



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

March 11, 2020

John Bruckner
New York President
National Grid
1 MetroTech Center
Brooklyn, NY 11201

Re: National Grid's Long Term Supply Strategy and Rate Case 19-G-0678

Dear Mr. Bruckner,

With public hearings in New York City set to commence tomorrow into your long-term supply strategies, I am writing to convey my profound objections to National Grid's costly, misguided push to expand its network of fossil fuel infrastructure within New York City. Whether it is the ongoing construction of the North Brooklyn Pipeline, the millions of dollars earmarked for new fossil fuel infrastructure in the company's ongoing rate cases, the use of our city as a distribution hub for the trucking of natural gas across the Northeast region, or the company's continued backing of the Williams Pipeline, National Grid's actions deeply threaten our progress towards a more sustainable future for our City.

As National Grid continues to formulate long term strategies to address natural gas consumption, as mandated by the State agreement lifting an unnecessary and unfair gas moratorium, I want to register my opposition to any plan which relies on the installation of onerously expensive and environmentally detrimental infrastructure that will only carry us farther away from our climate goals. Rather than raising rates to expand gas capacity and build out pipeline infrastructure, I strongly believe National Grid must instead do more to prioritize gas demand reduction and support beneficial electrification. If National Grid cannot be counted on to make responsible choices and invest in a more sustainable future, the need to create a true publicly owned and operated utility – committed not to corporate profits but to serving the public's interest – becomes increasingly clear and necessary.

As you are well aware, both the City and State share ambitious climate agendas, including the goals set forth by the Climate Leadership and Community Protection Act (CLCPA), requiring a 40 percent emissions reduction by 2030 and a further 85 percent emissions reductions by 2050. New York City has committed to its own goal of achieving net-zero greenhouse gas (GHG) emissions citywide by 2050 and has passed crucial legislation like Local Law 97 of 2019, requiring

buildings over 25,000 square feet to reduce greenhouse gas emissions by 40% by 2030 and 80% by 2050. These laws serve not just to provide a pathway to greener New York but also to model strategies for achievable, actionable emissions reductions that the rest of the country can draw on. Meeting the goals outlined in these laws will demand urgent action from our entire state – but especially our utilities and energy providers.

Unfortunately, I do not believe that many of the infrastructure plans outlined in National Grid's ongoing rate case or in the recently released Long-Term Natural Gas Capacity Report reflect a good faith effort to comply with our emissions goals, nor do enough to help transition New York State to a green energy future. Emissions from natural gas are up 36% since 2005 and account for 35 percent of the City's GHG emissions. We can't pretend to be making progress on reducing greenhouse gases if we continue to build out fossil fuel infrastructure that will lock in emissions for decades to come.

For instance, National Grid's current rate case before the PSC proposes millions in infrastructure spending for new pipelines and transmission mains, including an additional \$185 million in additional spending directed towards the completion of the Metropolitan Reliability Infrastructure (MRI), otherwise known as the North Brooklyn Pipeline. National Grid projects the North Brooklyn Pipeline will have a service life of well over 50 years, far beyond our deadline to achieve net zero emissions. Other natural gas infrastructure proposals considered in the Long-Term Natural Gas Capacity Report – among them the Williams Pipeline, the Clove Lake Transmission Loop, and the new LNG facilities – threaten to become stranded assets that must be retired well before the end of their useful life. Funneling upwards of a billion dollars into any of these gas-oriented infrastructure projects may benefit the bottom lines of National Grid executives and shareholders, but these investments will not serve the public or ratepayers in the long run.

Indeed, I am concerned that National Grid's infrastructure agenda will effectively foist the costs of new gas projects onto future ratepayers, who will be forced to pay onerously expensive gas rates for unnecessary, unusable infrastructure. Above all we cannot allow the onset of a natural gas "death spiral" -- where the mounting costs associated with new gas infrastructure are supported by an ever-dwindling number of gas customers, as more and more consumers switch to renewable, electric alternatives in their homes and businesses. The simple fact remains that almost any dollar spent on natural gas infrastructure today will cost ratepayers more than the benefits that we will be getting from their use. A spiral scenario would leave low income consumers, who may be without the means to transition their homes from natural gas to electricity, on the hook for an obsolete but still enormously expensive natural gas system. We may already be responsible for inflicting the innumerable harms associated with climate change on future generations, but we absolutely must not be responsible for leaving those same generations saddled with the costs of the very fossil fuel economy that warmed our world.

Rather than committing to costly gas infrastructure, I urge National Grid to instead face the inescapable conclusion that meeting our climate goals requires a prohibition on the construction of new major natural gas infrastructure. Instead, I believe that National Grid will best serve its

ratepayers by pursuing a policy of aggressive decarbonization across its customer network. Rather than relying on short-sighted solutions to supply deficits, like clogging New York City's streets with trucks carrying compressed natural gas, I instead urge National Grid to expand on the no-infrastructure options included in its most recent report and to explore further ways of reimagining the company's operations to transition from providing gas to providing heat. For instance, National Grid should develop and the PSC should approve aggressive experimentation with large scale district heating pilots that can harness geothermal technologies to sustainably heat homes, perhaps through existing network of pipes. National Grid representatives report that the company's existing Riverhead pilot is already helping to demonstrate the feasibility of underground geothermal loop systems. Indeed, initial indications very encouragingly show that geothermal heat may help customers realize average annual energy cost savings of between \$1,000 and \$1,500 per year as compared to oil costs. Given our urgent need to reduce gas consumption, National Grid should quickly begin to pilot similar systems in a variety of urban settings, including multi-family housing, row houses, and clustered communities. I appreciate that there may be constraints in existing regulation that National Grid may perceive as barring the company from taking action on electrification and efficiency, but I am confident that regulators and lawmakers can work together to create pathways for real reform.

Similarly, National Grid must work in conjunction with Con Edison, NYSEERDA, and other Downstate utilities to encourage the widespread adoption of heat pumps and beneficial electrification technologies, beyond even the scope contemplated in the Long-Term Natural Gas Capacity Report or in the New Efficiency: New York plan and associated PSC order. A clear starting point would be to redirect resources away from replacing leak-prone pipe, and toward strategies that could obviate the need for distribution pipes in the first place. National Grid's ongoing rate case before the PSC includes proposals to replace almost 1,000 miles of leak-prone pipeline over the next four years, an action which your company proudly touts as staving off the release of approximately 3,627 metric tons of methane emissions each year. While I agree it is necessary to address the escape of fugitive methane, spending approximately \$2.3 billion on maintaining our gas delivery status quo is not reasonable. Instead, I would urge National Grid to heed the calls of advocates within the ongoing rate case to strategically identify areas where it is most feasible to potentially forgo the replacement of leak-prone-pipe and instead develop plans and grant programs to replace gas distribution systems in the area with district heat or with electric heat pump technologies.

National Grid's own Long-Term Natural Gas Capacity Report demonstrates that investment in 'no infrastructure' approaches are clearly cost competitive with other options, even without necessary consideration of the enormous ancillary environmental benefits associated with energy efficiency and electrification projects. I urge National Grid to redouble its planning around these approaches and to conceptualize the most aggressive strategies possible to achieve deep cuts in gas consumption and related emissions.

I fully recognize that achieving deep decarbonization will require marshalling new resources and new policy solutions, as well as concerted action from all levels of the public and private sector

and stretch beyond the individual capacity of any one entity. However, National Grid must accept the urgency imposed by climate change and act accordingly by implementing an expedient and just transition from fossil fuels to equitable distributed clean energy. If National Grid cannot be a cooperative partner in this transition, it is time to seriously explore how a public takeover of New York's natural gas system could allow us to make responsible, sustainable decisions about our energy future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott M. Stringer", is written over the typed name.

Scott M. Stringer
New York City Comptroller