

NYSEG/RG&E Gas Long Term Plan Technical Conference Non-Pipes Alternative (NPA)

01/18/2024

Agenda

- NPA Program Overview
- Lansing NPA Portfolio Overview
- Canandaigua NPA Project Overview
- Future NPA Opportunities





NPA Program Overview

NPA Program Overview



A Non-Pipes Alternative (NPA) deploys cost-effective third-party solutions to defer or avoid traditional natural gas capital infrastructure projects needed to address system needs.

All natural gas capital infrastructure projects, including leak prone main (LPM) replacement projects are screened for applicability of NPA solutions. An NPA solution is not typically feasible for the following project types:

- Construction Imminent**
 - Highway/municipal
 - Active corrosion
- Threat to Public Safety**
 - Significantly reduces ability to reliably provide gas service
 - Eliminates gas service to downstream/out-of-scope existing customers
 - Active leak
- Customer Funded Projects**
 - 100% customer-funded new connections and/or projects fully covered by the natural gas tariff

A two-prong approach is utilized to do the NPA evaluation

Small Projects
Traditional solution cost ≤ \$2M
Streamlined BCA

Large Projects
Traditional solution cost > \$2M
Full-scale solicitation



Lansing NPA Portfolio Overview



Lansing/Freeville Reinforcement Pipeline

- Proposed in mid-2013 to address identified reliability concerns
- NYSEG was unable to secure community support for necessary property easements

Lansing Compressor Project

- NYSEG filed a petition in 2017 to boost system pressure through the use of compressors
- NY PSC issued 11/16/17 "Order Authorizing Natural Gas Compressor Pilot Project" authorizing cost recovery but also requiring NYSEG to pursue an NPA

East Shore Drive Reinforcement

- NYSEG started construction in early 2020, project went in service in Q4 2020
- Improved reliability, but did not remove the gas moratorium
- Did not eliminate need for NPA RFP solutions to further enhance reliability



The construction of the proposed compressor project was the avoided in the NPA analysis



RFP I

- Issued: December 2017
- RFP Need:
 - 430 MCFH (new supply or demand reduction)
 - Would address both the pressure/reliability issues and pent-up demand in Lansing area
- Results:
 - No response or portfolio of responses came remotely close to meeting all RFP requirements

RFI

- Issued: June 2019
- RFI Need:
 - 120 MCFH (new supply or demand reduction)
 - Addresses reliability issues only
- Results:
 - Respondents helped shape RFP II

RFP II

- Issued: December 2019
- RFP Need:
 - Incorporated technologies proposed in RFI
 - 120 MCFH (addition or reduction)
 - Addresses reliability issues only
- Results:
 - Received 15 proposals (RFP sent to approximately 4,000 entities)
 - Recommended portfolio solution proposed
 - Proposed portfolio filed in a petition to the PSC on August 31, 2020

Current Lansing NPA Portfolio Overview



Project Name	Contract Status	Project Phase	Proposed ISD
Lansing Residential Heat Pumps	Executed June 2022	Implementation – actively converting customers	Q3 2022 – Q3 2025
Lansing Single Commercial Ground Source Heat Pump	Executed August 2022	Construction	Q1 2024
Lansing Community Ground Source Heat Pump	Negotiations underway	Contract negotiation	TBD
Lansing Energy Efficiency at Two Public Authority Buildings	Executed October 2022	Construction	Q3 2024
Lansing Industrial Heat Recovery	Project withdrawn by Developer August 2023	N/A	N/A
Lansing Non-Residential Fuel Switching	Project withdrawn by Developer November 2022	N/A	N/A
Lansing Education & Outreach Program	Executed October 2022	Implementation	Q4 2022



- The BCA for the Lansing NPA portfolio was calculated utilizing the Societal Cost Test (SCT)
- The SCT measures the net cost/benefit to society of a program or portfolio of programs

SCT BCA Ratio	0.58
Total Societal Costs	\$19.07M*
Total Societal Benefits	\$11.01M

*current NPA project costs to NYSEG are less than the cost of the compressor project



Canandaigua NPA Project Overview



Canandaigua NPA Project Background:

- NYSEG issued an NPA RFP for resources to avoid construction of the planned Canandaigua Feeder Main Reinforcement Project on July 29, 2022
 - In the Canandaigua area, peak gas usage times are typically during the coldest days of the year (Dec – Mar)
 - A reduction in demand (or addition in supply) of 55 MCFH is required to improve system endpoint pressure
- Responses to the RFP were due to NYSEG on October 21, 2022

Canandaigua NPA Project Status:

- The analysis and review process was placed on hold due to rate case negotiations; however, with the approval of the Joint Proposal, NYSEG resumed discussions with DPS Staff and is seeking to announce the NPA RFP results in Q1 2024



Future NPA Opportunities



- Consistent with regulatory requirements, the Companies will continue to review all natural gas capital infrastructure projects, including LPM projects, for NPA suitability
 - As part of the LTP, the Companies will report on NPA progress
- While cost-effectiveness as determined through a BCA approach and is an important driver for NPA consideration, the Companies will take additional factors into account including:
 - Risk ranking of project
 - Proximity to vulnerable system location
 - Income level of impacted area
 - Other important designations (e.g., disadvantaged communities)

