

A MESSAGE FROM PRESIDENT & CEO DAVE BAUER REGARDING NEW YORK'S CLIMATE LEGISLATION

National Fuel supports efforts to reduce greenhouse gas emissions and improve the environment, and I believe the continued development of renewable energy sources is an important part of those efforts. However, renewables alone cannot now, or realistically in the future, meet the demand to heat homes, fuel businesses, and maintain and grow the state's economy. Yesterday, New York State Gov. Andrew Cuomo signed into law the Climate Leadership & Community Protection Act (CLCPA), which proposes to do just that.

The CLCPA sets aggressive, legally enforceable requirements for New York to both dramatically increase renewable electric generation in the state by 2040, and virtually eliminate greenhouse gas emissions from all sources by 2050. Though short on details, this obviously has us concerned as to the potential impacts for National Fuel, our customers, and the state's overall economic outlook.

In the near-term, the CLCPA establishes a series of working groups to study how the state will achieve the aggressive emission reduction targets. However, noticeably absent from the CLCPA is any consideration of the overall feasibility of a complete transition to renewable sources or the likely negative impact on energy reliability and affordability. Transforming an economy as large as New York's into a net-zero emissions model is no simple feat, and it remains to be seen how state agencies will design and implement the actual mechanisms for achieving the Act's ambitious goals. While the CLCPA targets are in place, how and whether they can be reached is still very unclear.

National Fuel's utility customers have enjoyed significant savings from natural gas - the average annual bill for residential customers has decreased 43 percent, or \$720, since the winter of 2008-09. The CLCPA would potentially undo all of that savings and then some. If a customer is required to electrify their home at today's prices, the energy cost would be more than three times that of natural gas with the additional cost for new appliances and equipment averaging \$5,000 -- not to mention the potential need for rewiring portions of the home. Also, it is important to note that in National Fuel's utility service territory across Western New York, the weather is approximately 40 percent colder than it is downstate and utilizing heat pumps in a colder climate like ours is not always a reliable or effective heating option.

Over the long-term, if implemented as written, the CLCPA has the potential to radically alter the vehicles we can drive, air travel, how we heat our homes, fuel businesses and industry, and how electricity is generated within the state. Energy-intensive businesses and their jobs will likely be challenged to remain in New York.

Energy consumers in New York need to know more about this new law and the substantial impact it may have on their daily lives -- financially and otherwise. CLCPA implementation plans are expected to be developed over the next several years, with definitive policies not being launched until well after the 2022 elections. National Fuel intends to fully participate in the CLCPA public discussion by adding a voice for the natural gas customer. I encourage you to be an advocate for the Company, the industry, and our customers. As we move through the CLCPA process, the Corporate Communications department will be distributing additional facts about CLCPA and its implications for the New York economy. Please read them and share them with your friends, family and social networks. Together, we can ensure the public and our elected officials know the unintended consequences of this well intended but practically and economically infeasible piece of legislation.

Thank you for all you do for National Fuel.