

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PROPOSED POLICY STATEMENT :  
ON COMBINED HEAT AND POWER : M-2016-2530484  
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**COMMENTS OF  
NATIONAL FUEL GAS DISTRIBUTION CORPORATION**

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**I. INTRODUCTION**

The Pennsylvania Public Utility Commission (“PUC”) issued a Proposed Policy Statement in order to further advance the development of Combined Heat and Power (“CHP”) in Pennsylvania. The Proposed Policy Statement seeks to establish a biennial reporting requirement for electric and natural gas distribution companies (“EDCs” and “NGDCs”) that would detail the EDCs’ and NGDCs’ efforts to eliminate obstacles to CHP in Pennsylvania.

The Proposed Policy Statement also follows two 2014 PUC hearings involving testimony highlighting the numerous benefits of CHP in Pennsylvania. Ultimately, the PUC determined it could facilitate the growth of CHP in Pennsylvania as a means of utilizing the natural resources located within the Commonwealth. *See* Proposed Policy Statement, p. 4. Accordingly, the Proposed Policy Statement and the biennial report is intended to serve as a platform to:

- Promote CHP investments;
- Encourage EDCs and NGDCs to make CHP an integral party of their energy efficiency and resiliency plans, as well as their marketing and outreach efforts;

- Encourage these companies to design interconnection and standby rates for owners and operators of CHP facilities; and
- Promote the consideration of special natural gas rates for owners and operators of CHP facilities.

*Id.* at p. 2.

National Fuel Gas Distribution Corporation (“NFG”) is a natural gas public utility regulated by the PUC and located in Western New York and Northwestern Pennsylvania. In Pennsylvania, NFG serves about 250,000 customers, including businesses that could potentially benefit from the use of CHP systems. NFG strongly supports the PUC’s goal of facilitating the use of CHP systems in Pennsylvania and submits these comments in favor of the Proposed Policy Statement.

## **II. COMMENTS**

First, NFG submits these comments in addition to those comments submitted by the Energy Association of Pennsylvania (“EAP”). NFG is a member of the EAP and generally supports the EAP’s comments to the Proposed Policy Statement. However, NFG submits these comments separately in order to further highlight its strong support of CHP promotion in Pennsylvania and its efforts to expand the use of CHP in its territory.

### **A. CHP BENEFITS**

CHP offers unique benefits to NFG’s customers. Specifically, high energy costs have traditionally been an impediment to economic growth in NFG’s service territories. With the recent development of natural gas production in Pennsylvania, and the concurrent reduction in commodity costs, CHP would allow businesses in NFG’s territory to benefit from overall lower energy costs. Moreover, CHP systems enhance the reliability of electric supply, which can be

vital to certain businesses. CHP systems also provide unique environmental benefits by creating highly efficient energy processes with significant reductions in air pollutant emissions compared to traditional electric power sources like coal. Due to the economic benefits, the enhanced quality of reliability of the energy source, and the reduced environmental impacts, many of NFG's customers would be well-served by a CHP system. NFG fully supports any efforts to promote CHP or remove barriers to its usage in Pennsylvania.

**B. NFG's EFFORTS TO PROMOTE CHP SYSTEMS**

As discussed in EAP's comments, NFG recently contracted the Gas Technology Institute ("GTI") to implement a CHP assessment and demonstration program. GTI's market assessment will include analysis specific to NFG's Pennsylvania service territory. GTI will also develop and customize tools to assist NFG in identifying and screening customers that could potentially benefit from the use of a CHP system. These tools would also assist NFG in collecting appropriate data relating to the benefits of CHP. GTI will then work with NFG to conduct customer-specific analyses with the aid of CHP experts in order to provide important case-studies for the promotion of CHP. NFG can utilize the information collected with other customers in order to identify and market additional CHP opportunities.

Additionally, NFG is in the process of identifying regulatory or permitting solutions that would facilitate the CHP process for its customers. NFG, through its consultants and vendors, intends to identify potential obstacles and solutions to the CHP process. NFG will then promote any beneficial changes in the regulatory or permitting process that could aid the growth of CHP usage.

### **C. THE BIENNIAL REPORT**

Because of the numerous benefits of CHP systems in Pennsylvania, NFG does not object to the filing of a biennial report as outlined in the Proposed Policy Statement. NFG will certainly agree to provide reasonable, non-confidential information as it relates to the use of CHP in its territory. NFG expects such a report to include publicly available or known information concerning current operating CHP systems, its efforts to promote and market CHP, and any incentives NFG may offer for the use of CHP. Nevertheless, NFG agrees with EAP's position that the finalization of the Proposed Policy Statement and any subsequent biennial filings would not create compliance obligations. *See* EAP Comments, *citing Accord, Eastwood Nursing v. Department of Public Welfare*, 910 A.2d 134, 141 (Pa. Cmwlth. 2006); *Pennsylvania Human Relations Commission v. Norristown Area School District*, 374 A.2d 671, 679 (1977); and *Cash America Net of Nevada, LLC v. Department of Banking*, 978 A.2d 1028, 1033 (Pa. Cmwlth. 2009).

Finally, NFG notes that it expects the many benefits of CHP to continue into the future. Accordingly, NFG sees no reason to allow the Proposed Policy Statement or biennial filing requirement to expire or "sunset" in the future. Rather, if circumstances change to the extent CHP usage is no longer beneficial to the Commonwealth or supported by the PUC, the PUC could revise its Proposed Policy Statement and filing requirements at that time to reflect the changed circumstances.

### III. CONCLUSION

NFG fully supports the intent of the Proposed Policy Statement to encourage the use of CHP systems in Pennsylvania and greatly appreciates the PUC's efforts to facilitate growth in this area. NFG will continue to evaluate and improve its efforts to promote CHP usage in its service territory and does not object to the biennial filing requirement contained in the PUC's Proposed Policy Statement.

Respectfully submitted,



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Luke E. Anderson  
Pa. I.D. No. 315761  
P.O. Box 2081  
Erie, PA 16512  
(p) 814-871-8077  
(f) 814-871-8061  
(e) andersonl@natfuel.com  
*Attorney for National Fuel Gas  
Distribution Corporation*

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