

# **Gas System Transition (Chapter 18)**

My name is Eve Morgenstern and I am a mother who is deeply concerned about our warming world. I am also co-chair of Climate Reality Hudson Valley and Catskills chapter and I am inspired by the CLCPA. I want to make sure NY reaches the goals. I have a few things I want to say about Gas System Transition.

Also I want to thank you so much for your hard work. Please stay steadfast in implementing the CLCPA targets without getting distracted by the multi-million dollar campaign of lies from the fossil fuel companies, gas utilities, and their trade organizations, etc.

## **A key omission in the scoping plan**

I would urge the Council to immediately fund and start a sustained statewide education and awareness campaign on the benefits of the healthy, climate-friendly choices by consumers of heating and cooling, hot water, and cooking systems. This education campaign is necessary to counter the relentless and massive disinformation crusades by fossil-fuel interests and status-quo forces who've spent decades perfecting their chicanery, first to deny climate science, and now to cast doubt on the solutions. Given their long track record of weaponizing disinformation to sustain the extraction and burning fossil fuels, the absence of a public information component in the scoping plan is a surprising, but grave oversight. I encourage the Council to add a chapter on community-specific outreach, awareness, and education in the Final Scoping Plan with recommendations for assuaging New

Yorkers disinformation-induced fears about the CLCPA and informing them how the law will be implemented and what are its climate, health, environmental, and economic benefits.

### **Sector-specific goals and enforcement mechanisms**

The Draft Scoping Plan does not ensure that the CLCPA targets are met. The Draft Scoping Plan: (1) at times does not clearly specify greenhouse gas (GHG) emissions reduction targets for certain sectors; (2) adopts targets that are inadequate in relation to the overall CLCPA targets (i.e., an 85% reduction in GHG emissions by 2050); and (3) includes too many proposals that depend on voluntary action by industry and residents rather than legally enforceable mandates. The Final Scoping Plan must specify the level of mandated reductions in greenhouse gas emissions and co-pollutants that each industry sector must achieve by the years specified in the CLCPA, as well as a timeline for achieving such reductions. The Final Plan should also specify the state agency or agencies responsible for enforcing the CLCPA targets for each sector. Taken together, the mandated industry sector reductions shall achieve the CLCPA targets.

In addition to targets by industry sector, the Scoping Plan must specify in detail the regulatory mechanisms by industry sector that are necessary to ensure that each sector can achieve its goals, and the regulatory steps, including legislation, necessary to achieve these goals.

The Council must review the state's regulatory structure by industry sector to determine what legislative and regulatory changes are necessary to ensure that structures are put in place to mandate that all businesses in New York comply with the clear GHG and co-pollutant reduction targets by a schedule that conforms with the CLCPA, and put recommendations for such changes in the Final Scoping Plan. When

appropriate, GHG reduction targets should be set for individual large businesses, like utility companies.

### **Why do we need to get off gas now?**

We are in a critical stage of the climate crisis driven by continued greenhouse gas (GHG) emissions and must start reducing emissions dramatically in order to avert the worst effects of climate change. At the very least, we must stop subsidizing and incentivizing the expansion of fossil fuels. I strongly support the focus of the Scoping Plan on eliminating natural gas use in the buildings sector, including decommissioning of natural gas infrastructure as rapidly as feasible while still maintaining reliability and affordability. I strongly support the building/zoning code changes to phase out the use of natural gas in heating systems and other building appliances.

Appliances last 10-15 years; buildings can last decades. Every new building with on-site fossil-fuel combustion is an avoidable costly mistake that locks in an unpredictable and polluting fuel for generations, or will require an expensive conversion in the future.

### **Why do we need robust legislation for the gas system transition**

New York urgently needs to align its regulation and oversight of gas utilities with the climate and equity mandates established by the CLCPA. New York's current public service law is not compatible with the CLCPA. The law promotes gas system expansion by establishing a gas utility obligation to serve any customer upon request while providing that existing customers subsidize new service connections, all of which move the state away from the important climate justice directives and binding emissions limits in the CLCPA.

In order to meet the CLCPA's climate and equity mandates, New York will need to drastically reduce gas use. This poses a particular

challenge for gas utilities because their business models are currently premised on expanding gas infrastructure and services. Allowing the tension between the public service law and the CLCPA to go unaddressed will significantly delay achievement of the CLCPA mandates while dramatically exacerbating affordability and equity challenges. Low income New Yorkers will suffer the most if the state fails to properly plan for the inevitable contraction of the gas system, as they will be among a shrinking group of customers burdened with the cost of maintaining an increasingly obsolete distribution network.

Aligning regulation and oversight of gas utilities with the CLCPA's climate and equity mandates requires removing the legal basis and subsidies for the expansion of gas systems, as well as adopting rules and business practices that are consonant with decreasing gas sales and, where appropriate, the decommissioning of sections of the gas system.

The Public Service Commission must be granted the authority and direction to align gas utility regulation and system planning with equitable achievement of the CLCPA's climate justice and emission reduction mandates.

### **The path to getting off gas**

First and foremost, through immediate legislative actions, the Public Service Commission (PSC) must be granted authority and direction to align gas utility regulation and gas system planning with the CLCPA's mandates. I strongly support removing the legal basis and subsidies driving the expansion of gas systems and legislatively directing the PSC to adopt rules and develop a statewide gas service transition plan that is consonant with decreasing gas sales and decommissioning of the gas system in an orderly but expeditious manner. Here are some specific recommendations for the Council for inclusion in the Final Scoping Plan:

1. Section 4, subdivision 1, of the public service law must be amended to provide that the PSC has "all powers necessary and proper" to facilitate achievement of the CLCPA's climate justice and emission reduction targets as set forth in article seventy-five of the environmental conservation law.
2. Section 5, subdivision 1 and 2, of the public service law must be amended to direct the PSC to include utility sector achievement of the CLCPA's climate justice and emission reduction targets as one of the core planning objectives in its "public service responsibilities".
3. Section 30 of the public service law must be amended to remove a residential customer's legal entitlement to utility gas and steam services, while maintaining this entitlement for electric service. The PSC must be directed to (a) develop a statewide gas utility service decarbonization plan, (b) actively encourage a transition away from combustible fuels, and (c) ensure that all residential customers have access to electric heating and cooling services.
4. Section 31, subdivisions 1,3, and 4, of the public service law must be amended to implement the policy established with respect to applications for electric and gas services. The utilities must be required to provide clear, timely information on incentives and opportunities for installing energy-efficient equipment and other measures that provide alternatives to gas use. **The 100 ft rule subsidy must be eliminated immediately.**

5. Section 66, subdivision 2, of the public service law must be amended to create a new subdivision 12-e that would grant the commission authority to order the curtailment or discontinuance of the use gas for any customer, group of customers, or section of the gas distribution system, where the commission has determined that such curtailment or discontinuance is reasonably required to implement state energy policy. It should also require PSC to review a gas utility's capital construction plan in gas utility rate proceedings and to establish a non-pipeline alternative process to examine feasible alternatives to construction of new gas infrastructure. The PSC must be empowered to require the electric utility with a service area overlapping the service area of the gas utility to participate in the non-pipeline alternative process, including participation in financing, where such alternative includes conversion of gas customers to electricity usage.
6. Section 66-b of the public service law must be repealed to remove the entitlement to continuation of gas service following the demolition and reconstruction of any structure owned by a customer.
7. A new section 66-s to the public service law must be created to prohibit gas utilities from expanding gas service to new geographic areas where gas service was not previously available.
8. Section 66-g of the public service law must be repealed to remove the requirement that utilities enter long-term contracts to purchase or wheel electricity produced from indigenous natural gas supplies when economically reasonable.

9. A new section 77-a to the public service law must be created to require the PSC to initiate one or more proceedings to better align its regulation of utility services with the timely achievement of the CLCPA's climate justice and emission reduction targets. Specifically, the PSC must be required to take the following actions:

(a) Conduct a review of the public service law and commission rules and policy guidance to identify barriers to the timely, equitable achievement of the CLCPA's climate justice and emission reduction targets. Report to the legislature on its findings, actions it plans to take, and make recommendations for further statutory amendments that may be needed to facilitate the timely achievement of such targets.

(b) Amend the commission rules and regulations governing allowances for the extension of gas and electric service. Eliminate line extension allowances for new gas service. Allows the commission to increase line extension allowances for new electric service, including additional allowances to buildings that are made ready for beneficial electric loads such as those with electric vehicle charging facilities or grid interactive buildings.

(c) Establish a statewide gas service transition plan to guide the equitable transition of the gas distribution industry based on clear biannual gas sales reduction targets, robust analysis, and consideration of several pathways for the transition. Evaluate and develop a variety of new rate structures and rate classes to facilitate equitable and affordable electrification of gas end uses. After the plan is established, require each gas utility to submit a proposal to the commission to align its gas system operations with the statewide gas service transition plan.

(d) Revise the PSC rules and regulations for conducting benefit-cost analyses to ensure that the methodology and the base financial and framework assumptions support achievement of the CLCPA's climate justice and emission reduction targets.

(e) Clarifies that municipalities are not preempted from requiring all-electric buildings, zero-emission buildings, or otherwise prohibiting new gas service connections for new buildings and major renovations.

### **Calling the bluff on false solutions**

I reject the use of natural gas as a supplemental heat source “at times of peak need”. This specious exception is not a true need and serves only the special interests of natural gas companies to maintain pipeline infrastructure indefinitely and to continue to profit from harming our environment by conducting business as usual. Other ruses being used by the corrupt gas utilities to deter or slow the transition from fossil gas are fairy-tale solutions like Renewable Natural Gas and Hydrogen.

Hydrogen is completely unsuitable for domestic use! Its low energy density makes it cost prohibitive for heating because delivering the equivalent amount of energy to fossil methane would require pumping five times as much hydrogen into homes. The fact that it is hard on steel and electronics and has very different physical and combustion properties compared to fossil methane means that it will require significant infrastructure upgrades and new appliances designs that do not exist.

Renewable natural gas is hardly renewable, is essentially methane, and will leak just like fossil methane contributing 80 times more than carbon dioxide to short- and medium-term global warming. Burning it in inside homes will release the same deadly indoor pollutants that are released by fossil methane. Finally, even in the best-case scenario, the total



amount of available supply of the so-called renewable natural gas will displace only a fraction of the fossil gas.

## **Utility thermal networks**

In order to effectively decarbonize our buildings at the scale necessary to meet the CLCPA's timeline, we need to build out emissions-free thermal energy networks that share heat sinks and sources and utilize high efficiency ground source heat pumps over the next two-decades across the state. Utility-scale thermal networks can connect multiple buildings together and capitalize on thermal energy exchange using sources like geothermal boreholes, surface water and even wastewater.

Thermal energy networks will scale building decarbonization and reduce costs for customers with little impact to the electric grid even during peak periods. Utilities will be able to reduce the costs of electrifying buildings by spreading the costs of thermal networks across many customers and many years. These networks also offer a clear pathway for workers with pipe skills to transition to thermal energy networks for all-electric buildings.

In order to streamline a rapid roll out of utility thermal networks, to keep customer costs down, and to simultaneously smoothen the phaseout of gas, the cost of utility thermal networks must be added to the gas rate base. A neighborhood-by-neighborhood plan of replacing aging gas infrastructure with thermal energy networks will help transition buildings from gas to electric heating while keeping the size of the infrastructure as well as the number of supporting ratepayers more or less constant. This will not only help the new customers of these networks, but will also help prevent the delivery rates for existing gas customers from spiraling upwards.

Please note that amending Section 30 of the Public Service Law to remove a customer's legal entitlement to utility gas and steam services

is critical for the replacement of gas infrastructure with utility thermal networks. Otherwise, a single customer insisting on gas could derail the transition of an entire neighborhood.

## **Summary**

New York State must move full steam ahead, without delay, towards making electricity the principal energy source for powering its residential, commercial, and public buildings while rapidly weaning itself off on-site combustion of fossil gas. The state must eliminate all forms of subsidies that encourage the use of gas in homes and buildings. Effective and economical solutions are available today; political will is the only hurdle in the way of a gas-free New York.

And thank you!

Eve