

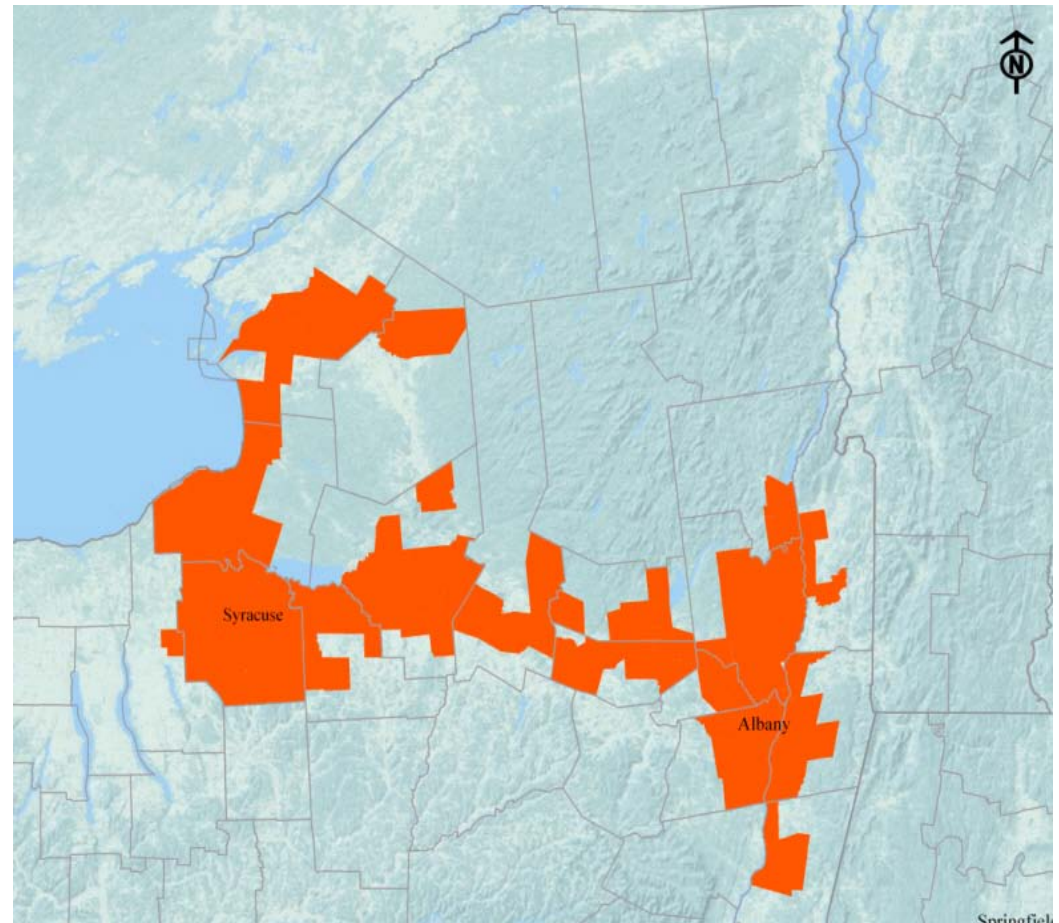
# Proceeding To Examine Policies Regarding the Expansion of Natural Gas Service Case 12-G-0297



Upstate Service Territory  
Technical Conference  
Date: January 9, 2013

## National Grid Upstate NY Service Territory

- Niagara Mohawk Power Corporation
- 540,000 customers
- Approximately 200 communities served
- 4,500 square miles of eastern and central New York
- 8,300 miles of pipelines and main

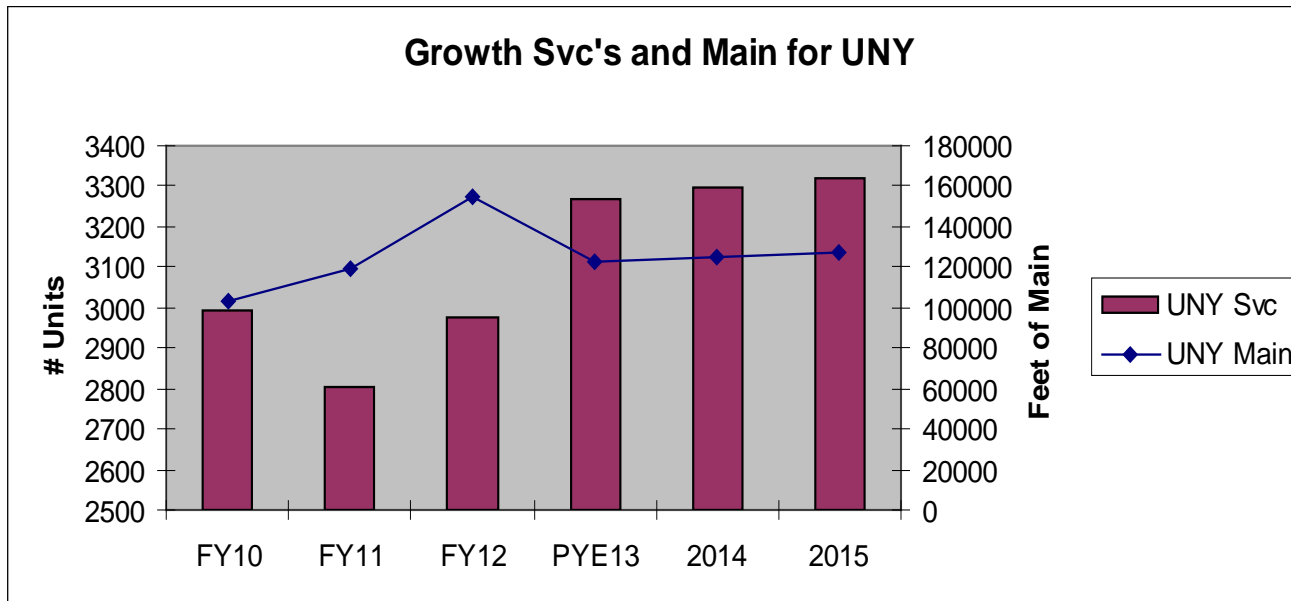


## Gas Expansion Overview

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- National Grid committed to supporting growth in its Upstate service territory
- Recently secured new franchise
- Responding to requests from several large customers for firm gas service
- Committed to spend \$1M on customer incentives for gas conversion programs in pending Niagara Mohawk rate case
- In 2013, facilitating collaborative to explore Upstate growth opportunities

## Gas Growth Connections/Main - UNY



- Converting approximately 1,500 customers per year
- Installing approximately 3,250 gas services per year
- Installing approximately 125,000 feet of distribution main per year

## National Grid's Upstate Expansion Activities

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- Ongoing gas growth studies
  - Projecting 75,000 new customers over the next twenty-five years through base growth in current service territory
  - Albany and Saratoga: 0.6 percent per year
- Targeting unserved areas where demand could support system expansion
- Looking to identify large commercial and municipal customers to anchor growth or expansion
- \$1M conversion program (rate case)
  - Residential and commercial incentives

## Capital Investments Supporting Growth

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- Base Growth Investments
  - Mains, services, meters and reinforcements
  - \$19 million in FY12/13
  - \$100 million over the next five years
- System Reinforcements
  - Replacing undersized mains, looping, system pressure uprates, and regulator station work
  - \$7.65 million over the next five years

## Greenwich: A Recent Success Story

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- National Grid partnering with Village of Greenwich to bring gas service to 100 homes and businesses
- Constructed 4.3 mile gas line along Route 29
- NYS DOT road construction provided an opportunity to reduce construction costs
- Industrial anchor helped to improve the economics and reduce customer contributions
- DPS Staff/Commission expedited franchise approval to facilitate the project
- Strong support for the natural gas expansion from several large businesses in the Village
- Greater Greenwich Chamber of Commerce reaction:  
*“From our standpoint, due to its cost-effectiveness, the installation of this gas line will certainly be a boost to many of our local businesses . . . . We hope the gas line will expand to nearby areas to include additional homes and businesses.”*

## Barriers to Expansion and Next Steps

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- Nature of Upstate Service Territory
  - Already high saturation in more densely populated areas means unserved customers more widely dispersed
  - Reaching these customers requires significant investment
- Customer Conversion Costs
  - Substantial CIACs/surcharges can be prohibitive
  - Equipment and installation costs remain a challenge
- Upstream Pipeline Capacity Constraints
- Next Steps
  - Address pipeline constraints via NMPC Collaborative
  - Identify new/improved/expanded mechanisms to address other barriers and support expansion investment via this Proceeding