

Gas moratorium puts city officials in a bind

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Downstate gas moratoriums have placed some environmentally conscious politicians in a rhetorical bind: how do you push for less reliance on natural gas while demanding utilities expand gas service in the short term?

National Grid has said it will not approve requests for new or upgraded gas service in its territory in New York City and Long Island until the state approves a \$1 billion natural gas pipeline, arguing there will be a lack of adequate gas supply until it's built. The move has roiled developers and business owners who say their inability to get gas has threatened projects and jeopardized their operations.

Amid mounting outcry, elected leaders who have opposed the pipeline are now calling on National Grid to approve new gas hookups. Some have even raised concerns with more environmentally friendly alternatives such as electrification, stating in a recent letter that it would “put further strain on the ConEd grid, which has already experienced multiple major blackouts.”

The situation has laid bare the seeming contradiction of local officials who oppose the Williams pipeline and vote in favor of policies to reduce natural gas reliance while blaming the utility for not installing more gas hookups.

“National Grid must find a way to provide alternative service to Brooklyn, Queens, and Long Island,” [reads a July letter](#) co-signed by 17 New York City Council Members, many of whom oppose the pipeline. “We urge you to reconsider your current refusal to issue new hook-ups, and to begin immediately installing gas lines in the homes of those who need them.”

The officials say their positions aren't at odds.

They argue that National Grid is holding customers hostage as a political bargaining chip to get state approval for an unneeded pipeline, accusing the utility of manufacturing a gas shortage that doesn't exist.

“The big problem here is National Grid is being a bully,” said Council Member Rafael Espinal, who represents Brooklyn business owners affected by the moratorium but is opposed to the pipeline. “They currently have capacity to provide services ... What I'm calling out here is the unfairness of it all.”

National Grid spokesperson Domenick Graziani in an email said the company projected a shortfall for peak demand starting in winter 2020.

“The need is for next year, not three years from now,” Graziani said in an email. “We're honoring all customer commitments that were approved before we determined that we can no longer safely serve additional firm load in the absence of additional firm supply.”

Espinal said the issue comes down to a lack of ample notice to affected locals, though the utility began raising alarms with the state as early as July 2018.

Council Member Brad Lander said National Grid hasn't aided its customers in transitioning off of a reliance on natural gas.

“Doing it in this way — after you’ve already built your gas, you had a reasonable presumption you would have it — that doesn’t help people make better choices,” said Lander, who also opposes the Williams pipeline and co-signed the letter. “[It’s] not a genuine way to get people to switch from natural gas.”

Assemblyman Bobby Carrol (D-Brooklyn) also condemned the utility for not providing sufficient public notification before the moratorium and said no one from National Grid informed him of the potential to stop providing gas service.

“What I think [National Grid is] trying to do is ... scare elected officials because there are going to be these growing pains... over the next 5 to 10 years and they see that,” he said. “And they think, ‘If we scare them, they’ll cave, they’ll build a pipeline that will keep them addicted to [gas], keep them addicted to our cheap product.’”

The state’s recently passed emission reductions law will [likely require an end to gas](#) used for heating and cooking over the coming three decades.

Carrol acknowledged the moratorium may be needed but said that alternatives to a new gas pipeline should be looked at.

Graziani said the company communicated about the de facto moratorium with elected officials via a newsletter and video, individual meetings, public hearing participation and community newspaper ads. But the most aggressive publicity by the company came after the Cuomo administration rejected the Williams pipeline in May and the moratorium began, including an email to all customers and a radio advertisement.

Some environmental groups see the National Grid moratorium as an opportunity.

“We are at a crossroads,” wrote Alliance for a Green Economy’s Jessica Azulay in a recent public filing. “We can either require gas customers to pay for more infrastructure to increase capacity, or we can take a new path. Climate science and state policy require us to take this new path. Change is hard, but it is necessary for survival.”

There are alternatives to natural gas for heating buildings. Many see heat pumps — which can provide both heating and cooling by pumping air deep in the ground — as a key technology to achieve emission reductions. But a widespread embrace of the technology would be enormously expensive up front.

And the pumps operate on electricity, which poses some challenges for the electric grid. It will boost winter peak demand but may also reduce summer peaks because heat pumps are more efficient than traditional air conditioners for cooling. In New York City, increased reliance on electricity may not be the most environmentally beneficial move in the near term, since roughly 70 percent of electricity is generated by gas-fired plants.

But many City Council members aren’t calling for an immediate embrace of renewable technology to obviate possible gas shortages — they’re calling for more gas.

“They all agree the state’s trajectory is going away from gas and doing electrification and there’s a virtuous circle that will occur when that electrification coincides with renewables,” said consumer advocate Rich Berkley, executive director of the Public Utility Law Project. “We’re not really in that place yet and so this rapid transition off of gas — which is at its cheapest cost in at least half a century, to electric, which is constantly going up in New York City and isn’t being provided by renewables — is a good reason for them to be concerned.”

Berkley said he’s seen no reason to believe that the moratoriums imposed are a negotiating tactic. The next question is how the state plans to deal with it — and what impacts it has on low and fixed-income customers.

“The moratorium is real, there’s no two ways about that — even though there are some people still questioning whether the company is just doing some kind of blackmail or political brinksmanship, there is a real problem,” he said. “There’s not a question of whether money will have to be spent to deal with the moratorium but how much, when and by whom.”

National Grid has stopped processing 2,600 applications for gas service since the May 15 decision by the Department of Environmental Conservation to temporarily reject the Williams pipeline.

The state is reviewing the moratorium decisions and National Grid’s actions on projects that had been expected to come online this year, said PSC spokesperson Jim Denn. But the results of that review — which is being conducted as part of a report on statewide gas constraints — have not yet been released to the public despite originally being due July 1.

“The Department of Public Service is investigating National Grid and Con Edison to determine whether they took appropriate actions to balance the need for reliability with customer impacts in declaring a moratorium on new natural gas hookups,” he said in a statement. “We have also expanded our investigation to determine whether National Grid can safely accommodate projects that had expected to come online before the end of this year, and whether National Grid had approved these hook-ups.”

If the moratoriums took local officials by surprise, they [should not have blindsided](#) the Cuomo administration.

National Grid has long notified regulators in public filings of a potential moratorium. Con Edison proactively filed for tariff changes and programs to address peak demand issues in Westchester County months before imposing a moratorium there. In April the utility secured an agreement for pipeline capacity upgrades and eventually lifted the stay.

Graziani said his company has provided models, engineering analyses, forecasts and supply data that demonstrate “the extent of the current constraints and our inability to serve new customers.”

“We understand that the [state] investigation of the gas supply constraints is nearly complete and we await the results of the investigation, which will help to dispel much of the inaccurate and misleading information that has confused the public’s understanding of this critical issue,” he said.

Jessica Almonte, the co-owner of Brooklyn restaurant Empanada City, said she was notified by National Grid on July 15 that gas hadn’t been approved for the opening of her eatery’s second location because of the pipeline debacle. Almonte said she considered switching to electric appliances, but it was too expensive.

“The issue is, with electrical, not only is it expensive, but our products, what we serve [are] empanadas and they’re fried,” she said. “It’s going to change how we cook.”

Almonte said National Grid is using her and other local businesses as “pawns” to approve the pipeline. She has pushed back the grand opening of her new restaurant until October.

“They’re just trying to push the state to get what they want,” Almonte said.

Gas utility companies have a financial incentive and a legal obligation under state law to provide service to new customers unless doing so jeopardizes the safety and reliability of the system as a whole.

For one small business owner blindsided by National Grid’s actions, the consequences are severe.

Sibte Hassan, the owner of BK Jani, a Pakistani restaurant with a location in Bushwick, has spent more than \$200,000 investing in a [new location in Williamsburg](#) — three times larger than his current restaurant.

Construction was completed by May but when Hassan called to hook up the gas, he was stunned to learn he could not get it.

“I thought it was going to be a week, two weeks — they said it was going to be indefinite,” he said. “There’s no end. If they said it was a month, I’d take the hit ... I cannot do anything. I literally cannot do anything right now except shake hands with the landlord and walk away.”