New York Energy Consumers Council, Board Members' Meeting, Wednesday, July 13, 2022

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

Energy News

- 6/23/22 - Stakeholder Webinar by Joint Utilities of New York on the Distributed System Platform which discussed the following topics:
  - ISO-DSP
  - Monitoring and Control
  - Interconnections
  - Hosting Capacity Maps and Analysis – dgexpert@coned.com
  - Information Sharing
  - Electric Vehicle Make Ready Program – EVMRP@coned.com
- 6/23/22 – Con Edison Overview for AKF – (Charlie Marino to discuss)
- 6/24/22 – chief take aways from NGRID meeting on its comments to CAC Scoping Plan:
  - Affordability and choice regarding cost projections. Costs should not fall solely upon customers.
  - CAC Plan lacks coordination and optimized use of Electric and Gas Infrastructure. Advocating for decarbonization of Gas by delivering low or no-carbon fuels. Egs. Renewable natural gas and green hydrogen. RNG 20 year time horizon versus 100 year time horizon used by reputable sources essentially forecloses the use of RNG for space heating.
  - Energy Efficiency in buildings such as deep retrofits are only good to extent customers implement them.
  - Use of hybrid systems - eg. heat pumps paired with gas appliances.
  - CAC Plan lacks analysis of the benefits, costs and risks for all pathways proposed. Economic (growth) and environmental (emissions) leakage concerns.
  - CAC Plan not to disallow development of new technologies.
  - Many commercial and industrial businesses, whose costs will increase dramatically, utilize dual fuel requirements (egs. glass, steel).

  Previously unknown fact: A guest participant on the call stated that gas can be used, and is used, to burn other emissions thereby reducing overall emissions. No further details were provided.

- 7/1/22 – NYECC and others file comments on CAC draft scoping plan
  - NYECC Comments
    - A cost study by the PSC and NYSERDA in consultation with New York State's utilities, should be completed to evaluate opportunities to avoid or reduce grid upgrade costs using district thermal systems – and in the case of New York City, district steam.
    - The Final Scoping Document should discuss aligning energy price signals with policy goals. Electricity rates should be aligned with the CLCPA's goals. Additionally, in New York City, more transparency around price

and rate structures for steam is necessary to determine the appropriate role of district steam in phased building decarbonization plans.

- PSC should require electric, gas, and water utilities to provide automatic aggregated whole building uploads of utility customer data directly to EPA's Energy Star Portfolio Manager and that the methods for providing that data directly from the utility be audited and approved by a third-party agency specializing in data extraction and integration to ensure data accuracy. In addition, for the sake of uniformity and efficiency, New York City's well-established audit system should automatically be deemed as compliance with whatever statewide system is developed and implemented.
- Support the CAC's phased in approach to requiring new buildings to stop using fossil fuels, which reflects the complexity of the building sector, and recognizes that certain tools and technologies need to be implemented to make this idea work. Recommend both for new buildings and existing buildings that the timeline should allow for revision/extension based on technology advancement, state of grid decarbonization and grid resiliency. There should also be allowances for exceptions for special-use types or specific hardships.
- Encourage the CAC not to require that all new buildings be all-electric. With new tools and strategies developing all the time, the CAC should call for a fossil fuel ban, but should leave the door open for low- and no-carbon fuels, which could take pressure off the grid, allow buildings to not rely exclusively on expensive electricity, and provide energy reliability options that would not be impacted by electricity outages.
- Any new performance standard enacted be in line with LL 97 mandates. and must recognize, as LL 97 does to a degree, the complexity of the buildings sector and be designed recognizing that complexity. The State will also need to provide a range of programs and incentives to help buildings meet any such enacted standard, as the expected work required will often be expensive and disruptive to building operations.
- Little mention in the DSD of leveraging the Con Ed Steam system in Manhattan as an effective tool for lowering CO2 generation and to meet the larger NY state decarbonization goals. In Manhattan, there is neither the electrical distribution/internal infrastructure to fully electrify all large Class A commercial buildings nor capacity to electrify the smaller Class B/C structures. The Con Ed Steam system can continue to bring a low-carbon heating source utilizing the existing buildings' heating systems and simultaneously provide permanent peak load relief within winter peak scenarios.

- NYISO discusses how the electric system is already showing evidence of a dramatic shift in how electricity is produced, stored, transmitted, and consumed throughout NYS.

    - The introduction of new resources be coordinated with and occur prior to the orderly retirement of additional fossil generators because electric system reliability margins are already tightening and if these margins are totally depleted, the reliability of the grid would be at risk and power outages could disrupt normal life or negatively impact public health, welfare, and safety;
    - Energy storage technologies will be needed to support balancing the intermittency of energy production as more weather-dependent renewable energy generation connects to the grid and will be needed well before 2040 to reach the State's energy policy goals;
    - The NYISO-administered wholesale energy markets are critical to fulfilling the mission and goals of reliability and economic efficiency while also serving as an effective platform for achieving the CLCPA.
    - Encourages the State Energy Planning Board to investigate and implement options to develop market mechanisms to assist in the removal of fossil generators from the system and believes an economy-wide environmental attribute market would be the most efficient way to achieve the numerous goals of the CLCPA and to implement the draft scoping plan recommendations, several of which are outside the electricity sector.
- 7/11/22 – NYECC files letter in support of Related Companies Petition for Modification of Con Edison's Standby Service Offset Tariff. Related Companies Petition seeks to eliminate a provision in the Campus Offset Tariff which precludes the participation of service accounts already served by another source of on-site generation, including Distributed Energy Resources (DER).

<u>Con Edison Rate Cases</u>

- 6/17/22 – 19-G-0066 – PSC Order approving non-pipes alternative projects amortization period and shareholder incentive mechanism for specified projects
  - 12/22/21 – Con Ed Petition for approval of 4 specific non-pipeline alternative projects to replace, reduce or defer capital projects or programs - the Main Replacement Program, and area projects in Soundview in the Bronx, Portchester in Westchester, and Bayside in Queens
  - Adopted 20 year amortization period for cost recovery for the 4 projects with certain conditions
  - Adopted the proposed incentive mechanism with certain conditions
  - Requires numerous implementation and reporting requirements
- 6/17/22 – 22-E-0064 and 22-G-0065 - Con Edison issues Notice of Impending Settlement Negotiations commencing on July 6, 2022.

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

Schedule:

- **June 17, 2022** - Rebuttal Testimony & Exhibits
- **July 6, 2022 -** Commencement of Evidentiary Hearing postponed and first settlement negotiations meeting scheduled.

    - DPS recommends 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.
    - <u>Electric (major categories of differences with Con Ed)</u>
        - 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.
    - <u>Gas (major categories of differences with Con Ed)</u>
        - 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.