

New York Energy Consumers Council, Board Members' Meeting, Wednesday, August 4, 2022

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Energy News

- 7/5/22 - Governor Kathy Hochul signed NY Senate Bill S9422 into law, which "establishes the Utility Thermal Energy Network and Jobs Act to promote the development of thermal energy networks throughout the state and to provide jobs to transitioning utility workers who have lost or are at risk of losing their employment."
 - Thermal Energy Networks are utility-scale infrastructure projects that connect multiple buildings into a shared network with sources of thermal energy like geothermal boreholes, surface water, and wastewater. Rather than each building needing its own borehole, multiple buildings in a network can share the same thermal sources. In addition, waste heat from large industrial buildings can also be used to heat smaller residential buildings.
 - Buildings are linked together via underground pipes. Each building is equipped with a heat pump that provides heating or cooling by exchanging thermal energy with pipes containing circulating water. The water in the pipes maintains a temperature within the needed range by exchanging heat with geothermal boreholes or other thermal resources.
 - The bill, which passed in the New York Senate by a vote of 63-0, also requires the training of utility workers to work on thermal energy projects. Preference is given to those who have been displaced by reduction of natural gas consumption, distribution infrastructure, and building construction.
 - 8/1/22 - 19-G-0066 – Con Edison's District Energy Initiative Report - under Con Edison's geothermal pilots, which may not meet the minimum requirements under the current Gas Rate Plan, will be used by the Company to evaluate and leverage the lessons learned from these pilots for possibly including their potential submission in connection with the new law.
- 7/20/22 – President Biden took new Executive Actions on the following:
 - **Protect Communities from Extreme Heat and Dangerous Climate Impacts:** The Federal Emergency Management Agency (FEMA) **is announcing \$2.3 billion in funding for its Building Resilient Infrastructure and Communities (BRIC) program for Fiscal Year 2022— the largest BRIC investment in history,** boosted by the President's Bipartisan Infrastructure Law. This funding will help communities increase resilience to heat waves, drought, wildfires, flood, hurricanes, and other hazards by preparing before disaster strikes. BRIC is among hundreds of federal programs that the Biden-Harris Administration is transforming to support the Justice40 Initiative and prioritize delivering benefits to disadvantaged communities.
 - **Lower Cooling Costs for Communities Suffering from Extreme Heat:** Today, the **Department of Health and Human Services is issuing guidance that for the first time expands how the Low Income Home Energy Assistance Program (LIHEAP) can promote the delivery of efficient air conditioning equipment, community cooling centers, and more.** In April, the Biden-Harris Administration released \$385 million through LIHEAP to help families with their

household energy costs, including summer cooling—part of a record \$8 billion that the Administration has provided, boosted by the President’s Bipartisan Infrastructure Law.

- Expand Offshore Wind Opportunities and Jobs: The **Department of the Interior is proposing the first Wind Energy Areas in the Gulf of Mexico**, a historic step toward expanding offshore wind opportunities to another region of the United States. These areas cover 700,000 acres and have the potential to power over three million homes. President Biden is also directing the Secretary of the Interior **to advance wind energy development in the waters off the mid- and southern Atlantic Coast and Florida’s Gulf Coast**—alleviating uncertainty cast by the prior Administration. These actions follow the President’s launch of a new Federal-State Offshore Wind Implementation Partnership that brought together Governors to deliver more clean, affordable energy and new jobs.
- Providing Record Funding to Increase Community Resilience: Last year, President Biden doubled the funding available through FEMA’s Building Resilient Infrastructure and Communities (BRIC) program. This year, he is **doubling funding again, to a historic level of \$2.3 billion** available for states, local communities, Tribes, and territories to proactively reduce their vulnerability to heat waves, drought, wildfires, flood, hurricanes, and other hazards boosted by the President’s Bipartisan Infrastructure Law. As part of the President’s Justice40 Initiative, which set a goal of delivering 40% of the overall benefits of Federal investments in climate and clean energy to disadvantaged communities, FEMA is prioritizing communities that have long been marginalized, overburdened, and underserved.
- Expanding Access to Home Air Conditioners and Community Cooling Centers: In April, the Department of Health and Human Services (HHS) released \$385 million through LIHEAP to help families with their household energy costs, including summer cooling—part of a record \$8 billion that the Administration has provided, boosted by the Bipartisan Infrastructure Law, to reduce cooling and heating costs for low-income Americans. Today, **HHS is issuing guidance that will help states, Tribes, and territories expand how they respond to extreme heat and support vulnerable communities through LIHEAP.** The guidance provides for a range of flexible options including increasing funding for cooling assistance through the American Rescue Plan; establishing community cooling centers; and purchasing, distributing, or loaning efficient air conditioning equipment, evaporative coolers and electric heat pumps—a more energy-efficient alternative for providing cooling services—to vulnerable households and individuals. HHS has also developed a LIHEAP and Extreme Heat website to provide online resources including the Heat Stress Geographic Information (GIS) Dashboard to help grant recipients and stakeholders track, visualize, and respond to heat stress trends and needs across the country.
- Enforcing Workplace Safety: Heat is a growing threat to workplace safety, especially in high-risk sectors like agriculture and construction. In April, Vice President Harris and Secretary of Labor Walsh launched the first-ever National Emphasis Program to protect millions of workers from heat illness and injuries. Since then, the Department of Labor’s Occupational Safety and Health

Administration (OSHA) has already conducted 564 heat-related inspections, which are focused on over 70 high-risk industries across 43 states. **On days when the heat index is 80°F or higher, OSHA inspectors and compliance assistance specialists are engaging in proactive outreach and technical assistance to help stakeholders keep workers safe on the job.**

- Through the Extreme Heat Interagency Working Group under the National Climate Task Force, the Administration is advancing a wide range of additional efforts, including a historic OSHA rulemaking process toward the first federal heat standard to protect workers, EPA support for community communication strategies to help people keep safe on the hottest days, a DHS Cooling Solutions Challenge to fund innovative extreme heat responses, NOAA’s community-led urban heat island mapping campaign, a USDA urban and community forestry program to equitably improve heat resilience, and a new HHS Climate and Health Outlook to inform health professionals about extreme heat and other climate-related health hazards.
- Offshore Wind - Since President Biden set a bold goal of deploying 30 gigawatts of offshore wind by 2030, the Administration has approved the first large-scale projects and new wind energy areas, held record-breaking wind auctions, and issued an action plan to accelerate permitting. The private sector is following suit with investments to expand an American-made wind energy supply chain. **In 2021 alone, investors announced \$2.2 billion in new supply chain funding, including commitments to develop nine major manufacturing facilities to produce the foundations, towers, cables, and blades of offshore wind turbines.** Historic project labor agreements are helping to grow a diverse union workforce, create good-paying jobs, and support training programs.
- These actions follow the President’s announcement last month of a new Federal-State Offshore Wind Implementation Partnership, joining with Governors to ensure that federal and state officials are **working together to build a U.S.-based supply chain, including manufacturing and shipbuilding, for the rapidly-growing offshore wind industry.**
- 7/22/22 – The Department of Energy (“DOE”) announced a Notice of Intent to provide \$225M in grants from the Infrastructure Law funding for states and local governments to implement building energy codes that support energy efficient buildings. DOE estimates its Building Codes Implementation for Efficiency and Resilience program could help lower electricity costs by up to \$138 billion over the next 30 years. In a separate funding opportunity announcement, the DOE is offering \$96M for research projects that expand EV charging access, create cleaner non-road vehicles and develop electric drive parts and materials to maximize EV efficiency and affordability. DOE is accepting “concept papers” until Aug. 25, with full applications due by Nov. 10.

Con Edison Rate Cases

- 7/15/22 – 19-E-0065 – Con Edison’s Customer Service System (CSS) Implementation Plan
 - The project remains on schedule to go live in May 2023.
 - \$421M cap on capital expenditures per 2020 Rate Order.

- Funds requested in the current rate cases are within the \$421 cap on capital expenditures.
- 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**.

Schedule:

- **July 6, 2022** - Commencement of Evidentiary Hearing postponed and first settlement negotiations meeting scheduled.
- **July 2022** – Settlement Breakout Group meetings have been held in various subject matter areas since Con Edison's initial Settlement Offer made on July 6, 2022.
- **August 8, 2022** – A settlement meeting has been rescheduled for a possible Staff counteroffer from August 2 to August 8.
- DPS' filed testimony recommended an **electric base revenue increase of \$299.538M** (a \$738.253M difference with Con Edison) (a **4.85% increase in electric delivery revenues**) and a **gas base revenue increase of \$165.440M** (a \$236.760M difference with Con Edison) (a **9.9% increase in gas delivery revenues**) with an ROE of 8.8% and 48% common equity ratio.
- Electric (major categories of differences with Con Ed)
 - Approx.. \$260.694M of the \$738.253M differences is on ROE and the common equity ratio;
 - \$102.474M relates to property tax adjustments;
 - \$76.989M related to labor adjustments;
 - \$51.093M related to depreciation expense;
 - \$50.088M related to IT expense adjustments;
 - \$42.905M related to amortization of regulatory deferrals;
 - \$31.960M related to adjustments to the Company's rate base; and
 - \$22.411M related to Pension and OPEB adjustments.
- Gas (major categories of differences with Con Ed)
 - Approx. \$95.710M of the \$236.760 million difference is on ROE and the common equity ratio;
 - \$40.087M related to depreciation expense;
 - \$24.612M related to operations-interference expense adjustments;

- \$22.588M related to property tax adjustments;
- \$14.737M related to amortization of regulatory deferrals;
- \$7.936 22M related to IT expense adjustments;
- \$5.111M related to labor adjustments; and
- \$4.585M related to Pension and OPEB adjustments.