



Settlement Joint Proposal Case 19-G-0309 & 19-G-0310

KEDNY & KEDLI

Information Session

June 9, 2021

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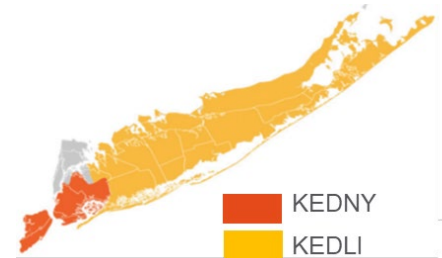
Serving customers today, while preparing for the future of cleaner energy

The funding from this settlement provides for day-to-day operations that allow customers to heat their homes, cook meals, run their businesses and advancing a clean energy future

- Allows for the delivery of safe, reliable, affordable energy to our nearly two million customers in New York City and Long Island . . . while taking important steps on our path to a cleaner energy future by advancing New York's energy goals, NYC Pathways study, and our own Net Zero plan

Thank you to all who contributed to this settlement over a two-year period

- Five rounds of filed testimony; ~1,800 requests for information; ~8,300 public comments; nine days of evidentiary hearings; 18 settlement meetings



Overview of the Joint Proposal

After more than two years of rate case proceedings and negotiations, through an unprecedented period, we have reached a settlement on comprehensive, three-year rate plans for the downstate gas companies.

- Sets the terms for three-year rate plans beginning April 1, 2020 and continuing through March 31, 2023; provides for a “stayout period” if the Companies do not file for base rates beginning April 2023
- **Revenue requirement changes equate to 0%, 2% and 2% for KEDNY, and 0%, 1.8% and 1.8% for KEDLI over the three-year term**
- Significant compromise among parties representing a broad range of customer, environmental, and energy policy interests
- **Prioritizes affordability** by removing some programs and capital investments and **leveraging more than \$100 million in credits to moderate bills over the term**
- **Includes new programs** to support economically vulnerable customers
- **Provides for an unprecedented set of commitments concerning the Companies’ natural gas distribution businesses and efforts to advance climate goals and reduce emissions**
- Provides framework for advancing solutions to address customers’ energy needs, including energy efficiency, demand response, and non-pipe alternatives
- **Responds to stakeholder feedback on future infrastructure**

A commitment to affordability

We've worked hard to maintain affordability in light of COVID financial impacts, while balancing the need to invest in increasing safety, service reliability and help set the foundation for a cleaner energy future.

- Reduced the Rate Year 1 revenue requirement **by more than \$285 million**
- **Removed more than \$1.5 billion** of capital investments over three years
- Reflects more than **\$50 million/year of efficiencies and productivity savings**
- Applies more than **\$100 million of credits to offset costs**
- Allows for **no rate increase** in Rate Year 1 (year ended March 31, 2021)

Total Bill %/\$	KEDNY	KEDLI
Rate Year 1	0%	0%
Rate Year 2	3.77% \$5.56 month	3.71% \$5.35 month
Rate Year 3	3.26% \$4.89 month	3.73% \$5.45 month

*Based on August 1, 2021 effective delivery rates and typical residential heating customer using 102/therms per month
Details on the bill impacts for all customer classes are available in Joint Proposal in Appendix 3, Schedule 4 for KEDNY
and Appendix 4, Schedule 4 for KEDLI*

A commitment to supporting our customers

- **Energy Affordability Programs**
 - Annual funding for KEDNY and KEDLI increased to \$38.45 million and \$6.75 million, respectively
 - Increase frequency of file matching in NYC to 4x/year and better collaboration with LI-based social service agencies to increase participation
 - Eliminating barriers to payment agreements
- **Economic Development for Business Customers**
 - Annual funding at \$2.25 million for KEDNY and \$2.75 million for KEDLI
- **Ongoing COVID assistance**
 - Provided economic grants to businesses in need
 - Paused disconnection activity in line with new legislation
 - Promoting bill assistance options; financial webinars for our most vulnerable customers
 - **Enhanced training for Customer Advocates**
 - **Collaborating on approaches to COVID-related arrears**



Joint Proposal IV.11 (Customer Initiatives)

A commitment to advancing energy policy

The settlement includes an unprecedented set of proposals to reduce emissions and support New York's net zero emission goals.

- Completing a comprehensive study in collaboration with stakeholders that assesses **how our gas business can evolve to support the emission reduction and renewable energy goals of the Climate Leadership and Community Protection Act (CLCPA)**, NYC's Local Law 97, and any net-zero emission goals we have independently adopted
- Advancing studies to consider the impact of climate policies on depreciation rates, and how the rate allowance for new gas connections may be repurposed to support non-gas heating options in the future
- **Targeting gas usage reductions** through incremental demand-side solutions; assess the programs necessary to achieve a zero-net increase in billed gas usage
- **Prioritizing non-infrastructure** solutions through more than \$120 million of funding for energy efficiency and more than \$20 million for demand response programs
- **Promoting geothermal deployment** by identifying instances where planned leak resilient pipeline replacement projects and customer connections could be avoided through a geothermal loop system
- Agreeing to **cease gas marketing** activities and related incentive programs, while promoting alternatives
- Collaborating with Con Edison and PSEG Long Island /Long Island Power Authority regarding customers who may be candidates for electrification

A commitment to smart infrastructure solutions



Climate assessment of new investments

- Assessing the impact of proposed future investments and initiatives on greenhouse gas emissions
- Providing that future capital projects consider non-pipes alternatives
- Unprecedented commitments to meet energy needs through energy efficiency and non-traditional solutions
- Independent assessment of the need for capacity investments and conditioning recovery on achieving non-infrastructure goals
- Responding to feedback on large infrastructure projects – Metropolitan Reliability Infrastructure

A commitment to deliver our core mission

The settlement ensures continued access to safe, reliable, and affordable energy for the nearly two million customers who rely on National Grid to heat their homes and power their businesses.

- Provides funding to safely operate and modernize more than 12,400 miles of gas infrastructure
- **Leak resilient main replacement – more than 670 miles addressed through CY2023**
- Commitments to identify and repair high-emitting system leaks using new technologies
- New gas safety programs –including more field training and increased inspections

Driving performance improvements through smart incentives. The settlement provides for positive and negative incentives that align interests on key performance measures:

- **Safety**: leak reduction, emergency response, damage, safety compliance metrics that require continuous performance improvements over the term of the rate plans
- **Customer Service**: more than \$20 million at risk for achieving stringent customer satisfaction, complaint, call answering and other customer metric targets
- **Energy Policy**: incentives tied to outperforming in the areas of energy efficiency savings, low/moderate income energy efficiency and gas peak reduction

In summary, the Joint Proposal advances

- Customer affordability
- Programs that support our most vulnerable customers
- Ongoing support for customers affected by COVID-19
- Energy policy and decarbonization goals
- Smart infrastructure solutions
- Our core mission to serve our customers safely, reliably and affordably



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