MULTIPLE INTERVENORS
REPRESENTING NEW YORK'S LARGE ENERGY CONSUMERS

February 14, 2025

VIA ELECTRONIC FILING

Hon. Michelle L. Phillips
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 1222-1350

Re: Case 23-G-0676 – In the Matter of a Review of the Long-Term Gas System Plans of Central Hudson Gas & Electric Corporation

Dear Secretary Phillips:

Pursuant to the Notice Establishing Comment Deadline issued by the New York State Public Service Commission ("Commission") on January 16, 2025, in the above-referenced proceeding, Multiple Intervenors hereby submits these comments on the final gas long-term plan ("LTP") filed by Central Hudson Gas & Electric Corporation ("Central Hudson") on November 22, 2024. For the reasons set forth herein, the Commission should refrain from approving Central Hudson's LTP or authorizing any specific spending thereunder. As demonstrated herein, and acknowledged by Central Hudson, the LTP is not cost-effective and, even accounting for projected environmental benefits, would result in greater societal costs than benefits. Additionally, the Commission should prioritize maintaining gas affordability for all existing customers, particularly in light of the fact that it only recently authorized Central Hudson to increase gas delivery rates by 20.1 percent, and the utility immediately thereafter filed a new rate case proposing to increase gas delivery rates by an additional 9.4 percent.[1]

On April 29, 2024, Multiple Intervenors submitted its Initial Comments on the LTP that was filed by Central Hudson in this proceeding on February 7, 2024. In those Initial Comments, Multiple Intervenors advanced the following three positions: (1) the proposed cost of the LTP is unclear but appears excessive; (2) Central Hudson's LTP is not cost-effective and its proposed implementation would be contrary to the public interest; and (3) Central Hudson should be directed to evaluate and, if cost-effective, implement gas demand response programs. Multiple Intervenors continues to advocate these positions with respect to Central Hudson's final LTP.

[1] *See* Cases 23-E-0418 and 23-G-0419, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric and Gas Service*, Order Establishing Rates for Electric and Gas Service (issued July 18, 2024) at 2 (authorizing electric and gas delivery rate increases of 16.5 percent and 20.1 percent, respectively); and Cases 24-E-0461 and 24-G-0462 , *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric and Gas Service*, Department of Public Service Staff Memo on Rate Filing (dated August 1, 2024).

First, the total proposed cost of Central Hudson's LTP remains unclear but certainly appears to be excessive. While the LTP contains numerous tables and charts depicting potential rate and bill impacts, it contains inadequate information with respect to total projected costs. For instance, it is not clear how much in spending – presumably recoverable from customers – would be needed to implement the LTP and when such spending likely would occur. The Commission should not approve an LTP absent clear information as to its total costs. Such information should be available but is not stated clearly in the LTP. Customers currently are being inundated with a large and growing list of substantial financial obligations being imposed upon them (*see, e.g.*, Multiple Intervenors' April 29 Comments at 6-8), as well as extremely-large annual delivery rate increases. The proposed cost (and cost impacts) of Central Hudson's LTP not only should be evaluated in isolation, but also in conjunction with all of the other financial obligations imposed on customers. Such evaluations are more challenging, however, when the LTP appears to lack a price tag clearly depicting the total amount of costs that could be recoverable from customers.

Second, there can be little doubt that Central Hudson's LTP is not cost-effective and that its proposed implementation would be contrary to the public interest. In the LTP, Central Hudson examines multiple scenarios and selects the "No New Infrastructure" ("NNI") scenario as its recommended "pathway." (LTP at 7-8.) The utility then prepared benefit/cost ("B/C") analyses on the various scenarios. A B/C ratio greater than 1.0 means that benefits exceed costs; conversely, a B/C ratio less than 1.0 means that costs exceed benefits. Here are the results of Central Hudson's own B/C analyses of the NNI scenario under various testing methodologies ($ Millions, 2024):

Test	Benefits	Costs	Net Benefits	B/C Ratio
Societal Cost Test	$852.0	$1,183.0	-$331.0	0.72
Utility Cost Test	$618.2	$1,203.1	-$584.9	0.51
Ratepayer Impact Test	$618.2	$1,363.4	-$745.2	0.39

(LTP at 91.) The results could not be more clear. Using the Societal Cost Test, which quantifies and accounts for the environmental benefits associated with reduced gas consumption, the LTP does not come close to being cost-effective, and its implementation would result in societal costs exceeding societal benefits by a projected $331 million. Pursuant to the Utility Cost Test, the projected costs are almost double the projected benefits, with net costs of almost $585 million. Finally, under the Ratepayer Impact Test, the projected costs are more than the double the projected benefits, and implementation would be wildly uneconomic and result in net costs of over $745 million. Under no rational basis can implementation of a plan that would result in substantial net costs to society, the subject utility, and its customers be considered in the public interest. Indeed, the utility's own analyses indicate clearly that the preferred scenario or pathway of the LTP is in fact contrary to the public interest.

Third, Central Hudson's LTP does not include gas demand response programs (other than its interruptible rate option). (LTP at 51.) Central Hudson has known, since at least 2020, that gas demand response programs could be a cost-effective option on its system:

> Central Hudson does not offer any additional demand response programs that are focused on gas usage at this time [*i.e.*, in addition to interruptible rates]. The Company explored program options in a

> potential study released in 2020, including both residential and non-residential direct load control as well as non-residential curtailment options. The study concluded that *gas demand response programs would be cost-effective to implement* and would slightly reduce system peaks.

(*Id.*, citation omitted; emphasis added.)

To its credit, the utility appears willing to address the current absence of gas demand response programs: "Central Hudson is open to developing a gas demand response program, proposes to coordinate with interested parties to identify customers that would be willing to participate, and work with parties to understand the benefits of and to develop and innovative gas demand response program (or programs)." (LTP at 51-52.) Multiple Intervenors appreciates Central Hudson's position on this issue, and recommends that the Commission incorporate into a future order a commitment that Central Hudson coordinate with parties and develop one or more cost-effective gas demand response programs to be submitted to the Commission for approval by a reasonable deadline set for later this year.

In Case 23-G-0437, focusing on New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, the Commission recently issued an order that: (a) concluded "it is not necessary or appropriate" to approve an LTP "with this level of detail and a 20-year horizon this far in advance"; (b) determined that it "will address recovery of costs for specific proposals and actions" in rate proceedings; and (c) held that "if a rate case proposal relates to an element of the … LTP, such proposal will be subject to thorough review through the traditional rate case process, without any presumption as to the outcome."[2] Multiple Intervenors recommends that the Commission enact a similar outcome in this proceeding. Given the magnitude of delivery rate increases and other financial obligations impacting customers, as well as Central Hudson's own B/C analyses supporting a conclusion that its LTP is not remotely cost-effective, there is no compelling reason why the Commission should approve the LTP at this time or subject customers to even higher costs in a furtherance of a plan designed to produce societal, utility, and customer costs well in excess of benefits.

Respectfully submitted,

MULTIPLE INTERVENORS

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MBM/jc
cc: Active Parties (via E-Mail)

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[2] Case 23-G-0437, *In the Matter of a Review of the Long-Term Gas System Plan of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation,* Order Regarding Long-Term Natural Gas Plan and Directing Further Actions (issued January 23, 2025) at 33.