

New York Energy Consumers Council, Board Members' Meeting, Wednesday, September 14, 2022

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### Energy News

- 8/19/22 Inflation Reduction Act signed by President Biden
  - According to the White House, it is the most aggressive action on tackling the climate crisis in American history.

### Clean Energy - Lowering Energy Costs and Creating Clean Energy Jobs

- Families that take advantage of clean energy and electric vehicle tax credits will save more than \$1,000 per year.
- \$14,000 in direct consumer rebates for families to buy **heat pumps or other energy efficient home appliances**, saving families at least \$350 per year.
- 7.5 million more families will be able install **solar** on their roofs with a 30% tax credit, saving families \$9,000 over the life of the system or at least \$300 per year.
- Up to \$7,500 in tax credits for new electric vehicles and \$4,000 for used electric vehicles, helping families save \$950 per year.
- Putting America on track to meet President Biden's climate goals, which will save every family an average of \$500 per year on their energy costs.
- Incentivize prevailing wages. The expanded tax credits for energy efficient commercial buildings, new energy efficient homes, and electric vehicle (EV) charging infrastructure will include **bonus credits for businesses that pay prevailing wages and hire registered apprentices**, ensuring local wages are not undercut by low-road contractors.
- Stop companies from ripping off workers. It will penalize companies that promise to pay prevailing wages but don't follow through, and workers who are owed prevailing wages will receive the difference, plus interest.
- Make it in America. For the first time ever, the Inflation Reduction Act establishes **Make it in America provisions** for the use of American-made equipment for clean energy production. The law provides expanded clean energy tax credits for wind, solar, nuclear, clean hydrogen, clean fuels, and carbon capture, including bonus credits for businesses that pay workers a prevailing wage and use registered apprenticeship programs.

### Building a Clean Energy Economy

- Power homes, businesses, and communities with much more clean energy by 2030, including:
  - 950 million solar panels
  - 120,000 wind turbines
  - 2,300 grid-scale battery plants
- Advance cost-saving clean energy projects at rural electric cooperatives serving 42 million people.
- Strengthen climate resilience and protect nearly 2 million acres of national forests.
- Creating millions of good-paying jobs making clean energy in America.

### Reducing Harmful Pollution

- Reduce greenhouse gas emissions by about 1 gigaton in 2030, or a billion metric tons – 10 times more climate impact than any other single piece of legislation ever enacted.
- Deploy clean energy and reduce particle pollution from fossil fuels to avoid up to 3,900 premature deaths and up to 100,000 asthma attacks annually by 2030.
- Between the Inflation Reduction Act and the Infrastructure spending law, by 2030, the US will be producing about 1.26 billion tons (1.15 billion metric tons) less carbon pollution than it would have without the laws, the savings equivalent of the annual greenhouse gas emissions of every home in the US. The Energy Dept. says by 2030, US greenhouse gas emissions should be 40% lower than 2005 levels. This amount is still not at the US announced target of cutting carbon pollution between 50% and 52% by 2030.

### Reducing the Deficit

- The Inflation Act will achieve hundreds of billions in deficit reduction.
- The deficit is projected to fall by more than \$1.5 trillion this year after falling by more than \$350 billion last year.
- 126 leading economists – including 7 Nobel Laureates, 2 former Treasury Secretaries, 2 former Fed Vice Chairs and 2 former CEA Chairs – have said reducing the deficit will help fight inflation and support strong, stable economic growth.
- 8/30/22 – 20-E-0197 - The PSC will hold a conference to discuss a **coordinated grid planning process** proposed by utilities for the development and selection of transmission upgrades. The effort is part of a proceeding to implement the 2020 Accelerated Renewable Energy Growth and Community Benefit Act, which requires the PSC and utilities to plan the electric transmission infrastructure needed to meet the state’s clean energy and climate goals, including 70 percent renewable electricity by 2030 and zero-emissions electricity by 2040.
- 9/1/22 – 14-M-0565 and 20-M-0266 – Pursuant to Phase One of the PSC’s June 22, 2022 Order, Con Edison’s first monthly report for the Electric and Gas Bill Relief Program, Con Edison reported 6,520 customer accounts receiving arrears credits with a dollar value of those credits of \$12,742,302.76 for July 2022. This data will continue to be reported through February 2023.
  - Fiscal year 2022- 2023 budget included the Utility Arrears Relief Program (UARP) – an appropriation of \$250M to the Department of Public Service aimed at reducing the arrears held by ratepayers from March 7, 2020, until March 1, 2022 to “prioritize the allocation of funds to customers eligible for an energy affordability program.”
  - The PSC’s Order directs in relevant part the implementation of the first phase of an arrears reduction program (the Phase 1 Program) targeting low-income customers in order to provide COVID-19 related relief through a one-time bill credit that eliminates accrued arrears through May 1, 2022, including authorization for utility recovery of arrears reduction program costs not otherwise covered by funds provided through UARP or programs administered by the Office of Temporary and Disability Assistance (OTDA).

- The **collective utility arrears problem, currently stands at over \$2.3 billion, with \$1.7 billion associated with residential customers.**
- 9/7/22 - The U.S. Energy Information Administration's Short-Term Energy Outlook report was issued, providing a forecast of energy supply, demand, and prices. U.S. electricity sales to customers is expected to increase by 2.5% in 2022 mainly due to the rising economic activity and also the hot summer weather across the country, however, sales are expected to decline by 0.3% in 2023, according to the agency's last short-term outlook. The agency forecasts that the largest increase in electricity generation will come from renewable energy sources, primarily solar and wind, which are projected to provide 22% of U.S. generation in 2022 and 24% in 2023, compared to 20% last year.
- 9/9/22 - Participating states in the Regional Greenhouse Gas Initiative (RGGI), the nation's first market-based regulatory effort to reduce greenhouse gas (GHG) pollution, announced 22,404,023 CO2 allowances were sold at the 57<sup>th</sup> RGGI auction at a clearing price of \$13.45. The auction generated \$301.3M for states to reinvest in strategic programs, including energy efficiency, renewable energy, direct bill assistance, and GHG abatement programs.

#### Con Edison Rate Cases

- 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.