Con Edison Files Investment Plan

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Improvements Would Prepare Systems For A Low-Carbon Future With Renewables, Energy Efficiency, EVs and Building Electrification

NEW YORK, Jan. 28, 2022 /PRNewswire/ -- Con Edison is seeking new electric and gas rates in 2023 to fund clean energy investments in support of New York State's climate goals and to make infrastructure upgrades that will help keep customers in service during severe weather.

The proposal to the New York State Public Service Commission would continue unprecedented investments in energy efficiency, renewables, electric vehicles and clean heat. The proposal also seeks funding for investments in battery storage and new transmission lines to maximize the environmental benefits of the renewable energy New York State will add to its portfolio.

Con Edison plans to explore future uses and fuels – such as clean hydrogen - for its natural gas delivery system. The company is proposing investments to fund the continued replacement of gas main with durable, high-density plastic piping, which reduces leaks and methane emissions and enhances safety, while the move away from fossil fuels takes place.

Con Edison works with customers to help them find alternatives to natural gas, such as air-source and geothermal heat pumps, to meet their energy needs. The company is committed to expanding its efforts to reduce the use of fossil fuel natural gas. Con Edison is exploring new ways it can use its gas delivery system to serve customers.

"Con Edison is in a unique position to lead the transition to a clean energy future with better public health, a vibrant economy and more equality of opportunity for all," Matthew Ketschke, the president of Con Edison, said. "That's why we want to dramatically increase our energy efficiency incentives, make electric vehicle charging more convenient, and encourage heat pumps as an alternative to gas heating."

The sustainability investments Con Edison proposes are consistent with the company's Clean Energy Commitment.

The filing also recognizes that intense storms and heat waves are becoming more frequent and destructive. The six worst storms in the company's long history, as measured by the number of customer outages, have all occurred since 2010.

The investments would include placing certain vulnerable overhead electric cables and other equipment underground to prevent outages during severe storms. Key consideration will be placed on addressing those areas of the system that serve disadvantaged communities.

The reliability and resiliency improvements would build on the $1 billion Con Edison invested to protect its systems following Hurricane Sandy, which struck in 2012, and another $100 million the company has invested since a pair of destructive storms in March 2018.

"The improvements we have made to our systems reduce the number of customers who lose power during severe weather and enable us to more quickly restore service to those who do experience outages," Ketschke said. "We want to continue with those investments because reliable, resilient energy service is uniquely important in our densely populated region that is home to the world's financial capital, leading medical, educational and cultural institutions, and entertainment venues."

Con Edison estimates that its clean energy investments will save approximately 2.4 million metric tons of carbon dioxide over the next three years, equivalent to taking more than 500,000 cars off the road for a year.

The company will also continue to invest in cybersecurity to stay ahead of current and evolving threats.

While the filing proposes one-year rate plans for electric and gas, Con Edison intends to discuss multi-year plans with PSC staff and other parties. A multi-year plan would result in lower annual increases and provide more cost certainty for the company's 3.5 million electric and 1.1 million gas customers.

Bill Impact

The proposal seeks an additional $1.2 billion in revenue to upgrade and operate the company's electric delivery system and $500 million for the gas system. Overall customer electric bills would rise 11.2 percent while overall customer gas bills would increase 18.2 percent. The increases will vary by customer class.

Property taxes, about 90 percent of which the company will pay to New York City, will be $2.5 billion for 2023. Property taxes account for approximately $180 million of the proposed increase in electric revenue and $75 million of the proposed increase in gas revenue.

Other drivers of the increase include recovering money the company has already spent to provide service but deferred recovering and the expiration of certain federal income tax credits.

Con Edison is committed to affordability for customers who need help and has recently increased discounts to low-income customers. The company is also implementing energy efficiency programs for low- and moderate-income customers.

The proposed new rates would provide additional benefits for low- and moderate-income customers, including:

- Con Edison ownership of 200 megawatts of new solar generation as part of a 1,000-megawatt project that will reduce bills for low-income customers, on top of our new capital investments to make it easier for our customers to own solar.

  Currently, large solar farms in New York State are owned and operated by private developers that sell the power under fixed duration, variable-priced agreements.

  But Con Edison can operate these assets to the benefit of our customers for the life of the equipment at lower costs, and has substantial experience in running large, complex energy projects.

- A solar program for low- and moderate-income customers.
- Increased outreach to low-income and at-risk customers to help them understand resources that may be available to help them pay their bills.
- A discount program for small businesses, which have been particularly hard hit by the economic crisis as a result of the Covid-19 pandemic.

Electric Proposal
The proposal calls for upgrades to Con Edison's overhead and underground electric delivery systems throughout the five boroughs and Westchester County.

The investments will ensure reliability and help integrate solar and wind power. They will also ensure the system can handle charging the growing number of electric vehicles in the region.

For electric, the company's plan includes:

- Completing three Reliable Clean Cities Projects by building new transmission lines to enable the retirement of the city's most polluting fossil fuel-fired generating plants. This will help integrate renewable energy into the region's mix and reduce emissions while supporting reliability.
- A portfolio of building heating electrification programs that will reduce emissions by facilitating the transition away from natural gas and other fossil fuels and reduce the cost to customers to heat their homes and businesses using clean electricity.
- Building a new substation in southeast Brooklyn to improve reliability, enable the delivery of offshore wind power to Brooklyn and Queens and support other future clean-energy additions.
- Adding four sets of batteries that will enhance reliability, resilience, operational flexibility, and serve disadvantaged communities. Batteries allow the company to store electricity during times when the demand for power is low and discharge when demand is high. That takes pressure off the electric delivery equipment upstream of the battery.
- Increasing the number of substation transformer replacements from three to six per year. The company believes climate change will make it necessary to increase the pace of replacements.

Gas Proposal
Safety is the company's priority in running its gas delivery system, which includes more than 4,300 miles of mains and services and serves customers in Manhattan, the Bronx, Westchester County and parts of Queens.

The initiatives and programs in the company's proposal focus on keeping the system safe, not expanding it. Over the next three years, approximately 85 percent of the gas system investment will be devoted to making the system safer. Because of the company's commitment to clean energy and moving away from fossil fuels, the proposed gas rate plan is not a "business-as-usual" filing.

For gas, the company plans to:

- Replace more than 85 miles of distribution mains a year. The program targets steel and cast-iron pipe for replacement with durable, high-density plastic piping. The company also replaces transmission mains and service lines, which are the pipes that run from the street to the customer's property.
- Interconnect a renewable natural gas facility in Mount Vernon to its gas delivery system. The gas comes from food, yard and other waste and sludge and serves to reduce carbon emissions.
- Upgrade its liquefied natural gas infrastructure. The company vaporizes and injects gas into its delivery system on the coldest days when the need for gas is highest.

Customer Service Improvements
Con Edison seeks to continue making upgrades to systems that its customer service personnel use. The company plans to:

- Complete a new customer service system that will improve billing and customer service.
- Create a customer relationship management system that will allow personnel to see all interactions with a customer in one

place and better tailor solutions to the customer's needs.
- Develop tools that will provide customers with information on clean energy options that would be beneficial to them.

For a copy of the rate filing and additional information, see Rate Plan Information.

Con Edison is a subsidiary of Consolidated Edison, Inc. [NYSE: ED], one of the nation's largest investor-owned energy companies, with approximately $12 billion in annual revenues and $63 billion in assets. The utility delivers electricity, natural gas and steam to 3.5 million customers in New York City and Westchester County, N.Y. For financial, operations and customer service information, visit conEd.com.

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