

New York Energy Consumers Council, Board Members' Annual Meeting, Wednesday, January 17, 2023

Presenter: George Diamantopoulos, Esq., Counsel to the NYECC

Con Edison Rate Cases

Electric and Gas (22-E-0064 and 22-G-0065) (3 Year Rate Plan from 1/1/23 – 12/31/25)
 7/20/23 - PSC Order issued in the Con Edison Electric and Gas Rate Cases. NYECC was involved in this case party from the Company's initial filing on January 22, 2022 through one year of settlement negotiations leading to the Joint Proposal adopted by the PSC.

Electricity Savings: Approx. \$3.2 Billion

Con Edison's initial Electric Rate Case filing proposed an increase in the revenue requirement over three Rate Years of a cumulative \$5.91 Billion. The PSC's Order allows for a cumulative \$2.74 Billion over three rate years, for a reduction in rates from the Company's initial ask of approximately \$3.2 Billion.

Gas Savings: Approx. \$1.1 Billion

Con Edison's initial Gas Rate Case filing proposed an increase in the revenue requirement over three Rate Years of a cumulative \$2.2 Billion. The PSC's Order allows for a cumulative \$1.12 Billion over three rate years, for a reduction in rates from the Company's initial ask of approximately \$1.1 Billion.

Estimates of Rate Increases by Service Class

Electricity – Levelized (Percentages assume midlevel attainment of EAMs so percentages can be higher or lower to the extent the Company attains higher or lower EAM levels; and excludes make whole recovery).

RY	Rev. Req.	Delivery %	SC8 Rate I, III	SC8 Rate II	SC9 Rate I, III	SC9 Rate II	SC12 Rate I, III	SC12 Rate II	NYPA
RY1	\$457.45M	6.6%	8%	7.9%	7.9%	6.1%	9.4%	11.4%	9.5%
RY2	\$457.45M	6.2%	5.7%	5.2%	5.6%	3.7%	6.7%	8.2%	7.3%
RY3	\$457.45M	5.8%	5.9%	6.1%	5.9%	4.5%	7%	8.4%	6.9%

Gas - Levelized (Percentages assume midlevel attainment of EAMs so percentages can be higher or lower to the extent the Company attains higher or lower EAM levels; and exclude make whole recovery).

RY	Rev. Req.	Delivery %	SC2 Rate I	SC2 Rate I, Rider H (DG Rate)	SC3
RY1	\$187.20M	10.4%	9.7%	10.8%	11.1%
RY2	\$187.20M	9.4%	6.6%	4.7%	9.6%
RY3	\$187.20M	8.6%	7%	6.7%	9.3%

Make Whole Provisions

As the settlement was finalized after January 1, 2023, the beginning of Rate Year 1, a make whole provision was included which adjusts the rates as follows for each of the Rate Years:

Electricity

RY	SC8 Rate I, III	SC8 Rate II	SC9 Rate I, III	SC9 Rate II	SC12 Rate I, III	SC12 Rate II	NYPA
RY1	0.8%	0.8%	-1.2%	-0.4%	-1.2%	1.1%	0.12%
RY2	0.1%	-0.1%	-0.1%	0.4%	0.0005%	0.07%	0%

Gas

RY	SC2 Rate I	SC2 Rate I, Rider H (DG Rate)	SC3
RY1	0.9%	0.3%	0.85%
RY2	0.7%	0.3%	0.6%
RY3	0.6%	0.2%	0.6%

Electric Bill Impact Analysis - Demand-based SC1 Rate IV Assessment (12/30/23)

	Control group no tech, EV owners, ASHP, GSHP, SPV				
% no chg or decr. Bill from SC1RI	58.3%	67.5%	80.1%	88.9%	12.3%
% no chg or decr. Bill from SC1RIII	63.4%	31.8%	65.5%	72.2%	8.3%

Electric - Con Edison's Commercial Managed Charging EAM

1/12/24 - Parties commenced discussions regarding a Con Ed proposal necessitated by a PSC Order issued later than expected to address establishment of a baseline for the EAM that is not possible as contemplated in the JP because of the delay in the PSC Order.

1/24/24 – Follow up meeting of the parties to further discuss Con Ed proposal.

(22-S-0659) Steam (3 Year Rate Plan from 11/1/23 – 10/31/26)

11/15/23 - PSC Order issued in the Con Edison Steam Rate Case. NYECC was involved in this case party from the Company's initial filing on November 23, 2022 through settlement negotiations leading to the Joint Proposal (JP) adopted by the PSC. NYECC is not a signatory to the JP.

Steam Savings: Approx. \$ 100 Million

Con Edison's initial Steam Rate Case filing proposed an increase in the revenue requirement over three Rate Years of a cumulative \$567.4 Million. The PSC's Order allows for a cumulative \$466.8 Million over three rate years, for a reduction in rates from the Company's initial ask of approximately \$100 Million.

Estimates of Steam Rate Increases

Steam – Levelized increase is \$77.8M per year. RY1 - (14.6% customer bill impact); RY2 - (12.8% customer bill impact); RY3 - (11.3% customer bill impact).

Weather Normalization Adjustment (WNA) for Steam

- Compromise for not adopting a Revenue Decoupling Mechanism for Steam
- To mitigate the impacts of weather on the Company’s steam revenues and on steam customers’ bills, the Company will implement a WNA for the period of November through April of each year.
- Adjustments would be made to customer bills based on differences between actual and normal HDDs in each billing cycle.
- Applies to SCs 1, 2, 3, and 5, who use steam for space heating.
- Does not apply to SC4 back up/supplementary which is intermittent usage.
- Will be applied to total customer steam usage and will be applied as a per Mlb surcharge or surcredit.

Statement of Delivery Revenue Surcharge

<u>SC No.</u>	<u>Rates in \$ per Mlb</u>
Service Classification No. 1 - General Service	\$0.642
Service Classification No. 2 - Annual Power Service Rate I	\$0.979
Service Classification No. 2 - Annual Power Service Rate II	\$0.659
Service Classification No. 3 - Apartment House Service Rate I	\$0.589
Service Classification No. 3 - Apartment House Service Rate II	\$0.298
	<u>Rate in \$ per Mlb/Hr of Contract Demand</u>
Service Classification No. 4 - Backup/Supplementary Service	(\$21.98)

Rate applicable to an SC No. 5 Customer is specified above under such Customer's otherwise applicable SC.

Decarbonization Projects in JP

- Steam Production Decarbonization Plan – \$3M for the Industrial Heat Pump, subject to Future Decarbonization Project Approval Mechanism.
- Steam Distribution Decarbonization Plan (Hot Water Loop Decarbonization Project) – Reflect \$0.5 million in this case to explore and conduct prep work.
- Thermal Storage – Company will evaluate a thermal storage project through the Future Decarbonization Project Approval Mechanism **that could replace 50,000 mmbtu/year of gas with electricity and result in a direct CO2 reduction of approximately 3,000 tons/year.** The Company will schedule a meeting to discuss its feasibility analysis by 6/30/24.
- Decarbonization Study & Implementation Plan – Conduct a Decarbonization Study and file the Study with an Implementation Plan by 12/31/24. Company may spend up to \$3M. Prior to filing, the Company will send a draft Implementation Plan to stakeholders and hold a meeting to receive feedback.
- Future Decarbonization Project Approval Mechanism – Company may file Petition(s) for permission to implement a **surcharge for costs incurred to implement PSC**

approved decarbonization projects (subject to a 0.5% cap on total bill impact). May defer up to \$3M for preliminary work on projects until PSC decides on cost recovery.

- LL97 Compliance Assistance
 - **Coefficient** – Within 90 days of filing the Decarbonization Study & Implementation Plan, the Company will hold a stakeholder meeting to discuss plans to **request** that the applicable City agency **adjust the LL97 coefficient for the steam system**.
 - **Energy Audits** – Between 11/1/23-10/31/26, upon request, provide steam customers with a detailed analysis of a building’s energy usage patterns to **identify areas of energy waste or excess usage and suggest upgrades to improve energy efficiency and minimize operating costs**; develop **outreach and education plan to inform customers of the audit program**. These reports will include information on any available known funding or incentives to steam customers for energy efficiency, including **steam system consumption and efficiency, steam trap surveys, heat loss surveys, 24/7 monitoring of steam traps through wireless sensors, digital control of Pressure Reducing Valve stations on the customer side to reduce heat loss, heat recovery to lower steam consumption and cooling water consumption, upgrades and tune ups to steam turbine and absorption style chillers, including insulation for reduced chiller losses and early/extended life equipment replacements and enhancements**.

Steam Customer Development

- **Steam Business Development Plan to be filed by 12/31/24:**
- The Company will hold two meetings in 2024 to receive stakeholder input while the Plan is being developed, and within 90 days of filing the Plan, the Company will hold a meeting to discuss the recommendations in the Plan.
- Company **may spend up to \$0.75M to develop the Steam Business Development Plan**
- Outreach and Education
 - Will continue educational workshops and meetings with building owners and managers, etc. to increase knowledge of steam benefits;
 - Enhance website on conversion to steam from gas/oil;
 - Take into account Steam Business Development Plan recommendations;
 - Maintain annual reporting
- A Discounted Steam Promotion Rate for PSC consideration will be filed by 3/31/25 and will be informed by a steam marginal cost study filed by 12/31/24

Steam

12/28/23 – Con Edison’s earned rate of return on steam common equity for the 10 months ended 10/31/23 was a paltry and pathetic -0.1%. This is 10% below the 9.9% needed to trigger revenue sharing with steam customers.

15-E-0302 – Large Scale Renewable Program and Clean Energy Standard Proceeding

Supplemental Comments Due on 1/19/24

23-G-0147 – Con Ed Gas System Long Term Plan and DPS Consultant PA’s Report

Initial Comments Due on 1/31/24

Reply Comments Due on 2/21/24

18-M-0084 – 1/12/24 – Con Ed’s Non-LMI EE BE Portfolio Proposal Filing

Energy Efficiency - 2 Downstream Programs

The Commercial & Industrial Program offers incentives to large (>100 kW peak load), individually-metered commercial electric and gas customers.

- 1) prescriptive incentives for energy efficient technologies, such as controls, chillers, and pipe insulation.
- 2) custom incentives for measures that are not qualified for the prescriptive track and thus require additional engineering analysis to determine energy savings.

The Small-Medium Business Program serves small and mid-sized business as well as religious institutions, nonprofits, and schools. This sector has historically been challenging to reach because of organizational size, meaning that many SMBs often lack the time, expertise, or available capital to access and implement energy saving technology upgrades.

Con Ed plans to expand these programs to steam customers by offering incentives for measures including, but not limited to, building envelope upgrades, pipe insulation, building management systems, digital PRV controls, and condensate waste heat recovery.

By 2026, the Company will eliminate midstream programs that only incentivize non-strategic measures (i.e., Instant Lighting, Commercial Kitchen) as well as non-strategic measures (e.g., lighting, steam traps) from its downstream programs. The Midstream Water & Space Heating Program will incentivize equipment distributors to offer efficient water heaters to contractors.

Building Electrification

- will include clean heat measures in its existing C&I program beginning in 2026;
- offer incentives for partial, hybrid and supplemental electrification systems under a custom framework;
- proposes to move all BE offerings for small and medium business customers to the core EE BE programs to avoid confusion, instead of adopting the EE BE Order’s approach to split the small commercial space by providing prescriptive incentives through the statewide Clean Heat program and custom incentives within the core EE BE programs.

Other Energy News

1/9/24 – The U.S. Energy Information Administration is forecasting that about 37 GW of solar generation is expected online in 2024, up 39% from last year, which is expected to slow the growth of natural gas generation from 7% in 2023 to 1% in 2024. Also, solar and wind generation together is expected to overtake power generation from coal for the first time in 2024, exceeding coal by about 90 billion kWhs.