

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on June 11, 2026

COMMISSIONERS PRESENT:

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

CASE 26-G-0093 - Petition of New York State Electric & Gas
Corporation for a Waiver of the Requirements of
PSC No. 90, Gas, Section 10 Permanent Waiver of
the Dual-Fuel Requirement.

ORDER GRANTING PERMANENT WAIVER OF TARIFF PROVISION

(Issued and Effective June 12, 2026)

BY THE COMMISSION:

INTRODUCTION

On February 10, 2026, New York State Electric and Gas Corporation (NYSEG or the Company) filed a petition (Petition) requesting a permanent waiver of the dual-fuel requirement, described in its tariff, P.S.C. No. 90 - Gas, Leaf No. 85, Rule 10.I (Tariff Provision), as applied to a particular applicant's proposed hydrogen fuel cell installation in Endicott, New York (the Project). The Tariff Provision requires new customers with annual loads of 50,000 dekatherms (Dth) or more to install and thereafter maintain full capability to use an alternate form of energy in lieu of gas. The applicant states that no suitable dual-fuel equipment options would be available in its required timeline at a reasonable cost; however, the applicant can safely

shut down its operations with a minimum of two hours' notice. By this Order, the Public Service Commission (Commission) grants NYSEG's request for permanent waiver of the Tariff Provision as it pertains to the applicant for the Project.

BACKGROUND

The Tariff Provision states: "[T]o obtain gas hereunder, a new customer whose total use will be 50,000 Dth or more per year, shall install and shall thereafter maintain full capability to use an alternate form of energy in lieu of gas for all purposes for which the new gas obtained hereunder is to be used."

NYSEG seeks permanent waiver of the Tariff Provision on behalf of the applicant. The applicant is constructing a hydrogen fuel cell installation with projected annual gas demand of 586,900 Dth, to be served under a firm service classification.¹ NYSEG explains that no alternative fuel is feasible at the project site. According to the applicant, fuel oil and diesel are not compatible with hydrogen fuel cells because the fuel cells' electrochemical process requires hydrogen or methane inputs.² Thus, liquified natural gas (LNG) is the only suitable alternative fuel for the project.

However, the applicant states that the cost of installing the LNG facilities necessary to establish dual-fuel capability would make the project financially infeasible. The applicant estimates that the LNG facilities would cost \$10 million. Additionally, the applicant intends to commence operations at the new facility in mid-2026, but the time needed

¹ Company's response to DPS-01, Questions 1 and 2.

² Company's response to DPS-01, Question 7.

to acquire proper permits, construct, and functionalize the necessary LNG infrastructure would delay operations until 2028.

The applicant will be a firm customer under Non-Residential Distributed Generation Firm Transportation Service.³ Nevertheless, NYSEG states the applicant can safely shut down operations without risk to its facilities with a minimum of two hours' notice, which NYSEG indicates it can provide in the event a curtailment is necessary.⁴ Both the Company and the applicant can manually shut off gas service at the meter, and the Company can track usage via its gas tracking system to ensure the customer's gas usage has decreased to zero.⁵ The applicant has acknowledged that, per the tariff, the Company will not incur liability for any loss or damage resulting from service interruption.⁶ NYSEG has not interrupted or curtailed customers within this service class during the past five years.⁷ The Company does not have operational concerns with its gas distribution system at the applicant's location.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on March 25, 2026 [SAPA No. 26-G-0093SP1]. The time for submission of comments pursuant to the Notice expired on May 26, 2026. No comments were received.

³ Company's response to DPS-01, Question 2.

⁴ Company's response to DPS-01, Question 3(B).

⁵ Company's response to DPS-01, Questions 4 and 10.

⁶ Tariff Schedule P.S.C. No. 90 - Gas, Leaf No. 72.

⁷ Company's response to DPS-01, Question 2(B).

LEGAL AUTHORITY

Pursuant to Public Service Law §§5, 65(1), 66(1), and 66(12), the Commission has the legal authority to require utilities to file and comply with tariff schedules that ensure the utilities provide safe and adequate utility service at just and reasonable rates. As such, the Commission has the legal authority to waive provisions of the tariff as described herein.

DISCUSSION AND CONCLUSION

The Commission grants NYSEG's request for permanent waiver of the Tariff Provision as it pertains to the Project. The Company has demonstrated that the applicant explored alternative fuel options, including fuel oil, diesel, and LNG, but found that fuel oil and diesel are incompatible with hydrogen fuel cells and that LNG is financially infeasible.

The Commission finds that a waiver of the Tariff Provision, in this case, aligns with the purpose of the dual-fuel requirement, which is to maintain system reliability in situations of constrained supply. Given, the transportation service for this non-residential customer is firm, and there are no operational concerns for the distribution system at the customer's location, service curtailments or interruptions are not expected. Nevertheless, NYSEG has shown that it will be able to curtail or interrupt service to the applicant, if necessary, without harming the applicant, its facilities, or its product and without incurring liability. Further, the applicant has confirmed it can safely shut down its operations in a controlled manner with a minimum of two hours' notice. Accordingly, the requested waiver will not impact NYSEG's safety and reliability of service.

For the reasons explained above, the Commission hereby grants a permanent waiver of NYSEG's Tariff Provision, P.S.C.

No. 90 - Gas, Leaf No. 85, Rule 10.I, requiring customers with usage of 50,000 Dth or more per year to install and maintain capability to use an alternate form of energy. The requested permanent waiver will allow NYSEG to serve the applicant without significant delay or further capital investment and infrastructure development. The waiver will not impact existing customers or system reliability.

The Commission orders:

1. Rule 10.I of New York State Electric and Gas Corporation's Tariff, P.S.C. No. 90 - Gas, Leaf No. 85, is permanently waived for the applicant's proposed hydrogen fuel cell installation in Endicott, New York.
2. This proceeding is closed.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary