However, EDF believes the Commission should ensure its reporting program is consistent with the NYSDEC methodologies for tracking and reporting emissions for CLCPA compliance. EDF asks the Commission to consider modifying the Joint Utilities' proposal to use NYSDEC emissions factors for all attributable emissions items where NYSDEC has adopted specific emission factors, and for items NYSDEC does not quantify, the Commission could adopt the NGSI/US EPA emissions factors proposed by the Joint Utilities.

For calculating avoided emissions, EDF believes the Commission and Joint Utilities should collaborate with NYSDEC and NYSERDA to develop a common framework for calculating avoided emissions. The framework would be able to incorporate utility specific data and emissions reductions strategies that are subject to both generic and utility specific factors, as well as provide a consistent approach that prevents overlap and overestimation of avoided emissions. The Gas Company Climate Planning Tool, developed by EDF, is an example of an existing framework that could be modified to provide a foundation for consistent accounting across utilities. A near-term possibility would be for the Commission to allow the Joint Utilities to voluntarily submit avoided emissions data in an appendix to their report.

For quantifying upstream emissions of a known origin, EDF believes the Joint Utilities' proposal to use regional emissions factors to quantify emissions is appropriate when backed up by credible data, and EDF asks the Commission to require this.

EDF's comment also includes a white paper prepared by EDF on the certification of natural gas with low methane emissions. The whitepaper identifies issues with the current certification process and lays out a number of certification design criteria to remedy the issues.

Sierra Club supports the comments filed by EDF, and particularly agrees that it is premature for the Joint Utilities to reduce reported GHG emissions based on unverified, voluntary third-party certification of emissions. Sierra Club believes the Commission should decline to adopt an accounting methodology for certified gas until it has had the opportunity to evaluate the results of the initial pilot and obtained information regarding the credibility of different certifications.

Additionally, Sierra Club believes the Commission should not adopt an accounting methodology that is inconsistent with NYSDEC's methodologies because NYSDEC's emissions accounting is controlling in New York State for purposes of determining CLCPA compliance. To the extent the Commission is persuaded by the Joint Utilities' recommendations that deviate from NYSDEC's accounting protocols, the Commission should invite comment from and/or consultation with NYSDEC.

For gas of an unknown origin, Sierra Club is concerned that an approach which would attribute 88 percent of such gas to the Appalachian Basin could underestimate upstream emissions. If the Commission adopts an approach that differentiates gas based on the attributes of its extraction basin, the Commission should only apply the differentiated accounting to gas where the extraction basis is known and verified. Other gas should be treated as having emissions attributes consistent with the national average to avoid concerns of under-accounting.

LEGAL AUTHORITY

The Commission's authority derives from the Public Service Law (PSL), through which numerous legislative powers are delegated to the Commission. Pursuant to PSL §5(1), the "jurisdiction, supervision, powers and duties" of the Commission extend to the "manufacture, conveying, transportation, sale or distribution of ... electricity." PSL §5(2) requires the Commission to "encourage all persons and corporations subject to its jurisdiction to formulate and carry out long-range programs, individually or cooperatively, for the performance of their public service responsibilities with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources." In addition, PSL §66(2) provides that the Commission shall "examine or investigate the methods employed by [] persons, corporations and municipalities in manufacturing, distributing and supplying ... electricity ... and have power to order such reasonable improvements as will best promote the public interest, preserve the public health and protect those using such ... electricity."

Additionally, PSL §65(1) provides the Commission with authority to ensure that "every electric corporation and every municipality shall furnish and provide such service, instrumentalities and facilities as shall be safe and adequate and, in all respects, just and reasonable. PSL §4(1) also expressly provides the Commission with "all powers necessary or proper to enable [the Commission] to carry out the purposes of [the PSL]" including, without limitation, a guarantee to the public of safe and adequate service at just and reasonable rates, environmental stewardship, and the conservation of resources.

The CLCPA amended the PSL by adding PSL §66-p(2), which directs the Commission to "establish a program to require that: (a) a minimum of seventy percent of the statewide electric generation secured by jurisdictional load serving entities to meet the electrical energy requirements of all end use customers in New York State in two thousand thirty shall be generated by renewable energy systems; and (b) that by the year two thousand forty the statewide electrical demand system will be zero emissions." In establishing such program, PSL §66-p(2) requires the Commission to "consider and where applicable formulate the program to address the impacts of the program on safe and adequate electric service in the State under reasonably foreseeable conditions. The [C]ommission may, in designing the program, modify the obligations of jurisdictional load serving entities and/or the targets upon consideration of the factors described in th[e] subdivision." In addition to the PSL, the New York State Energy Law §6-104(5)(b) requires that "[a]ny energy-related action or decision of a state agency, board, commission or authority shall be reasonably consistent with the forecasts and the policies and long-range energy planning objectives and strategies contained in the plan, including its most recent update."

DISCUSSION

Amendments to the CLCPA

On May 26, 2026, the 2026-2027 New York State fiscal year budget was signed into law, including amendments to CLCPA (herein referred to as the CLCPA Amendments) provisions codified in Article 75 of the Environmental Conservation Law (ECL) that: (1) changed the accounting methodology for GHG emissions from a twenty-year timeframe to a one-hundred-year timeframe;[24] (2) separated the reporting of carbon dioxide emissions from biogenic sources from the calculation of Statewide GHG emissions;[25] and (3) removed the extraction and transmission of fossil fuels imported into the State from the definition of "Statewide greenhouse gas emissions."[26] The amendments also changed the interim target from a 40 percent reduction from 1990 levels by 2030 to a 60 percent reduction from 1990 levels by 2040.[27]

Overall Framework

As the Commission noted in the CLCPA Initiating Order, the CLCPA is the most comprehensive and ambitious climate policy legislation enacted in the country. The clear and consistent treatment of GHG accounting will aid the Commission in its decision-making, and also more broadly identify how utility facilities, actions, and programs contribute to emissions increases and reductions. The Commission acknowledged in the

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[24] ECL §75-0101(2).

[25] ECL §75-0105(2)(f).

[26] ECL §75-0101(13).

[27] ECL §75-0109(1).

CLCPA Initiating Order that utility rate filings have inconsistently valued emissions. However, changes in emissions have been directionally consistent while potentially over- or under-valuing emissions estimates, depending on the source of emissions factors. The discussion below resolves any disputes or ambiguities in methodologies or emissions factors.

The Commission determines that the annual GHG Emissions Inventory Report should consist of two parts. Under the first part, herein referred to as Part 1, by June 1 of each year, each utility should submit to the Commission all emissions data for the previous calendar year it submits to NYSDEC for its annual Statewide GHG Emissions Report. As of the end of 2025, NYSDEC has adopted the Mandatory Greenhouse Gas Reporting Program, effective June 1, 2027, under which certain sources of GHG emissions, called Reporting Entities, are required to annually report emissions and related data to NYSDEC.[28] NYSDEC developed the GHG Estimation Tool to help Reporting Entities approximate their GHG emissions. The tool applies emissions factors to relevant activities and results in emissions estimates of Carbon Dioxide (CO_2) equivalent.[29] Based on the CLCPA Amendments, the GHG Estimation Tool will be updated to reflect a 100-year global warming potential, but not until the 2029 reporting year. Thus, the deadlines for the 2027 and 2028 reporting years have been extended to December 31, 2027, and September 1, 2028, respectively, and the June 1 reporting cadence begins in 2029.[30] The Joint Utilities shall be required

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[28] 6 NYCRR Part 253.

[29] See NYSDEC GHG Estimation Tool, https://dec.ny.gov/environmental-protection/air-quality/mandatory-greenhouse-gas-reporting.

[30] https://dec.ny.gov/environmental-protection/air-quality/mandatory-greenhouse-gas-reporting.

to report to the Commission all emissions data currently reported to NYSDEC to ensure that the Commission has visibility into each utility's individual contribution to statewide emissions.

The second part of the annual GHG Emissions Inventory Report, herein referred to as Part 2, shall include emissions data supplemental to that provided under Part 1. Under Part 2, each utility shall submit to the Commission, according to the schedule laid out above, actual emissions data for the previous calendar year, for all other categories of distribution system emissions not covered under Part 1.

The JU Proposal and subsequent stakeholder comments are most applicable to Part 2 of the annual GHG Emissions Inventory Report. The JU proposes to use a modified NGSI methodology for annual GHG Inventory reporting, noting the NGSI methodology is more comprehensive, and its emissions factors are more current than those in the NYSDEC's annual Statewide GHG Emissions Report. The JU also highlights that the NGSI methodology uses emissions factors as estimated by the US EPA. The JU clarifies that the GHGI and NYSDEC methodology use the same emissions factors for emissions resulting from the meters, and those emissions are separate and distinct from end-use combustion in customer appliances. The JU contends that, for these reasons, its preferred emissions factors are more reasonable than those that inform the NYSDEC's annual Statewide GHG Emissions Report.[31]

The Sierra Club disagrees with the JU proposal to use the NGSI methodology on the grounds that it is inconsistent with NYSDEC's annual Statewide GHG Emissions Report. The Sierra Club asserts that NYSDEC is the controlling authority for tracking

[31] JU Proposal, pp. 5-7.

emissions, and therefore any deviation from NYSDEC-derived emissions factors is inherently inconsistent with the CLCPA.[32] EDF agrees with the Sierra Club that utilities should use the emissions factors as prescribed by NYSDEC. However, EDF does not dispute the usefulness of the NGSI emissions factors. EDF recommends that where there are system emissions that are not covered under NYSDEC's methodology, it is appropriate to use the NGSI methodology.[33]

The Commission rejects the JU proposal to use the NGSI methodology exclusively. The claim that the NGSI methodology is more current or more comprehensive is not itself a sufficient argument to supplant the NYSDEC's determinations as to which emissions factors are consistent with the CLCPA. In addition, using emissions factors or a methodology that is inconsistent with NYSDEC's annual Statewide GHG Emissions Report would only serve to confuse parties that engage in both NYSDEC and Commission processes.

The Commission agrees with EDF that some facilities might not be covered under NYSDEC's annual Statewide GHG Emissions Report or emissions factors. In that event, it is appropriate to rely on facilities' emissions factors that are covered by US EPA's reporting requirements. If neither the NYSDEC nor the US EPA methodologies cover those facilities, it is then appropriate to use the NGSI emissions factors. Under those circumstances, it is the obligation of the utility to prove the reasonableness of its preferred estimates, and to provide information on which authority or trade association provided the emissions factors.

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[32] Sierra Club Comments (filed September 6, 2023) p. 1.

[33] EDF Comments (filed September 5, 2023) pp. 6-7.

Therefore, the Commission determines that the Joint Utilities shall use the emissions factors as determined by NYSDEC, and the US EPA reporting requirements or the NGSI emissions factors for facilities not covered by NYSDEC, in their annual GHG Emissions Inventory Reports. To ensure consistency amongst reports from the Joint Utilities, the Joint Utilities shall prepare, for Commission consideration, a standard template to be used for Parts 1 and 2 of the annual report within 60 days of the issuance of this Order. The Joint Utilities shall also prepare an updated comparison table, as presented in Appendix B to the JU Supplement, within 30 days of the issuance of this order.

a. Upstream Emissions from Imported Natural Gas

Upstream emissions from imported natural gas are defined in the CLCPA as the emissions resulting from the extraction and transmission of natural gas imported into the State. When the CLCPA was enacted in 2019, upstream emissions were included in the definition of "Statewide greenhouse gas emissions," but the amendments to the CLCPA that were included in the budget for the 2026-2027 State fiscal year have since removed upstream emissions from the calculation of "Statewide greenhouse gas emissions." Thus, the Commission determines that utilities no longer have to include this category of emissions in their annual GHG Emissions Inventory Reports.

i. Certified Gas

Certified gas is defined by the JU as gas procured from suppliers that have adopted stringent management practices and emissions reduction initiatives to achieve a specific methane emission rate, as evaluated by an independent third-party assessor.[34] The JU proposes to use these specific

[34] JU Proposal, p. 12.

emissions rates to calculate the emissions reductions that correspond to the purchase of certified gas, as opposed to traditional natural gas. The JU states that some of the utilities have approved pilot programs to evaluate the cost effectiveness of the emissions reductions associated with such purchases and that this methodology would allow them to do so.[35]

In its comments, EDF notes that in the 2023 Con Edison rate order, the Commission states that a pilot program is an appropriate way to determine whether certified gas can be used to reduce GHG emissions, thus implying that it is not a foregone conclusion.[36] EDF also states that there is no standard definition for certified gas and that operators can voluntarily and selectively pursue certification, resulting in an inaccurate depiction of an operator’s practices or overall emissions.[37] The Sierra Club agrees with EDF’s comments and goes on to state that the Commission should decline to accept emissions reductions from certified gas until the Commission has had the opportunity to evaluate the results of any utility pilots and the credibility of different certifications.[38] The Commission did just that in its subsequent Con Edison rate order in 2026.

In its 2026 Con Edison rate order, the Commission agreed with the signatories of the Joint Proposal that Con Edison’s differentiated (or certified) natural gas pilot program should be eliminated and Con Edison should no longer purchase

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[35] JU Proposal, p. 15.

[36] EDF Comments, pp. 14-15.

[37] EDF Comments, pp. 13-14.

[38] Sierra Club Comments, p. 1.

certified gas as part of its portfolio.[39] DPS staff testified in this case that the pilot program provided sufficient information with which to evaluate its effectiveness. Program reporting showed that the inconsistent and variable approaches to verifying and calculating the emissions impacts of certified gas as compared to traditional natural gas left doubt as to the actual emissions reduction benefits provided to ratepayers through this program.[40]

Therefore, based on the lack of maturity and consistency of certified gas emissions rates, the Commission determines that utilities cannot claim emissions reductions associated with any procurement of certified gas in their annual GHG Emissions Inventory Reports.

b. Emissions from the Natural Gas Distribution System

The JU designates emissions at the local distribution level associated with system attributes (e.g., main material, service material, meter and regulator stations, and physical meters (residential, commercial, and industrial) as attributable emissions in its proposal. The JU notes that attributable emissions can only be reduced by upgrading leak-prone materials but may increase if the number of new facilities on the system increases. The JU proposes to use NGSI emissions factors, derived using the US EPA methodology, for emissions associated with these distribution system attributes.[41]

[39] Case 25-E-0072 et al., Consolidated Edison Company of New York, Inc. – Electric Rates, Order Adopting Terms of a Joint Proposal and Establishing Electric and Gas Rate Plans (issued January 22, 2026), p. 81.

[40] Case 25-G-0073, Consolidated Edison Company of New York, Inc. – Gas Rates, Staff Gas Reliability and Supply Panel Initial Testimony (filed May 30, 2025) pp. 139-140.

[41] JU Proposal, p. 7.

Firstly, for purposes of clarity and consistency across Commission orders, the Commission will refer to these emissions as emissions from the natural gas distribution system, and not attributable emissions. Secondly, as laid out above, the Commission determines that the utilities should apply NYSDEC emissions factors to emissions from distribution system attributes, which should be reported in Part 1. If a particular attribute is not covered by the NYSDEC methodology, it is then appropriate to rely on US EPA emissions factors, and then NGSI emissions factors, in that order. These emissions should be reported in Part 2.

c. Emissions from End-User Natural Gas Combustion

As described above, end-user emissions are distinct and different from emissions that result at the physical customer meter. End-user emissions are defined as emissions that result from natural gas combustion at a customer's premises, after delivery from a utility's distribution system. In the supplement to their original proposal, the Joint Utilities propose to include emissions from end-user combustion, using the US EPA methodology for this category of emissions.[42] To ensure consistency with NYSDEC's annual Statewide GHG Emissions Report, the Joint Utilities shall use NYSDEC's emissions factors for end-user combustion and shall report these emissions in Part 1.

Rate Filing Emissions Framework

While not expressly required under the CLCPA Initiating Order, the Commission maintains that it is imperative that this Order also address the relationship between the annual GHG Emissions Inventory Report and utility rate filings. The purposes of Parts 1 and 2 of the inventory, as stated above,

[42] JU Supplement (filed May 31, 2023), pp. 5-6.

are, respectively, to enumerate the New York State utilities' contributions to statewide emissions and to establish a historical baseline from which future emissions impacts can be measured and compared. The role of emissions in rate filings going forward should be to enumerate the projected incremental emissions reductions or increases associated with the specific investments, capital expenditures, programs, and initiatives for which a utility is seeking cost recovery in a particular rate plan going forward. Similarly, projected total emissions from end-user combustion should not be discussed in rate filings, given that total emissions from end-user combustion are based on projected gas sales, which are in turn estimated based on historical data, and do not necessarily directly reflect emissions reductions policy. Incremental changes in emissions from end-user combustion should only be discussed in the context of specific projects and programs, as described below. It is more appropriate to compare those project- or program-specific changes in end-user emissions to the actual end-user emissions from the utility's most recent annual report, than to the total projection of sales in a given rate year.

For the purposes of rate filings, gas long-term plans, or other petitions before the Commission that necessitate the consideration of GHG estimates, and until NYSDEC has issued final guidance on emissions factors based on the CLCPA Amendments, it is appropriate to use US EPA and then NGSI emissions factors consistent with the priority treatment discussed above.

a. Avoided Emissions

The JU contends that because emissions avoidance strategies are emerging and utilities' systems are unique, the Commission should allow flexibility in how avoided emissions are reported. The JU gives several examples, such as using renewable fuels, enhanced leak response time and backlog, and suggests that the US EPA's methodologies may be instructive. EDF asserts that the Commission should establish a process whereby the JU, NYSDEC, and NYSERDA collaborate to formalize a framework for calculating such emissions.

The Commission rejects EDF's suggestion to establish a process that convenes the parties such that there be agreement in a reporting protocol. While it is understandable and even admirable to establish a common framework that serves to standardize and establish compliance reporting, standardization at this point may arbitrarily limit emissions reduction strategies or demand the Commission approve in this case emissions reduction strategies the Commission has approved elsewhere. However, neither the JU's proposal, EDF's suggestion, nor the Commission's rejection of reporting standards here conflict with the Commission's findings above regarding the appropriate use of emissions factors or methodologies. We address reporting requirements and their contents below.

The purpose of an annual GHG Emissions Inventory Report is to provide a mechanism with which to track each utility's total yearly emissions. The change in a utility's emissions year-to-year and over time can be ascertained by comparing a utility's total emissions in an actual or rate year to the emissions that occurred in a previous benchmark year, such as 1990. A decrease in total emissions can be achieved by reducing or avoiding altogether emissions from specific projects or programs. Avoided emissions from a particular category can be implicitly calculated by calculating the difference in emissions from that category in two different years and thus avoided emissions are not something that necessarily needs to be reported explicitly in Part 1 or Part 2 of the Annual GHG

Emissions Inventory. EDF suggests that utilities be allowed to voluntarily submit an Avoided Emissions Appendix as an attachment to their annual GHG Emissions Inventory Report.[43] The Commission rejects this suggestion and determines that it is more appropriate for utilities to discuss their avoided emissions in the context of rate filings.

CONCLUSION

For the reasons discussed above, the Commission adopts the Joint Utilities' proposal, with modifications. The Commission finds that the utilization of the Department of Environmental Conservation's emission factors, together with supplemental emissions data based on United States Environmental Protection Agency and the Natural Gas Sustainability Initiative's emissions factors, will provide the Commission with an accurate report of the Joint Utilities' annual emissions.

The Commission orders:

1. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, The Brooklyn Union Gas Company d/b/a National Grid NY, KeySpan Gas East Corporation d/b/a National Grid, National Fuel Gas Distribution Corporation, Liberty Utilities (St. Lawrence Gas) Corp., and Corning Natural Gas Corporation shall file annual Greenhouse Gas Emissions Inventory Reports, inclusive of Parts 1 and 2, providing emissions estimates, including natural gas distribution system emissions and emissions from end-user combustion, as discussed

[43] EDF Comments, p. 9.

in the body of this Order. For 2027, the reports shall be filed by December 31, 2027, and for 2028, the reports shall be filed by September 1, as discussed in the body of this Order. Starting in 2029, the reports shall be filed by June 1 of each year with an accounting of such emissions for the past year. The first report in 2027 shall also provide estimates of historical annual emissions, in the same format, going back to 1990.

2. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, The Brooklyn Union Gas Company d/b/a National Grid NY, KeySpan Gas East Corporation d/b/a National Grid, National Fuel Gas Distribution Corporation, Liberty Utilities (St. Lawrence Gas) Corp., and Corning Natural Gas Corporation shall file, within 30 days of the issuance of this Order, an updated comparison table, or Appendix B: Methodology Comparison Table, as contained in the Joint Utilities' Supplement to Proposal for an Annual Greenhouse Gas Emissions Inventory Report as filed on May 31, 2023.

3. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, The Brooklyn Union Gas Company d/b/a National Grid NY, KeySpan Gas East Corporation d/b/a National Grid, National Fuel Gas Distribution Corporation, Liberty Utilities (St. Lawrence Gas) Corp., and Corning Natural Gas Corporation shall file, within 60 days of the issuance of this Order, a standard template for Parts 1 and Parts 2, as discussed in the body of this Order.

4. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, The Brooklyn Union Gas Company d/b/a National Grid NY, KeySpan Gas East Corporation d/b/a National Grid, National Fuel Gas Distribution Corporation, Liberty Utilities (St. Lawrence Gas) Corp., and Corning Natural Gas Corporation shall file, in each rate filing, incremental estimates of the natural gas distribution system emissions impacts of each project or program outlined in the proposed rate plan, on a per-project basis, as discussed in the body of this Order.

5. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, The Brooklyn Union Gas Company d/b/a National Grid NY, KeySpan Gas East Corporation d/b/a National Grid, National Fuel Gas Distribution Corporation, Liberty Utilities (St. Lawrence Gas) Corp., and Corning Natural Gas Corporation shall use New York State Department of Environmental Conservation emission factors as found in 6 NYCRR Part 253 where available and use reasonable alternative emission factors for those not specified – first referring to available United States Environmental Protection Agency factors, then Natural Gas Sustainability Initiative factors if there is no established United States Environmental Protection Agency factor, as discussed in the body of this Order.

6. The use of third-party Certified or Differentiated Natural Gas emission factors in greenhouse gas emissions

reporting shall be prohibited, as discussed in the body of this Order.

7. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

8. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary