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Hon. Kathleen H. Burgess
Secretary to the Commission
New York State Public Service Commission
Agency Building 3
Albany, NY 12223-1350
Phone: (518) 474-6530
Fax: (518) 474-9842
E-mail: secretary@dps.ny.gov

Re: Draft Supplemental Environmental Impact Statement

CASE 15-E-0302 – Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard.

CASE 14-M-0101 – Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision.

CASE 14-M-0094 – Proceeding on Motion of the Commission to Consider a Clean Energy Fund.

CASE 13-M-0412 – Petition of New York State Energy Research and Development Authority to Provide Initial Capitalization for the New York Green Bank.

CASE 10-M-0457 – In the Matter of the System Benefits Charge IV.

CASE 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard.

CASE 03-E-0188 – Proceeding on Motion of the Commission Regarding Retail Renewable Portfolio Standard.

Dear Ms. Burgess:

The American Petroleum Institute (API) appreciates this opportunity to comment on the Draft Supplemental Environmental Impact Statement (DSEIS) in the aforementioned cases and would like to submit the following respecting the discussions on natural gas and fuel diversity. API is a national trade association representing over 650 member companies involved in all aspects of the oil and natural gas industry. API's members include producers, refiners, suppliers, pipeline operators, and marine transporters, as well as service and supply companies that support all segments of the industry. API advances its market development priorities¹ by working with

¹ Effective January 1, 2016, America's Natural Gas Alliance (ANGA) dissolved as a separate organization but its mission — to promote the demand for and use of natural gas — and a supporting staff team was combined into the API.



industry, government, and customer stakeholders to promote increased demand for and continued availability of our nation's abundant natural gas resources for a cleaner and more secure energy future.

Natural gas plays a crucial role in maintaining the cost-effectiveness and reliability of electricity in the region. In the DSEIS, on pages 1-8 and 9-2, the draft cites as a benefit of the program that the Clean Energy Standard (CES) is likely to increase the fuel diversity of the state's electricity supply, by limiting the state's reliance on natural gas.

From an electric system reliability standpoint, not all technologies are created equal, so considering "fuel diversity" – in and of itself – a benefit, is misguided. In an organized wholesale market such as New York, system operators look for operational diversity, rather than fuel diversity. The requirements of the modern grid will be geared more towards needing a diversity of attributes with respect to supply resources, rather than concerns about the type of fuel utilized. Generation resources that can meet the technical requirements of the system, such as the ability to be dispatched, providing certain ramping capabilities, or the ability to supply ancillary services, backed by a reliable supply of fuel, provide the needed diversity of attributes from an operational standpoint. Therefore natural gas-fueled plants, supplied from a robust and secure pipeline system, can and should provide New York with the diversity of attributes necessary to maintain the reliability of its electric system. In fact, the DSEIS should acknowledge the importance of building and maintaining adequate natural gas pipeline infrastructure to take advantage of this abundant, flexible and low-cost resource and to support the operational diversity goals of the state, including the need to back up variable renewable generation and maintaining system reliability.²

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Farrell".

Amy Farrell

² Natural gas is needed to maintain the reliability of the electricity grid in the state because gas-fueled generators are likely to be the most cost-effective and efficient way to supply balancing power to the increasing levels of variable generation. While batteries and other forms of energy storage continue to evolve, it is likely to be some time before they are cost competitive with gas turbine technology. EIA estimates that the capital costs for an advanced natural gas combined cycle plant are around \$1,000 per kW, which makes it one of the least-cost resources.

See: http://www.eia.gov/forecasts/aeo/assumptions/pdf/table_8.2.pdf