

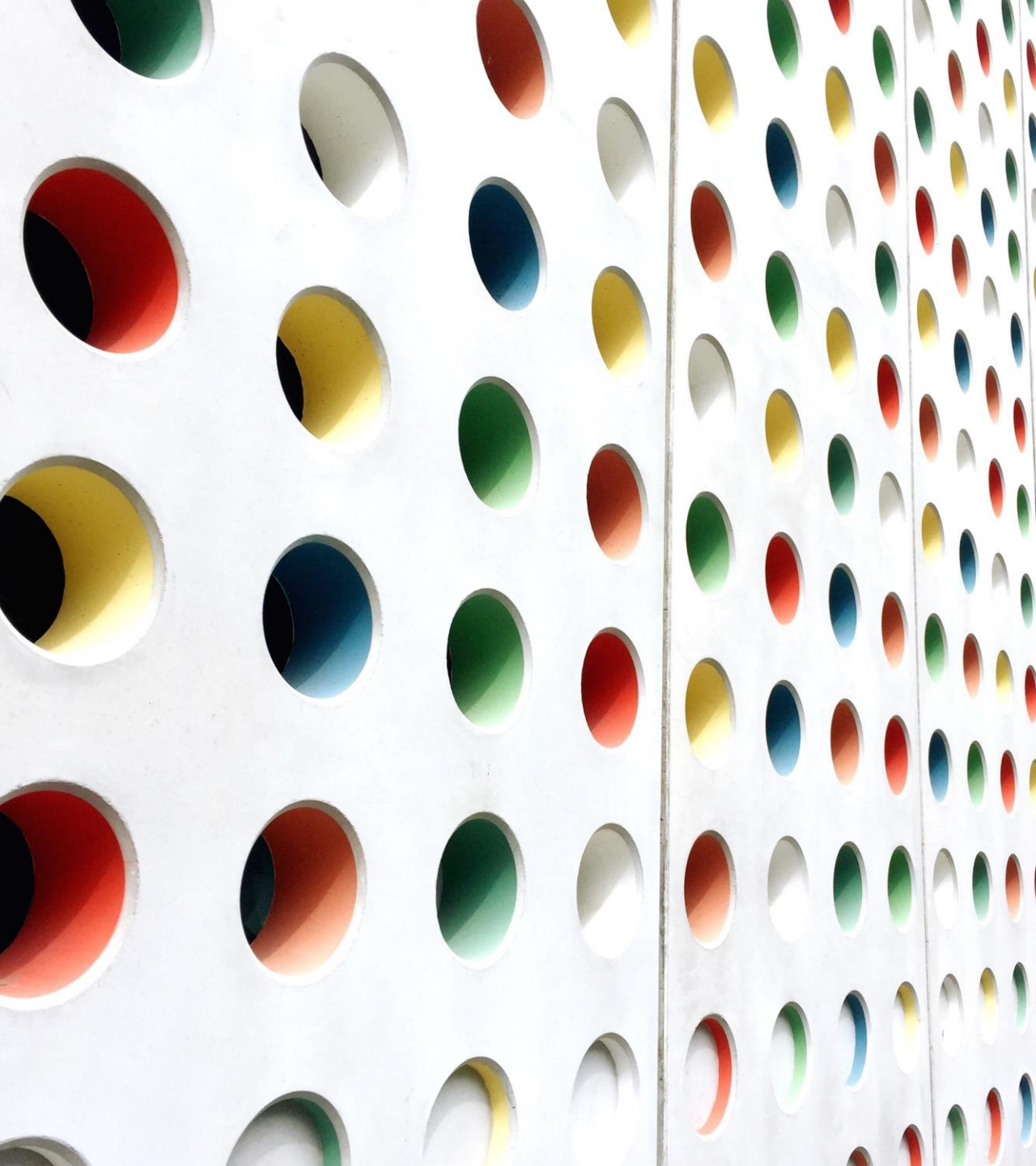


**New York Energy Consumers Council,
Board Member Meeting
Wednesday, August 9, 2023**

PRESENTER:

GEORGE DIAMANTOPOULOS, ESQ.,

COUNSEL TO THE NYECC



PSC Order on Con Edison Electric and Gas Rate Cases (22-E-0064 and 22-G-0065), Update on Con Edison Steam Case (22-S-0659), and PSC Order on Energy Efficiency/Building Electrification (18-M-0084), also (23-G-0147) and (15-E-0302)

PSC Order on 7/20/23 in Con Edison Electric and Gas Rate Cases (22-E-0064 and 22-G-0065)

- =3yr Rate Plan from 1/1/23-12/31/25 (RY1-RY3-1/1/23-12/31/23, 1/1/24-12/31/24, 1/1/25-12/31/25,
- =Electric levelized increase is \$457.5M per year and the Gas levelized increase is \$187.2M, ameliorating rate impacts.
- =The “make whole” delivery surcharge for extending the suspension period through 7/31/23 to reach settlement for non-competitive delivery service revenues will be collected through 12/31/24 in electric and through 12/31/25 in gas, further ameliorating rate impacts.
- =The electric revenue requirement includes \$780M for certain transmission projects approved by PSC in April 2021.
- =1% labor productivity adjustment in RY1 and 1.5% in RY2 and RY3.
- =Property Tax refunds and credits through Company efforts split 86/14 Customer/Company, net incremental costs.
- =Performance Metrics – Not meeting targets for electric reliability, NRAs up to \$197.5M in RY1 and RY2 and up to \$200.5M in RY3. Meeting or exceeding gas safety targets, Con Ed can earn PRAs. There is a **NEW** NRA to improve Estimated and Delayed Customer Billing with metrics for residential and commercial customers (more stringent targets).
- NEW** Con Ed to file a comprehensive summary of all charges to be included in customer bills and associated impacts in next filed rate cases.
- PSC found Rate Plans comply with the CLCPA and appropriately balance the interests in reliability, public safety, and reasonable rates with emission reductions and clean energy objectives, without disproportionately burdening disadvantaged communities.

Comparison of Con Edison's Initial Rate Cases Ask and 7/20/23 PSC Order

Con Ed Initial Electric Rate Case Filing Req.	%Del. Incr.
RY1	\$1,199M
RY2	\$853M
RY3	\$608M
<u>Aggr.</u>	\$5,911M

Con Ed Initial Gas Rate Case Filing Req.	%Del. Incr.
\$503M	28.1%
\$234M	
\$218M	
\$2,195M	

Not levelized RY1-RY3 – Electric \$442.3M, \$517.5M, \$382.2M; Gas \$217.2M, \$173.3, \$122M

3YR <u>Levelized</u>	\$2,745M (46% of <u>Aggr.</u>)	\$1,123.2M (51% of <u>Aggr.</u>)
RY1	\$457.45M	6.6%
RY2	\$457.45M	6.2%
RY3	\$457.45M	5.8%

Planned Electric and Gas Capital Spending for RY1, RY2 and RY3 (excluding Advanced Metering Infrastructure and Customer Service System); Reconciliations

	RY1	RY2	RY3
Electric (approx.)	\$2.767B	\$2.865B	\$2.772B
Gas (approx.)	\$1.089B	\$1.113B	\$1.056B

- AMI net plant reconciliation for electric and gas combined is subject to a \$1.285B cap. Full deployment of AMI is expected in 2023.
- CSS net plant reconciliation allocated to electric and gas is subject to a \$421 cap on capital expenditures. In service date of CSS is expected in 2023.
- Many prior rate case reconciliations continue such as downward-only net plant reconciliations (except for certain municipal infrastructure support-related projects), Pension and Other Post-Employment Benefits (OPEBs) expense, site investigation and remediation (SIR) costs, non-officer management variable pay, NWA costs, and REV demonstration projects.

ROE, Earnings Sharing, CSPM, EAMs and Value of EAM BP

ROE - 9.25% and Earnings Sharing

- > 9.75% but <10.25% is 50/50 Customer/Company (1/2 of Co's share for SIR)
- = or > 10.25% but <10.75% is 75/25 Customer/Company
- = or >10.75% is 90/10 Customer/Company

Customer Service Performance Mechanisms (Con Edison Risk):

- Commission Complaints (Max. 6, 9 and 10 BPs in RYs1-3)
- Emergency Interactions Survey (Max. 3, 4.5 and 7.5 BPs in RYs 1-3)
- Non-Emergency Interactions Survey (Max. 3, 4.5 and 7.5 BPs in RYs 1-3)
- Call Answer Rate (Max. 6, 9 and 10 BPs in RYs1-3)
- Outage Notification (\$300K per communication activity, up to an \$8M limit)

Earnings Adjustment Mechanisms - maximum 46BPs, not including up to 10 BPs for managed charging: Smart Bldg. Electrification (E and G), DR, Light Duty Vehicle Emissions, Transportation Interconnection Timeline, DER Utilization (energy storage and solar), and Managed Charging (BPs TBD in a collaborative) consistent with CLCPA goals.

EAM BP for RY1, 2 and 3: Electric (\$1.753M, \$1.876M, \$1.973M); Gas (\$0.645M, \$0.697M, \$0.740M)

Certain New Joint Proposal Provisions of Interest

NEW provisions to the MAC and the NYPA OTH Statement section in the PASNY Tariff to credit customers for the revenue requirement impact of any federal funding received under the Infrastructure Investment and Jobs Act once the underlying project is in-service. Con Ed has applied for 2 grants.

Due to on-going federal litigation, the Company may incur charges or receive refunds from PJM Interconnection L.L.C. related to its former 1000 MW firm transmission service agreement. In the event the Company does incur such charges/refunds, it may recover/credit that amount from/to its Con Edison customers through the MAC and from/to NYPA through the NYPA OTH Statement.

NEW The Company will implement a price guarantee for new or existing residential customers under SC 1 Rate IV operating either air source heat pumps or ground source heat pumps (no more than 500 for each) for research purposes and limited to the term of the rate plan. Credit will be for the difference between SC1 Rate IV and SC1 Rate I on a total bill basis for full-service customers and on a delivery-only basis for retail access customers.

NEW The Company's gas rate design reflects a 10-year phase-out of declining block rates in SC 2 and SC 3.

Extends the Business Incentive Rate application period during the term of the new rate plan, and update the Biomedical Research Program by extending by two years the term for BIR rate reductions for existing customers, and for new customers application terms through December 31, 2025 will be 12 years, and application terms after January 1, 2026, will revert back to 10 year terms.

Conservation Voltage Optimization (CVO); Customer Recommendation and Analysis Tools, Non-Wire Alternative

CVO will reduce total energy consumption and associated power generation emissions while reducing ratepayer energy costs by optimizing the operation of voltage regulation equipment.

A new set of Customer Recommendation and Analysis Tools will help guide customers through energy efficiency and electrification issues and ease program participation for contractors installing associated equipment.

Con Ed to build and operate two nonwires alternatives energy storage facilities that will add 17.4 MW/69.7 MWh of capability to the electric system.

Selective Undergrounding Pilot Program, Certified Natural Gas Pilot, R&D and Hydrogen Safety

Selective Undergrounding Pilot

Authorized \$75M over three years. The Company will identify and prioritize sections of Con Edison's overhead distribution system, where customers frequently experience outages caused by severe weather, for undergrounding under this Pilot Program.

Certified Natural Gas Pilot

Company will implement a pilot program designed to allow for the procurement of certified gas, during the rate period, limited to an annual cost above traditional supplies of \$800,000 per year. Procured certified gas will be recovered similarly to other natural gas purchases through the GCF.

Con Ed has the option to use available R&D funds to conduct research into whether hydrogen is safe to use and, only if it is, whether the use of hydrogen makes sense as part of the Company's efforts to satisfy CLCPA goals.

22-S-0659 Con Edison Steam Rate Case Update

7/28/23 23 – Con Ed provided its first draft Joint Proposal (“JP”) to the parties;

August 2023 – Settlement negotiation on draft JP ongoing;

End of August – estimate of when JP is expected to be filed in order to avoid a further extension of the suspension period beyond the existing November 20th date.

Confidential Briefing to the Board at the Board Only meeting following this meeting.

7/20/23 PSC Order Directing Energy Efficiency and Building Electrification Proposals (14-M-0094 and 18-M-0084) resulting from Party Comments (incl. NYECC) on 3/27/23

=Establishes a Strategic Framework to guide the development and implementation of post-2025 ratepayer funded EE/BE portfolios to better align with the State's climate policy objectives, and directs the Utilities and NYSERDA to submit budget-bounded portfolio proposals (for 2026-2030 and may entertain limited proposals for current programs needing adjustment through 2025) within 90 days.

=Budget Bounding - scale of the EE/BE efforts required to comply with the CLCPA objectives cannot be funded through ratepayer collections alone. New EE/BE EAMs paused.

CLCPA and the Climate Action Council's Scoping Plan call for an economy-wide Cap-and-Invest program to, among other things, help generate the funds necessary for attaining the State's clean energy goals.

=Program Administrator proposals shall adhere to the total (transparent and upper limit of ratepayer funded EE/BE programs) \$1 Billion per year budget (all or a significant portion of is already in utility rates). Con Ed and NYSERDA portions of this budget are \$390M and \$300M, respectively.

=Utilize federal funding through Infrastructure Investment and Jobs Act and Inflation Reduction Act

=Work to implement NY Cap-and-Invest funding, advanced in NYS FY 2024 Budget and endorsed by NY's Climate Action Council, is underway. Once the details of the program are more certain, the PSC will initiate a process to consider how, when, and to what degree ratepayer funding for these EE/BE programs should wind down in the event funding from Cap-and-Invest proceeds become available to support EE and BE efforts.

Con Ed Gas System Long Term Plan - 23-G-0147 – filed 5/31/23

- 7/14/23 – PA Consulting Initial Report Recommendation
- Reference Pathway reflects current legal and policy framework, to a degree, and does not achieve state or city net zero GHG goals.
- Hybrid Pathway refines the Reference pathway to incorporate both clean electricity and low-carbon gas fuels to meet State economy-wide GHG goals.
- Deep Electrification Pathway reflects the assumptions of the Climate Action Council (“CAC”)/ New York State Energy Research & Development (“NYSERDA”) integration analysis and meets the State’s economy wide greenhouse gas emissions goals.

<u>Pathway</u>	<u>2023</u>	<u>2042</u>	<u>2050</u>
Reference	\$1,700	\$3,400	\$3,600
Hybrid	\$1,700	\$4,300	\$5,800
Deep Electrification	\$1,700	\$6,600	Too high

- Gas forecast trends should be tied specifically to investment requirements with the objective of minimizing new investments as demand is forecasted to reduce over time under each scenario.
- 8/21/23 – Comments due on Con Ed Gas System Long Term Plan; 9/5/23 – Reply Comments due

15-E-0302 - Comments deadline extended to **August 16, 2023**

Parties to comment on 14 questions to identify technologies that can close the gap between the capabilities of existing renewable energy technologies and future system reliability needs, and more broadly to identify the actions needed to pursue attainment of the Zero Emission by 2040 Target.

DPS Staff in consultation with NYSERDA will convene a Technical Conference on **January 12, 2024**.