

New York Energy Consumers Council, Board Members' Annual Meeting, Wednesday, February 8, 2023

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

### Energy News

- 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.
- 1/19/23 – 20-M-0266 and 14-M-0565 – PSC Order Authorizing Phase 2 Arrears Reduction Program
  - 6/17/20 - Because of job loss and contraction of the economy due to the pandemic, NYS enacted a moratorium prohibiting utilities from discontinuing electric and gas delivery to residential customers failing to pay their bills.
  - Pre-pandemic arrears were \$677M and \$177M for residential and non-residential customers; as of 5/2022, arrears were \$1.8B and \$658M, respectively.
  - 6/16/22 – PSC Order on Phase 1 Arrears Reduction. As of filing of Phase 2 Report, nearly 311,000 residential Energy Affordability Program recipients were provided \$463.7M in relief.
  - 12/23/22 Phase 2 Arrears Report recommendations adopted by the PSC:
    - Provide one-time arrears bill credits of approximately \$672.1M across the Joint Utilities' (JU) service territories. The credit, subject to an “up to” cap for each utility, would provide automatic relief to all residential non-EAP and small-commercial customers, who did not receive Phase 1 relief, in arrears during the qualifying COVID-19 period, eliminating all such arrears for over 75% of residential non-EAP and small-commercial customers.
    - Limits the Phase 2 program to accounts that have arrears through the COVID-19 pandemic period (the period through May 1, 2022).
    - Allow reinstatement, through June 30, 2023, of accounts held by residential non-EAP customers who previously had their service terminated in 2022 for non-payment, so that their eligible arrears might be resolved.
    - Requires utilities proposing an uncollectible reconciliation within the proceeding to file to address the potential for expense over- or under-collection.
    - Suspends residential terminations of service for nonpayment 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.
  - Phase 2 program costs will be recovered through a surcharge, up to the estimated program budget of \$672.1 million, excluding deferrals and offsets and associated

carrying charges and minimizes the bill impacts to approximately 0.5% by recovering the program costs over time.

- 1/26/23 – NYSERDA due to receive proposals for its third offshore wind solicitation. Currently, there are five offshore wind projects of about 4,300 MW. The solicitation includes an initial \$500M investment in offshore wind ports, manufacturing, and supply chain infrastructure, and a “meshed ready” offshore transmission configuration based on recommendations from the New York State Power Grid Study which will strengthen reliability and provide redundancy. The procurement will help achieve New York’s goal of 9 GW of offshore wind by 2035.
- 1/31/23 – 15-E-0302 – 8/1/16 PSC Order determined 2 potential modifications to certain historically fixed provisions used to determine the final tranche of the Zero Emissions Credit (ZEC) price for the period from 4/1/23-3/31/25. On 1/31/23, DPS reported that:
  - 1. because the total energy from renewable resources consumed in New York State during calendar year 2022 was not over 50 million MWh, the conversion factor of 0.53846 will remain the same and will not be adjusted downward.
  - 2. the updated reference price for use in Tranches 4 through 6 is \$37.78/MWh because the average historic basis differential was \$3.78/MWh, resulting in a reduction of \$1.22/MWh to the \$39/MWh reference price.
  - Staff has calculated that the combined Zone A forecast energy and ROS forecast capacity price for Tranche 4 is \$43.34/MWh, which exceeds the updated reference price of \$37.78/MWh by \$5.56/MWh. 1 Therefore, in accordance with the formula prescribed by the Commission in its Order, **the Tranche 4 ZEC price should be administratively set at \$18.27/MWh** (i.e., \$23.83/MWh less \$5.56/MWh). This price is subject to adjustment by NYSERDA for its administrative costs.
- 1/31/23 – Con Edison Energy Efficiency Benchmarking Stakeholder Session
  - On track to meet all deadlines, including Portfolio Manager integration enhancements which are 75% completed.
  - Next session is on 2/28/23.

### **Con Edison Rate Cases**

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 Board meeting.
  - Effective date for new rates has been suspended numerous times to reach settlement. The most recent suspension date request is for 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

- 11/8/22 - 18-M-0084 Separate Con Ed Petition filed for steam specific energy efficiency projects and for a Steam Revenue Decoupling Mechanism
- 11/23/22 – 22-S-0659 - 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 nine sets of Interrogatories on Con Edison so far.

### Steam Rate Case Schedule:

- 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