

2023 KEDNY/KEDLI Rate Case Overview

November 2023

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Rate Case Timeline

Date	Milestone
April 28, 2023	KEDNY and KEDLI Initial Rate Case Filing Case 23-G-0225 (KEDNY) Case 23-G-0226 (KEDLI)
June 30, 2023	The Companies submitted their Corrections and Updates filing in accordance with the procedural schedule issued by the ALJs. Corrections and Updates is a standard part of the overall rate case process.
August 1 & 2, 2023	Virtual Public Statement Hearings before the ALJs (1 PM and 6 PM)
September 1, 2023	Department of Public Service Staff and Intervenor Direct Testimony filed.
September 22, 2023	Rebuttal Testimony filed
November 14, 2023	In-Person Public Statement Hearings before the ALJs
November 15, 2023	In-Person Public Statement Hearings before the ALJs
April 1, 2024	Anticipated effective date of new rates



Meeting our commitments to customers

National Grid has invested more than \$3 billion to modernize and make safe our downstate New York gas networks while launching alternatives to new infrastructure, such as energy efficiency, weatherization, demand response, and electrification programs.

- ◆ **Delivered two times as much energy efficiency last year as we did just two years ago**; reduced gas usage through expanded weatherization and demand response. **Enrolled ~20,000 residential customers in our smart thermostat program**, a ten-fold increase since the end of 2020
- ◆ **Reduced system emissions** through main replacement and leak reductions
- ◆ Maintained strong operational performance through severe weather events
- ◆ **Consistently met or exceeded Service Quality and Gas Safety performance metrics**
- ◆ **Provided more than \$150 million of bill relief** to approximately 133,000 COVID-affected customers
- ◆ **Giving back to our communities through Project C** - a program focused on workforce development, environmental justice, neighborhood investment, and volunteerism

Our vision is to be at the heart of a clean, fair, and affordable energy future, while ensuring the safety and reliability of our energy networks. These rate filings demonstrate our commitment to continuing broad support of New York's energy goals, while also ensuring the overall reliability, resiliency, and affordability of the energy system



Rate Case Priorities

- 1. Continuing to meet our core obligation to deliver reliable energy to our nearly two million customers in downstate New York.**
 - Prudent investments to enhance the safety and resiliency of our system.
 - Leak reduction and main replacement.
 - Providing a strong foundation for the transition to New York's clean energy future.
- 2. Supporting the clean energy transition and advancing the goals in the CLCPA.**
 - Taking further meaningful action to achieve the CLCPA goals by reducing emissions and targeting reductions in gas consumption.
 - For customers, we are promoting more energy efficiency, targeted electrification, and non-pipes alternatives. Prioritizing benefits for Disadvantaged Communities.
 - Our CLCPA Panel describes how these rate filings align with the State's goals.
- 3. Enabling customers to affordably meet their energy needs, especially for our financially vulnerable customers, while also improving the customer experience.**
 - Bill assistance programs to maintain affordability for our most vulnerable customers.
 - Delivering millions in efficiencies and proposing rate mechanisms to moderate bills.
 - Providing a better customer experience through enhanced systems and additional customer-focused resources.

Aligning with the CLCPA's clean energy objectives

What we've done . . .

Targeted gas usage reductions through ambitious non-infrastructure solutions; assessed the programs necessary to achieve a zero-net increase in future usage

Prioritized non-infrastructure solutions through more than **\$130 million** of funding for energy efficiency and more than **\$16 million** for demand response programs. **Eliminating the peak gas usage equivalent to ~150,000 residential homes through gas demand response.** Anticipate enrolling 300% more customer volume in our commercial and industrial programs this year than in 2019

Launched a new residential weatherization program at the end of 2021 that has seen significant growth; resulting in more than double the amount of energy savings originally planned for 2023

Ceased gas marketing activities and related incentive programs; promoting non-gas alternatives. **Collaborated with Con Ed and PSEG Long Island** to refer customers to consider electrification. **Surpassed our collective 2020-23 referral targets by almost 2.5x**

Completed a comprehensive study in collaboration with stakeholders that assesses how our gas business can evolve to support the emission reduction & renewable energy goals of the CLCPA, NYC's Local Law 97

Our charitable giving & workforce development are increasingly focused on the needs of historically underserved communities

What we're proposing in this case . . .

Pulling forward initiatives from the last case. Continue targeting gas usage reductions; referring new gas applicants to electrification; enhanced GHG reporting.

Doubling down on successful programs. Expanding EE with elevated focus on weatherization programs

Focus on reducing system leaks and methane emissions. Continue LPP replacements consistent with Scoping Plan. New Advanced Leak Detection Program to target high emitting leaks and reduce system emissions.

Greater focus on Disadvantaged Communities. New programs to provide support to low/moderate income customers and small businesses. Infrastructure upgrades and enhanced reporting on work in Disadvantaged Communities will ensure access to safe and reliable energy.

Electrifying fleet vehicles and upgrading facilities

Taken together, the Companies estimate the proposed investments and programs will **reduce GHG emissions by more than a million metric tons of CO₂e** over the course of the proposed four-year rate plan.

Energy Efficiency and Demand Response.... *essential to reliable service and advancing clean energy goals*

Energy Efficiency

Continuing to deliver market-based solutions, emerging technologies, and innovative programs that reduce peak gas demand and achieve significant year-round gas savings, consistent with **New Efficiency: New York**.

New pilots and programs that aim to remove participation barriers for our Low- and Moderate Income (“LMI”) and Disadvantaged Communities customers.

- Weatherization Health and Safety Program
- Language Access Program
- Disadvantaged Community Outreach Program
- Digital Building Replica – Schools within Disadvantaged Communities

Demand Response

Continuing to operate and scale an innovative gas demand response portfolio that provides peak reductions and ensures safe and reliable service on the coldest days of the year.



New programs to promote affordability and enhance the customer experience

- Expanding the **Consumer Advocacy** program to connect more vulnerable customers with the programs and services they need, increasing outreach and community events
- Adding **Clean Energy Advisors** to assist income eligible customers with navigating clean energy programs and to engage with local communities
- Enhancing **outreach and communications to income eligible customers** to increase enrollment in assistance programs
- Expanding the Collection Residential Account Management group that specializes in the management of high-balance residential customers who require extra assistance to pay and manage their account to avoid service termination
- Eliminating the fee paid by residential customers who pay using a credit/debit card
- Enhanced call center services for our Spanish-speaking customers.



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Customer Energy Savings Event

Please join us.
Thursday, June 22, 2023
8:30 a.m. – 10:30 a.m.

Our Lady of Good Counsel
Food Pantry
68 Wanser Avenue
Inwood, NY 11096

Meet with program experts from National Grid Consumer Advocacy and PSEG Consumer Advocacy to explore options and determine your eligibility for assistance including the following:

- Energy Affordability Program (EAP) Payment Plans**
- Budget Plan/Balanced Billing**
- Special Protections**
- Hearts Fighting Hunger**
- Hope & Warmth**



Connect with those who care.
Life can be hard, but finding assistance shouldn't be.

If you receive HEAP, LIHEAP, Temporary Service Program, (SNAP) Medical Assistance, Disability, or Business/Residence Supplemental Security Income (SSI), Federal Public Housing Assistance, Child Health Plus, (SNAP) Guaranteed Income Service Programs, Respiratory Assistance for Newly Formed (NRF), Safety Net Assistance, or for those living on Food Stamps, Bureau of Social Services Assistance, Head Start, Title XX, and Child Care Programs or other federal/state programs, please call 800-456-6262 for more information. Please note: If you are already enrolled in any of these programs, you may not be eligible for additional assistance. For more information, please visit nationalgrid.com or call 800-456-6262.

Gas Core Investments

- ◆ **Retiring 43-49 miles/year of leak prone main at KEDNY and 115-122 miles/year at KEDLI;** our replacement algorithm prioritizes safety, leaks, and methane
- ◆ **Customer Connections budget reduced 40% to reflect NYC restrictions (LL154);** connections tracker to reconcile costs of increased electrification
- ◆ Pipeline integrity and reliability programs that will improve the overall safety and performance of the gas system.
- ◆ **Expanded deployment of methane detection;** enhancements to training and qualifications; and additional safety inspection, contractor oversight, and quality control capabilities.
- ◆ **RNG interconnection projects** to enable additional sources of on-system gas supply and reduce local methane emissions. Expanding existing **Hydrogen Facility** with the potential to blend in an isolated distribution system.

Gas Safety Metrics: Leak Prone Pipe Replacement, Leak Backlog, Damage Prevention, Emergency Response Time, Gas Regulations Performance Measure



Revenue Requirement and Drivers (Corrections & Updates Filing)

Cost Category	Description of Costs	Revenue Requirement Increase			
		KEDNY		KEDLI	
Return	Update to weighted average cost of capital; proposing a return on equity (9.8%) at the low end of the range recommended by our expert witness	78	3%	48	3%
Core Business Support	Impacts of inflation on O&M costs (e.g., labor, contractors) and IT investments that have enabled sustainable efficiencies	81	3%	50	3%
Savings	Efficiency programs and unidentified productivity savings	(19)	-1%	(9)	-1%
New Initiatives	New customer, safety, compliance, and clean energy investments (e.g., OQ and leak programs; consumer advocates and customer service enhancements; future of heat)	37	2%	21	1%
Rate Base	Safety and reliability investments offset by revenues	77	3%	10	1%
Environmental	Environmental remediation costs	29	1%	2	½%
Energy Efficiency	Funding for NE:NY programs	6	1%	6	½%
Depreciation & Amortization	Timing related recovery of capital investments and other prudently incurred costs	104	4%	33	2%
Property Taxes	Imposed by municipal taxing authorities (under-recovered \$74M over current rate plan)	57	3%	113	7%
Totals		450	19%	272	17%

	Year One Revenue Increase (\$M)		
	KEDNY	KEDLI	Total
Original Filing	414	228	642
Corrections & Updates	36	44	80
Adjusted Filing Total	\$450	\$272	\$722

Primary drivers include property taxes, new initiatives, depreciation, cost of capital, support for core business, and capital investments.

Typical Bill Impacts (Corrections & Updates Filing)

KEDNY

Service Class	Avg Usage	Delivery Increase	Total Increase	Total Monthly \$ Increase
Res Non-Heat	9	38%	34%	\$13.63
Res Heat	97	29%	20%	\$33.86
Comm Non-Heat	650	28%	14%	\$105.63
Comm Heat	397	27%	16%	\$88.26
Multi-Family	1,629	30%	15%	\$254.60
Non-Firm (Tier 1)	4,731	28%	15%	\$447.36
Non-Firm (Tier 2)	31,081	33%	14%	\$2,295.56

KEDLI

Service Class	Avg Usage	Delivery Increase	Total Increase	Total Monthly \$ Increase
Res Non-Heat	17	36%	30%	\$17.71
Res Heat	102	31%	21%	\$34.66
Comm Non-Heat	818	22%	11%	\$107.23
Comm Heat	422	22%	14%	\$83.32
Multi-Family	2,493	32%	15%	\$365.62
Non-Firm Tier 1	5,757	27%	12%	\$365.17
Non-Firm Tier 2	6,785	23%	9%	\$302.46

Conclusion



Our core responsibility is providing safe and reliable service to the millions of customers and communities who rely on us for life-sustaining energy, while building and maintaining the delivery networks that will support the energy future for the next generation of New Yorkers.

The proposals in these rate cases will modernize the Companies' infrastructure, reduce system emissions, improve safety, enhance and improve customer service.

These filings balance the need for continued investment with the need to maintain affordability and protect our most vulnerable customers.

Additional detail regarding the rate case process is available on the Commission's Website: <https://dps.ny.gov/major-rate-case-process-overview>

Interested individuals can access the rate case dockets by searching for the case numbers on the Commission's Document and Matter Management ("DMM") system: <https://documents.dps.ny.gov/public/Common/AdvanceSearch.aspx>