



October 21, 2022

VIA ELECTRONIC FILING

Luly Massaro
Clerk, Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket No. 22-01-NG, In re: Investigation into the Future of the Regulated Gas Distribution Business in Rhode Island in Light of the Act on Climate

Dear Public Utilities Commission Staff:

On behalf of its more than 2,700 members in Rhode Island, Sierra Club respectfully submits the following comments in response to the Public Utilities Commission's August 31, 2022 Notice in the above-referenced docket. Sierra Club is a national grassroots environmental organization founded in 1892 with nearly 825,000 members nationwide. Its purpose is to explore, enjoy, and protect the wild places of the earth; to practice and promote the responsible use of the earth's ecosystems and resources; and to educate and enlist humanity to protect and restore the quality of the natural and human environments. Consistent with its mission, Sierra Club and its members are interested in pursuing gas system planning in an equitable and just manner and in line with Rhode Island climate policies and goals.

Sierra Club emphasizes the recommendations made in the October 20, 2022 comments our organization joined alongside Acadia Center, Audubon Society of RI, Climate and Development Lab at Brown University, Conservation Law Foundation, Green Energy Consumers Alliance, and The Nature Conservancy.

In addition, Sierra Club would like to highlight the following recommendations for the Commission:

- The recently passed Inflation Reduction Act (IRA) is a highly significant development for gas system planning, as it contains significant funding for both energy efficiency retrofits and heat pump purchases. The Technical Analysis in this docket should consider the impacts of IRA funding on achieving the state's decarbonization goals consistent with the Act on Climate.
- The Technical Analysis must avoid favoring any one scenario by applying standardized assumptions about weatherization investments across scenarios. Analysis that applies different levels of weatherization to different scenarios undermines a fair comparison between scenarios and skews the results of the modeling.

- All scenarios modeled in the Technical Analysis should assume no new gas customers are added to the system, either from fuel conversions or new construction. A significant reduction in gas sales will be necessary to meet the state’s emissions reduction targets—adding new customers to the system is inconsistent with the Act on Climate and will only increase the cost of achieving necessary gas sale reductions consistent with the Act.
- The Technical Analysis must consider the costs that will be avoided in a scenario primarily focused on building electrification, including investments in the gas distribution system for leak-prone pipe replacement and maintenance and upkeep. Such avoided costs must be quantified and included in the Technical Analysis. Sierra Club notes that there are concrete examples of quantifiable cost savings from gas system decommissioning: for example, Pacific Gas and Electric Company in California recently filed an application for approval of a zonal electrification pilot project in which services at California State University Monterey Bay would be converted from gas to electricity, estimating that “the cost to gas customers to complete this alternative zonal electrification work will be less than the cost to replace the gas system.”¹ Additionally, in 2020, the City of Palo Alto, California, completed an electrification impact assessment which found that gas decommissioning savings ranged from \$26 million to \$34 million; or, 20 to 40 percent of the costs to electrify.²

Respectfully submitted,

/s/ Sarah Krame

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¹ California Public Utilities Commission, Application No. 22-08-003, Application of Pacific Gas and Electric Company (U 39 G) for Approval of Zonal Electrification Pilot Project and Request for Expedited Schedule, Aug. 10, 2022, p. 1. The analysis found that the costs of the electrification project would be \$14.4 million, while the benefits (i.e. avoided costs of conventional gas pipe replacement) would be approximately \$15.4 million, resulting in a net benefit of approximately \$1.0 million to customers. *Id.* at 4.

² City of Palo Alto, Utilities Advisory Commission Staff Report, Discussion of Electrification Cost and Staffing Impacts on the City of Palo Alto's Electric and Gas Distribution Systems, <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2020/11-04-2020-special/id-11639-item-no-3.pdf>.