



# New York Spends Millions on Subsidized Gas Line Extensions



## What are gas line extension subsidies?

New York utilities traditionally subsidize costs of extending service to new customers, called "line extension allowances."

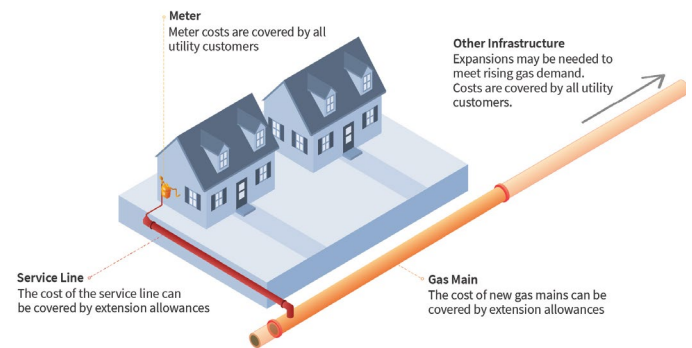
Subsidized extensions of gas service pass hundreds of millions of dollars in costs to existing customers while expanding the fossil fuel system.

Multiple states have acted to remove these legacy subsidies; California will end line extension allowances in 2023, and Colorado has updated its rules to ensure line extensions are no longer subsidized after 2023.

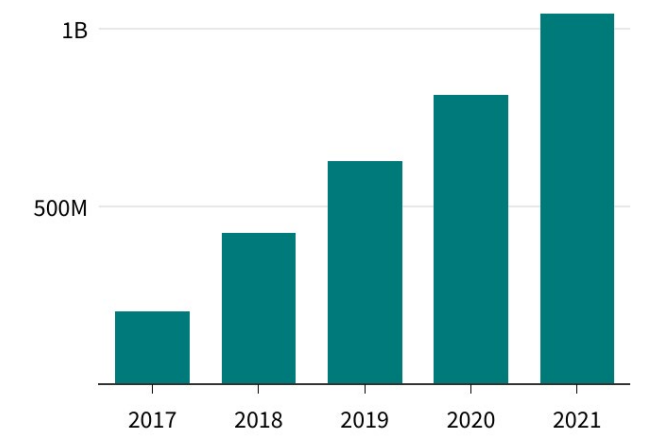
## How Much Does it Cost?

- **\$1 billion** in added costs for NY ratepayers over five years
- **Nearly 170,000 customers** added to the gas system
- **Increased financial risks**, with higher spending but projected declines in future gas demand

## Infrastructure Associated with Extension Allowances



## Cumulative Ratepayer Costs (\$) of Subsidized Gas Line Extensions, Estimated



## What is the 100 Foot rule?

In New York, the "100 Foot Rule" requires utilities to connect new customers to a gas line for free based on how close their property is to an existing main gas line, typically within 100 feet. These subsidies are paid for by increasing costs for existing utility customers and, in New York, are required in Public Service Law, in a provision commonly known as the "100 Foot Rule." The Public Service Commission has allowed utilities to expand this entitlement, for residential and nonresidential customers. Newly released utility data enables estimation of annual ratepayer costs of these subsidies.

## Estimating the Costs of New York's 100 Foot Rule

### Methodology

In August 2022, New York's Local Distribution Companies (LDCs) **published costs** associated with extending gas service to new customers, including components subsidized by ratepayers. The filing followed a directive from the Public Service Commission to share this data, as part of Proceeding No. 20-G-0131, Proceeding on Motion of the Commission in Regard to Gas Planning Procedures.

LDCs issued a joint filing with new customer counts for residential and non-residential customers, length of average service line and gas main extensions, as well as the costs per foot for a five-year period from 2017 to 2021. This filing did not provide total, aggregated costs to ratepayers.

RMI used this data to estimate total annual ratepayer costs. Estimates were calibrated against other sources where available, including National Grid's **May 12 filing on gas connection costs** within KEDNY and KEDLI territories.

Local Distribution Company	Estimated Ratepayer Costs
Central Hudson G&E	\$69M
ConEd	\$337M
Corning Natural Gas	\$1.2M
Liberty Utilities	\$4M
National Fuel Gas	\$19M
National Grid - KEDLI	\$220M
National Grid - KEDNY	\$256M
National Grid - Upstate	\$67M
NYSEG	\$37M
Orange & Rockland	\$22M
Rochester Gas & Electric	\$11M
Estimated Total	\$1,043M

2017-2021

To read more about Gas Line Extension Subsidies, visit: [rmi.org/insight/its-time-to-rethink-subsidized-gas-line-extensions/](https://rmi.org/insight/its-time-to-rethink-subsidized-gas-line-extensions/)