While we support the state's decarbonization goals, the undersigned businesses, organizations and associations oppose adoption of the "Affordable Gas Transition Act," or AGTA (S.8308 /A.8808, Part P), as it is proposed in the Executive Budget. Any CLCPA-related amendments to the Public Service Law must avoid imposing adverse unintended consequences; assure an affordable, workable, and equitable clean energy transition; and provide the regulatory certainty businesses need to effectively plan for the future. We believe the AGTA, as proposed, fails to meet these fundamental goals.

Many businesses, especially those likely to be designated as "emissions intense" and "trade exposed" (EITEs) under the state's nascent "cap and invest" regulation, will rely on adequate and affordable natural gas for the foreseeable future to remain economically viable. Without adequate protections, the PSC's broad authority under the AGTA to prohibit gas use and discontinue use of portions of the gas distribution system will result in significant uncertainty for New York businesses, and adversely impact decisions to invest or re-invest in gas-dependent operations. Any curtailment of natural gas service needs to reflect a broad assessment of impacts including economic "leakage," opportunities to employ renewable natural gas and hydrogen, among others factors.

Importantly, two separate proceedings are underway through the Public Service Commission to address these very issues. First, the PSC's "gas planning proceeding," (Case 20-G-0131), which requires each gas utility to develop a comprehensive, utility-specific proposal on forward-looking system and policy needs, with a goal of minimizing total costs, among other issues. These utility-specific proposals are under review by the Commission, prior to finalization and implementation. Second, its "CLCPA Implementation Proceeding" (Case 22-M-0149) directs the Department of Public Service staff to issue an annual report "detailing overall compliance with the Climate Leadership and Community Protection Act," including assessing emissions associated with electric and gas usage, the cost and benefit to ratepayers of CLCPA investments, among other factors.

The PSC's CLCPA Implementation Proceeding also directed the state's largest utilities to file with the Commission a proposal for a "Greenhouse Gas (GHG) Emissions Reduction Pathways Study" that analyzes the scale, timing, costs, risks, uncertainties, and customer bill impacts of achieving reductions in GHG emissions from the use of the gas distribution system including a vision for decarbonization that reflects individual utility service territory characteristics. This proposal is currently pending before the Commission. Taken together, these proceedings provide the Commission and other stakeholders with a public, transparent process to evaluate potential changes to the state's gas system.

In many instances, the state's business community has led state and federal efforts to reduce GHG emissions, and all responsible New York businesses recognize the need to address global climate change. But we also recognize that the transition to a low-emission economy will be challenging, and most businesses will be impacted by multiple direct and indirect CLCPA mandates that will impose increased costs and operational changes.

Any CLCPA-related amendments to the Public Service Law need to avoid economic leakage, provide for the ongoing use of natural gas in specific sectors, and assure the integrated planning of the gas and electric distribution systems. It is crucial that the state avoids excessive restrictions on access to reliable energy supplies and leaves open options to achieve greenhouse gas emissions with the least amount of economic disruption. Expanded use of renewable natural gas and hydrogen may be significant long-term options for EITEs and other businesses for which full electrification is not feasible, so the state needs to avoid imposing unnecessary restrictions on these potential emission reduction strategies.

As written, AGTA does not sufficiently protect against the risk of emissions leakage. Rather than establishing broad new regulatory powers, the state should allow the current gas planning and CLCPA implementation proceedings allow to move forward, in support of integrated planning for the gas and electric distribution systems. Transitioning to greater utilization of electricity for heat, transportation, and industrial processes will have a major impact on the electric sector. With the right planning frameworks in place, the gas network can be decarbonized to achieve emissions reductions and can support more cost-effective electrification. Electric and gas utilities must work together to build an energy system of the future that will meet all New Yorkers' needs. An orderly transition must leverage the value of the highly reliable, resilient, and affordable gas network in a complementary role alongside additional electrification. This means establishing new frameworks for optimizing both systems to provide affordable clean energy, including through the deployment of distributed energy resources, energy storage, and clean alternative fuels like bioenergy and hydrogen.

For these reasons, our organizations oppose adoption of the "Affordable Gas Transition Act" as proposed.

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