



Gas Transition Regulatory Developments

National Grid's Service Line NPA Program in New York

March 25, 2026

National Grid's New York gas utilities¹ filed a non-pipeline alternative (NPA) offering in February that focuses on service line replacements. As detailed in a [recent RMI brief](#), a service line NPA offering provides current gas customers whose service lines are slated for replacement with a monetary incentive to forego the replacement, electrify gas end uses, and terminate gas service. National Grid is the second utility² in the country to offer a standalone service line NPA program. Additional programs are under consideration or already being offered as part of broader NPA efforts.³

Utilities across the United States spend upward of \$7 billion each year to replace service lines. Service line NPAs can avoid some of these costs while promoting electrification.

According to RMI analysis, utilities across the United States spend upward of \$7 billion per year on replacing service lines — the pipes running from a gas main to the meter on or inside of a customer's building. Some replacements are part of broader utility efforts to address older, leak-prone pipe within a utility's gas system and may involve replacement of the gas main as well.

RMI has [noted](#) that NPAs that target segments of gas main can avoid utility costs but typically require every customer on the segment to agree. Service line NPAs also offer system savings, but require only the individual customer to agree to realize those savings.

Our 2025 brief on the topic identified four main design principles for a successful service line NPA program:

1. Enable widespread and simple customer participation;

¹ The offering was filed on behalf of three of National Grid's gas utilities: Niagara Mohawk (NiMo, 24-G-0323), Brooklyn Union Gas Company (KEDNY, 24-G-0225), and Keyspan Gas East Corporation (KEDLI, 23-G-0226) in their respective recent rate case dockets and were required as part of joint rate case settlements.

² Con Edison in New York is the first utility with a standalone service line NPA program. Its Energy Exchange Program was detailed in RMI's recent brief.

³ Service line NPA proposals are actively being considered in Colorado (in Xcel's Gas Infrastructure Plan, 25A-0220G), Illinois (in Peoples Gas NPA docket, <https://www.icc.illinois.gov/informal-processes/NPAI>), and California (in PG&E's rate case, A.25-05-009).

Gas Transition Regulatory Developments

2. Generate benefits for non-participating gas ratepayers;
3. Help to support the utility in achieving successful outcomes; and
4. Support the commission in advancing state policy goals, such as affordability and emissions reductions.

We do not analyze National Grid’s program against these principles here. Instead, we restate them to provide context for the explanation of the proposal below.

National Grid’s Service Line NPA program offers customers flexible, stackable, and cost-effective incentives of up to \$20k to avoid replacing service lines in New York.

National Grid’s Service Line NPA program will be implemented by a third-party contractor and is available to current gas customers whose service lines are made of leak-prone pipe (LPP) material, such as cast iron or bare steel. The incentive amounts vary by utility, building type, and whether the building is located in a disadvantaged community (DAC). The table below shows the incentive amounts by operating company.

National Grid Service Line NPA Incentives

Customer Segment	Non-DAC	DAC
1-3 unit residential, small business	Up to \$10k (KEDNY)	Up to \$15k (KEDNY)
	Up to \$7.5k (KEDLI)	Up to \$12.5k (KEDLI)
	Up to \$7.5k (NiMo)	Up to \$12.5k (NiMo)
4+ unit residential, commercial, industrial	Up to \$15k (KEDNY)	Up to \$20k (KEDNY)
	Up to \$12.5k (KEDLI)	Up to \$15k (KEDLI)
	Up to \$12.5k (NiMo)	Up to \$15k (NiMo)

Source: National Grid filings (NY PSC docket #s 24-G-0323, 24-G-0225, 23-G-0226)



Gas Transition Regulatory Developments

Service Line NPA incentive amounts are based on the avoided cost of replacing a service line. This avoided cost has two components: the estimated cost to replace a service line minus the cost to cut and cap the existing service line. National Grid does not track either cost separately, and therefore uses the cost to install a service line and the cost to repair a service line leak as proxies. Calculating the net avoided cost helps to define the upper limit of the participant incentive and informs the program's cost-effectiveness. According to National Grid, the Service Line NPA incentives pass both the societal cost-effectiveness test and the gas ratepayer impact test, although additional details were not available in the initial filing.

National Grid's Service Line NPA offering is notable for the flexibility it provides participants in how they use the incentive. Participants can use the incentive toward replacing existing equipment with electric options, upgrading a building's electric system (e.g., wiring or panels), weatherization measures (e.g., air sealing or insulation), and pre-weatherization efforts such as addressing health or safety issues. The service line NPA incentives are also stackable. Participants can combine them with other NPA incentives (such as the Company's LPP NPA) or with heat pump incentives offered by local electric distribution companies. This flexibility and stackability should reduce or eliminate the up-front electrification cost gap and provide customers with flexibility to meet their building's needs.

Potential new gas customers are ineligible for the Service Line NPA, which is for existing gas customers only, but are eligible for the New Connections NPA which offers an incentive equal to the cost of installing the gas main and service lines needed to serve the new customer.

This program is related to New York's line extension allowance policy which currently grants an allowance for the first 100 feet of pipe necessary to serve a new customer. Under the New Connections NPA, new customers would receive an incentive derived from the cost to connect them to the gas system, a calculation the utility already runs. Once the 100-foot rule is eliminated in December 2026, National Grid will cease offering a New Connections NPA.

Other notable details of National Grid's Service Line NPA filing:

- **Marketing and Outreach:** the company will market the program to customers according to four priorities: customers on a non-heating rate (who face a lower



Gas Transition Regulatory Developments

barrier to electrify); customers with low gas consumption (who may be more willing to fuel switch); buildings with a limited number of customers (which are easier to coordinate); and customers located in disadvantaged communities (to align with state law and commission policy).

- **Cost recovery:** customer incentives will be treated as an expense incurred by the implementation contractor. For KEDNY and KEDLI, per the rate case settlement, those costs will be submitted for cost recovery as a regulatory asset. The NiMo proposal did not indicate how the utility would request cost recovery treatment of these costs. National Grid did not propose a utility incentive (beyond noting regulatory asset treatment for KEDNY/KEDLI), but noted that it may seek a utility shareholder incentive in the future.
- **Next steps:** the National Grid utilities will file a report on the Service Line and New Connection NPAs alongside its other NPAs on July 31, 2026 in its “NPA Opportunities and Programmatic Successes” report.
- **Open questions:**
 - How many LPP service lines exist today in the utilities’ service territories?
 - How many participants does National Grid expect per year and at what cost?
 - How will incentives evolve over time as the Company collects more cost data regarding service line replacements and costs related to terminating the existing service line?
 - How will the commission treat cost recovery, including regulatory asset treatment and a potential utility shareholder incentive, for this program (and more broadly, for other National Grid NPAs).

Conclusion

What’s next for National Grid’s Service Line NPA program and similar programs under consideration across the country?

For National Grid, we expect to learn more this summer as they report on initial results from outreach/implementation of their Service Line NPA program. We are especially interested in getting answers to the open questions listed above.

Looking beyond National Grid, as utilities like National Grid and Con Edison gain more implementation experience, we expect program design and delivery to be refined and



Gas Transition Regulatory Developments

for best practices to emerge that can be applied to other utilities facing sizeable service line replacement costs in the future.

Customer participation will remain a critical factor. Utilities could help address this by gathering feedback from customers on why they did (or did not) choose to participate in the program.

Commissions across the country also have an important role to play in providing clear direction to utilities on NPA cost recovery, cost-effectiveness, and more. This direction can come from rate cases, gas planning proceedings, future of gas dockets, or other related regulatory processes. What matters most is that utilities receive clear signals about when and how NPAs can be used to reduce system costs and support electrification.

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