

Review of PSC Initiation of Gas Planning Procedure from the PACE Energy & Climate Center

I hope you're all doing well! I'm sure I'm not alone in feeling unsettled by the current situation and needing some good news ... and we got **great** news today!

The PSC heard our call to established a comprehensive gas planning proceeding, and I can say in all fairness that it truly is comprehensive and explicitly prioritizes the alignment of gas planning processes with the CLCPA. It also has a strong focus on making the gas planning process more transparent and reducing utility claims to trade-secret confidentiality, which is fantastic.

My summary from the Commission session is below, and the full order is available here: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={2BE6F1CE-5F37-4A1A-A2C0-C01740962B3C}>. Given the breadth of the order's language, my sense is that if any particular sub-issues aren't called out (such as benefit-cost analysis frameworks), that doesn't mean they won't be considered.

- The overall goal of the proceeding is to avoid infrastructure investments where possible. The Commission recognizes that up until now, the gas planning process has been opaque, and much information has been filed confidentially, without opportunity for stakeholder review. And it has centered on conventional approaches to meeting natural gas demand through new infrastructure, and has failed to prioritize other approaches, such as demand reduction. It has not reflected the best balance of interests in terms of timeliness, costs, environmental considerations, etc.
- “Such planning should specifically incorporate a full range of practical alternatives so that it can serve to minimize total lifetime costs, while ensuring reliable solutions for customers, and also while advancing State policies.” (P. 6)
- Supply planning, including locational constraint analysis to determine where transmission and distribution infrastructure levels may be inadequate to address demand. “This information will be a starting point in analyzing potential alternatives.” (P. 5)
- Policy-aligned gas planning, including comprehensive considerations of supply alternatives and demand-side options, as well as ensuring reliability for customers and the advancement of state policies, in particular and explicitly the CLCPA.
- Non-Pipe Solutions programs, including energy efficiency programs, electrification of heating, clean distributed generation, temporary supply solutions, and other mechanisms to allow gas utilities to meet customer demand without contracting for additional pipeline supply.
- Reliance on peaking services to meet customer demand, including considerations of clear standards for cost, safety, and reliability. Measures include trucking compressed natural gas, or contracting with natural gas marketers for short-term contracts at market prices.
- Standards governing moratoria, including how and when a utility declares a moratorium, how impacted customers are treated, communication standards and

practices, prioritization of customers for new connections, and how when to lift a moratorium.

- Rate design and its effects on gas demand.
- Reduction of criteria pollutants.
- Tariff amendments that may be necessary to effectuate these changes.
- Process requirements:
 - Within 120 days:
 - Utilities to file proposals to address reliance on peaking services and moratorium management
 - Utilities to file gas demand analyses for their service territories
 - Within 150 days:
 - Staff to file a proposal for public comment on modernizing the gas system planning process
 - Utilities provide status report on proposals for implementing demand-reduction measures in their service territories
 -

I particularly want to draw your attention to the following language: “Recent developments have challenged conventional approaches to gas system planning. These developments include, but are not limited to, recent and current instances of supply/demand imbalance, the emergence of viable, less-traditional and increasingly cleaner alternative solutions for demand and supply, the controversy and uncertainty associated with major gas infrastructure decisions, and the CLCPA’s establishment of state policy directions. All the while, continued investment in gas infrastructure has significant long- term financial implications for customers. The current approach to gas system planning poses risks of incomplete alignment with CLCPA, sub-optimal consideration of alternatives and timeframe, increased risk and cost to consumers, and unsatisfactory provision of service and solutions for those same consumers. To align with these policies and to recognize the emergence of potentially viable alternatives to gas infrastructure, gas planning must explicitly take account of the likely useful life of all alternatives, and of the resulting cost and risk implications.” (P. 6-7)

We have our work cut out for us to ensure that this process includes all of the sub-issues it must consider and leads to powerful results, but I think we can take a moment to celebrate the fact that after three years of pushing in rate cases, generic proceedings, and grassroots advocacy we as a team have finally succeeded in getting the process we’ve been asking for!

Congratulations, everyone!

Many thanks,

Radina

Radina Valova
“Secure Clean Energy”
Pace Energy and Climate Center
Senior Staff Attorney & Regulatory Affairs Manager
78 North Broadway, E-House
White Plains, NY 10603
o: (914) 422-4126
m: (323) 552-6915
rvalova2@law.pace.edu
<http://energy.pace.edu>
@energypace