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John B. Rhodes, Chair

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PSC Approves Con Edison's Request to Use Innovative Solutions to Lower Natural Gas Demand

— \$223 Million Available to Fund Energy Efficiency and Electrification to Lower Natural Gas Demand and Replace Dirty Fossil Fuels with Smart, Energy-Saving Solutions —

ALBANY — The New York State Public Service Commission (Commission) authorized Consolidated Edison Company of New York, Inc. (Con Edison) to immediately begin implementation of a \$223 million initiative aimed at reducing demand for natural gas in the utility's supply-constrained areas of its gas distribution system. While the portfolio of measures approved today do not represent a complete solution, they are cost-effective and can offer substantial relief to current constraints today, like those that led Con Edison to recently announce a temporary gas moratorium in Westchester County. Building upon these measures, the Commission will be laser focused on finding holistic and long-lasting solutions that will support clean energy strategies and economic growth.

"The PSC is providing Con Edison with the ability to deploy non-traditional solutions to address the customer needs currently met with natural gas and expects Con Edison to use these tools to help its customers and protect environment," **said Commission Chair John B. Rhodes.** "Con Edison needs to move quickly and put forward innovative solutions designed to meet current and future energy demands throughout its serve territory."

Building upon Con Edison's experience in developing Commission-approved gas energy efficiency programs, Con Edison submitted its Smart Solutions proposal to further develop a portfolio to lower demand for natural gas and identify local supply enhancements. The solutions approved today focus on reducing demand through energy efficiency measures for its gas customers and supporting beneficial electrification through the deployment of heat pump technology. These measures will reduce future gas demand that would have otherwise resulted from the practice of converting fuel oil customers to natural gas. The Commission denied the company's proposal to incentivize shareholders to add supply enhancements such as compressed or liquified natural gas supply sources, but specifically noted that the company is not prohibited from pursuing such projects without shareholder incentives as it has done in the recent past.

Con Edison's portfolio of demand-side approaches includes initiatives targeted at low-to moderate-income customers, multifamily properties and government buildings that provide critical community services. The Commission recognizes that this funding authorization allows the company to not only meet the unique needs of its service territory but to get a jumpstart on achieving the new aggressive energy efficiency and heat pump targets recently adopted by the Commission in December 2018 under the New Efficiency New York program.

Instead of old-style approaches to reduce demand, the Commission expects Con Edison to urgently identify innovative and clean energy solutions to meet the expected increase in customer demand and to develop solutions that will complement and build upon existing initiatives that will ensure system reliability.

The issue of increased gas demand and the need for innovative solutions to meet customer needs in Con Edison's service territory has taken special urgency over the past few weeks. On January 17, 2019, Con Edison announced that due to a recent trend of increasing natural gas demand, beginning March 15, 2019, it would not accept new applications for natural gas service in the majority of its Westchester County natural gas service territory in order to maintain reliability for existing customers and offer service to critical facilities.

Department of Public Service staff is conducting a thorough and comprehensive analysis and review of the changing market conditions that led to the company's decision. As part of this effort, staff will review how utilities across the state are meeting customer needs in a manner that is consistent with the State's energy and environmental goals. To receive feedback from impacted stakeholders, the Commission will hold hearings to receive public comment on Con Edison's actions.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 17-G-0606 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.