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FOR THE ENVIRONMENT

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Empowering Communities, Advocating Solutions.

Comments on National Fuel Conservation Incentive Program
Comments submitted by Citizens Campaign for the Environment

Buffalo, NY
July 6, 2011

CCE is an 80,000 member, non-profit, non-partisan organization that works to protect public health and the natural environment in New York and Connecticut. CCE thanks the Public Service Commission for holding this important hearing today and for the opportunity to provide comments.

In WNY, and throughout the nation, we are amidst an energy crisis. Our addiction to a dwindling supply of dirty fossil fuels results in exorbitant costs to ratepayers, severe environmental degradation, and adverse public health impacts. The status quo will not solve our energy problems. The cheapest, cleanest, and safest energy is the energy that we *do not* use. Energy conservation must be the first and most important strategy to address our energy crisis.

CCE believes that the current National Fuel Conservation Incentive Program (CIP) is an inadequate response to the conservation needs of National Fuel customers. CCE offers the following recommendations to improve and expand the National Fuel CIP:

Prioritize Weatherization

Utility bills are a high fixed cost for low-income residents that often live in older and energy-inefficient housing. Unfortunately, less than 30% of CIP funds contribute to conservation for those who need it most. Whole house weatherization is a proven way to conserve energy and reduce costs to ratepayers. Two existing NY programs, EmPower NY for low income residents, and Green Jobs - Green NY for other residents, have already proven effective weatherization programs in the state.

Weatherization is particularly effective in the cold weather climate of Western NY, and because of the abundance of older, and energy-inefficient, housing stock in the City of Buffalo and surrounding communities. ***In order to get the best return on investment and maximize the benefit to ratepayers, CCE recommends that the National Fuel CIP prioritize and increase funding for whole house weatherization, with funding distributed through the proven EmPower NY and Green Jobs- Green NY programs.***

National Fuel should invest in conservation

The current CIP is funded by a ratepayer conservation fee, which totals approximately \$10 million annually. Unfortunately, \$10 million doesn't scratch the surface of the conservation needs of National Fuel customers. More resources are necessary, given the cold weather climate, old and inefficient housing stock, many low income residents that cannot afford their high heating bills in the region, and to help the state meet its aggressive energy conservation goals.

According to the Buffalo News, National Fuel intends to spend upwards of \$800 millionⁱ in Pennsylvania to extract natural gas via hydraulic fracturing-- a harmful industrial process with significant water and air pollution impacts. Yet, National Fuel pays lip service to energy conservation without any company investment. Energy conservation provides the greatest benefit to our environment, as well as ratepayers. ***To vastly improve the reach and impact of the CIP, CCE recommends that National Fuel be required to match ratepayer conservation fees dollar for dollar, thus doubling the funding stream for the CIP.***

Ensure Transparency and Accountability

National Fuel has collected \$10 million annually from ratepayers, yet, they administered the CIP without full public disclosure of expenditures. Research has revealed that approximately \$6 million of CIP funds have been used for public relations and marketing, rather than maximizing benefits of conservation. To hold National Fuel accountable to the ratepayers that fund the CIP, and ensure that expenditures maximize benefits to conservation, ***CCE recommends that the PSC require full public disclosure of National Fuel CIP expenditures, via quarterly reports that describe program outcomes and goals.***

An improved and expanded National Fuel CIP will provide significant benefits to customers, our environment and public health, as well as compliment the state's energy conservation goals. On behalf of our 80,000 members in the state, CCE thanks you for your consideration of our comments.

ⁱ Buffalo News, *National Fuel eyes more funds for drilling*, March 29, 2011.