

Legal Issues & Impacts of Consolidated Edison's Moratorium on New Natural Gas Connections

Presented to:
Westchester Municipal Planning Federation

Thursday, March 14, 2019

Natural Gas Moratorium

What is the Problem?

- “The demand for natural gas in our service area has been experiencing significant growth primarily due to the construction of new buildings, the opening of new businesses, and conversions from oil to cleaner-burning natural gas in existing buildings. **But all of this new demand for gas is reaching the limits of the current supplies to our service area.**”
- **Gas load on peak winter days has increased by more than 30 percent since 2011.**

Source: Con Edison Friday January 18, 2019 Statement (emphasis added).

Response To The Demand

In Fall 2018, Con Ed sought approval from PSC for Non-Pipeline Solutions, called “Smart Solutions Program” which was approved by PSC on February 7, 2019:

1. Build as many as five compressed and liquefied natural gas storage sites in Westchester County.
2. Construct up to three facilities that convert organic waste into locally sourced renewable natural gas.
3. Provisions to electrify space heating in selected neighborhoods.
4. Installation of ground-source heat pumps at up to 8,800 single-family homes in Westchester County.
5. Installation of air-source heat pumps at up to 1,000 small- and mid-sized multi-family buildings in the Bronx that use fuel oil for heating.
6. Incentives to install heat pumps would also be provided to an additional 1,000 small commercial and large residential buildings in the region.

Response To The Demand

- **February 7, 2019: PSC approved Con Edison's \$305 MM Request.**
- **PSC Press Release headline: \$223 Million Available to Fund Energy Efficiency and Electrification to Lower Natural Gas Demand and Replace Dirty Fossil Fuels with Smart, Energy-Saving Solutions**
- **PSC asked Con Edison if the Smart Solutions Program is put into action, would the moratorium still be necessary?**
- **Con Edison responded: EVEN IF ALL OF THE SMART SOLUTIONS COME TO FRUITION, IT IS UNLIKELY THAT CON EDISON WOULD BE ABLE TO LIFT THE MORATORIUM.**

Moratorium Implemented

“As a result, and to maintain reliable service to our existing natural gas customers on the coldest days, we will no longer be accepting applications for natural gas connections from new customers in most of our Westchester County service area beginning March 15, 2019. There are some areas in the northernmost sections of the county where we have more capacity and may still be able to accept new customers. Existing customers are not affected by the moratorium.”

Source: Con Edison Friday January 18, 2019 Statement (emphasis added).

Should We Have Known?

- Did Con Ed publicize this dire situation?
(Con Ed mentioned in Fall 2017 & Fall 2018 Filings)
- Was PSC focused on the issue?
- So, who was focused on the issue?

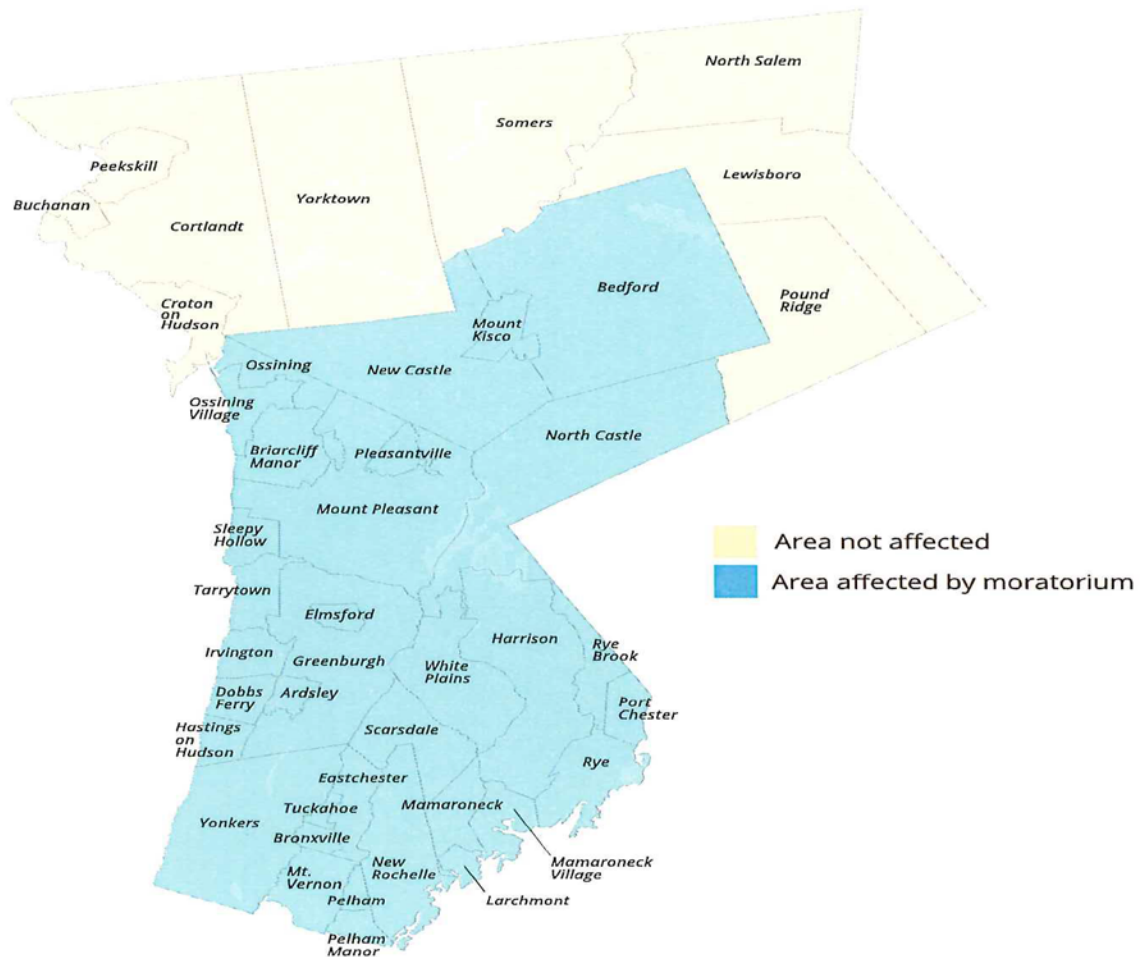
Thanks to Cuomo, Con Ed may have to stop taking new customers

By Post Editorial Board

October 7, 2018 |



Con Edison Westchester Natural Gas Service Area



Feedback

Does not indicate customers served by New York State Electric and Gas Corporation.

How Long Will the Moratorium Last?

- The moratorium will remain in effect until sufficient supply is available to meet new demand.
- That can be through additional non-pipeline alternatives, or a pipeline project that meets federal and local requirements.
- “We encourage you to explore long-term alternatives to natural gas for your heating, hot water, laundry, and cooking needs.”

Source: Con Edison

Applicability

The Moratorium applies to:

- ☐ New residential, commercial and industrial customer gas service connections.
- ☐ Incremental gas load on existing residential, and commercial and industrial customer gas accounts, unless it meets one of the exceptions.
- ☐ New gas usage for heating, hot water, laundry, and cooking.
- ☐ According to Con Ed, you do not need municipal approvals to apply to Con Ed for a natural gas connection. Must know your project's natural gas load.

Exceptions

- ❑ Interruptible service.
- ❑ Natural gas-fueled emergency generator.
- ❑ Small business customers in the food/beverage industry may email Con Ed to find out if gas is available prior to signing a lease. No new services will be installed, but they may be able to use an existing service for cooking.
- ❑ Customers with planned renovations who already have natural gas. You can reconnect your gas service provided there is no net increase in gas load.
- ❑ Customers in the northernmost sections of Westchester County. These areas are served by a less-constrained gas transmission pipeline.

The Town/Village of Lansing

Natural Gas Moratorium

In February 2017, NYSEG imposed a Natural Gas Moratorium in Lansing, NY which is still in effect today.

Impacts of the Moratorium:

1. Village of Lansing lost a medical facility that would have created 100 jobs
2. Inability to switch Lansing Cayuga Power Plant from coal to natural gas.
3. No new proposed restaurants due to inability to connect to natural gas.
4. Multi-family residential developments required to install heat pumps at higher cost that use electricity that costs more.

What Should Municipal Boards be Doing?

1. **Educate Applicants and the Public.** Issue announcements at the beginning of each meeting. Post an announcement on the municipality's website.
2. **Ask Applicants to identify their intended energy source.** If natural gas, request that the applicant submit the written confirmation that their application to Con Ed was accepted.
3. **Consider the municipality's own capital projects.** What modifications, if any, will need to be made for planned improvements utilizing natural gas.

Sample Announcement

NOTICE OF CON ED NATURAL GAS MORATORIUM

IMPORTANT NOTICE

CON EDISON HAS IMPOSED A NATURAL GAS MORATORIUM AND APPLICATIONS MUST BE SUBMITTED BY MARCH 15, 2019

- Con Edison has imposed a moratorium on new natural gas connections and applications must be received by no later than March 15, 2019. Construction must be completed within two years.
- Applications are being accepted for projects that have received approvals and are ready to be built as well as those still in the planning stage.
- Contact Con Edison for more details at <https://www.coned.com/en/save-money/convert-to-natural-gas/westchester-natural-gas-moratorium> or by telephone at 1-800-643-1289, select 1.
- Con Edison advises that requests for natural gas connections for emergency generators are not affected by the moratorium.

Options if Natural Gas is Not Available

- **Explore alternative energy sources:**
 - Interruptible service
 - Oil Tank
 - Liquid natural gas
 - Propane
 - Electric Heat pumps
 - Geothermal

Considerations for Application Review

Will implementation of the alternative energy source require:

- **Site Plan Amendment ?**
 - Does subsurface infrastructure affect the site plan?
 - Is the modification a field change?

- **Amended or Supplemental SEQRA review ?**
 - Amended Negative Declaration
 - Recission of Negative Declaration
 - Supplemental Environmental Impact Statement

Take Aways

1. **The Moratorium Is Here to Stay.**
2. **Non-Pipeline Solutions Will Be Needed.**
3. **Educate the public.**
4. **Applicants should submit “will serve” letters or propose alternatives to natural gas. Ask the question!**
5. **Let’s Study and Learn Lessons From Lansing.**

Thank you

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Thank you!