

New York Energy Consumers Council, Board Members' Annual Meeting, Wednesday, January 18, 2023

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Energy News

- 12/13/22 – Following 60 years of global research, the DOE announced a very exciting breakthrough in fusion energy, a technology which could provide clean, carbon free power in the future. Scientists in California's Lawrence Livermore National Laboratory's National Ignition Facility used 192 enormous lasers on a tiny cylinder the size of a pencil eraser inside of which was a peppercorn size pellet of fuel to create heat and pressure close to that found in the sun driving atoms together and releasing tremendous energy. Released neutrons can be used to heat a liquid such as water to create steam which can be used to power turbines to produce electricity. The advance is called "ignition" attaining more energy out (3 megajoules) than the energy put in (2 megajoules) to create that energy.
 - According to the NRC, while the material of the reactor itself would become slightly radioactive, it would have a very short half-life of a few days to a few weeks, unlike the products from nuclear power plants, some of which can require thousands of years to become safe. Fusion power plants could also avoid catastrophic failures and meltdowns because with fusions as soon as you turn off the laser, the entire process stops.
- 12/20/22 – 18-M-0084 and 14-M-0094 - Department of Public Service Staff Energy Efficiency and Building Electrification Report
- 12/22/22 – Belgian based Tree Energy Solutions seeks to resolve transport, storage and trading issues surrounding the use of hydrogen by producing synthetic natural gas by combining captured carbon dioxide with green hydrogen, either on-site or in countries where renewable power is abundant, then ship and distribute it to European facilities through existing energy pipelines. For example, TES will fill a ship with CO2 [captured from the air in Europe, bring it to Egypt where it is merged with hydrogen and then put back on the ship as liquid LNG for return and use in Europe. The process is turning the whole Liquefied Natural Gas ("LNG") chain into the system of the future by using the same terminals, pipes and ships currently used for LNG.
 - The most attractive markets for TES are countries that have sun and wind. Upstream, are countries like Morocco, Egypt, parts of Australia, parts of the U.S. and Namibia. Downstream are Europe, Japan and Korea, because these are the big LNG markets, who want to get out of coal, nuclear and diesel.
- 12/27/22 – 20-M-0266 and 14-M-0565 – The Energy Affordability Working Group, Phase 2 Arrears Report was issued in the proceedings on the effects of COVID-19 on Utility Service and on energy affordability for low-income customers.
 - The Phase 1 Utility Arrears Relief Program was conceived as part of a projected two-phase approach to managing the unprecedented level of utility bill arrears in NYS.

- The Phase 1 program successfully reduced arrears for low-income customers enrolled in utility bill discount programs (EAP or Energy Affordability Program). Phase 1 arrears totaled \$478M as of June 2022, which dropped to \$194M (includes arrears between 5/2/22-9/30/22) following Phase 1 implementation. Still, overall arrears remain far above pre-pandemic levels.
- The W.G. recommends a Phase 2 to the PSC by reducing customers' arrears balances to a more manageable level at a lower cost than any "inaction" scenario (estimated at \$1.011B - \$1.346B statewide) to substantially reduce terminations, and collection activities.
 - Provide one-time arrears credits of approximately \$672.1M across the Joint Utilities' (JU) service territories. The credits would provide relief to all residential non-EAP and small-commercial customers in arrears during the qualifying COVID-19 period, eliminating all such arrears for over 75% of residential non-EAP and small-commercial customers.
 - Recommends limiting the Phase 2 program to accounts that have arrears through the COVID-19 pandemic period (the period through May 1, 2022).
 - The JU has committed shareholder contributions of over \$101.853M to support the Phase 2 program, \$45.54M of which is from Con Ed.
 - The Phase 2 program (arrears credits and associated carrying charges) would be paid for by ratepayers and collected by each utility via a surcharge to delivery customers effectuated by a tariff filing.
 - Phase 1 and Phase 2 programs together may be broad enough to materially impact the uncollectible, or bad debt, expenses included in the utilities' rate plans, so recommends that utilities proposing an uncollectible reconciliation within the context of this proceeding be required to make a filing with the PSC to address the potential for over- or undercollection of such expenses.
 - Recommends adoption of the Joint Utilities proposal to suspend residential terminations of service for non-payment while the credits are being applied to accounts, for the period through March 1, 2023, or 30 days after credits have been applied by the incumbent utility, whichever is later.
- 12/27/22 – Con Edison Public Communication Plan, Natural Gas Moratorium, Version 2, filed.
- 1/9/23 – 18-M-0084 and 14-M-0094 – Notice Soliciting Comments regarding DPS Staff's Energy Efficiency and Building Electrification Report – Comments due by 3/6/23 on 42 compiled questions for stakeholder input.

Con Edison Rate Cases

Electric and Gas

- 4/8/22 – 22-E-0064 and 22-G-0065 - In **Con Edison's Updated filed testimony**,

- the Company’s proposed electric revenue requirement has decreased by approximately \$161.1 million, and the Company is now seeking an overall **electric revenue requirement increase of \$1.037788 billion**.
- The Company’s proposed gas revenue requirement has decreased by approximately \$100.5 million, and the Company is now seeking an overall **gas revenue requirement increase of \$402.2 million**.
- An additional **\$744.126M is sought for electric in RY2** and an additional **\$614.899M is sought for electric in RY3**. The aggregate electric rate case increase over three years (2023-2025, inclusive) is \$ 5.217 Billion.
- An additional **\$205.124M is sought for gas in RY2** and an additional **\$176.079M is sought for gas in RY3**. The aggregate gas rate case increase over three years (2023-2025, inclusive) is \$1.8 Billion.

Electric and Gas Rate Cases Schedule:

- Settlement negotiations are, and have been, ongoing since mid-June 2022. A confidential briefing to the Board on the status of settlement negotiations will be provided at the annual Board meeting.
- Effective date for new rates has been suspended numerous times to reach settlement. Con Ed will be requesting a further extension of the suspension date by an additional 30 days until July 24, 2023. The Company would be “made whole” by recovering any revenue under-collections or refunding any revenue over-collections, including interest, resulting from the extended suspension period.
- Revenue adjustments will be calculated as the difference between sales revenues Con Edison would have billed at the new rates during the extension of the suspension period and the same level of sales revenues at current rates. The revenue adjustments would include all applicable surcharges and would be subject to reconciliation in accordance with all applicable adjustment mechanisms (including revenue decoupling mechanisms, where applicable). Amortization of net deferrals will be reflected in the PSC order and will likely commence effective with the month of July 2023 (or sooner depending on the timing of any PSC Order), on an earnings neutral basis.
- The PSC may not need to use the full suspension period provided, but the suspension period is there so there is sufficient time for the drafting of a Joint Proposal, the preparation and filing of Statements Regarding the Joint Proposal (in Support of, Opposition to, or of Neutrality), public statement hearings, an evidentiary hearing on the Joint Proposal, and time for the PSC to review everything and issue an Order setting rates.

Steam

- 11/7/22 – NYECC’s leadership meeting with Con Edison regarding Steam Rate Case and Petition regarding steam energy efficiency and Revenue Decoupling Mechanism
 - Discussion regarding Property Tax suggested Con Ed may seek retroactive compensation. Retroactive rate making is prohibited.
 - Steam AMI
 - Steam RDM
 - Decarbonizing steam system

- Short term approach (within a several years rate plan) rather than a long-term approach (covering multiple rate plans), which is what is needed.
 - Piecemeal emphasis to improve upon percentage numbers of oil (40%) and gas (28%) buildings in moving to steam rather than coming up with a permanent decarbonization solution with higher percentages improvement
 - Core investments are in steam production, distribution and Information Technology
 - Steam Production
 - Continued fuel oil conversion from #4 to #2 oil
 - Demonstration Projects
 - Electric Boilers
 - Use of Low Carbon Fuels such as RNG and hydrogen
 - Use of Large-Scale Industrial Heat Pump
 - Carbon Capture
 - Deep Geothermal
 - Steam Distribution – using waste heat from condensate to provide hot water to nearby buildings using fuel oil or natural gas that are hard to electrify
- 11/8/22 - 18-M-0084 Separate Con Ed Petition filed for steam specific energy efficiency projects and for a Steam Revenue Decoupling Mechanism
- 11/23/22 – Con Edison filed its Steam Rate Case
 - Proposed revenue requirement increase of \$136.718M (a 34% increase in delivery and a 26% increase in the overall bill) for RY1 ending 10/31/24.
 - According to the Con Ed Accounting Panel, the primary drivers for the requested increases are
 - NYC property taxes (\$73M or 53% of the increase) and
 - the sales forecast (\$66M or 48% of the increase).
 - These two items are partially offset by a \$26M decrease in the Company’s O&M and a \$33M decrease in Income Taxes and Other changes.
 - Proposed revenue requirement increase of \$53.955M for RY2 ending 10/31/25.
 - Proposed revenue requirement increase of \$49.294M for RY3 ending 10/31/26.
- NYECC has served eight sets of Interrogatories on Con Edison so far.

Steam Rate Case Schedule:

- 12/15/22 – PSC Procedural Conference followed by Con Edison Technical Conference
- 2/10/23 - Filing of Company’s Corrections and Updates to Testimony and Exhibits
- 3/24/23 - Filing of Staff and Intervenor (NYECC) Direct Testimony and Exhibits
- 4/21/23 - Filing of Rebuttal Testimony and Exhibits
- 5/2/23 - Commencement of Evidentiary Hearing