



May 24, 2019

VIA ELECTRONIC FILING

Hon. Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 19-T-0069 – Application of Niagara Mohawk Power Corporation for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII for the Pipeline E37 Reliability and Resiliency Project in the Town of Bethlehem, Albany County and the Towns of East Greenbush and North Greenbush, Rensselaer County

Dear Secretary Burgess:

Multiple Intervenor, an unincorporated association of approximately 60 large industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York, including the Niagara Mohawk Power Corporation d/b/a National Grid (“Niagara Mohawk”) service territory, hereby submits these Comments in support of the Pipeline E37 Reliability and Resiliency Project (“Project”), which has been proposed in the above-referenced proceeding. For the reasons set forth below, Multiple Intervenor generally supports the Project, albeit with certain limited caveats.

A. Relevant Background

On February 1, 2019, Niagara Mohawk filed an application, pursuant to Article VII of the New York Public Service Law, seeking a certificate of environmental compatibility and public need (“Certificate”) from the New York State Public Service Commission

(“Commission”) authorizing the utility to construct, own, operate and maintain the Project (hereinafter, the “Application”). The Project proposed by Niagara Mohawk is comprised of a 16-inch-diameter, 7.3-mile natural gas pipeline, portions of which will be located in the Town of Bethlehem in Albany County, and the Towns of North Greenbush and East Greenbush in Rensselaer County. (Application at 1.) Once constructed, the Project will complete, or close, what Niagara Mohawk refers to as the “Albany Loop” – which currently is not closed and is shaped like a horseshoe – and is considered by the utility to be “an integral component” in its provision of gas service to approximately 139,000 customers in the Eastern Region of its gas service territory. (*Id.* at 15.)

On March 13, 2019, the Commission issued a Notice of Informational Forums and Public Statement Hearings (“Notice”) in this proceeding. On page 3 of that Notice, the Commission solicited written comments on the Application by April 24, 2019. On April 23, 2019, the Commission issued a Notice Extending Deadline for Submission of Comments, which established May 24, 2019 as the new filing deadline for comments on the Application.

B. Summary of Multiple Intervenors’ Positions

Multiple Intervenors generally supports the Project. There appears to be an exigent need for increased gas pipeline capacity in the Eastern Region of Niagara Mohawk’s gas service territory. Based on the information available to Multiple Intervenors, development of the Project would: (a) improve the reliability of gas service; (b) strengthen the resiliency of the utility’s gas system; (c) facilitate and help promote economic development efforts in the region; and (d) potentially result in certain environmental benefits.

Multiple Intervenors’ support for the Project is subject to two limited caveats. First, Multiple Intervenors advocates no position on the specific location of the Project or the

techniques to be employed during the construction. Second, Multiple Intervenors advocates no position here on the projected cost of the Project – which is not addressed in the Application – or the utility’s future ability to recover those costs from customers. Given the absence of cost-related information in the Application, Multiple Intervenors assumes that such issue will be addressed in a future rate proceeding.

C. The Project Should Be Approved

Subject to the limited caveats identified above, Multiple Intervenors urges the Commission to approve the Project in a form resembling that proposed in the Application. Multiple Intervenors’ general support for the Project is based on four primary considerations – reliability, resiliency, economic development, and environmental emissions – each of which is discussed further below.

First and foremost, the Project urgently is needed to improve gas reliability. Niagara Mohawk’s existing gas infrastructure cannot serve the demands of customers located in the greater Capital Region adequately. The gas supply constraints behind Niagara Mohawk’s “East Gate” (*i.e.*, the region containing interconnections, or “city gates” with Dominion Energy Transmission Inc. [“DETI”] located east of Amsterdam) are significant and predate the filing of the Application by quite some time.

In its last rate case filing, made almost two years ago on April 28, 2017, Niagara Mohawk asserted that:

[T]he Company has denied new and/or incremental customer requests for standby supply service ... restricted migration from non-core firm transportation service to core firm transportation service, and limited new customer additions to the SC-1 (Residential) and SC-2 (Small General Delivery) classes. Even with these measures, the Company forecasts that it will exceed hourly limits in the East Gate in the 2020/21 peak season. Failure

to identify and implement a solution to this problem may lead to a moratorium on firm customer growth.¹

The parties to that rate proceeding negotiated resolutions to several issues regarding Niagara Mohawk's East Gate constraints, including provisions anticipating construction of the Project. In describing the relevant portions of the Joint Proposal that was submitted by numerous parties to the rate proceeding – including but not limited to Niagara Mohawk and Multiple Intervenors – the Commission stated as follows: “The JP recommends capital budgets to allow the Company to reinforce and modernize its gas distribution system, *including funding for the Albany Loop project, which would modernize Niagara Mohawk's eastern service territory*”² The Commission adopted the Joint Proposal, and the gas delivery rate increases advanced therein, concluding that “increases are needed to allow the Company to maintain and upgrade its ... gas infrastructure”³

In support of the Project, Niagara Mohawk notes that it will reduce the risk of service interruption for as many as 50,000 customers:

The northern part of the Albany Loop area is currently supplied by Dominion Energy Transmission Inc. (DETI) from the Troy city gate. If DETI were to interrupt supply to this gate on a day with a 24-hour average temperature of 5°F, as many as 50,000 National Grid customers could lose gas service. If DETI were to interrupt on a design day (24-hour average temperature of negative 10°F), an even greater number of customers could lose service. The Project would reduce the risk of customer

¹ Cases 17-E-0238 and 17-G-0239, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric and Gas Service*, Direct Testimony of Elizabeth D. Arangio (dated April 28, 2017) at 20-21.

² Cases 17-E-0238 and 17-G-0239, *supra*, Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plans (issued March 15, 2018) at 18 (emphasis added).

³ *Id.* at 32.

interruption and increase system reliability, allowing the Company to maintain service notwithstanding a DETI interruption.

(Application at 15.) Customers have a right to reliable gas service, and Niagara Mohawk possesses an obligation to provide such service reliably. The Project appears to represent a good faith effort by the utility to fulfill that critically important obligation.

Second, the Project is needed to strengthen the resiliency of the gas system in the region.⁴ For instance, Niagara Mohawk indicates that: “Closing the Albany Loop will enhance the Company’s ability to respond to an interruption in supply at the Troy city gate” (Application at 15.) By closing the Albany Loop, the Project would allow Niagara Mohawk to move gas supplies in two directions – instead of only in a single direction, which is the case now – and this increased flexibility provides important resiliency benefits for customers:

Closing the Albany Loop will allow gas to move in two directions, enable more gas to flow through TGP [*i.e.*, Tennessee Gas Pipeline] into the Company’s East Gate by increasing the take away capacity from the TGP Bethlehem city gate. It will allow an additional 40,000 DT/day to be brought in at that city gate under design conditions to fully maximize utilization of the existing gate; this translates to up to 2000 DT/hr of hourly capacity relief capability. This will mitigate an on-system problem or an upstream supply problem.

⁴ Although the term “resilience” can mean different things to different parties, the Federal Energy Regulatory Commission proposed the following definition of resilience with respect to the electric industry, although it appears equally applicable to the gas industry: “The ability to withstand and reduce the magnitude and/or duration of disruptive events, which includes the capability to anticipate, absorb, adapt to, and/or rapidly recovery from such an event.” Docket Nos. RM18-1-000, *Grid Reliability and Resilience Pricing*, and AD18-7-000, *Grid Resilience in Regional Transmission Organizations and Independent System Operators*, Order Terminating Rulemaking Proceeding, Initiating New Proceeding, and Establishing Additional Procedures (issued January 8, 2018), 162 FERC ¶ 61,012 at ¶ 23.

(*Id.* at 16.) Given the detrimental impacts of gas service interruptions, particularly during very cold weather, improved resiliency is an important consideration for the Commission.

Third, the Project is needed to facilitate and help promote economic development efforts in the region. Many businesses, including but not limited to manufacturers, depend on reliable gas service for their operations. For instance, in addition to heating facilities in cold weather, gas is essential to numerous industrial processes. If reliable gas service is not available, it will become increasingly difficult to attract new businesses, and retain existing businesses, in a particular region.

In its Application, Niagara Mohawk points out that a failure to construct the Project will result in real consequences that Multiple Intervenors contends will harm important economic development efforts: “Ultimately, a moratorium declaration on firm sales in the capital region of the Company’s system will be needed if the constraint is not addressed. These constraints impact the Company’s ability to serve existing firm and interruptible gas customers and expand gas service in the area.” (*Id.*) Niagara Mohawk also asserts bluntly that “without the Project the Company will no longer be able to support new gas connections in its East Gate service territory.” (*Id.* at 17.) Frustratingly, the prospect of moratoriums on gas service is becoming increasingly prevalent in New York.⁵ The Commission needs to act to preserve the

⁵ As the Commission is aware, Consolidated Edison Company of New York, Inc. recently issued a temporary moratorium on certain new gas customers in most of Westchester County, due to gas constraints in the region, effective March 15, 2019. Cases 17-G-0606, *Petition of Consolidated Edison Company of New York, Inc. for Approval of the Smart Solutions for Natural Gas Customers Program*, and 16-G-0061, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service*, Notice of Temporary Moratorium for Gas Service (dated January 17, 2019). Niagara Mohawk also filed proposed tariff modifications recently that would allow it to reject applications for expansions or new customers if the utility determines there is insufficient supply to meet demand. Case 18-G-0710, *Tariff revision to include a provision for flexibility in accepting*

availability, reliability, and resiliency of gas service, or economic development efforts in the State surely will suffer.

The linkage between the availability of reliable gas service and economic development is clear and strong, as explained by the Commission itself:

Expanding the availability of natural gas also is likely to have important implications for economic development and the job market within New York. The ready availability of a lower cost energy source will enhance the viability of existing businesses as well as enhance the State's ability to attract new businesses and industries. Moreover, expansion of the natural gas system itself will likely create and/or retain in-state construction jobs.⁶

In fact, as the Commission has pointed out, the Governor's New York Energy Highway "Blueprint" provides that "accelerating utility capital and operation and maintenance spending on the State's ... natural gas infrastructure will result in enhanced reliability and safety for utility customers *while generating substantial economic development benefits for the State's overall economy.*"⁷

Fourth, the Project potentially will result in certain environmental benefits. In its Application, Niagara Mohawk asserts that: "With the Project in service, commercial and industrial businesses and other energy consumers will be able to use clean, efficient natural gas rather than less environmentally friendly fuels such as heating oil" (Application at 17.) Multiple Intervenors concurs. In Multiple Intervenors' experience, gas interruptions

applications for new or additional gas service when there is inadequate supply or capacity, Tariff Filing (dated November 14, 2018).

⁶ Case 12-G-0297, *Proceeding on Motion of the Commission To Examine Policies Regarding the Expansion of Natural Gas Service*, Order Instituting Proceeding and Establishing Further Procedures (issued November 30, 2012) at 4-5.

⁷ *Id.* at 5 (emphasis added; footnote omitted).

frequently result in businesses utilizing alternate fuels, such as oil, to a much-greater degree, thereby leading to increased environmental emissions. Where gas service is reliable, and not interrupted, use of those alternate, higher-emitting fuels can be minimized.

Previously, the Commission recognized that, compared to many alternatives, gas is environmentally preferable:

Natural gas is a cleaner fuel than No. 2 oil, kerosene or propane in terms of emissions of particulate matter, nitrous oxide, sulfur dioxide, and carbon dioxide. It is also significantly cleaner than coal. Per unit of energy, natural gas emits approximately 28% less carbon dioxide than petroleum derived fuels and has significantly lower levels of nitrogen oxides (NO_x), sulfur dioxide (SO₂) and particulate matter. *Use of natural gas that displaces oil or coal consumption will result in lower overall emissions.*⁸

When reliable gas service is not available, however, customers often have little choice but to utilize alternate fuels, often at a cost of higher emissions. Thus, in certain circumstances, improving the reliability of gas service can lead to environmental benefits.⁹

Finally, Multiple Intervenors notes that prior to advancing the Project, Niagara Mohawk considered, and ultimately rejected, several non-pipeline alternatives (“NPAs”). (Application at 17-19.) Multiple Intervenors supports the utility’s efforts in this regard. In instances where major infrastructure investments are needed, gas utilities should identify and evaluate potential NPAs, which may provide economic and other benefits to customers. Importantly, however, NPAs only will work and truly be beneficial to customers in certain

⁸ *Id.* at 4 (emphasis added; footnote omitted).

⁹ This is not the proceeding to determine the future role of natural gas as a fuel source. Rather, it is siting proceeding involving a 7.3 mile pipeline that urgently is needed to address, *inter alia*, reliability and resiliency concerns impacting tens of thousands of customers.

circumstances. In this case, Niagara Mohawk concluded that potential NPAs, such as demand response and/or reliance on trucked deliveries of compressed natural gas, would not represent superior – or even acceptable – alternatives to the Project. (*Id.*) Multiple Intervenors is not aware of any information that would call the utility's conclusions in this regard into question.

In summary, the Project addresses satisfactorily certain looming resiliency and reliability concerns and is necessary for continued economic development in the region. Development of the Project also may result in certain environmental benefits. For the foregoing reasons, and subject to limited caveats identified, *supra*, Multiple Intervenors supports the Application and the Project as being consistent with the public interest, and urges the Commission to grant Niagara Mohawk a Certificate to construct, own, operate and maintain the Project.

Respectfully submitted,

MULTIPLE INTERVENORS

Michael B. Mager

Michael B. Mager, Esq.
Counsel to Multiple Intervenors

MBM/dp/glm

cc: Active Parties (via E-Mail)

S:\DATA\Client21 18001-18400\18271\Comments in Support of Pipeline E37.docx