



April 1, 2021

Via Electronic Mail

Caitlyn P. Nichols  
New York State Department of Environmental Conservation  
Division of Environmental Permits  
NYSDEC Region 2 Headquarters  
47-40 21<sup>st</sup> Street  
Long Island City, New York 11101

Re: Request for Additional Information  
DEC ID# 2-6101-00071/00024  
Greenpoint Energy Center

Dear Ms. Nichols:

National Grid appreciates the opportunity to provide additional information to the Department to address issues raised in public comments on the permit application for the Vaporizer 13/14 Project at National Grid's Greenpoint Energy Center. Before responding to the specific questions raised by the Department in its Request for Additional Information, it is important to provide some background information about the rate case process. A rate case is a legal proceeding that sets the company's delivery rates used to fund the various capital investments and programs needed to provide safe and reliable gas service. It is not specific to one project and it does not constitute a long-range capital project plan. The rate filing presents all elements of a utility's costs of service, including labor costs, operation and maintenance costs, taxes, depreciation, return on rate base, etc. The filing also proposes multiple, unrelated capital projects to be undertaken during the rate plan period (typically three years) that are designed to increase the safety and reliability of the gas network. Over the course of the rate case process, the Department of Public Service Staff and other intervening parties (including municipalities, large customers, environmental advocates, and customer advocates) assess the need for the specific projects and programs included in the filing. A rate case often results in a negotiated, multi-year rate settlement that provides cost recovery for a portion of the initially proposed programs and projects. The New York Public Service Commission ultimately determines whether the company's proposed rates, or the terms of a proposed rate settlement, are just and reasonable.

As the provider of essential gas services to more than 1.2 million customers in the City of New York, including approximately 11,000 new customers in the last fiscal year, National Grid has a duty to meet demand for gas service under all weather conditions, including on "peak" days when gas demands are projected to be elevated due to unusually cold temperatures. To that end, National Grid has made numerous investments to enable increased supply diversity, to provide pressure support throughout the system, to improve outage contingency, and to enhance operational flexibility. National Grid operates gas distribution systems in New York that are

among the oldest in the United States. As existing facilities reach the end of their useful lives, these assets must be upgraded to ensure that the gas system continues to operate safely while meeting the demands of customers. While the rate filing presents multiple, unrelated projects, the merits of each individual project are considered separately by weighing the costs and operational benefits.

National Grid's current rate case (Cases 19-G-0309 and 19-G-0310) was initially filed in April 2019 and has been the subject of several updates over the past two years. For example, because the case was filed assuming that a new interstate pipeline would be available to provide additional supply capacity, the case did not initially contemplate the need for the Vaporizer 13/14 Project. However, this project is now a key component of the company's plans for meeting peak customer demand in the near term.

Contrary to a comment heard repeatedly throughout this permit proceeding, there is no direct connection or interdependency between the Vaporizer 13/14 Project and the Metropolitan Reliability Infrastructure (MRI) Project. The vaporizers and MRI are separate projects that address different operating considerations. These projects do not depend on one another to function in the system, nor are they cumulative or phased-in parts of an overall plan. Rather, they each have independent utility as discussed further below. Construction of the MRI Project was initiated in 2017 and was built in phases. Phases 1 through 4 are complete and in service. The final phase of the project, Phase 5, is under review as part of the present rate proceeding. Again, the projects are not related and the MRI outcome has no impact on the company's plans to proceed with the vaporizer project.

In response to the questions presented by the Department, National Grid offers the following additional information:

- 1. The permit application for the proposed project [to install two (2) new LNG vaporizers (proposed LNG vaporizers 13 and 14)], assigned DEC ID: 2-6101-00071/00024, does not mention the Metropolitan Reliability Infrastructure (MRI) project. Numerous written and verbal comments received to date have stated that the proposed LNG vaporization project is linked to the MRI project through the rate case currently in front of the New York State Department of Public Service (DPS 19-G-0309/10). National Grid has previously stated (verbally) in the legislative (public comment) hearing presentations on March 10, 11, and 18, 2021 that although the two projects are proposed to be funded under the same rate case, the proposed installation of LNG vaporizers 13 and 14 and the MRI project are independent and LNG vaporizers 13 and 14 are needed to support customers by ensuring adequate supply to meet peak demand with or without MRI.*

**Response:** As indicated above, the rate case process considers the company's various capital investments and programs over a period of several years. The various projects included within the rate filing are not necessarily interconnected.

The permit application does not mention MRI because the projects are disconnected in time, place, and purpose. Rate case testimony submitted by National Grid does not indicate any interdependence of the two projects. The MRI Project was planned

long before the vaporizer project was considered and was intended to improve the reliability and flexibility of the existing local transmission system by creating an additional path for gas to move through the existing local transmission system. There is no additional gas supply associated with MRI.

The Vaporizer 13/14 Project, on the other hand, is needed to provide additional gas peaking supply on the coldest days of the winter when interstate pipelines are unable to meet demand. The project was initially identified in November 2019 as an alternative to reliably supply gas to customers following the denial of permits for the NESE interstate transmission pipeline, more than two years after MRI had commenced construction. Whereas MRI flows gas 24 hours per day, 365 days per year, the vaporizers only operate on the coldest days of the winter, typically less than 10 days per year. Therefore, the vaporizers are independent from MRI and are needed regardless of the outcome of the MRI Project.

*Numerous commenters also describe a link between the vaporizers and an LNG trucking proposal that was included in discussions in the rate case.*

**Response:** The Greenpoint LNG unloading station does not currently use trucks to transport LNG to or from the facility and trucking of LNG is not permitted in New York City at this time. The LNG unloading station proposal that was the subject of numerous comments involves the replacement of an existing LNG unloading station at the Greenpoint Energy Center that has reached the end of its useful life. The replacement has been planned since 2013 after the effects of Superstorm Sandy. The reason for the replacement is solely for emergency tank refill purposes following catastrophic events such as a major interstate pipeline loss, liquefaction system failure, or an anomalous weather event. In the face of such an extreme emergency, a variance would be sought from the fire department at that time in order to allow trucking of LNG to the facility for a limited time period, but there is no existing or pending variance at this time. The LNG unloading station has no impact on nor is it connected to the vaporizer project.

*Please confirm that these projects are functionally independent; specifically, explain and expand on National Grid's assertions that the vaporizers are not linked to the MRI project and have independent utility (or not dependent upon each other). Please clarify any commonality in the purpose or goal of these projects and address all components of the rate case, including but not limited to the relation of the MRI project to the proposed vaporizer project and any LNG trucking project components involved in the rate case.*

**Response:** As discussed above, these projects are functionally independent and have different purposes. (a) The function of the Vaporizer 13/14 Project is to add peaking supply to the system to meet demand on the coldest days of the winter. (b) The function of the MRI Project is to improve the reliability and flexibility of the existing local transmission system. It does not impact system supply. (c) The function of the LNG unloading station replacement project is to provide a

contingency plan for an emergency situation requiring an extraordinary response, as discussed above.

2. *In addition to the MRI project, numerous commenters have stated that the proposed LNG vaporization project is “related” or “intertwined” with other projects, including: (1) a new LNG truck station that would enable the transport of LNG by truck to the Greenpoint Energy Center; (2) Compressed Natural Gas (CNG) transfer stations or CNG sites to allow for additional CNG trailers/ trucking; and (3) a gas transmission pipeline.*

**Response:** The vaporizer project is not related or intertwined with any other projects. (1) The replacement of the existing LNG unloading station has been discussed above and plays no role in vaporization. (2) The CNG Transfer Station and any associated trucking of CNG has been removed from the permit application and National Grid no longer plans to pursue its construction. Either the Vaporizer 13/14 Project or the CNG Transfer Station Project is needed to meet demand and National Grid has decided to pursue the Vaporizer 13/14 Project. (3) The MRI Project is not an interstate pipeline, but rather it is a reliability project for the existing local gas transmission system that serves the local distribution system. The vaporizer project is an alternative to reliably supply gas to customers following the denial of permits for a gas interstate transmission pipeline.

*Please confirm whether the LNG vaporization project is a component of an overall plan identified by National Grid for which additional phases and/or projects are proposed. If so, please clarify and describe the relationship between any such additional phases and/or projects. Please make sure to explain if: (1) plans or information on future project phases is speculative; (2) future phases may not occur; and/or (3) any future phases or projects are functionally independent. Please also confirm whether any of the interrelated phases of these various projects can be considered functionally dependent on the LNG vaporizer project.*

**Response:** The Vaporizer 13/14 Project is an independent project that is not a component of any phased-in approach or overall plan. The vaporizers are needed as a winter supply solution to meet customer demand on peak days. It is a stand-alone project with no connection to any other proposed projects. As discussed above, while multiple projects may be presented as part of the rate case, this does not mean that such projects are dependent on one another. The rate case is simply the mechanism for funding any work to be performed by the company and establishing the need for each individual project.

*In addition to the information requested above, please provide a brief description of any or all interrelated projects or phases in order to confirm NYSDEC’s jurisdiction and any potential overlap with the LNG vaporizer project. Please make sure to identify any NYSDEC permits that may be required and fully explain any funding, approvals that may be required by any federal, state or local agency that may be required. For example, please describe whether any construction dewatering is required to facilitate*

*future phases of the MRI project and if so, confirm whether a NYSDEC Long Island Well permit would be required.*

**Response:** There are no interrelated projects or phases associated with the Vaporizer 13/14 Project.

3. *In the event that DPS does not fully adopt National Grid's proposal associated with the proposed rate increase (i.e., rejects it in whole, in part, or, modifies the proposal by adopting changes [proposed by participating parties, the public or DPS] such that the rate request proposal no longer includes work associated with the next phases of the MRI project), please confirm whether National Grid would still proceed with the proposed installation of LNG vaporizers 13 &14?*

**Response:** National Grid must proceed with the installation of the Vaporizer 13/14 Project to provide much-needed supply to customers on the coldest days of the winter. Construction of the vaporizers is not contingent upon approval of Phase 5 of the MRI Project. The Vaporizer 13/14 Project and Phase 5 of the MRI Project are on independent paths, they do not rely upon each other, and they are needed for different purposes. Upon approval of the air permit, the Vaporizer 13/14 Project will proceed regardless of the cost recovery outcome for MRI Phase 5 in the rate case.

Thank you again for the opportunity to provide clarification on the Vaporizer 13/14 Project. If you need additional information or further clarification of any issues, please contact me.

Very truly yours,



Christopher Connolly  
Vice President, Gas Network Operations

cc: Stephen Watts, DEC  
Patrick E. Foster, DEC  
Cathy L. Waxman, National Grid  
Glenn Goldstein, National Grid  
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