

# New York State Department of Public Service

## Annual Report 2023-2024



Rory M. Christian, Chair  
Kathy Hochul, Governor

April 1, 2023 – March 31, 2024



## **Department of Public Service**

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*Back cover photo: Jean Simmons*

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## MISSION STATEMENT

The primary mission of the New York State Department of Public Service is to ensure affordable, safe, secure, and reliable access to electric, gas, steam, telecommunications, and water services for New York State’s residential and business consumers, at just and reasonable rates, while protecting the natural environment.

The Department also seeks to stimulate effective competitive markets for clean, renewable, and distributed energy resources that benefit New York consumers, as well as product and service innovations.

## FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

The Department of Public Service (Department) and the Public Service Commission (PSC, Commission) were established by statute to oversee the utility companies that own and operate the infrastructure through which customers receive these essential services, and to protect these customers. Our Agency's mission is to ensure these industries provide safe and reliable service at just and reasonable rates, in a way that protects natural resources.



The Department wholeheartedly embraces Governor Kathy Hochul's commitment to transparency, accountability, and public participation in New York State government. Public input has a significant impact on Commission decisions. The Department is working to make information more accessible and participation in our proceedings easier. Recent updates to the Department's website reflect these efforts. In addition, Department staff monitors utility customer service quality, oversees utility low-income assistance programs, and conducts outreach programs to ensure public awareness of initiatives to assist customers. The Department represents the people of New York State, and the Agency is committed to ensuring that the voice of consumers is heard in all our proceedings.

Public Statement Hearings, both in-person and virtual, are a vital public engagement tool for rate cases, siting and permit reviews, and other proceedings. In the 2023-2024 fiscal year, the Department held 98 Public Statement Hearings and meetings that were attended by thousands of New Yorkers. More than 29,000 public comments were received in 2,450 proceedings. These comments played a key role in the decision-making process. Our commitment also included the fielding of roughly 270,000 consumer calls, the handling of approximately 68,000 consumer inquiries and complaints, and the Office of Consumer Services returned more than \$7 million in utility consumer refunds in 2023—a 55 percent increase from 2022. Together, these interactions demonstrate our commitment to the Department's mission to the public and the companies we regulate.

Over the past few years, the Commission updated and tightened its oversight of utilities while it enhanced consumer protections. There are two significant key changes. One, the emergency response plans that electric utilities submit annually to the Commission must now include plans for managing large scale outages caused by cyber-attacks. Two, the plans must provide bill credits and reimbursements to residential and small business consumers that experience a widespread outage lasting at least 72 hours.

The Commission and the Department have a central role in achieving the objectives of the Climate Leadership and Community Protection Act (Climate Act), which was passed by the State Legislature in 2019. Our objectives are to maintain the energy system's reliability and improve its resilience without compromising affordability. Make no mistake, this is a challenging endeavor. We, as a State, have faced numerous challenges and delays in our efforts to deliver on the clean energy and climate targets that the Governor and the Legislature have tasked us with. However, we have overcome each challenge and applied the lessons learned so that we can achieve the mandates of the Climate Act.

Meanwhile, the Department and Commission are using a systematic approach to hit our climate targets while maintaining the objectives of reliability, safety, and affordability. In 2023, the Commission considered feedback that it received through the public engagement process to

improve our energy efficiency and building electrification programs. The feedback proved beneficial for minimizing redundancy, improving program design, as well as access for low- to moderate-income customers. The Commission increased funding for New York's Electric Vehicle (EV) Make-Ready program from \$701 million to \$1.24 billion. In disadvantaged communities, funding was increased from \$206 million to \$372 million.

In July 2023, staff issued the first annual informational report on the Department's overall implementation of the Climate Act. The report included a summary of recent efforts, investments, and outcomes related to the following key areas: renewable electricity, energy storage, transmission, energy efficiency, building electrification, thermal energy networks, and clean transportation.

The 2024-2025 Executive Budget enables us to build on these successes. It included \$317.5 million in funding to support the Department's operations, and a number of key initiatives necessary to meet the targets of the Climate Act.

Governor Hochul has called upon the Department to expand its efforts to deliver an affordable and reliable clean energy future. Staff has undertaken proceedings to expand its ratepayer-funded energy affordability programs with the monies allocated in previous State Budgets. This has resulted in an average savings of \$1,400 per eligible utility customer. Staff has identified zero emission resources, mapped out the future of renewable energy, and deployed EV charging stations. In the 2024-2025 fiscal year, we initiated the Grid of the Future Proceeding. Its aim is to be to improve both flexibility and affordability. This is done by deploying smart grid technologies and enabling the operation of residential virtual power plants. This new proceeding builds on past and ongoing commission efforts. It also identifies cost-effective paths for achieving meaningful deployment targets. This includes payments to participants who provide grid benefits. The smart energy savings initiative is tied to the Grid of the Future Proceeding and enables New Yorkers to achieve savings of between \$300 and \$700 each year by managing their energy use tied to EV charging and clean heating.

The 2024-2025 budget also included the Renewable Action Through Project Interconnection and Deployment (RAPID) Act. The RAPID Act transferred the Office of Renewable Energy Siting (ORES) from the Department of State to the Department of Public Service. This created a one-stop-shop for renewable energy generation and transmission permitting. This streamlined process emphasizes transparency, community engagement, prioritization of environmental protection, and faster decision making to get projects implemented.

The Department is committed to ensuring that New York has the grid infrastructure it needs to reliably support the State's economic development. This is accomplished through the Department's review of rate cases and its general oversight of utilities. In our rate cases, we advocate for reducing greenhouse gas emissions and addressing past inequities by seeking lower utility rates as much as it is economically feasible. In the 2023-2024 fiscal year, the Commission decided eight major rate cases that impact the delivery of electric, gas, and steam service. This resulted in a reduction of \$1.4 billion from the initial utility requests.

Energy affordability programs are vital services developed by the Department in collaboration with consumer organizations and utilities. Currently, energy affordability programs, which provide eligible households with utility bill discounts, reach about 1 million households in New York State; however, data indicates that there might be as many as 2.7 million income-eligible households that would benefit from these services. The Governor signed legislation to help increase enrollment in utility energy affordability programs by requiring the Office of Temporary Disability Assistance (OTDA) to work with utilities to automatically enroll income-eligible

households. The Department is also expanding eligibility of the Energy Affordability Policy (EAP) to include all households at or below the State's median household income, and is implementing the Energy Affordability Guarantee Pilot Program for low-income customers who fully electrify their homes as part of the EmPower Plus program; \$200 million was appropriated to the Department in the 2023-2024 budget to directly support these efforts, and to advance the underlying policy goal of EAP that New York households should not pay more than 6 percent of their income toward energy costs.

The Department is committed to ensuring that utility companies make appropriate and necessary investments to their infrastructure. It is equally vigilant about preserving affordability for customers by means of reasonable utility rates. Staff is also vigilant about the preservation of environmental values, as well as the conservation of natural resources.

The Department's primary job is to advise the Commission on all decisions that it must make. This includes decisions about rate determinations, utility financing, consumer protection, the safety and reliability of utility services, and the siting of gas and electric transmission facilities. The staff from the Office of General Counsel also represents the Commission in court and federal proceedings. These court decisions impact New York ratepayers, and they have a bearing on State legislative mandates concerning utility services or Commission policies. Furthermore, the Department has other responsibilities that include the following: coordinating the emergency response for storm related utility impacts; investigating safety incidents and explosions for regulated utilities (*i.e.*, natural gas, electric, and steam); working with utilities to improve reliability; developing and implementing State regulatory and energy policies; inspecting utility equipment necessary for rendering service; conducting and participating in administrative hearings (public, legislative, and administrative); overseeing the management and operations of audits; and investigating and resolving complaints regarding billing, utility services, or other energy service company practices.

Respectfully,

A handwritten signature in black ink, appearing to read "Rory M. Christian". The signature is fluid and cursive, with the first name "Rory" being the most prominent.

**Rory M. Christian**  
Chair and Chief Executive Officer

## INTRODUCTION

The availability of reliable, affordable, and safe utility service is critical to the welfare of New York State's citizenry and to its economy. The Department of Public Service (Department) and the Public Service Commission (PSC, Commission) were statutorily established to oversee these natural monopolies to ensure the following: that their essential services are safe and reliable, they provide utility services at just and reasonable rates, and they are protective of natural resources. From April 1, 2023, to March 31, 2024, the Department and the Commission continued this mission. We also continued to seek to stimulate effective competitive markets that benefit New York consumers through strategic investments and encouraged the development of new innovations.

The staff of the Department is the investigative and advisory body for the Commission. They work on matters relating to the State's utilities and provide a similar function with respect to applications to construct and operate generating facilities before the New York State Board on Electric Generation Siting and the Environment (Siting Board), pursuant to Article 10 of the Public Service Law. In addition, the Department administers policies, rules, and regulations promulgated by the Commission. This includes service and operating standards for utilities. The Chair of the Commission is the Chief Executive Officer of the Department and the Chair of the Siting Board.

The Department's responsibilities include advising the Commission on all the decisions it must make. This includes the following matters: rate determinations; utility financing; consumer protection, safety, and reliability of utility services; and the siting of gas and electric transmission facilities. The Department also represents the Commission in State and federal proceedings, which impact New York ratepayers or have a bearing on State legislative mandates concerning utility services or Commission policies. Staff performs a multitude of tasks. This includes developing and implementing State regulatory and energy policies; inspecting utility equipment necessary for rendering service to the public; conducting and participating in hearings; overseeing management and operations audits; and receiving, investigating, and resolving numerous complaints (*i.e.*, billing, customer service, and other utility or energy service companies' practices).

## COMMISSIONERS

### GOVERNOR HOCHUL ANNOUNCED BRIGHT, SHEEHAN, AND VALOVA TO SERVE ON THE PUBLIC SERVICE COMMISSION

In 2024, Governor Kathy Hochul announced that the New York State Senate confirmed Uchenna Bright, Denise Sheehan, and Radina Valova serve as Commissioners of the New York State Public Service Commission (PSC, Commission). Consistent with the Public Service Law, Mes. Bright, Sheehan, and Valova were nominated by Governor Hochul and confirmed by the State Senate.

Ms. Bright is an experienced clean energy professional with more than 20 years of experience in organizing people, projects, and ideas. Formerly with the Natural Resources Defense Council, she has a long history of building consensus, engaging diverse stakeholders, and developing strategies to address a wide array of issues (*i.e.*, energy, environmental, economic, and social). She has focused her efforts on strategic energy planning to provide economic and community development. When she was employed at Environmental Entrepreneurs, a business organizing group, Ms. Bright worked actively with members of the business community to promote strong environmental policies that act as the enabler for a healthy, thriving, and prosperous economy.

Ms. Sheehan has more than 35 years of management experience in the government and non-profit sectors. She previously served for 10 years at the New York State Department of Environmental Conservation in senior management positions. This includes two years as Commissioner, where she led efforts to establish the nation's first cap-and-invest program for carbon

emissions. Ms. Sheehan also has served as senior advisor to the New York Battery and Energy Storage Technology Consortium.

Ms. Valova most recently served as Vice President of the Regulatory Program at the Interstate Renewable Energy Council (IREC), a national non-profit organization that builds the foundation for clean energy and energy efficiency. At IREC, Ms. Valova provided strategic direction and oversight of IREC's regulatory team, with a focus on clean energy grid integration, utility transformation, and a just transition to a decarbonized economy for underserved and disadvantaged communities. Ms. Valova is a graduate of the Elisabeth Haub School of Law at Pace University, with JD Certificates in Environmental and International Law, and an LL.M. in Land Use and Sustainable Development. She previously taught Energy Law at Pace and has a strong commitment to training the next generation of energy and climate advocates.

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*I want to congratulate and welcome Uchenna Bright, Denise Sheehan, and Radina Valova to the PSC. Governor Hochul's appointments, now confirmed by the Senate, bring a wealth of knowledge and experience that will no doubt help the PSC meet the clean energy requirements set forth by the Climate Act, while also meeting the PSC's core statutory responsibilities of ensuring safe, reliable, and affordable utility services.*

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# INVESTIGATIONS AND SETTLEMENTS

## AUDIT OF CENTRAL HUDSON

In April 2024, the Public Service Commission (PSC, Commission) finalized an independent, comprehensive management and operations audit of Central Hudson Gas & Electric Corporation (Central Hudson).

Public Service Law (PSL) provides the Commission with the authority to conduct management and operations audits of natural gas and electric utilities.

The highest priority recommendations made in the audit are related to strategic planning, billing, and information systems; project management; and benchmarking.

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*The audit we have conducted examined Central Hudson’s electric and gas operations in New York. The audit provided an assessment of Central Hudson’s grid modernization efforts and examined how the company is planning for and managing projects related to the Climate Leadership and Community Protection Act or Climate Act.*

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The audit also examined governance, management, and customer operations (including bill estimation processes). The law provides the Commission the authority to conduct management and operations audits of natural gas and electric utilities. For large electric and natural gas utilities, such as Central Hudson, the law requires that audits are conducted at least once every five years.

The scope of the audit was consistent with the Department’s statutory directive to review the company’s construction program planning and operational efficiency. It focused on the following areas: system planning; project and program management;

and work management processes. There was a review of Central Hudson’s information systems planning and implementation, elements of its customer operations, and pipeline safety (including the company’s leak-prone pipe replacement program). Furthermore, the audit scope required the consultant to review improvements to electric load forecasting processes to support future grid modernization goals.

The audit also reviewed how the company incorporates those goals, New York State’s Climate Leadership and Community Protection Act (Climate Act) goals, and other regulatory objectives into its performance management and construction program planning processes.

The audit identified significant opportunities for improvement at Central Hudson:

- **Billing and Information Systems:** Central Hudson experienced numerous billing issues after replacing its 40-year-old customer information system. After implementation, the company experienced a dramatic 900 percent increase in adjusted bills. This was the direct result of the customer information system’s replacement.

The auditor found the company’s implementation suffered due to the inexperience of the company’s information technology (IT) leadership team, which was heavily reliant on software vendors for tasks that were typically managed internally. The consultant noted discrepancies with Central Hudson’s monthly billing practices by pointing out that customer meters were read

on an every-other-month basis in lieu of monthly. This contributed to significant billing issues and a large increase in customer complaints.

The consultant further noted that, as of June 2022, only 53 percent of Central Hudson's electric and gas meters featured Automated Meter Reading technology. This is the software and hardware that enables the utility the ability to read each meter on a walk-by or drive-by read basis.

To remedy the situation, the auditor recommended a number of changes. One, that Central Hudson implement a monthly meter reading policy. This would better align customer usage with everchanging energy prices, as well as reduce billing issues and customer complaints. Two, the consultant recommended other significant changes that included assigning a project management officer for all major IT programs and implementing a standardized business process improvement capability program.

- **Strategic Planning:** The auditor found that Central Hudson has improved its strategic planning process since its last audit. However, several opportunities for additional improvement were noted. The auditor found that climate goals are not included in both the yearly business plans and the performance management team goals. Furthermore, the auditor found that the company's formal strategic plans neither identified business opportunities linked with climate change initiatives, nor were these potential benefits considered at the Board level.

Therefore, the auditor recommended that Central Hudson enhance its strategic planning to demonstrate the company's commitments to meeting Climate Act goals with corporate objectives and team goals updated to better integrate climate commitments in its performance management process.

- **Project Management:** The auditor found that Central Hudson increased its project management staffing levels. This enhanced its capacity, but the company lacks a formal portfolio project management system. However, the consultant observed that there was an absence of standard work breakdown structures at the project execution level.

The auditor recommended that Central Hudson implement a portfolio project management system that reflects the breakdown of work. This will help the company to better monitor the execution of its ongoing projects.

- **Benchmarking:** The consultant found that Central Hudson had not advanced its benchmarking practices since the prior management and operations audit. Specifically, the company conducted benchmarking mainly through participation in intra-organizational working groups at Fortis, Inc.

The consultant discovered that Central Hudson neither benchmarks its customer service performance against other similar utilities, nor does it compare best practices outside of its parent organization.

It was recommended that Central Hudson implement performance

benchmarking for its customer service operations in multiple areas using an accredited benchmarking data source.

Furthermore, it was also advised that Central Hudson prepare formal performance assessments using industry benchmarking data from recognized national organizations, and that it develops plans for improving low-performing areas.

The consultant observed that the company had made significant investments in grid modernization with special consideration placed on Climate Act goals and requirements.

This program still lacks a dedicated project management organization that focuses on daily activities and governance. It was recommended that Central Hudson establish a project management organization with robust reporting. This is a common practice by other utilities in its peer group.

Central Hudson was also advised to synchronize its forecasting models to focus on areas like electric vehicle growth to assist the company's efforts to meet its Climate Act goals.

### **MANAGEMENT AND OPERATIONS AUDIT OF NYSEG AND RG&E**

In May 2023, the Commission initiated a management and operations audit of New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E). The audit examined NYSEG and RG&E's participation in the following areas: construction program planning, operational efficiency, customer privacy protections, and critical energy infrastructure protections. The scope also focused on issues from previous management and operations audits that required follow-up review. This would

identify any operational concerns that might exist.

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*The Commission operates a robust management and operations audit program that includes regular comprehensive management and operations audits, focused operations audits, and statewide utility comparisons. The audit shines a bright light on the ongoing billing issues and consumer complaints directed at NYSEG and RG&E and helps play a role in resolving those problems.*

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Public Service Law (PSL) provides the Commission with the authority to conduct management and operations audits of natural gas and electric utilities. For large electric and natural gas utilities, such as NYSEG and RG&E, the PSL requires such audits at least once every five years. The Commission directed Department of Public Service staff to issue a request for proposals (RFP) seeking an independent auditor to conduct the audit and to evaluate the proposals received in response to the RFP.

The most recent prior comprehensive management audit of NYSEG and RG&E began in 2016, with the resulting final report issued on February 7, 2019. The final report included 81 recommendations for improvement at NYSEG and RG&E. The companies completed implementing all recommendations from this audit in March 2023. However, staff noted there are ongoing performance concerns regarding two gas planning recommendations related to the implementation of its new geographic information and gas work management systems.

The scope of this audit included an assessment of the following: the companies' information systems planning and implementation; improvements to their electric load forecasting processes to support grid modernization and Climate Act goals;

elements of pipeline safety (including leak-prone pipe replacement); contractor oversight; and coordination with municipalities.

### **INVESTIGATION OF OLD LEAD-COVERED CABLES LEFT IN COMMUNITIES BY TELECOMMUNICATION COMPANIES**

In July 2023, Governor Hochul directed the Department of Public Service (DPS, Department), Department of Health (DOH), and Department of Environmental Conservation (DEC) to immediately investigate a recent report of old lead-covered cables left by telecommunication companies and the potential public health risks associated with exposure to those cables.

The action followed a media report of lead-containing cable in large and small communities across the US, including the State of New York.

The report included the example of an aerial lead cable located in a local park in the Village of Wappingers Falls (Dutchess County). It stated that soil found at the park perimeter had elevated lead levels above what the US Environmental Protection Agency considers safe for children's health. At the Governor's direction, State experts from DOH and the DEC have initiated sampling in the area to evaluate any potential for lead exposure.

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***Governor Hochul has made it clear that our number one responsibility is to protect the health and safety of our communities, and we take those instructions seriously. As a result, we will waste no time in digging deeply to find out whether there is a problem, and how best we can fix the problem if one exists.***

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Governor Hochul directed DPS and DEC to investigate the scope of this potential concern based on past use of lead cables. As

part of that effort, the agencies sent a letter to the State's 246 facilities-based telecommunication providers to begin compiling an inventory of the presence of aerial and buried cables, both on land and below water.

The letter directed telecommunication companies to provide DPS and DEC with a full inventory of lead-containing aerial and buried cable owned by the company. This included cable that is still in use to provide service, as well as cable that is no longer being used but has yet to be removed.

The purpose of the investigation was to better understand the inventory and ownership of such cables in New York. The inventory includes the following: the type of cable (copper or fiber) and whether it is aerial or buried, as well as the municipality (city, town, or village); the cable location; the street name where the cable is located; the length of the cable; the closest intersecting landmarks at the beginning and end of the cable; and any other information useful to physically locate and inspect the cable.

### **INITIAL FINDINGS FROM THE INTER-AGENCY FIRE SAFETY WORKING GROUP ON EMERGENCY RESPONSES**

Governor Hochul created a new Inter-Agency Fire Safety Working Group to ensure the safety and security of energy storage systems across the State. The group was formed following fire incidents at facilities in Jefferson, Orange, and Suffolk Counties during the Summer of 2023. State agencies began immediate inspections of energy storage sites. These efforts ensure that emergency responders have the necessary training and information to prepare and deploy resources in the event of a fire.

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*The Department works to ensure safety comes first as we continue to see more and more batteries going into service. We join the effort to do root cause analysis and follow-up with recommendations on what needs to change to mitigate the occurrence and impact of such events in the future.*

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While fires at energy storage facilities are exceedingly rare, Governor Hochul had the Division of Homeland Security and Emergency Services' (DHSES) Office of Fire Prevention and Control (OFPC), New York State Energy Research and Development Authority (NYSERDA), Department of Environmental Conservation (DEC), DPS, and the Department of State (DOS) lead a Working Group to independently examine energy storage facility fires and safety standards.

The Working Group works with nationally leveraged and renowned experts and national laboratories in energy storage root cause and emergency response analyses to independently assess and identify common causes, air monitoring results or other community impacts, and other factors involved with energy storage fires.

The Working Group thoroughly investigated the energy storage fires in New York and conducted a comprehensive fire safety review, including emergency response analysis, of energy storage projects that experienced thermal runaway events across New York State. Findings included a list of recommendations for stationary energy storage equipment and installations. The Working Group reviewed energy storage system operations and operators as they examined the condition of their batteries to verify operation within design parameters; remedied any deficiencies identified; verified operation of on-site fire suppression; and confirmed fire suppression

plans with local fire departments, among other best practices.

In December 2023, Governor Hochul released initial findings from the Inter-Agency Fire Safety Working Group (IAFSW Working Group), which was convened following fires at battery energy storage systems at facilities in Jefferson, Orange, and Suffolk Counties during the Summer of 2023. This Group made significant progress in evaluating both preventive and reactive standards and practices for battery system fire safety, in addition to analyzing the impacts of the fires.

Based on available analyses of air quality, soil, or water data collected in the days following the incidents, the IAFSW Working Group concluded that there were no reported injuries and no harmful levels of toxins detected. Based on the available information, there is no evidence of significant off-site migration of contaminants associated with the fires.

In February 2024, Governor Hochul released initial recommendations from the IAFSW Working Group outlining enhanced safety standards for battery energy storage systems. The draft recommendations included potential updates to the Fire Code of New York State as well as a list of additional opportunities for defining and implementing best practices. These changes codify the enhanced safety standards and continue to position New York as a national leader in responsible and reliable battery energy storage development.

There were 15 draft recommendations proposed by the IAFSW Working Group, with guidance from nation leading subject matter experts, after completing a thorough examination of the existing Fire Code of New York State (FCNYS) and other energy storage fire safety standards. They address preventative and responsive measures as

well as best practices, and include proposed requirements related to peer review of project permit application packages, emergency response planning, and local fire department training, among others.

The recommendations identify ways to further improve the regulatory framework for Battery Energy Storage Systems (BESS) in New York, are intended to apply to lithium-ion BESS exceeding 600 kilowatt-hours (kWh). The recommendations were developed with a focus on outdoor systems, BESS in dedicated use buildings, and other grid-scale battery energy storage systems. They were considered by the New York State Code Council (Code Council) for inclusion in the next edition of the FCNYS to help improve deployment of safety standards in the State and potentially across the country. Interested stakeholders were encouraged to submit comments on these draft recommendations to the IAFSW Working Group for incorporation into the final recommendations to be submitted to the Code Council for consideration.

#### **NATIONAL GRID PAYS \$500,000 FOR DELAYED RESPONSE TO GAS SYSTEM ISSUES**

The Commission adopted the terms and conditions of a \$500,000 settlement agreement that would resolve all alleged violations against National Grid relating to alleged delays in replacing a natural gas pipeline in the Bergen Beach area in Brooklyn.

The Department's Office of Investigations and Enforcement, in conjunction with gas safety experts at the Department, completed an initial investigation of the facts and circumstances surrounding the replacement of a natural gas pipeline.

On December 15, 2022, the Commission issued an Order to Show Cause, wherein the Department alleged a total of 162 violations

of gas safety regulations against National Grid, one violation for each day of delay.

Under the terms of the settlement agreement, National Grid shareholders agreed to pay \$500,000 to resolve all alleged violations for ratepayer benefit in the Bergen Beach area.

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*The safety and reliability of our gas distribution system is a priority concern of the Commission. This settlement agreement represents an equitable and fair compromise between National Grid and the Department, and is consistent with the environmental, social, and economic policies of the Commission.*

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National Grid discovered active corrosion on the Bergen Beach gas pipeline at issue on December 6, 2019. The regulatory deadline to replace the corroded pipeline, and associated service upgrades, was December 6, 2021. However, National Grid did not complete the required remediation of corroded pipeline in the Bergen Beach area until May 17, 2022. National Grid denied liability in response to the 2022 Order to Show Cause and alleged, among other things, that it acted reasonably to ensure safe and reliable service to the affected area.

#### **NYSEG PAYS \$1.86 MILLION FOR STORM-RELATED CUSTOMER FATALITY**

The Public Service Commission (PSC, Commission) adopted the terms of a \$1,864,384 settlement agreement with New York State Electric and Gas Corporation (NYSEG), the maximum amount allowed under Commission regulations for four violations. As part of the agreement for the company's alleged failure to safeguard the public in Chenango County from a downed, live electric wire, the utility will also update its employee training materials to help prevent future occurrences.

On April 18, 2022, NYSEG customers experienced outages due to a winter storm. Some parts of the Binghamton Division received up to 15 inches of snow. The next morning, on April 19, a resident of the Village of Oxford (Chenango County), notified the utility of a downed wire. On April 20, NYSEG assigned an employee to act as a wire guard to ensure the public's safety.

A DPS investigation concluded that shortly after the NYSEG employee responded to the downed wire, he left the site, incorrectly believing that the wire was de-energized. DPS staff alleged that the area was not barricaded, the wire was not made safe, and a make-safe crew was not sent to the location at that time. Later that day, a village resident made contact with the downed wire, and subsequently perished.

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*The Commission's paramount concern is public safety and the integrity of the electric systems in New York State. The approved financial settlement reflects the maximum payment amount allowed under state law. Coupled with the changes being made to the utility's training materials, this decision sends a strong signal to deter and prevent any future incidents.*

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Upon receiving notice of the incident, DPS staff immediately began an investigation. Information requests were sent to the company and witness interviews were conducted. Upon conclusion of the investigation, DPS staff determined that safety-related violations had occurred, including the company's failure to identify the severity level of the downed wire. Further, the company's emergency response plan states that it is the responsibility of the wire guard to remain on site until the situation is determined to be made safe.

Under the terms of the settlement agreement, NYSEG agreed to resolve all

alleged violations, and NYSEG shareholders agreed to pay \$1,864,384. The money will be used for ratepayer benefit. In addition, the settlement agreement requires NYSEG to update its training documents and training materials.

### **DEVELOPERS RECEIVE EXTRA TIME TO COMPLETE HOUSING DEVELOPMENTS**

In October 2023, the Commission granted housing development builders an additional year to complete their real estate projects; this in addition to the standard five-year development period.

Under Commission rules, before construction of a residential subdivision is started, the local electric and gas utilities may require a deposit from a developer equal to the estimated cost of extending utility service to the subdivision. The deposit is in addition to the developer's payment of its share, if any, of costs for installation of utility facilities.

The Commission's regulations specifies that any portion of the deposit remaining unrefunded five years after the date the utility is first ready to render service from the underground electric distribution lines will be retained by the utility. The deposit is intended to incentivize performance by the developer and protect ratepayers from utility investments on behalf of a subdivision that does not produce a return on investment.

Developers were impacted by the pause in construction that occurred March 23, 2020, through June 8, 2020. To offset that moratorium, the Commission granted developers an additional year to complete developments that were directly impacted by the construction moratorium and additional time for them to recoup their deposits.

Twenty-two developers petitioned the Commission for an extension. The one-year extension helps developers by allowing

them another construction season to complete developments as the construction moratorium interrupted the 2020 construction season.

The general waiver for all qualifying projects also ensures that developers impacted by the construction moratorium that did not petition the Commission can also benefit from an extension to their development periods.

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*During the COVID-19 pandemic, many residential construction companies faced significant challenges, and as a result, many companies were forced to halt their operations. This decision provides relief for companies to recover from the impact of the COVID-19 pandemic.*

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The extension for the development periods for these developers are one year, to six years total. Qualifying developments are developments for which a utility was first ready to render service prior to June 8, 2020, with a development period expiration date on or after March 23, 2020.

The Commission has, through several recent orders, extended the development periods of several residential developments to reflect the impact of the construction moratorium. Extending the development period for all developers with qualifying developments would resolve the potential inequity among developers that may not have the wherewithal to seek Commission relief.

The Commission directed the utilities to: (1) identify and notify qualifying developments within 120 days of the issuance date of the order; (2) provide any refunds owed to qualifying developments that have already connected new customers during a one-year extension that is in progress, or has already expired, within six months of the date of this order; and (3) file the proposed notification to qualifying

developments and a description of internal processes to implement the extended development periods within 120 days of the order.

### **CON EDISON AND O&R DIRECTED TO IMPLEMENT AUDIT RECOMMENDATIONS**

In October 2023, the Commission directed Consolidated Edison Company of New York, Inc. (Con Edison) and Orange and Rockland Utilities, Inc. (O&R) to implement the audit recommendations made by an independent, third-party management and operations auditor.

The audit focused on areas to provide the highest value, while remaining consistent with the statutory directive to review the utilities' construction program planning and operational efficiency. Other areas examined included information systems planning and implementation; improvements to electric load forecasting processes to support clean-energy goals; contractor oversight; and coordination with municipalities.

Notable findings from the audit include:

- Con Edison's long-range plans describe a significant business transformation to become a clean energy company adopting New York State's Climate Act goals. The auditor found that long-term planning is not well-aligned with short-term planning.
- The auditor discovered that Con Edison and O&R prioritized leak-prone pipe replacement by several variables, including geographical area, emergent work, and risk. The auditor recommended that risk be the primary factor used in pipeline replacement prioritization.
- Con Edison and O&R have implemented software to improve

estimating accuracy, but the auditor found they needed to actively track the accuracy of the estimated project cost or schedule.

- The auditor found that Con Edison’s management variable pay incentive program and O&R’s annual team incentive plan use quantifiable goals to promote the corporate mission, safety and reliability, environmental goals, and Commission objectives; however, the programs could be better constructed to promote continuous improvement.

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*The Commission operates a robust management and operations audit program that includes regular comprehensive management and operations audits, focused operations audits, and statewide utility comparisons. The scope of this audit focused on areas which should provide the highest value, while remaining consistent with the statutory directive to review the companies’ construction program planning and operational efficiency.*

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The Commission last completed a comprehensive management audit of Con Edison and O&R in 2016. The companies also participated in two statewide operations audits along with other large investor-owned utilities in New York. The companies have completed the implementation of all recommendations from these three audits. The companies are further subject to an ongoing examination of income tax accounting.

New York State law provides the Commission the authority to conduct management and operations audits of natural gas and electric utilities and require such audits at least once every five years for large electric and natural gas utilities. Con Edison also provides steam service to customers in New York City. While this audit only

reviewed the electric and natural gas operations, Con Edison may be able to apply relevant findings and recommendations to its steam business as well.

The management audit approach in New York includes a prospective investigation of the construction program planning process and an evaluation of operational efficiency with a focus on opportunities to improve performance. NorthStar Consulting Group, the selected auditor, analyzed current and historical information to identify opportunities to improve existing processes, practices, systems, and organizational structures to drive better performance.

The audit focused on the electric and gas utility services in New York State. Con Edison’s electric service territory includes all of New York City, except for a section of Queens, and the majority of Westchester County. Electric service is provided to approximately 3.5 million customers in a 660 square mile service area. The company’s gas service territory consists of Manhattan, Bronx, parts of Queens, and most of Westchester County; and supplies approximately 1.1 million customers in those areas.

O&R’s electric service territory is in southeastern New York, and O&R’s gas service is concentrated in southeastern New York. O&R supplies approximately 100,000 customers.

### **ENFORCEMENT ACTIONS AGAINST DISTRIBUTED ENERGY RESOURCE PROVIDERS**

In October 2023, the Commission initiated enforcement proceedings against ten distributed energy resources (DER) providers operating in New York. DER providers are companies that provide technologies that generate or store electricity, such as solar panel or battery installers, either for homes and buildings to

manage their energy use, or to serve energy demand directly on the electric grid. Electricity from DER providers, rather than from fossil fuel power plants, contributes to a cleaner and more efficient grid, improved resiliency from power outages, and lower energy bills. DER companies play an important role to help achieve New York State's climate change goals.

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*We continue to make sure that companies are in compliance with our Uniform Business Practices. We let DER providers operate in New York if they treat customers fairly and offer them energy service choices that follow the rules. If a DER provider breaks those standards, we stop them from doing business in New York.*

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The Commission ordered ten DER providers to show cause, within 30 days, why their eligibility to do business in New York State should not be revoked. The ten companies include: Astral Power, Inc.; Bullrock GPS, LLC; Entersolar, LLC; Go Solar/Green NY; Green Visions Solar LLC; Max Solar Inc.; Sol Suppliers; Solanta; NY Solar Doctors; and True Energy Solutions, Inc. The ten companies had to respond to the Commission's allegations.

Pursuant to Commission orders, every DER provider in New York must comply with the Uniform Business Practices to maintain authorization to operate in New York, including a statement that the information and attachments in the DER provider's initial legislation form are still current and accurate.

Additionally, Commission rules require each DER provider to file an annual report by March 31, containing customer information from the previous calendar year. DPS staff presented evidence that the ten DER providers failed to file a 2020 annual compliance statement report. The DER providers have an opportunity to respond to

the Department's allegations. There are approximately 450 DER providers operating in New York State.

The Commission is responsible for ensuring that customers participating in DER markets understand the costs and benefits of their investments and are protected from confusion, fraud, and abusive marketing practices. Clear, consistent uniform marketing and contracting practices must:

- Prevent exploitive pricing and deceptive marketing practices to residential and small business customers.
- Ensure that customers and DER suppliers know their rights and responsibilities, including complaint resolution procedures.
- Provide oversight tools needed to monitor the growing markets and resolve potential issues.

#### **ENFORCEMENT ACTIONS TAKEN AGAINST EIGHT DISTRIBUTED ENERGY RESOURCE PROVIDERS AND TWO ESCOS**

In December 2023, the Commission moved to revoke the eligibility of eight distributed energy resource (DER) providers in New York State after the companies failed to adhere to Commission rules.

The Commission also revoked the eligibility of two energy service companies (ESCOs), Source Power Company Services, LLC/ICON Energy, and FC Energy Services Company, for various regulatory violations.

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*Every distributed energy resource provider and energy service company in New York must comply with all applicable orders from this Commission to maintain eligibility to operate in New York. When the companies fail to comply, we will take swift action to revoke their ability to do business in New York State.*

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A DER provider is a company that provides technologies that generate or store electricity, such as solar panels or battery installers, either for homes and buildings to manage their energy use, or to serve energy demand directly on the electric grid.

Electricity from DER providers, rather than from fossil fuel power plants, contributes to a cleaner and more efficient grid, improved resiliency from power outages, and lower energy bills. DER companies play an important role to help achieve New York State's climate change goals.

ESCOs are third-party suppliers of energy.

Pursuant to Commission orders, every DER provider in New York must comply with the Uniform Business Practices to maintain authorization to operate in New York State, including a statement that the information and attachments in the DER provider's initial registration form is still current and accurate. Additionally, Commission rules require that each DER provider file an annual report by March 31, containing customer information from the previous calendar year. ESCOs must also comply with Commission rules and regulations.

The DER companies lost eligibility because they did not submit annual compliance filings; the ESCOs lost eligibility because of inappropriate billing practices or failure to make timely compliance filings.

The Commission acted because it has to ensure that customers participating in DER markets understand the costs and benefits of their investments and are protected from confusion, fraud, and abusive marketing practices. Clear, consistent uniform marketing and contracting rules are needed to prevent exploitive pricing and deceptive marketing practices to residential and small business customers; ensure that customers and DER suppliers know their rights and responsibilities, including complaint

resolution procedures; and to provide oversight tools needed to monitor the growing markets and resolve potential issues.

In addition to the two ESCOs, the Commission revoked the eligibility of FC Energy, Astral Power, Bullrock GPS, EnterSolar, Go Solar/Green NY; Green Visions Solar; Max Solar; NY Solar Doctors; and True Energy Solutions. There are approximately 450 companies providing DER services in New York State.

### **INVESTIGATION INTO SMALL PRIVATE WATER COMPANY IN ULSTER COUNTY**

In February 2024, the Commission commenced a proceeding to determine if Hudson Valley Water Companies, Inc. failed to provide safe, adequate, and reliable service to its customers. The proceeding determined whether the Commission should appoint a temporary operator for the company for failing to ensure the provision of safe and adequate service to its 434 customers.

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***Every New Yorker deserves access to clean, safe, and reliable drinking water. With this action, we are formally starting the process to determine whether the company has failed to meet this basic requirement, and we will take swift action if the company is found to have failed to meet necessary operating standards.***

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DPS staff contended, after an initial investigation showing apparent instances of inconsistent operational and managerial actions, as well as inconsistent and ineffective improvements, that the company did not show it had the capability to consistently operate its five small water systems in Ulster County. The company's service areas include Boiceville, Mt. Marion, High Falls, Pine Street, and West Hurley, and are located within the four

Ulster County municipalities of the Towns of Olive, Saugerties, Rosendale, and Hurley (both Pine Street and West Hurley systems are located in the Town of Hurley), respectively.

DPS staff previously investigated Hudson Valley in the areas related to billing, metering, management of the water companies, and customer service, and issued a report in 2020 which led to the Commission's October 2, 2020, order, directing the company to submit a plan to implement 49 recommendations made in staff's report in Case 20-W-0477.

Additionally, the company's current effective rates were authorized by a Commission order, issued in Case 22-W-0357 on May 19, 2023, which also directed the company to complete further actions to address operational and customer service concerns.

In response to recent complaints, Department staff started an investigation into how the company complied with the recommendations made in the 2020 report and directives in the 2023 rate order. Based on the initial phase of staff's investigation, staff contended that the company failed to comply with all recommendations designed to improve customer service and service reliability; failed to follow Ulster County Department of Health recommendations to improve water service; experienced numerous service outages and boil water orders; and incurred numerous customer complaints since 2019 regarding customer service, termination threats, and quality of service.

### **PSC MODIFIES CENTRAL HUDSON'S IMPLEMENTATION PLAN AND DIRECTS CENTRAL HUDSON TO IMPLEMENT AUDIT RECOMMENDATIONS**

In March 2024, the Commission ordered Central Hudson Gas & Electric Corporation

(Central Hudson) to implement the recommendations made in the independent, comprehensive management, and operations audit of Central Hudson to improve the utility's construction program planning and operational efficiency, as well as improve how Central Hudson plans for and manages information systems projects, customer operations, and pipeline safety. Meanwhile, the investigation into Central Hudson's customer billing problems remained ongoing.

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***Our audit examined Central Hudson's electric and gas operations in New York State, as well as governance, management, and customer operations, including bill estimation processes. This detailed review provided an assessment of Central Hudson's grid modernization efforts and examined how the company is planning and managing projects related to the Climate Leadership and Community Protection Act or Climate Act.***

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New York State law provides the Commission the authority to conduct management and operations audits of natural gas and electric utilities. For large electric and natural gas utilities, such as Central Hudson, the law requires such audits at least once every five years. The law further authorizes the Commission to approve or modify a utility's implementation plan, at which time the plan becomes enforceable.

The scope of the audit was consistent with the statutory directive to review the company's construction program planning and operational efficiency. The scope included a follow-up review of certain issues from the previous management and operations audit, such as electric system planning, project and program management, and work management processes. The scope also included a review of information systems planning and implementation,

elements of customer operations, and pipeline safety, including the company's leak-prone pipe replacement program.

Furthermore, the audit scope required the consultant to review improvements to electric load forecasting processes to support grid modernization goals.

The audit also reviewed how the company incorporates those goals, New York State's Climate Leadership and Community Protection Act (Climate Act) goals, and other regulatory objectives into performance management and construction program planning processes.

The audit identified significant opportunities for improvement at Central Hudson:

- **Billing and Information Systems:**

Central Hudson experienced numerous billing issues after replacing its 40-year-old customer information system. After implementation, the company experienced a dramatic 900 percent increase in adjusted bills resulting from the customer information system's replacement.

The auditor found the company's implementation suffered due to the inexperience of the company's information technology (IT) leadership team and its heavy reliance on software vendors for tasks typically managed internally.

The consultant noted Central Hudson's practice of issuing bills monthly, but reading meters every other month, contributed to billing issues and a large increase in customer complaints.

The consultant further noted that, as of June 2022, only 53 percent of Central Hudson's electric and gas meters featured Automated Meter

Reading technology, which provides walk-by or drive-by read capability.

The auditor recommended that Central Hudson read meters monthly to better align consumption with changing energy prices and reduce billing issues and resultant customer complaints.

In July 2023, Central Hudson agreed to a monthly meter reading pilot program that is under review.

- **Executive Management:** The auditor found that Central Hudson's executive management organizational structure was suboptimal and recommended that Central Hudson's Board take steps to ensure appropriate oversight of critical functions, such as customer service and gas operations.

Central Hudson's final implementation plan accepted this recommendation but identified only one-time actions to respond to the auditor's concerns.

The Commission modified Central Hudson's plan to implement this recommendation by requiring Central Hudson to annually report changes to its executive management team.

- **Strategic Planning and Climate Goals:** The auditor found that Central Hudson has improved its strategic planning process since the last audit but noted several opportunities for additional improvement.

The auditor found that climate goals are not included in yearly business plans and performance management team goals.

Further, the auditor found that the company’s formal strategic plans did not identify business opportunities linked with climate change initiatives, nor were these potential benefits considered at the Board level.

Central Hudson’s final implementation plan requires the company to enhance its strategic planning to demonstrate commitments to meeting Climate Act goals with corporate objectives and team goals updated to better integrate climate commitments in its performance management process.

- **Benchmarking:** The consultant found that Central Hudson had not advanced its benchmarking practices since the prior management and operations audit.

The consultant discovered that Central Hudson does not benchmark its customer service performance against other similar utilities, nor does it share best practices outside of its parent organization or utilize its compensation program to seek performance improvement for its customers.

Central Hudson’s final implementation plan requires the company to implement performance benchmarking for customer service operations in multiple areas using an accredited benchmarking data source.

Further, Central Hudson prepared formal performance assessments using industry benchmarking data from recognized national organizations and develop plans for improving low-performing areas.

The Commission modified Central Hudson’s plan by requiring Central Hudson to integrate the results of these benchmarking exercises with its compensation program to drive improvements to its performance for customers.

### **NATIONAL GRID SHAREHOLDERS TO PAY \$1.7 MILLION FOR BROOKLYN GAS INCIDENT**

In March 2024, the Commission approved a significant financial settlement whereby National Grid shareholders would pay \$1.7 million for enhanced safety measures and training at the Greenpoint liquid natural gas (LNG) facility in Brooklyn due to a gas incident in 2022. No member of the public was injured as a result of the incident.

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*Public safety has been, and remains, our number one concern. Our investigation determined that National Grid policies and procedures were inadequate to prevent the explosion incident that occurred in 2022 and that the company did not conform to the federal or State safety codes regarding the management of liquid natural gas.*

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On August 17, 2022, National Grid employees performed a nitrogen purge operation on a flare line at the Greenpoint LNG facility in Brooklyn. The procedure was being performed on a 200-foot section of pipeline leading up to a vertical flare column; the purpose of the nitrogen purge procedure was to facilitate a subsequent vaporizer process piping hydrotest.

During the purge operation, National Grid employees mistakenly left the vertical flare activated. An ignition then occurred, leading to an internal explosion and ‘flashback.’

The mixture of air and combustible gas in the pipeline led to an energy release on the

ground level, emanating from the area of the open flange.

On June 20, 2023, the Department’s Office of Investigations and Enforcement interviewed the National Grid supervisor on scene during the incident. During the interview, the supervisor admitted that he left the flare in service on the day in question and that he did not obtain supervisory approval before initiating the purge. The supervisor also admitted that he erroneously left his gas detection device in ‘monitor’ mode instead of the appropriate ‘purge’ mode.

The DPS investigation determined that National Grid policies and procedures were inadequate to prevent the explosion incident and did not conform to the Code of Federal Regulations regarding the management of liquid natural gas.

To resolve the investigation and its findings, National Grid shareholders paid \$1.7 million for enhanced safety measures and training at the Greenpoint LNG facility. The training and enhanced safety measures are reviewed by the Commission. The shareholder penalty payment is the largest to date in 2024. The company had faced a maximum penalty of \$1.9 million.

### **AUDIT OF LIPA AND PSEG LI**

In March 2024, the Department made public an independent, third-party comprehensive management and operations audit of the Long Island Power Authority (LIPA) and its service provider PSEG Long Island (PSEG LI). The audit focused on areas that drive improved performance and provide value to LIPA and PSEG LI’s customers, while also reviewing core utility operations pursuant to the LIPA Reform Act. Other areas included the impacts of COVID-19 on customer service, smart meter deployment, efforts to support clean-energy goals, contractor

oversight, and information system planning and implementation.

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*The Department operates a robust management and operations audit program that includes regular comprehensive management and operations audits, focused operations audits, and statewide utility comparisons. The scope of this audit focused on ways to provide value to LIPA and PSEG LI’s customers, while also reviewing core utility operations pursuant to the LIPA Reform Act.*

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Notable findings from the audit include:

- LIPA’s budget development and financial performance had undergone significant improvements; however, presentation of certain financial information could be streamlined for the benefit of external stakeholders.
- PSEG LI has consistently provided reliable electric service to Long Island during blue-sky and minor storm days for the past five years, while storm hardening and undergrounding programs have led to reliability improvement on major storm days.
- Advanced Metering Infrastructure (AMI) smart meter deployment has improved operational efficiency; however, PSEG LI should improve its capital planning through improved estimating, integrating work management systems, and LIPA and PSEG LI should enhance their procurement processes and oversight of third-party contractors.
- LIPA and PSEG LI have encountered challenges regarding the planning and execution of information technology systems.

The Department completed its last comprehensive management and operations audit of LIPA and PSEG LI in 2018. LIPA and PSEG LI reported on the status of implementation of previous audit recommendations, and this audit report includes an analysis of the implementation of prior audit recommendations.

The Department conducts management and operations audits of LIPA and PSEG LI, consistent with the requirements of natural gas and electric utilities regulated by the Commission, and similarly requires audits of large utilities at least once every five years.

The management audit approach in New York includes a prospective investigation of the construction program planning process and an evaluation of operational efficiency with a focus on opportunities to improve performance.

Northstar Consulting Group, selected in July 2022 to conduct the management audit, analyzed current and historical information to identify opportunities to improve existing processes, practices, systems, and organizational structures to drive better performance. The audit focused on the electric utility services on Long Island and in the Rockaways.

LIPA is a not-for-profit public utility with a mission to enable clean, reliable, and affordable electric service for its customers on Long Island and the Rockaways. As result of the LIPA Reform Act of 2013, LIPA contracts with PSEG LI, a subsidiary of Public Service Enterprise Group Incorporated (PSEG), to operate LIPA's electric system. The contract includes targets to improve customer satisfaction and provide safe and reliable service to LIPA's approximately 1.1 million customers in LIPA's service territory, which includes Nassau and Suffolk Counties, as well as the Rockaways in Queens.

Consistent with State law, the final audit report is presented to LIPA's Board of Trustees. If the Board does not make a preliminary finding of inconsistency within 30 days of receipt of the final report, the recommendations must be implemented in accordance with the time frame specified in the audit report.

LIPA and PSEG LI filed an implementation plan with the Department. Once filed, staff will review the implementation plan to ensure it addresses the underlying findings in the audit report. The implementation plan, including any revisions resulting from staff's review and further refinement by the utilities, will be reported on to the LIPA Board.

# PLANNING FOR THE CLEAN ENERGY FUTURE

## COMPLETION OF EIGHT NEW LARGE-SCALE RENEWABLE ENERGY INFRASTRUCTURE PROJECTS

In April 2023, Governor Kathy Hochul announced eight new large-scale renewable energy infrastructure projects had been completed in the previous six months to deliver clean energy to New York's power grid.

During development and construction, the projects supported the creation of nearly 1,800 jobs and spurred nearly \$800 million in private investment across the State while contributing nearly \$70 million to their host communities in the form of school, town, and county payments. Together, these eight projects total 418 megawatts (MW), enough renewable energy to power more than 150,000 New York homes and reduce nearly 600,000 tons of carbon emissions annually, equivalent to removing almost 120,000 cars off the road each year.

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*This is another example that Governor Hochul remains fully committed to transitioning New York to a clean economy. In addition to the significant positive economic impact they have, the projects being provide more than 100,000 homes in New York with access to clean, renewable energy — and that's a win for everyone.*

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New York has a robust pipeline of 120 large-scale renewable energy and transmission projects, which are expected to deliver over 14,200 MW of new clean power to the grid when completed — enough to power nearly five and a half million New York homes. The State's commitment to building out new green energy transmission, led by 250 miles of new major upgrades already underway throughout the State, and

with the Clean Path New York and Champlain Hudson Power Express transmission lines approved in April, will allow the current pipeline of renewables to power over 66 percent of New York's electricity from renewable sources once operational.

This renewable energy portfolio will be bolstered by NYSERDA's sixth competitive solicitation, announced in September 2022, calling for 2,000 megawatts or more of new large-scale renewable energy projects, which maintains the predictable pace of State-contracted opportunities for private renewable energy developers. NYSERDA announced the awards in the summer of 2023.

## PSC APPROVES CONSTRUCTION OF CON EDISON'S \$810 MILLION CLEAN ENERGY HUB

Also in April 2023, the Public Service Commission (PSC, Commission) approved construction of a transmission substation on property owned by Consolidated Edison Company of New York, Inc. (Con Edison) in northwest Brooklyn, adjacent to the East River. The \$810 million project addresses local electric reliability needs in the boroughs of Brooklyn and Queens. In addition, the project could serve as a point-of-interconnection for up to 1,500 megawatts (MW) of new clean-energy resources, such as offshore wind power.

The Commission order explained that to meet the State's target for a zero-emission grid by 2040, statewide installed generation capacity must grow from about 43 gigawatts (GW) in 2019 to about 90 GW of in 2040.

Much of this increased electric demand will occur in New York City as a result of the growth of electric vehicle (EV) charging

stations and increased building electrification.

The Commission anticipates that additional 345 kV substations in New York City will be needed in the future to accommodate the projected increase in electric load.

To meet the associated reliability needs expected to arise as early as 2028, the Clean Energy Hub will ensure supply to one of the planned substations, the Gateway distribution area substation.

In addition to solving the reliability need, the Clean Energy Hub also provides a potential interconnection point for new clean energy resources that will be needed to support the decarbonization of the city's electric supply.

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*It is clear that New York State is in the middle of a fundamental change in the generation, delivery, and utilization of electricity. Priority has shifted to ensuring increased levels of renewable, clean sources are integrated into the grid while polluting sources are being phased out. To make sure the system continues to serve customers with the level of reliability that our modern economy demands, additions and modifications to the utilities' transmission and delivery infrastructure will be needed, as well as equitable methods for recovering the costs of such additions.*

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## **PSC APPROVES IMPROVED CLEAN ENERGY STANDARD**

In April 2023, the Commission approved changes to its landmark Clean Energy Standard (CES), which is designed to fight climate change, reduce harmful air pollution, and ensure a diverse and reliable low carbon energy supply. The changes include streamlining the load-serving entities (LSEs) obligation and cost allocation while also enabling increased voluntary Renewable Energy Certificates

(RECs) purchases, making the program more cost-effective, which will help lower consumer costs.

The Commission allowed the New York State Energy Research and Development Authority (NYSERDA), the manager of the CES program, to shift the way it allocates and recovers the costs of the CES Tier 1 RECs to make it fairer to consumers across New York State. Transitioning to a load-share basis resulted in NYSERDA only collecting enough funds to meet its contractual requirements for a compliance year. Further, it would align the program with the rest of the CES programs. Tier 1 of the CES is the State's primary program for the procurement of RECs from large-scale renewable resources (LSR) and Community Distributed Generation (CDG) projects.

The new approach required utilities and other LSEs that sell electricity to consumers in New York State to purchase all Tier 1 RECs, including both the LSR and CDG RECs, made available by NYSERDA, net of any voluntary sales, in a proportion to their share of the statewide load. This allocation approach is already used in other renewable energy programs in New York State and is based upon a pay-as-you-go model that has been implemented by NYSERDA.

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*The Commission's action made the necessary updates to keep this very successful and important program moving forward. These changes provide a more efficient method of determining the CES compliance obligation for load serving entities thereby benefiting ratepayers.*

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The pay-as-you-go model applies a uniform cost per megawatt (MW) hour charge to each LSE's actual wholesale load to calculate its monthly obligation payments. The new approach also allowed other entities, such as community choice aggregators or energy service companies, to

purchase Tier 1 RECs to satisfy their clean energy needs.

### **MAJOR MILESTONE TO ADVANCE INFRASTRUCTURE FOR MEDIUM- AND HEAVY-DUTY ELECTRIC VEHICLES**

In April 2023, the Commission initiated a proceeding to implement policies and develop programs related to medium- and heavy-duty electric vehicle (EV) charging infrastructure and planning. The proceeding also initiated the process for proactive investment in the utility infrastructure required to serve transportation electrification.

In addition, the initiative will prioritize medium- and heavy-duty charging infrastructure investments in disadvantaged communities.

The Commission's action followed Governor Hochul's 2023 State of the State address directive to identify and remove the barriers to deploying charging infrastructure for medium- and heavy-duty vehicles.

Building on New York's nation-leading investments in utility programs totaling over \$1 billion that support transportation electrification, Governor Hochul directed the Department of Public Service (DPS) to launch a proceeding that will identify and remove the barriers to the efficient and timely deployment of the charging infrastructure needed to electrify New York's medium and heavy-duty vehicles. Pollution from these vehicles has disproportionately impacted disadvantaged communities where air quality is a public health issue, such as Hunts Point in the Bronx where more than 15,000 diesel trucks operate every day.

As part of this proceeding, DPS will consider revisions to utility EV infrastructure planning to encourage proactive investments in high priority

locations, especially in disadvantaged communities and Clean Air Act non-attainment areas.

While the exact scope of the proceeding will be developed with the aid of interested stakeholders, EV infrastructure investments will prioritize disadvantaged communities, including those in Clean Air Act non-attainment areas that bear a disproportionate burden of pollution from trucks and buses.

Additionally, the proactive planning process ensures the grid infrastructure is prepared to enable the growing EV charging needs across New York State.

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*The Commission recognizes the importance of the electrification of the transportation sector in the attainment of New York State's climate goals. To advance these goals, the Commission has implemented policies to incentivize the development of EV charging infrastructure and programs. Thus far, the focus of these policies has largely been on light-duty passenger EVs, such as sedans, pickup trucks, and SUVs. To ensure a holistic approach that supports the decarbonization goals codified in the Climate Leadership and Community Protection Act (Climate Act), the Commission commenced a proceeding to address the electrification needs of the State's medium- and heavy-duty EV sector.*

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### **INITIATIVE TO LEVERAGE NEW CLEAN ENERGY TECHNOLOGIES FOR A ZERO-EMISSIONS ELECTRIC GRID**

In May 2023, the Public Service Commission (PSC, Commission) initiated a process to examine the need for resources to ensure the reliability of the 2040 zero-emissions electric grid mandated by the Climate Leadership and Community Protection Act (Climate Act).

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*The Commission’s action reaffirmed efforts to ensure New York has the needed clean-energy resources to replace existing fossil fuel-fired power plants. New York continues to lead by advancing important clean energy initiatives, such as the one commenced.*

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The Climate Act, passed by the State Legislature in 2019, directed the Commission to establish a program to ensure that by 2030, at least 70 percent of electric load is served by renewable energy, and that by 2040, there are zero emissions associated with electrical demand in the State. The initiative helps deliver on the Climate Act’s zero-emissions electric grid mandate and enables the necessary types of clean energy to reach all New Yorkers. The Commission’s decision followed a substantial climate package announced by Governor Hochul in the Fiscal Year 2024 enacted State Budget that advanced sustainable buildings, clean energy, and an affordable Cap-and-Invest program.

The action recognizes that as renewable resources and storage facilities are added to the State’s energy supply, additional clean-energy resources capable of responding to fluctuating conditions might be needed to maintain the reliability of the electric grid. The Commission’s work to meet the Climate Act targets must include exploration of technologies that can support reliability once fossil generation has been removed from the system.

The May 18, 2023, order initiated a process to identify technologies that can close the anticipated gap between the capabilities of existing renewable energy technologies and future system reliability needs. Within the order, the Commission asked stakeholders a series of important questions, including how to define ‘zero-emissions’ for purposes of the zero emissions by 2040 target, and

whether that definition should include cutting edge technologies such as advanced nuclear, long duration energy storage, green hydrogen, and demand response.

The order further elicited feedback from stakeholders on how to best design a zero-emissions by 2040 program, consistent with the Climate Act’s requirement of delivering substantial benefits to disadvantaged communities and New York State’s electric grid reliability rules, while also leveraging other State and federal efforts to research, develop, and deploy zero-emission resources.

### **\$29 MILLION FOR ELECTRIC VEHICLE CHARGING INFRASTRUCTURE AND REBATES**

In July 2023, Governor Hochul announced \$29 million for electric vehicle (EV) Level 2 charging infrastructure under Charge Ready NY 2.0 and consumer rebates through the Drive Clean Rebate Program. The incentive and rebate programs mean more New Yorkers can drive electric as New York State reached a milestone of 150,000 EVs on the road in June 2023. This supported the Climate Leadership and Community Protection Act (Climate Act) goal to reduce greenhouse gas emissions 85 percent by 2050 and New York State’s requirement that all new passenger cars, pickup trucks, and SUVs sold in the State be zero emission by 2035.

There was \$15 million added to Charge Ready NY 2.0, to support EV charger installations at workplaces and multifamily buildings statewide, as well as public facilities located in disadvantaged communities. This program can help eligible entities save up to 50 percent on installation costs for Level 2 chargers, which are ideal for locations where a car will be parked for a few hours and can provide up to 25 miles of electric range for each hour

charged. The program has \$12 million available for charging station installation at workplaces and multifamily buildings with an incentive of \$2,000 per port, and \$2,500 per port in a disadvantaged community. Publicly owned facilities in a disadvantaged community are eligible for \$4,000 per port.

Additionally, \$3 million was dedicated for workplaces and multifamily buildings that hold educational ‘ride and drive’ community events, purchase electric fleet vehicles, or offer free charging. The Charge Ready 2.0 program also continues to accept new equipment and network eligibility applications from EV charger vendors until program funds are exhausted.

To support consumers seeking cleaner driving options, \$14 million has been added to the State's Drive Clean Rebate to help reduce upfront costs on the purchase or lease of a new EV. The point-of-sale rebate ranges from \$500 to \$2,000 on one of more than 60 models currently eligible through a participating car dealership in New York State.

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*We applaud Governor Hochul's commitment to create a cleaner transportation sector. The Commission recognizes the importance of the electrification of the transportation sector in the attainment of New York State's climate goals. To advance these goals, the Commission has implemented policies to incentivize the development of electric vehicle charging infrastructure and programs.*

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## **\$5 BILLION FOR ENERGY EFFICIENCY AND BUILDING ELECTRIFICATION**

In July 2023, the Commission adopted a strategic framework for the State's energy efficiency (EE) and building electrification (BE) portfolios.

The revised strategic framework and associated policy direction guided program administrators’ proposals to ensure the future EE/BE portfolios were in better alignment with the Climate Leadership and Community Protection Act (Climate Act) and current Commission clean energy policies.

The July 20, 2023, order also directed the relevant electric and gas utilities and the New York State Energy Research and Development Authority (NYSERDA) to file proposals, responsive to the strategic framework, totaling \$1 billion per year through the period 2026–2030, or \$5 billion for the period.

The order also provided further policy guidance and direction to ensure the program administrators’ collective programs work in tandem toward the achievement of the State’s goals by providing clarity regarding their respective roles, eliminating redundancy, improving program design and access, and modifying the administrative model to better serve low- to moderate-income customers; impose the Climate Act requirement of a minimum of 35 percent, with goal of 40 percent, of benefits to disadvantaged communities; temporarily discontinue consideration of any new EE/BE earnings adjustment mechanisms; and allow for consideration of limited modifications to budgets or targets for EE/BE programs prior to 2026.

The strategic framework and associated policy direction guides program administrators’ proposals to ensure the future EE/BE portfolios are in better alignment with the Climate Act and current Commission clean-energy policies, as well minimize redundancy and make the most efficient use of ratepayer funds.

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*The energy efficiency and building electrification Strategic Framework ensures our programs evolve to focus ratepayer funding on programming that best aligns with the State’s current and significant clean energy goals. The order signals the strong commitment the Commission makes towards these policy objectives while recognizing the need to leverage financial contributions from other sources, such as federal funds and future proceeds from the State’s cap-and-invest program.*

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## REVIEW OF CLIMATE ACT PROGRESS

In July 2023, the Commission was updated on the actions and activities associated with overall compliance with the requirements of the Climate Leadership and Community Protection Act (Climate Act).

In addition, the Commission reviewed progress on achieving renewable energy program targets and some of the costs and benefits to ratepayers of Climate Act investments over the prior calendar year, including energy savings, energy generation, and greenhouse emissions reductions.

The report containing this information highlighted the investments the Commission authorized to steer toward a clean energy future and stable climate.

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*New York State’s climate agenda is the most aggressive climate and clean energy initiative in the nation. The Department of Public Service is committed to the transparent implementation of the Climate Act. This report tells New Yorkers about what the Commission and Department are doing to reduce emissions and deliver the benefits of energy that is reliable, affordable, and clean. We continue to look for ways to make it easier to track program outcomes.*

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New York State has invested a great deal in its initial efforts to realize the goals of the Climate Act with respect to clean energy growth and emissions reductions. In 2022, the six major investor-owned utilities and the Long Island Power Authority (LIPA) invested more than \$1.1 billion on Climate Act-related programs. In that time, the New York State Energy Research and Development Authority (NYSERDA) collected more than \$645 million from load-serving entities for clean energy programs operated under the Clean Energy Standard.

The investments described in the report constitute the foundation of the clean energy economy called for by the Climate Act. They span the power, buildings, and transportation sectors, and help to make way for transformative changes to the State’s economy. These investments have already driven substantial infrastructure deployments and reductions of greenhouse gases and local pollutants.

- **Renewable Energy and Energy Storage:** Since early 2020, the Commission has approved significant investments in renewable energy and energy storage.

The Commission extended the NY-Sun program through 2025 and authorized an incremental program budget of \$573 million to achieve New York’s 10-gigawatt (GW) target.

The Commission adopted the Climate Act’s clean energy deployment targets, including the requirement that at least 70 percent of the statewide load will be served by renewable energy resources by 2030; the procurement of 9 GW of offshore wind by 2035; and the 100 percent zero-emission electric grid by 2040 requirement.

In 2022, the Commission authorized an additional \$1.474 billion for the NY-Sun program and expanded the installation target from six to 10 GW of distributed solar generation projects.

- **Clean Transportation:** Between 2020 and 2023, New York saw numerous successes in the development of clean transportation systems, including the Commission's order in 2020 approving the Electric Vehicle (EV) Make-Ready Program with a \$701 million overall budget of which \$206 million directed to disadvantaged communities.

The Commission's EV Make-Ready order included the New York Clean Transportation Prize program, funded at \$85 million, administered by NYSERDA in partnership with DPS.

The order also directed the creation of three programs aimed at advancing the medium- and heavy-duty vehicle industry to be implemented by the State's utilities.

- **Disadvantaged Communities:** DPS continues to work with the Department of Environmental Conservation (DEC), NYSERDA, other agencies, and the utilities to develop a consistent approach to tracking and reporting investments in and benefits to Disadvantaged Communities (DACs).

This initial report will track investments that have been made since the enactment of the Climate Act, beginning January 1, 2020, and continues to track annual progress towards meeting the requirement of at least 35 percent, with a goal of 40 percent, of clean energy and energy

efficiency investments benefitting DACs.

New York State expects to produce its first report on investments and benefits in DACs pursuant to the CLCPA. In addition, staff is developing an internal and continuously updated DPS Disadvantaged Communities Compliance Plan.

- **Energy Efficiency and Building Electrification:** Energy efficiency programs have changed substantially since the establishment of the Systems Benefit Charge in 1996 and still further since the Commission initiated the New York Energy Efficiency Portfolio Standard proceeding in 2008.

Programs have become more ambitious and detailed, and their scope and structure have evolved.

In an order, dated September 15, 2022, the Commission initiated the required interim review of the Clean Energy Fund (CEF) and New Energy Fund, New York (NE:NY) portfolios, with an initial focus on instituting a renewed framework under which energy efficiency and building electrification programs are offered and establishing new budgets and targets for a period beyond 2025.

In December 2022, in compliance with the Order Initiating the NE:NY interim review and CEF Review, staff filed a comprehensive energy efficiency and building electrification report, which summarized the portfolio performance through the second quarter of 2022 and solicited feedback from stakeholders on

specific questions that were presented within the report.

The NE:NY interim review and CEF review process is currently underway.

## ADVANCEMENT OF UTILITY THERMAL ENERGY NETWORKS

In September 2023, the Commission provided guidance to the seven largest utilities and the Long Island Power Authority (LIPA) in New York State regarding the development of utility thermal energy network pilot projects proposals and directed utilities to further refine the proposals that had been submitted. This action advances efforts to decarbonize buildings across the State under the Utility Thermal Energy Network and Jobs Act.

Implementation of the law reduces greenhouse gas emissions by allowing for the creation of utility-scale infrastructure projects that connect multiple buildings into a shared thermal network.

Utility thermal networks present an opportunity for utilities to provide clean thermal energy to customers rather than fossil-based natural gas to meet their space heating, water heating, and cooling needs.

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*Utility thermal energy networks advance efforts to decarbonize buildings across the State. These projects reduce greenhouse gas emissions by allowing for the creation of utility-scale infrastructure projects that connect multiple buildings into a shared thermal network. Utility thermal networks present an opportunity for utilities to provide thermal energy to customers rather than fossil-based natural gas to meet their space heating, water heating, and cooling needs.*

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As part of this process, the Commission required the seven largest, investor-owned

utilities — Consolidated Edison Company of New York, Inc. (Con Edison), Orange and Rockland Utilities, Inc. (O&R), New York State Electric & Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RG&E), National Grid USA (Niagara Mohawk Power Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, and KeySpan Gas East Corporation d/b/a National Grid), Central Hudson Gas & Electric Corporation (Central Hudson), and National Fuel Gas Distribution Corporation — to each submit at least one proposed thermal network pilot project for review.

The Commission established a thermal-energy networks working group to assist the utilities in the development of pilot project proposals prior to submission to the Commission for review and to develop proposed rules and regulations for utility thermal service.

The 14 pilot proposals submitted, totaling up to \$435 million with at least one pilot located in a disadvantaged community in each utility operating territory, represent a good first step in the development of utility thermal energy network projects, however they included insufficient detail to enable the Commission to fully approve them.

The Commission’s decision provided guidance for the further development of the utilities’ proposals and established a staged approach that provides structure, transparency, and clarity regarding the requirements that must be met to advance pilot projects. This approach minimizes risk while advancing projects that are in the public interest as quickly as possible.

The need for utility thermal energy networks is driven by the goal of providing an equitable form of electrification to significantly reduce or eliminate greenhouse gas (GHG) emissions from the combustion of fuels in buildings as part of the Climate

Leadership and Community Protection Act (Climate Act). Buildings are the largest source of GHG emissions in New York State, accounting for 32 percent of overall GHG emissions.

The challenge for reducing GHG emissions from buildings is exacerbated by the fact that building emissions derive mostly from the on-site combustion of natural gas or other fossil fuels, which provides New Yorkers with basic necessities — heat, domestic hot water, and cooking.

For this reason, it is essential that the transition away from fossil fuel use in New York's building stock be undertaken in due course and carefully managed to ensure the continuation of safe and reliable utility service.

In addition to creating the regulatory framework for the thermal energy network, the Commission is working with the State Department of Labor to ensure the development of and access to well-trained, highly skilled trade persons needed to support timely, reliable, high-quality thermal energy network projects and promote good jobs for New Yorkers in the expanding decarbonization sector.

In terms of next steps in the process, utilities submitted revised filings in response to the order, no later than December 15, 2023. If deemed compliant with the requirements of the order, pilots advance to the next stage which includes pilot project engineering design and the development of a preliminary customer protection plan. Based on that information and further public comment, the Commission issue subsequent orders addressing whether the individual pilot projects are in the public interest and should proceed to full implementation or be modified.

## **DRAFT ENVIRONMENTAL IMPACT STATEMENT REGARDING ENERGY STORAGE DEVELOPMENT IN NEW YORK STATE**

In September 2023, the Commission accepted a draft Supplemental Generic Environmental Impact Statement (SGEIS) regarding recommendations contained in New York's six gigawatts Energy Storage Roadmap report.

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*New York's energy storage deployment policy has effectively strengthened the market for developing and installing qualified energy storage systems in New York. The development and introduction of energy storage will build flexibility into the grid and advance New York's ambitious clean energy goals.*

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The roadmap supports a buildout of storage deployments estimated to reduce projected future statewide electric system costs by nearly \$2 billion, in addition to further benefits in the form of improved public health because of reduced exposure to harmful fossil fuel pollutants. The six gigawatts proposed in the Energy Storage Roadmap is enough electricity for nearly 2 million averaged-sized homes.

## **PSC APPROVES 110 MW BATTERY STORAGE FACILITY IN SUFFOLK COUNTY**

In October 2023, following local siting approval, the Commission approved the construction and operation of a battery-based energy storage facility in the Town of Brookhaven (Suffolk County).

The \$160 million battery storage plant will be built by Holtsville Energy Storage, LLC (Holtsville), an independent developer of battery storage projects.

The facility will be developed and operated on a merchant basis and participate in the

wholesale energy market. The facility is expected to be operational by 2025.

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*Energy storage is vital to building flexibility into the grid and advancing Governor Hochul’s ambitious clean energy goals. This project advances New York State’s greenhouse gas emissions reduction and renewable energy goals as outlined in the Climate Act.*

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On March 12, 2023, Holtsville filed a petition to construct, own, and operate an energy storage facility to be located on the southwest corner of Expressway Drive South and Morris Avenue in the Town of Brookhaven (Suffolk County). The Commission found that the project will not result in significant adverse environmental impacts and will help advance environmental justice goals by reducing reliance on older oil- and natural gas-fired peaker plants in New York State.

The Commission also found that the project fits within New York’s energy goals and policies.

Holtsville said the project will generate local property tax revenues along with up to 200 local jobs during construction, plus some long-term jobs once it is operational.

Battery energy storage facilities can also lead to long-term cost savings for electricity consumers by lowering the overall cost of providing electricity and by allowing customers to avoid paying premium pricing or peak-demand rates.

**GOVERNOR HOCHUL ANNOUNCED NATION’S LARGEST-EVER STATE INVESTMENT IN RENEWABLE ENERGY IS MOVING FORWARD IN NEW YORK**

In October 2023, Governor Hochul announced the largest State investment in renewable energy in United States history,

demonstrating New York’s leadership in advancing the clean energy transition.

The conditional awards include three offshore wind and 22 land-based renewable energy projects totaling 6.4 gigawatts of clean energy, enough to power 2.6 million New York homes and deliver approximately 12 percent of New York’s electricity needs once completed.

When coupled with two marquee offshore wind blade and nacelle manufacturing facilities, this portfolio of newly announced projects is expected to create approximately 8,300 family-sustaining jobs and spur \$20 billion in economic development investments statewide, including developer-committed investments to support disadvantaged communities.

The announcement supports progress toward New York’s goal for 70 percent of the State’s electricity to come from renewable sources by 2030 – and nine gigawatts of offshore wind by 2035 – on the path to a zero-emission grid as required by the Climate Leadership and Community Protection Act (Climate Act).

Following these awards, New York will have enough operating, contracted, and under development renewable energy projects to supply 79 percent of the State’s 2030 electricity needs with renewable energy.

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*We applaud Governor Hochul’s continued and steadfast commitment to develop and expand renewable energy in New York State. New York’s consumers of electricity will benefit greatly from these projects, and Governor Hochul deserves the credit for pushing these projects forward.*

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## **NATION-LEADING ELECTRIC VEHICLE INFRASTRUCTURE BUILDOUT PROGRAM**

In November 2023, Governor Hochul announced that the Public Service Commission (PSC, Commission) made major changes to New York’s electric vehicle (EV) ‘make-ready’ program to speed up the transition to zero-emissions EVs.

The changes were designed to accelerate the development of EV charging infrastructure to combat range anxiety and ensure New Yorkers have access to convenient and reliable EV charging. Combined, the programs announced are expected to stimulate \$4 billion in total investment in EV charging infrastructure. More New Yorkers are going electric every day, with 175,000 electric or plug-in hybrid EVs on the road, and approximately 3 million anticipated by 2030.

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*The PSC has long recognized the importance of the electrification of the transportation sector in the attainment of New York State's climate goals. To advance these goals, the PSC has adopted policies to incentivize the development of electric vehicle (EV) charging infrastructure, and the decision moves forward with our nation-leading EV programs.*

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The changes approved by the Commission included increasing the overall ratepayer-funded EV Make-Ready Program from \$701 million to \$1.24 billion, with \$372 million in funding to support programs in disadvantaged communities, a sharp increase from the previous budget of \$206 million.

The budget increase included expanding the direct current fast charging program target from 1,500 to 6,302 charging stations, along with higher incentive levels to accelerate the build-out of EV charging infrastructure across New York.

The medium- and heavy-duty make-ready pilot budget designed for commercial customers more than doubled to \$58 million, paired with increased flexibility for applicants regarding eligible costs and vehicles, targeting emission reductions in disadvantaged communities.

The Commission expects the modifications to the medium- and heavy-duty make-ready pilot will unlock investment in this important sector, and generate critical experience for fleet owners and utilities, as the Commission considers broader programmatic needs in a separate proceeding.

The Commission approved new beneficial rates and programs for commercial EV-charging customers in a separate order. Under the new programs, commercial EV-charging are eligible for rebates or subsidies of up to 50 percent of the demand charge costs on their delivery bills.

Commercial EV-charging customers in downstate New York will also be eligible to participate in newly managed charging programs to unlock even more savings that are also beneficial to the grid. Commercially managed charging programs are still under development in upstate New York.

## **FIVE CLEAN ENERGY AND TWO GRID RESILIENCY PROJECTS ADVANCED**

In December 2023, the Commission approved certain new phases of construction or amendments to five clean energy wind and solar farms and two transmission projects to enhance and strengthen the reliability of the electric grid.

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*The Commission continues its thoughtful and well-reasoned approval process regarding clean energy projects and related transmission lines to meet the important deadlines set forth by the Climate Act.*

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*Taken together, these projects represent an advancement for New York State’s energy market.*

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The decisions included:

- **Alle-Catt Wind.** The Commission adopted the terms of a joint proposal in the Alle-Catt Wind (Alle-Catt) transmission line proceeding.

Alle-Catt will construct, own, and operate a transmission line for the 340-megawatt (MW) wind electric generating facility in Cattaraugus County.

The transmission facility will be an approximately 10 mile-long, 345 kV overhead facility connecting the wind farm to the new Lime Lake substation in the Town of Yorkshire (Cattaraugus County).

- **National Grid Transmission.** The Commission approved removal and replacement of wooden structures with galvanized steel structures from an existing 115-kV overhead electrical transmission facility located in the Town of Portland (Chautauqua County) to National Grid’s existing Falconer Substation located in the Town of Ellicott (Chautauqua County).

The Commission also approved removal and replacement of wooden structures with galvanized steel structures to the utility’s existing 345-kV transmission line located in the Towns of Yorkshire, Machias, Franklinville, Humphrey, Ischua, Delavan, and Hinsdale (Cattaraugus County), the Town of Genesee, Allegany County, and the Towns of Elma, Marilla, Wales, Colden, Aurora, West Falls, and Sardinia (Erie County).

These amendments were necessary to allow National Grid to replace the damaged structures to maintain the safety and reliability of the existing transmission lines.

- **Sunrise Wind.** The Commission approved the Environmental Management and Construction Plan submitted by Sunrise Wind LLC, an offshore wind farm off Long Island, to commence construction of certain construction activities for the second phase of the Sunrise Wind New York cable project.

The second phase includes onshore converter station-direct current electric work; installation of the onshore transmission cable; and installation of the onshore interconnection cable.

- **Garnet Energy.** The Commission approved compliance filings for the clearing and grading of the Garnet Energy Center, LLC project, a 200-MW solar farm in the Town of Conquest (Cayuga County).
- **Hecate Energy.** The Commission approved compliance filings for Hecate Energy Greene 1 LLC, Hecate Energy Greene 2 LLC, and Hecate Energy Greene County 3 LLC, a 50-MW solar farm in the Town of Coxsackie (Greene County).

### **PSC FACILITATES STATE AGENCY PARTICIPATION IN CLEAN ENERGY PROGRAMS**

In January 2024, the Commission approved a request to provide a New York State Standard Interconnection Contract specifically for use with State agencies.

The new standard contract enabled State agencies to interconnect distributed

generation and/or energy storage systems sized up to five megawatts on the same basis as other distributed energy customers.

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*Until the decision, State agencies were unable to comply with some of the provisions of the current standard interconnection contract because of legal or policy restrictions. Approving this petition means that State agencies can site and directly own distributed generation and/or energy storage facilities on their property and thus contribute to the State's distributed generation and energy storage goals.*

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The Commission's removal of this barrier allowed these government entities to integrate solar and storage technologies directly into their operations, improving the resiliency of public offices and facilities and reducing their energy costs, which are among the objectives of the State's goals for these resources.

On February 17, 2022, the Commission approved a similar interconnection agreement for federal agencies.

### **PSC APPROVES BUDGETS FOR ENERGY DATA PROJECTS**

In January 2024, the Commission approved budgets for the State's energy utilities and the New York State Energy Research and Development Authority (NYSERDA) relating to all costs associated with second phase Integrated Energy Data Resource (IEDR) projects.

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*The approved budget is critical for achieving the State's energy policy goals, ensuring customer privacy, and maintaining cyber-security. The data and information generated by the IEDR unlock smart deployment of distributed resources required for the creation of an energy system that is responsive to the needs of*

### ***our clean-energy economy, while also protecting consumers and cyber-assets.***

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Collecting, integrating, analyzing, and managing energy-related information from the State's electric and gas utilities and other sources enable energy companies, consumers, and others to develop valuable technical and business insights more readily and equitably by using queries and other functions to filter, aggregate, analyze, and generate useful information. Those insights, lead to faster and better policy, investment, and utility operational decisions that accelerate the realization of New York's Climate Leadership and Community Protection Act (Climate Act) goals.

The Commission recognized the need to address data-related issues through many of its prior proceedings and has continued to take necessary steps to increase access to, and the appropriate use of, customer and system data to further New York State's clean energy goals and continue support of the Department's mission. Achieving the State's clean energy goals requires the continued development and maintenance of utility system data and customer energy-related data. The benefits in doing so are numerous and encompass all levels of the market from the customer up, and support New York State's energy efficiency goals.

NYSERDA anticipates its cost for the second phase, from 2024-2026, to be approximately \$36.4 million.

On May 12, 2023, each of the utilities separately filed proposed second phase budgets with the Commission totaling \$39.5 million.

The IEDR stands as a pivotal tool facilitating enhanced access to valuable energy data for diverse stakeholders, encompassing energy service entities, utilities, governmental bodies, and academics.

Building on the success of the first phase, the second phase of IEDR development adds approximately 40 new use cases over the course of 30 to 36 months, helping to meet the objective of advancing the State's energy transition toward a cleaner, more resilient, and cost-effective electricity system.

Approval of second phase budgets for IEDR expenditures for the State's energy utilities, as well as NYSEERDA, facilitate the creation of new internal processes, acquisition of new hardware and software, and enable the onboarding of new subject matter experts, with the purpose of assisting in advancing the IEDR's mission and capabilities.

Making energy-related data readily available supports New York in meeting its clean energy goals and facilitating the objectives of the Commission's energy system reforms.

The ability of market participants to deliver smart, economically sound energy solutions and the ability of customers to share their energy usage data, animate markets, facilitate customer choice, and provide systemic benefits to all New Yorkers.

In conjunction with useful data access, it is necessary to ensure that the proper protections of information technology systems, data systems, and customers' privacy exist. Understanding the importance of data access and protections, the framework ensures that the necessary data access requirements are clearly recognized and fully met consistently and effectively across the State.

### **GOVERNOR HOCHUL ANNOUNCED TWO OFFSHORE WIND PROJECT AWARDS**

In February 2024, Governor Hochul announced that the State had conditionally awarded two offshore wind projects from its fourth offshore wind solicitation – a planned 810-megawatt project, Empire Wind 1, (developed by Equinor) and Sunrise Wind, a

planned 924-megawatt project (developed by Orsted and Eversource).

The competitively selected projects create more than 800 near-term family-sustaining construction jobs and invest \$2 billion in near-term enhanced economic development statewide, including developer-committed investments to support disadvantaged communities.

The projects, totaling over 1,700 megawatts (MW) of clean energy, will be the largest power generation projects in New York State in over 35 years once they enter operation in 2026, and continue progress toward achievement of the State's Climate Leadership and Community Protection Act (Climate Act) goal to develop 9,000 MW of offshore wind energy by 2035.

As mature projects, Empire Wind I, located 15 miles off New York's shore, and Sunrise Wind, located more than 30 miles east of the eastern point of Long Island, have already completed most federal and State permitting milestones, including Empire Wind I that received final approval of their Construction and Operations plan from the Bureau of Ocean Energy Management (BOEM) in February 2024.

Both projects are expected to ramp up construction activity in 2024 while driving local investments and enhanced economic benefits to New York State at cost-competitive rates. The awards were conditional on successful contract execution.

In addition, the Community Offshore Wind 2 project has been waitlisted and may be considered for award and contract negotiation at a later date.

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***We applaud Governor Hochul's determined drive to ensure New York remains on track to meet its clean energy goals. Projects such as these will create the good-paying, clean energy jobs that we***

*need to support our economy long into the future.*

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## **PSC ADVANCES TWO MAJOR RENEWABLE ENERGY PROJECTS**

In March 2024, the Commission approved important petitions for two major renewable energy projects in upstate New York. The wind and solar projects are part of the continuing effort of the Commission to spur the development of clean, renewable energy in New York State. The actions taken relate to the project developers' economic viability.

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*The solar and wind projects being built across our great State are vital to meet the Climate Leadership and Community Protection Act's ambitious carbon reduction and clean energy targets to combat climate change. Each of these projects benefit all New Yorkers by reducing our reliance on fossil fuels, boosting clean energy investment creating clean energy jobs, and improving our environment.*

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The petitions relate to Homer Solar Energy Center, LLC, a 90-megawatt (MW) solar farm in the towns of Homer, Cortlandville, and Solon (Cortland County); and Canisteo Wind Energy, LLC, a 290-MW wind farm (Steuben County). The projects provide clean energy for more than 95,000 average-sized homes and create significant economic benefits for their host communities and the State.

- **Homer Solar.** The Commission granted a Certificate of Public Convenience and Necessity (CPCN) pursuant to Public Service Law §68, and a lightened regulatory regime, which enable the project to provide emission-free, renewable solar energy into the State's energy market.

- **Canisteo Wind.** The Commission granted a CPCN and a lightened regulatory regime and granted the developer private construction financing approval totaling up to \$800 million.

## MAJOR RATE CASE DECISIONS

### **PSC REDUCES LIBERTY UTILITIES RATE HIKE REQUEST BY 68 PERCENT**

In June 2024, the Public Service Commission (PSC, Commission) approved a three-year rate plan for Liberty Utilities Corp. (Liberty) that results in a change in revenues that is 68 percent lower than the \$4.33 million the company originally requested in the first year. In addition to the change in rates, the company improve customer service and expand funding for low-income customers.

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*The rate plan we have adopted is premised on rates, terms, and conditions that are just and reasonable, and we accordingly find that it is in the public interest. We find the agreement provides sufficient funding for the company to maintain safe and reliable service, and that it appropriately balances the interests of ratepayers and other parties. The agreement furthers the social, economic, and environmental policies of New York State, including the Climate Leadership and Community Protection Act or Climate Act.*

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With the Commission’s decision, base delivery revenue rates increase \$1.38 million in the first year, \$1.93 million in the second year, and \$1.94 million in the third year, resulting in a 2.97 percent total bill increase in each of the rate years, an increase well-below the current rate of inflation.

For the typical residential heating customer, these revenue changes would yield a \$7.84 increase in the average monthly bill in the first year, a \$6.06 increase in the second year, and a \$6.11 increase in the third year. The new rates began November 1, 2022, and end October 31, 2025.

The Commission adopted the terms of a joint proposal executed by Liberty, trial staff of the Department of Public Service, and Multiple Intervenors, a consortium of large consumers of natural gas. Liberty is a local gas distribution company with 572 miles of mains that sells or transports natural gas to approximately 17,000 customers in portions of St. Lawrence, Lewis, and Franklin Counties.

The parties in the proceeding recognized that energy costs represent a significant burden for low-income individuals and families, and as a result, the company’s existing low-income program expanded, while also increasing the dollar amounts awarded. The low-income program was funded at \$351,459 in the first year, \$399,708 in the second year, and \$452,674 in the third year. The expanded low-income program identifies and allocates more funding to customers who are in greater need of assistance.

In addition to the rate case decision, the Commission approved Liberty’s request to renew its gas franchise with the Town of Fowler (St. Lawrence County). Renewing the gas franchise was deemed to be in the public interest because it would allow the company to continue to provide gas service to customers in the Town of Fowler, as it has done over the past 30 years.

### **PSC CUTS CON EDISON’S ELECTRIC AND GAS RATE REQUEST BY 60 PERCENT**

In July 2024, the Commission established a three-year rate plan for electric and gas customers of Consolidated Edison Company of New York, Inc. (Con Edison) by adopting the terms of a joint proposal, more favorable to customers than the company’s original

request, reducing the initial rate year request by almost two-thirds.

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*The forward-looking plan we have adopted, endorsed with stakeholder support by consumer groups, large business customers, and the largest municipality in the region, benefits customers and includes provisions that further important State and Commission objectives. With the decision, Con Edison is required to pursue important energy efficiency initiatives among other progressive policies to advance the goals of New York State's nation-leading climate change targets while mitigating bill impacts for most low-income customers, as part of New York's nation-leading policy for energy affordability.*

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The decision required Con Edison to pursue important energy efficiency initiatives and non-wires and new non-pipeline alternatives; update aging infrastructure; and implement important electric reliability and gas pipeline safety programs, while helping low-income customers.

The decision advances important initiatives that advance New York State's clean energy goals, including discontinuing oil-to-gas conversion incentives, undertaking more aggressive natural gas leak management, and pursuing beneficial electrification and cost-effective alternatives to traditional infrastructure investment. The decision also supports efforts to build a cleaner, more resilient, and affordable energy system.

The increases in rates over the three-year term of the electric and gas rates plan are necessary to meet increased company costs, including increases in the property tax burden representing more than 30 percent of the increased cost over the three-year period, and to support spending for capital improvements and employee additions, which are necessary to improve electric and gas operations and enhance overall electric

and gas system integrity, safety, and reliability.

Meanwhile, operating costs are lower due to stronger operational efficiencies.

Parties who signed the joint proposal include Con Edison, Department of Public Service staff, New York City, New York Energy Consumers Council, Consumer Power Advocates, Walmart, and the Metropolitan Transportation Authority. Other parties, including New York Power Authority, the National Resource Defense Council, and New York Geothermal Organization, signed the joint proposal with respect to the electric provisions only.

Highlights of the decision include:

- **Gas Safety.** The agreement also continued the company's gas safety performance mechanisms in the areas of leak management, emergency response, damage prevention, gas infrastructure reduction or replacements, and compliance with safety regulations and procedures, maintaining or enhancing both the targets and potential positive and negative revenue adjustments.

The agreement requires Con Edison to replace 240 miles of leak prone pipe over the next three years, which will help ensure public safety.

- **Customer Service Performance Mechanisms.** The agreement provides for customer service performance metrics designed to measure and enhance the company's activities and interactions it has with its customers.
- **Customer Energy Solutions Provisions.** The agreement contains several provisions that would

promote energy solutions for customers.

Such provisions include the development of a suite of Customer Recommendation and Analysis Tools to aide customers with the clean energy transition and development of a low-income Distributed Energy Resources (DER) Make Ready Program that would support qualified DER projects by reducing all or a portion of the utility upgrade costs for the installation of DER projects that will benefit low-income customers.

The Commission approved a levelized electric rate increase of \$457.5 million for each of the three rate years. On a total electric bill basis, the results yield 4.2 percent, 4 percent, and 3.8 percent increases in each of the rate years, respectively.

In addition, the Commission approved a levelized gas rate increase of \$187.2 million for each of the three rate years. On a total gas bill basis, the results yield 6.7 percent, 6.3 percent, and 5.9 percent increases in each of the rate years, respectively.

### **PSC CUTS RG&E, NYSEG’S ELECTRIC AND GAS RATE REQUEST NEARLY 50 PERCENT**

In October 2023, the Commission established three-year rate plans for electric and gas customers of New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E) by adopting the terms of a joint proposal that is much more favorable to customers than the companies’ original requests, reducing the initial rate year requests by almost \$231 million.

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*The forward-looking plan we have adopted benefits customers and includes provisions that further important State and*

*Commission objectives. With the decision, NYSEG and RG&E are required to pursue important energy-efficiency initiatives among other progressive policies, to advance the goals of New York State’s nation-leading climate change targets, while mitigating bill impacts for most low-income customers, as part of New York’s energy affordability policy.*

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Considering the companies’ recent customer service metrics and the ongoing investigation into billing and complaint issues at the two utilities, the joint proposal included negative rate adjustments totaling \$18.5 million to be applied for ratepayer benefit and used to lower rates going forward.

The negative rate adjustments are company financial enforcement payments for missing specified billing and customer service metrics. The \$18.5 million negative rate adjustment represents a significant financial consequence for missing the consumer service metrics.

The Department and the Commission continue to investigate potential aspects related to billing complaint increases at the companies.

Moreover, if the companies miss any future individual consumer service metrics for two years consecutively, the negative rate adjustment penalty would double to \$37 million.

Under its initial proposal, the companies sought a total of \$447 million in the first year while the rates approved provided \$217.3 million in the first year, roughly 50 percent less.

The increases in rates over the three-year term of the electric and gas rate plans are necessary to meet increased company costs, including increases in the property tax burden, and to support spending for capital

improvements and employee additions, which are necessary to improve electric and gas operations and enhance overall electric and gas system integrity, safety, and reliability.

The parties who signed the joint proposal included the companies, Department of Public Service staff, IBEW Local 10, Nucor Steel, and Walmart. The New York Power Authority (NYPA) and Convergent Energy signed with respect to the electric provisions only. Multiple Intervenors signed as to electric and gas revenue allocations and large non-residential rate designs, and the Department of State's Utility Intervention Unit signed as to electric and gas revenue allocations.

Highlights of the decision include:

- **Gas Safety.** The agreement continues the companies' gas safety performance mechanisms in the areas of leak management, emergency response, damage prevention, gas infrastructure reduction or replacements, and compliance with safety regulations and procedures, maintaining or enhancing both the targets and potential positive and negative revenue adjustments.

The agreement also requires NYSEG and RG&E to replace at least 81 miles of leak prone pipe over the next three years and continue the residential methane detection program, which will help ensure public safety.

- **Clean Energy.** Consistent with New York's actions to promote clean energy, the companies continue their commitment to achieving a net zero increase in gas use and to consider suitable non-pipes alternatives to

construction of a new or replacement of existing pipeline.

- **Vegetation Management.** A majority of electrical outages are commonly caused by trees or branches falling on power lines, and thus a robust vegetation management program is necessary for maintaining overall system reliability and ensuring that customers receive safe and reliable service that is resilient and adaptable to impacts on the system.

To continually make improvements to the companies' reliability metrics, the agreement provides rate year one funding of \$65.8 million, an increase of 15 percent for NYSEG, and \$10.7 million for RG&E, an increase of 5 percent, to fund the three principal components of the vegetation management program of routine trimming, danger tree mitigation, and reclamation of overgrown circuits.

- **Physical and Cyber Security.** The rate plan positions the companies to develop their physical and cyber security posture to match the evolving State of the New York electric grid and the challenges to security, resilience, and reliability that it faces.

The agreement provides a tailored approach focusing on building a secure foundation for protecting the companies' facilities from physical threats and securing both the companies communications and their customer's personal data.

- **Customer Assistance.** The agreement increases the amount devoted to low-income assistance.

Over the three-year period, NYSEG's low-income customers

will receive \$27.47 million in assistance, and RG&E's low-income customers will receive \$22.96 million, 33 percent greater than the previous year.

In addition, the companies are expanding their language access programs to ease communication for the immigrant communities in their service territories.

The companies are continuing to provide special protections against shutoffs during cold weather and will refrain from scheduling service terminations in its service territory when the forecast is for temperatures below 32 degrees.

The companies will avoid residential service terminations for non-payment during heat emergencies, which is defined as a forecast at or above 85 degrees in the companies' operating regions.

Finally, the companies are adopting additional protections for victims of domestic violence.

The Commission approved a levelized electric rate increase for NYSEG for the rate year beginning May 1, 2023, of \$137.3 million, \$160.7 million for the next year, and \$200.6 million for the third year.

For RG&E, the Commission approved a levelized electric rate increase for the rate year beginning May 1, 2023, of \$50.9 million, \$56.6 million for the second year, and \$65.3 million for the third year.

On a total electric bill basis, the results for NYSEG yield 6.6 percent, 7.3 percent, and 8.2 percent increases in each of the rate years, respectively. In addition, the Commission approved a levelized gas rate increase of \$11.7 million, \$12.4 million, and \$12.9 million, for each of the respective rate

years. On a total NYSEG gas bill basis, the results yield 2 percent, 2 percent, and 2.1 percent increases in each of the rate years, respectively.

The Commission approved a levelized electric rate increase for RG&E of \$50.9 million in the first year, \$56.6 million in the second year, and \$65.3 million in the third year. On a total electric bill basis, the results yield 5 percent, 5.3 percent, and 5.7 percent increases in each of the rate years, respectively. In addition, the Commission approved a levelized RG&E gas rate increase of \$18.2 million in the first year, \$20.1 million in the second year, and \$22.4 million in the third year. On a total gas bill basis, the results yield 3.4 percent, 3.6 percent, and 3.9 percent increases in each of the rate years, respectively.

Under the new rate plan, a NYSEG residential electric customer using 600 kWh per month would see an average total monthly bill increase of \$9.94 or 10.3 percent in November 2023, \$8.88 or 8.4 percent starting May 2024, and \$11.34 or 9.9 percent starting May 2025. A residential gas heating customer using an average of 100 therms per month would see an average monthly bill increase of \$4.96 in November 2023, or 3.6 percent, an \$2.13 increase in the second year, or 1.5 percent, and a \$4.10 increase in the third year, or 2.9 percent.

Under the new rate plan, an RG&E residential electric customer using 600 kWh per month would see an average total monthly bill increase of \$6.47 or 7.4 percent in November 2023, \$5.98 or 5.5 percent starting May 2024, and \$6.90 or 6 percent starting May 2025. A residential gas heating customer using an average of 100 therms per month would see an average monthly bill increase of \$5.29 in November 2023, or 4.6 percent, an \$5.44 increase in the second year, or 4.5 percent, and a \$5.41 increase in the third year, or 4.3 percent.

NYSEG, a subsidiary of Avangrid, serves 905,005 electricity customers and 271,547 natural gas customers across more than 40 percent of upstate New York. RG&E, also a subsidiary of Avangrid, serves approximately 388,737 electricity customers and 321,651 natural gas customers in a nine-county region centered on the City of Rochester.

## **PSC ADOPTS NEW CON EDISON STEAM RATES**

In November 2023, the Public Service Commission (PSC, Commission) adopted a joint proposal to establish a new steam rate plan for Consolidated Edison Company of New York, Inc. (Con Edison) for three years.

The signatories to the joint proposal are Con Edison, the trial staff of the Department of Public Service (DPS, Department), the City of New York, Consumer Power Advocates, and Natural Resources Defense Council, with limited support.

Pursuant to the joint proposal, there would be annual increases in revenues for the company's steam service. The approved joint proposal results in an increase in steam-delivery revenues of \$77.8 million for each rate year, levelized over the three-year period to moderate rate impacts on customers. The joint proposal also includes an earnings sharing mechanism by which customers will share annual earnings that exceed 9.75 percent.

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***The joint proposal meets the conditions for approval under the Commission's settlement guidelines as it approved, facilitated, and advanced in an efficient and equitable manner achievement of New York's clean energy goals and statutory policy objectives as mandated by the Climate Leadership and Community Protection Act or Climate Act. There were***

## ***no public comments in opposition to the joint proposal.***

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The 100-mile long Con Edison steam system runs from the very bottom of Manhattan to 96th Street on the west side and 89th Street on the east side. It serves approximately 1,600 commercial customers, including the Empire State Building, the United Nations, Rockefeller Center, and multiple museums and hospitals. It is used primarily for heating and cooling, along with several other functions.

The adopted three-year rate plan became effective on November 1, 2023, and it will run through October 31, 2026.

The joint proposal provides levelized rate increases of \$77.8 million in each rate year (14.6 percent increase in the first year, 12.8 percent increase in the second year, and 11.3 percent increase in the third year). The last rate increase for the steam system was in 2014.

The revenue increases are lower than those that likely would have resulted from a fully litigated proceeding, but still provided the company with sufficient funding to continue to maintain the steam system in a safe and reliable manner.

The additional revenues provided for in the joint proposal also contribute to funding for various capital projects, including decarbonization efforts, such as an industrial heat pump project at Con Edison's East River Station and a hot water loop project that will utilize waste condensate to provide hot water heat to neighboring buildings.

The joint proposal also includes other provisions intending to increase the efficiency of the steam system and to assist steam customers with compliance with New York City's Local Law 97.

# IMPROVING UTILITY PERFORMANCE AND RELIABILITY

## EMERGENCY RESPONSE PLANS FOR MAJOR ELECTRIC UTILITIES

In April 2023, the Public Service Commission (PSC, Commission) approved electric emergency response plans for the major electric utilities. As part of the review, these utilities amended their plans to reflect recent legislative changes to standardized incident classifications, refined life-support equipment customer procedures, and clarified certain notification requirements.

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*Throughout 2022, as part of utility performance reviews following significant storms and other events impacting the utilities' infrastructure and/or customers, the utilities' preparedness and response actions were compared with procedures within the emergency response plans. The amended emergency response plans approved are the result of multiple review cycles and reflect compliance with, and elaboration on, the 2022 legislative changes and best practices identified via joint utility collaboration and previous Commission directives.*

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Annually, each investor-owned electric utility in New York — Consolidated Edison Company of New York, Inc. (Con Edison), Central Hudson Gas & Electric Corporation (Central Hudson), New York State Electric & Gas Corporation (NYSEG), National Grid, Rochester Gas and Electric Corporation (RG&E), Orange & Rockland Utilities, Inc. (O&R), along with PSEG LI — is required to review, update, and file a detailed emergency response plan (ERP), documenting the essential processes and procedures needed to prepare and respond to a wide array of outage events.

In 2022, several statutory amendments were enacted requiring the utilities either to directly incorporate language into their ERPs, or to modify their ERPs to recognize the regulations. The utilities amended their ERPs to incorporate provisions regarding customer credits and reimbursements, identifying various types of equipment requiring electricity for life-support equipment (LSE) customers' medical needs, the applicability of ERPs in cases of 'cyber attacks' causing customer outages, and an exemption of utility responders from travel bans during an emergency.

Department staff provided experience-driven guidance as to how the new laws should be codified to achieve the most effective results. Overall, the addition of language regarding recent legislation strengthens the content of the ERPs as well as provides more protection for customers.

- **Cyber Incidents Impacting Electric Service.** As seen in other industries, advances in technology have led to increased risk for a cyber-security event.

Under the amended ERPs, utilities must view such a risk as a very serious threat. Each of the utilities has a strategy and plan in place to mitigate and respond to a cyber-attack.

As of mid-2023, utilities' ERPs are required to acknowledge potential electric outage impact resulting from a cyber-attack. To comply, the utilities have documented in their revised ERPs the applicability of the plans for managing large scale outages caused by a cyber-attack. Notably, these revisions highlight the understanding and knowledge that

electric outages can be caused by events other than severe weather and reinforces an all-hazards planning principle.

- **Customer Credits and Reimbursements.** Under the amended ERPs, utilities are required to provide bill credits and reimbursements to residential and small business customers who experience a widespread prolonged outage lasting at least 72 consecutive hours.

Each of the amended ERPs include a communications plan detailing the information to be shared, how it is shared, and sample press releases that the utilities will issue following a qualifying event.

- **Medical Equipment.** Under the amended ERPs, the utilities are required to identify what medical devices classify as Life Support Equipment.

The ERPs explicitly define essential electricity for medical needs to include apnea monitors for infants, cuirass respirators, hemodialysis machines, IV feeding machines, IV medical infusion machines, oxygen concentrators, positive pressure respirators, respirator/ventilators, rocking bed respirators, suction machines, and tank type respirators.

The utilities have incorporated language into their ERPs ensuring consistent language and an accurate listing of Life Support Equipment.

- **Communication and Coordination Efforts.** Utilities' amended ERPs must outline how communication and coordination efforts between the company and its employees, external crews, other utilities, local

government officials and any other pertinent parties occur.

The Commission agreed that these principles are important and took action to ensure proper communication occurs.

- **Travel Ban Exemption.** Inaccessibility to impacted locations can cause a significant delay in the restoration of service.

Utility workers, who are needed to restore or maintain power, are exempt from travel bans. This helps alleviate barriers the utilities faced when obtaining supplemental outside resources and trying to restore power as quickly as possible after a major storm event.

### **PSC IMPROVES CUSTOMER-CENTERED ELECTRIC DISTRIBUTION SYSTEM PROGRAM**

In March 2024, the Commission directed the State's largest electric utilities to file proposals outlining alternative procurement mechanisms that they are seeking to deploy in the dynamic load management (DLM) program. As such, DLM programs offer customers financial payments to reduce the amount of electricity used during periods of high demand or system stress such as hot summer days. Further, they give consumers more options and control over energy bills, while also increasing the utilities' ability to manage demand on their systems.

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*Dynamic load management provides substantial benefits to customers, the electric system, distribution utilities, and the State. The benefits of these programs support New York's nation-leading clean energy goals while reducing emissions across the State and helping to lower the customer's total utility bill.*

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In the decision, the five major electric utilities — Consolidated Edison Company of New York, Inc. (Con Edison), Orange and Rockland Utilities, Inc. (O&R), Central Hudson Gas and Electric Corporation (Central Hudson), New York State Electric and Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RGE), and Niagara Mohawk Power Corporation d/b/a National Grid, — were directed to file proposals outlining the alternative procurement mechanisms that they were seeking to deploy in the DLM program.

The implementation of dynamic load management programs a decade ago by all major electric utilities in the State was a major step forward toward meeting New York’s energy, capacity, and reliability goals in a cost effective and environmentally friendly way. Through dynamic load management, utilities can reduce electricity usage when demand is highest, lowering energy and capacity costs, reducing necessary infrastructure spending, and enhancing reliability. These actions can also help reduce harmful emissions, since peaking plants are often dirtier and less efficient than base load power plants.

In 2014, the Commission directed utilities to develop three types of programs: a peak shaving program to be called on a day-ahead basis when next-day forecast load approaches the forecast summer peak load; a local distribution reliability program to be called in order to address local reliability issues in specific defined electrical or geographic areas; and a direct load control program allowing customers to install a device which can be controlled remotely by the utility to directly switch load on and off to compensate for high demand or system stress. Customers could participate in these programs individually or through an aggregator.

Several types of payments were offered by the various programs established, including performance payments, reservation payments, sign-up payments, and participation payments.

Performance payments were made to customers on a dollar per kilowatt-hour (kWh) basis during called demand response events.

Reservation payments compensated customers on a per kilowatt (kW) basis for committing to reduce their usage during called events.

Sign-up and participation payments were primarily used in direct load control payments and compensate customers for allowing the utility to install a load control device and use that device to reduce their load during called events.

Implementing distribution-level demand response programs throughout the State represented a major step forward toward the ultimate goal of enabling a two-way trans-active market for energy and capacity on the distribution system level between customers, their utility, and other service providers.

## ASSISTING COMMUNITIES

### **PSC CUTS REVENUES A RECORD \$22.6 MILLION FOR SIX UTILITIES FAILING TO MEET PERFORMANCE METRICS**

In June 2023, the Public Service Commission (PSC, Commission) reviewed the State’s major utilities in terms of their performance in a number of key areas in 2022, including electric reliability service, electric safety, gas safety, and customer service.

As a result of the review, utility revenues collected from customers were reduced by a total of nearly \$30 million for six utilities for failing to meet reliability and customer service targets. The financial penalties would be applied in the next rate cases of each of the respective utilities, including the pending New York State Electric & Gas Corporation (NYSEG) / Rochester Gas and Electric Corporation (RG&E) rate case.

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*The Commission’s rate design provides carrots and sticks based on utility performance. In 2022, almost a quarter of those utilities fell short of their legal requirements in certain areas. The Commission will aggressively work to ensure lagging utilities improve performance. Maintaining reliability and ensuring good customer service is required for utilities, and the Commission holds them accountable when they fail to meet our standards.*

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### **ELECTRIC RELIABILITY**

Department of Public Service (DPS, Department) staff completed its annual review of the electric service reliability performance of the New York State electric utilities and presented its report for 2022 to the Commission.

The Commission relies on two primary metrics to measure performance: the System Average Interruption Frequency Index (SAIFI or frequency) and the Customer Average Interruption Duration Index (CAIDI or duration).

Excluding major storms, the statewide interruption frequency for 2022 was better than 2021 and the statewide five-year average. The statewide interruption duration, excluding major storms, was 1.9 hours. This was 5.4 minutes shorter than 2021 and 4.8 minutes shorter than the five-year average.

The State experienced 34 separate storm events that qualified as major storms in 2022. Although this was four less major storms than experienced in 2021, the impact of the 34 major storms in 2022 was much more severe.

Customers affected by major storms increased 31 percent when compared to 2021, and customer hours of interruption from major storms doubled when compared to 2021.

The majority of these additional hours of interruption could be attributed to three separate winter storm events that impacted New York State in February, April, and December of 2022. Reliability Performance Mechanisms are companywide performance targets established by the Commission in rate orders; companies are subjected to negative revenue adjustments (financial penalties) for failing to meet their reliability targets.

NYSEG failed to meet its reliability target for outage frequency in 2022. As a result, NYSEG incurred a negative revenue adjustment of \$7 million.

All other electric utilities met their reliability targets in 2022.

### **ELECTRIC SAFETY**

The Commission established electric safety standards to safeguard the public from exposure to stray voltage and to identify and eliminate potentially harmful conditions before serious safety hazards and/or reliability deficiencies develop. The standards include, among other requirements, stray voltage testing of streetlights and electric facilities that are accessible to the public.

In 2022, manual stray voltage testing was performed on approximately one million utility facilities statewide, resulting in the identification of 133 stray voltage conditions; of which 102 (77 percent) were at potentially dangerous voltage levels of 4.5V or higher.

The overall total of stray voltage findings decreased 46 percent from the 2021 level with the total number of findings above 4.5V decreasing by 39 percent, and the number of all stray voltage findings amounting to 0.00013 percent of all facilities tested.

All utilities were in full compliance with all testing and inspection requirements in 2022.

### **GAS SAFETY**

Department staff evaluated critical areas of gas safety, including damage prevention, emergency response, leak management, and non-compliance with safety regulations identified through staff's audit process.

The data indicates that performance had substantially improved for the gas utilities across the State over the 20-year period staff has been reporting performance. With some exceptions, utility performance has either improved or remained consistent since the start of the COVID-19 pandemic in 2020.

Overall, gas utilities maintained focus on the performance measures which ensured the same, if not a greater level of public safety.

The first measure, damage prevention, gauges the success of utilities in minimizing damages to buried natural gas facilities caused by excavation or demolition activities. In 2022, while still showing improvement from pre-COVID-19 pandemic levels, the performance in this measure decreased as compared to the previous year.

The second measure, emergency response, reflects the utilities' ability to respond promptly to reports of leak, odor, and emergency notifications by examining the percentage of reports that were responded to within three response time intervals. In 2022, emergency response times, while remaining above acceptable target levels, did show a slight decline in performance compared to the previous two years, as vehicle traffic levels have started to return to pre-COVID-19 pandemic levels.

### **CUSTOMER SERVICE**

Most of the State's utilities have met or exceeded the standards of performance on measures for customer service established within their respective rate case proceedings, with the exceptions of the following utilities: Central Hudson Gas & Electric Corporation (Central Hudson) failed to meet all three of its metric targets, resulting in a negative adjustment of \$2.87 million. NYSEG and RG&E each failed to meet all four of their respective metric targets, resulting in negative adjustments of \$8.72 million and \$5.9 million, respectively. Consolidated Edison Company of New York (Con Edison) failed to meet its call answer rate metric, resulting in a negative revenue adjustment of \$4 million. Liberty Utilities d/b/a St. Lawrence Gas and National Grid (upstate) each failed to meet their metric for

the customer satisfaction survey resulting in a negative revenue adjustment of \$36,000 and \$1.05 million, respectively.

The total negative revenue adjustments for failing customer service requirements in 2022 is a record \$22.5 million; nearly 10 times higher than the \$2.3 million in financial penalties assessed in 2021.

### **PSC BOLSTERS CENTRAL HUDSON'S POPULAR CLEAN HEAT PROGRAM**

In June 2023, the Commission approved over \$25 million in additional funds for Central Hudson Gas & Electric Corporation's (Central Hudson) Clean Heat program, which was designed to promote the electrification of space and water heating by offering contractor and customer incentives for the installation of air- and ground-source heat pumps.

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*The New York State Clean Heat program is the State's main utility-administered program for electrifying space and water heating in buildings. Approving additional funds for Central Hudson's program supports the State's electrification goals.*

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Central Hudson's Clean Heat program was in high demand. By the end of 2022, the program achieved over 175 percent of its cumulative savings target at average unit costs lower than authorized. The utility was forced to reduce its Clean Heat program incentives twice since the program's inception to manage costs.

Without more funding, the company might have had to stop its Clean Heat program in mid-June of 2023. The company's request would have resulted in total program costs of \$74.7 million.

The Commission directed Central Hudson to reallocate \$13.5 million of previously authorized electric energy efficiency budgets, transfer \$4 million of previously

collected and unspent funds, use \$1.7 million of accrued interest on Clean Energy Fund collections, and spend up to an additional \$6 million, if needed, to support Central Hudson's Clean Heat program.

The New York State Clean Heat Program, which all the major utilities participate in along with support from the New York State Energy Research and Development Authority (NYSERDA), was highly successful.

In 2022, the Commission approved a similar request made by Consolidated Edison Company of New York, Inc. (Con Edison) to transfer previously collected and unspent funds as well as future authorized electric energy efficiency budgets to support the continuation of its popular Clean Heat program. The Commission also made other modifications to the program, including reallocating an additional \$100 million into the program, and approving a continuity funding mechanism.

In addition to approving new funds for Central Hudson, the Commission made other minor modifications to ensure the continued operation of Central Hudson's Clean Heat program and established a new target associated with the authorized continuity funding related to heat pumps for the utility.

### **COMMISSION ESTABLISHES CONSUMER PROTECTION RULES AND REGULATIONS REGARDING ENERGY BROKERS AND CONSULTANTS**

In June 2023, the Commission implemented a new section in the Public Service Law which requires persons, firms, associations, or corporations acting as an energy broker or consultant to register with the Commission. Establishing a registration process for energy brokers and consultants allows the Commission to oversee these entities and

establish enforcement procedures and consumer protections.

The new regulations established a registration process for energy brokers and energy consultants that requires an annual registration package consisting of a registration form, a \$500 registration fee, and a demonstration of financial accountability. In addition, the new rules required disclosure of compensation by brokers and establish enforcement procedures. Brokers and consultants were given until August 31, 2023, to become fully registered with the Commission.

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***We brought accountability to a formerly unregulated area of the clean-energy economy in New York” said Commission. Equally important, by increasing transparency and oversight of an important and rapidly growing market, we have significantly strengthened consumer protections.***

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The registration form for brokers and consultants requires:

- Contact information for the company and identification of any affiliates of the applicant conducting energy-related business.
- Identification of any corporate entity with an ownership interest of 10 percent or more in the applicant and information on the methods by which the applicant intends to market energy products and services.
- Identification of other states in which the applicant operates and identification of any criminal or regulatory sanctions from any jurisdiction imposed against the applicant, or any senior officer of the applicant.

- Identification of any pending regulatory actions or investigations from any jurisdiction involving the applicant, identification of any acquisitions, mergers, dissolutions, or bankruptcy involving the applicant in the previous 36 months; and a list and description of any security breaches associated with customer information.

A broker or consultant would be subjected to an enforcement action for a violation of any law, rule, or regulation. The new requirements also mandated compensation disclosure to customers so that customers would be aware of how and why the broker and consultant are being paid, and whether the payments could misalign the interests of consumers and the market.

The law also prohibits rebates from the broker/consultant to the ratepayer or any representative of the ratepayer, since such rebates could tend to obscure the actual price of clean energy products. If there is customer harm, the Commission can order the broker/consultant to provide refunds to customers. If the broker/consultant is unwilling or unable to pay, then the Commission could provide refunds to customers by drawing upon a letter of credit the brokers/consultants have to provide as financial accountability.

The modifications to the Uniform Business Practices (UBP) rules and UBP-distributed energy resources also require brokers and consultants to adhere to certain standards for marketing and responding to customer inquiries and requires them to take certain steps to protect customer data.

### **PSC IMPROVES CRITICALLY IMPORTANT NY-SUN PROGRAM**

In June 2023, the Commission reviewed and made improvements to the State’s landmark NY-Sun program, which provides multiple

resources to help New Yorkers harness the power of the sun, including incentives and financing for homes and businesses.

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*The modifications we are making to NY-Sun program operations are reasonable to respond to market and policy conditions. These changes will strengthen and improve this very important program going forward and will position it for even greater success in the months and years ahead.*

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Based on a review of NY-Sun program performance and factoring in updated project cost estimates based on developer-reported data, utility-reported interconnection costs, international cost trends, and other market or policy factors impacting costs, the Commission approved several program modifications, including:

- Granting the New York State Energy Research and Development Authority (NYSERDA) flexibility to adjust its Community Adder and Inclusive Community Solar Adder incentives to respond to dynamic market and policy conditions.
- Expanding the eligibility requirements for the prevailing wage adder, in response to the Federal Inflation Reduction Act.
- Authorizing NYSERDA to develop a new floating photovoltaic adder.
- Authorizing NYSERDA to remove system production adjustments from the incentive payment structure for commercial and industrial projects and amending consolidated billing rules.

The NY-Sun program includes an investment of \$1.5 billion in ratepayer-funded incentives to extend the successful NY-Sun program and continue the marked reduction in project costs and incentives

observed in the last ten years. The public investment will spur approximately \$4.4 billion in private investment to bring awarded projects to fruition, for a total of \$5.9 billion in expected investment over the mid- to late-2020s.

An additional six thousand solar jobs will be created across the State, including with the State's first application of prevailing wage requirements for solar projects between one and five megawatts.

### **SIGNIFICANT FEDERAL ASSISTANCE REDUCES CLEAN-ENERGY COSTS FOR NEW YORKERS**

In August 2023, Governor Hochul announced that due to the Inflation Reduction Act (IRA), millions of New Yorkers will see a reduction in utility bills.

The IRA funding would help support New York's nuclear power plants to deliver zero emissions electricity. The federal nuclear production tax credit, passed by Congress and signed by President Biden as part of the IRA, provides significant financial support to the four operating nuclear reactors in the State and thereby reduce future payments by New York electric ratepayers to these facilities.

The goals and policies of the IRA support initiatives and strategies previously established by the State of New York over the last decade. In 2016, in recognition of the adverse effects of climate change on public health, the environment, and the economy, the Public Service Commission (PSC, Commission) implemented the Clean Energy Standard (CES), a first-in-the-nation program to prescribe carbon reduction mandates for electricity production in New York.

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*We applaud President Biden, Governor Hochul, and the US Congress for their efforts to ensure the Inflation Reduction*

*Act will support the continued operation of significant measures to address climate change. Most importantly, with the PTC action, the potential impact on consumers in states that have acted proactively to combat climate change should be addressed by recognizing the value of the environmental attributes associated with greenhouse gas-free generation of electricity at nuclear facilities.”*

### **PSC PRESERVES COMPETITIVE RENEWABLE ENERGY MARKET TO PROTECT CONSUMERS**

In October 2023, the Commission denied petitions filed by a group of offshore wind developers and a State renewable energy trade association seeking billions of dollars in additional funding from consumers for four proposed offshore wind projects and 86 land-based renewable projects.

In denying financial relief, the Commission opted to preserve the robust competitive bidding process that provides critically needed renewable energy resources to New York in the fairest and most cost-effective manner that protects consumers.

The petitions denied were submitted by Empire Offshore Wind LLC and Beacon Wind LLC, Sunrise Wind LLC, and the Alliance for Clean Energy New York, Inc. (ACENY). The petitions were seeking adjustment to Renewable Energy Credit (REC) and Offshore Wind REC (OREC) purchase and sales agreements entered with the New York State Energy Research and Development Authority (NYSERDA) to address recent inflationary pressures that are impacting project economics.

Upon careful consideration, the Commission found that the contract amendments sought by the Empire/Beacon, Sunrise, and ACENY petitions were not in the best interest of the State’s ratepayers.

On a monthly bill basis, granting the request to amend the executed contracts outside the competitive procurement process would have resulted in as high as 6.7 percent increases for residential customers and as high as 10.5 percent for commercial or industrial customers on monthly bills depending on service territory and the level of relief provided — above what was already committed.

In its decision, the Commission stressed that it remains fully supportive of the Climate Leadership and Community Protection Act (Climate Act), which codifies decarbonization requirements for various sectors of the economy and adopts ambitious renewable energy deployment targets and continue to adhere to Climate Act requirements in a manner that preserves competitive procurement processes and ensures utility rates are just and reasonable.

The Commission said that the decision reaffirms that competitive procurement is the best, most efficient way to help New York reach its goal of having at least 70 percent of electric load served by renewable energy by 2030, development of 9,000 megawatts of offshore wind energy by 2035 and meeting statewide demand with zero emissions resources by 2040.

All three petitions requested an order from the Commission that would have directed NYSERDA to incorporate an adjustment mechanism into existing REC and OREC purchase and sales agreements to account for inflation and other economic impacts cited by the developers.

The petitions drew significant comments from stakeholders both supporting and opposing granting financial relief. Supporters pointed to the State’s clean energy goals and argued that relief is needed to stay on track toward achieving those goals. Opponents generally expressed concern with the increase in prices that will

be borne by ratepayers and the disruption of the competitive process that was used to award these projects.

The petitions generally stated that the effects of the COVID-19 pandemic have exposed the projects to unprecedented global and regional supply chain bottlenecks, high inflation, and increases in the cost of capital, driven by rising interest rates. Further, the petitions identified impacts associated with the war in Ukraine, including increased demand for renewable energy and resulting shortages and price increases for key components and equipment.

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*The requested amendments to the contracts would have provided adjustments outside of the competitive procurement process; such relief is fundamentally inconsistent with long-standing Commission policy. The Commission has repeatedly stated that competition in the procurement process is necessary to protect ratepayers and provides the soundest approach to mobilize the industry to achieve our critical State goals dependably and cost-effectively, and we do so again through the action.*

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#### **UTILITIES PREPARED TO MEET CONSUMER DEMAND FOR ELECTRICITY AND NATURAL GAS DURING WINTER**

As part of its annual review, the Commission announced on October 12, 2023, that it expected the State's utilities would have adequate supplies of natural gas and electricity on hand to meet the demands of residential and commercial customers in New York State. Meanwhile, due to a softening in global commodity costs, natural gas, heating oil, and propane prices were expected to be lower for the winter of 2023-2024.

#### **PSC FINALIZES RULES PREVENTING UTILITIES AND ENERGY SERVICE COMPANIES FROM HARASSING CUSTOMERS**

The Commission finalized new rules that prohibit utilities and energy service companies from engaging in detrimental conduct toward residential customers.

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*These new regulations prohibit utility corporations, municipal utilities, and energy service companies subject to PSC jurisdiction from engaging in any conduct to harass, oppress, or abuse any residential customer in connection with the handling of a complaint, the offering of a deferred payment agreement, or the collection of an unpaid bill. If a regulated entity violates the new rules, we will hold them accountable.*

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The Commission finalized the new rules as required by legislation signed by Governor Hochul in November 2021. The new rules also provided that all service providers in violation of the statute shall be subject to fines, penalties, and enforcement actions.

Annually, the Commission's Office of Consumer Services handles several thousand complaints from consumers regarding alleged utility actions. It is expected that the new rules will better help protect consumers' interests.

The proceeding to create the new rules generated significant interest on the part of various stakeholders, including Joint Utilities, the Public Utility Law Project, the New York Retail Choice Coalition, NRG Energy, Inc. and NRG Retail Companies, American Association of Retired Persons, Family Energy, Inc., and the Cable Telecommunications Association of New York, Inc. The commentors were generally supportive of the proposed draft regulations' objectives.

The Public Service Law contains a comprehensive set of consumer protections in the Home Energy Fair Practices Act (HEFPA), and the new regulations expand the protections available to residential consumers. The establishment of utility service is a core focus of HEFPA and applicants for utility service are consumers.

### **INDIAN POINT'S DECOMMISSIONING REACHED SAFETY MILESTONE**

In October 2023, the Department and the Indian Point Closure Task Force announced that the owner and operator of the decommissioning Indian Point nuclear power plant in the Village of Buchanan (Westchester County) has transferred all spent nuclear fuel to dry cask storage. This marked important progress for the community and the State since dry cask storage is a safer, more secure storage practice, making New York the first state to accomplish such a prompt shift and remedy.

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*The successful transfer of spent fuel to dry cask storage is a tremendous accomplishment by the skilled men and women working to decommission Indian Point. Meanwhile, New York's oversight over the decommissioning of Indian Point continues unabated. New York's regulatory agencies, and the Indian Point Decommissioning Oversight Board, remain laser-focused on the safe, prompt, and thorough decommissioning of Indian Point.*

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The heightened risks posed by Indian Point's long-standing practice of storing spent nuclear fuel in densely packed spent fuel cooling pools have been of concern to New York State, contributing to the State's opposition to the relicensing of Indian Point more than 15 years ago; the State's successful effort to permanently close the facility in 2021; and the State's insistence

that the federal Nuclear Regulatory Commission (NRC) oppose Holtec's waivers for its Post-Defueled Emergency Plan (PDEP) until all spent nuclear fuel was out of densely packed spent fuel pools.

To mitigate the risks of fires in the spent fuel pools and release of radiation during a severe accident, and to avoid a decades-long process afforded by the federal government's decommissioning regulations, New York State required all spent nuclear fuel at Indian Point to be safely transferred out of the spent fuel pools and into dry cask storage on an accelerated timeline. Less than 30 months since those requirements were imposed, with all 3,998 spent fuel assemblies now contained within 127 reinforced concrete and steel casks on the site's independent spent fuel storage installations, the significantly reduced risk profile at Indian Point is a win for all New Yorkers.

### **PSC ADVANCES UTILITY EMPLOYEE DIVERSITY, EQUITY, AND INCLUSION INITIATIVE**

In November 2023, The Commission accepted and made public a third-party assessment of New York's major utilities' diversity, equity, and inclusion (DEI) plans. In addition, the Commission will continue ongoing DEI working group sessions with the major utilities through 2025.

In June 2022, the Commission directed all electric, gas, and water utilities in New York State with greater than 100 employees to develop DEI plans and participate in working groups.

In August 2022, Department staff issued a request for proposals to engage an independent consultant to assess utility DEI practices and assist with the working groups.

In September 2022, the utilities provided their initial draft DEI plans and Department

staff commenced the utility working groups in January 2023.

In April 2023, the working group sessions concluded, and the utilities filed revised DEI plans informed by the working group efforts.

In May 2023, the third-party consultant, FTI Consulting (FTI), submitted its assessment of the utility DEI plans.

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*The Commission understands and recognizes the many benefits of a diverse workforce on a utility's operations. A utility's workforce should represent the utility's service territory. It should include individuals of different races, ethnicities, national origins, physical abilities, sexual orientations, and genders. Ensuring a diverse workforce will help to ensure the utility can draw upon a large pool of ideas and experiences to address operational and customer needs.*

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According to FTI's assessment, the utilities' DEI plans must specify their DEI ambitions in line with their business strategies and include explicit action steps for their ongoing efforts, such as measurable goals and prioritized actions. The utilities have developed a realistic perspective of their current DEI progress and the work that lies ahead. Additionally, the utilities' DEI plans indicate support from their senior leadership and demonstrate commitment to continuous improvement.

In its decision to commence the proceeding in 2022, the Commission said a diverse workforce helps businesses become more agile and resilient, and an inclusive workplace improves employee morale, engagement, and retention. Diversity can also enhance recruiting and advancement activities. Companies that utilize diverse interview panels combined with diversity and inclusion-training for interviewers can

reduce implicit biases and ensure the company hires and promotes the most qualified candidates. Absent consideration of diversity and inclusion, hiring and recruitment would be stunted by shallower candidate pools, resulting in missed opportunities to improve utility management.

Further, a diverse workforce that reflects the utility's service territory helps ensure customer outreach and messaging efforts will reach those who need the information most. Utility messaging is critical to the success of programs directed toward low- to moderate-income customers.

In recognition of these benefits, companies often take specific actions to ensure that they recruit and retain a diverse workforce. These actions can include corporate policies, designated diversity officers, training programs, recruitment efforts, community outreach, or similar steps that actively promote diversity and inclusion in hiring, promotion, and contracting efforts. To promote inclusiveness for employees, many companies further establish non-discrimination policies, offer support services, or take similar actions.

In recent years, New York's utilities have been developing DEI strategies. The Commission initiated the proceeding to enhance utilities' existing efforts and ensure that the utilities have opportunities to learn from their counterparts and receive stakeholder input.

The Commission said utility DEI plans should identify corporate strategies and communication training, including consultant-led efforts to inform DEI strategies, specific DEI roles added to the organization, as well as employee outreach efforts. Utility DEI plans should identify training efforts to educate employees throughout the organization, including offering formal training programs, periodic

employee training sessions, and available employee resources (e.g., online databases and learning portals).

To aid in the continued development of the DEI plans, the Commission will continue to facilitate working group discussions, which will allow the group to identify best practices. The utilities are also encouraged to engage in one-on-one discussions to learn more about their peers' strategies. Smaller utilities are encouraged to participate in the working group, as well as the Long Island Power Authority (LIPA), New York Power Authority (NYPA), and New York State Energy Research and Development Authority (NYSERDA).

### **PSC DIRECTS MODIFICATIONS TO NFG'S LONG-TERM GAS PLAN**

In December 2023, the Commission directed National Fuel Gas Distribution Corporation (NFG) to take a number of actions to modify and improve its gas system long-term plan. The modifications were based in part on input and recommendations from stakeholders involved in the proceeding.

The Commission directed NFG to propose pilot projects testing different scenarios of heat-pump deployment; provide additional information in its annual updates to its long-term plan and separate reports; and address certain recommendations in its next long-term plan filing.

NFG will provide annual updates to its long-term plan by May 31 of each year and submit the next iteration of its next long-term plan by December 15, 2026.

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*The Commission's groundbreaking planning process will reduce greenhouse gas emissions from the State's natural gas delivery system. Subjecting the long-term plans of National Fuel Gas and other major utilities to a rigorous review and open stakeholder process will ensure that*

*the gas utilities take appropriate actions to help meet the State's greenhouse gas emission reduction goals. These gas plans will ensure that gas utilities continue to provide safe, adequate, and reliable service while striving to reduce greenhouse gas emissions.*

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Specifically, the Commission directed NFG to make filings in the near-term to propose demand response programs and pilot projects focused on cold-climate air source heat pumps.

The Commission also directed NFG to provide more complete information on rate and bill impacts resulting from its long-term plan, to develop criteria for determining when leak prone pipe segments can be replaced with non-pipe alternatives, to develop with stakeholder input a benefit-cost handbook to be used to evaluate future non-pipe alternatives and provide updated information on the availability of renewable natural gas in its service territory.

In its next long-term plan filing, NFG was directed to include scenarios that evaluate the use of hydrogen and meet demand growth solely with non-pipe alternatives.

In the gas-planning proceeding, the Commission directed NFG and other major gas utilities to file a gas system long-term plan to allow for a transparent review and input from stakeholders, while ensuring State policies are met and utilities can continue to provide safe and adequate service.

NFG filed its initial long-term plan in December 2022, and filed a revised long-term plan, which was intended to incorporate feedback of stakeholders and staff. Additional stakeholder review culminated in NFG filing its final plan.

While NFG incorporated staff and stakeholder feedback in its final plan,

consensus could not be reached on a final plan. Based on input from stakeholders, the Commission required NFG to pursue additional efforts and provide additional information through specific filings. These requirements reflect recommendations from staff and the stakeholders, on topics such as pilot programs for cold climate heat pumps and demand response and additional bill impact analysis.

### **WINTER ENERGY ASSISTANCE FAIRS AND VIRTUAL ENERGY WORKSHOP**

In December 2023, the Department held four in-person winter energy assistance fairs and one virtual workshop across New York State. The events were free and open to the public and provided information about winter preparedness. Experts in energy, housing, aging, and more were on-hand to assist community members in learning about and applying for programs.

The virtual workshop was held in January 2024, with presentations from numerous State agencies including the Department of Public Service (DPS, Department), New York State Energy Research and Development Authority (NYSERDA), Housing and Community Renewal, Office for the Aging, New York Power Authority (NYPA), and the Office of Temporary and Disability Assistance.

### **\$200 MILLION IN UTILITY BILL RELIEF FOR 8 MILLION NEW YORKERS**

In February 2024, the Commission adopted a \$200 million New York State energy bill credit to be administered by the large electric and gas utilities on behalf of their customers.

The energy bill credit is a one-time credit using State-appropriated funds to provide energy bill relief to more than 8 million directly metered electric and gas customers.

With this action, more than \$1.4 billion has been or be made available to New York consumers to help offset energy costs in 2024.

The program, proposed by the Energy Affordability Policy working group, provided that the \$200 million appropriation included in the Fiscal Year 2024 State Budget allocated to customer accounts through a one-time credit within roughly 45 days of the utilities receiving budget funds.

The utility bill relief builds on several other key energy affordability programs administered by New York State, including \$380 million in energy assistance program (EAP) funding for consumers through utilities, \$360 million in Home Energy Assistance Program (HEAP) funding, \$200 million in EmPower+ funding through the State Budget, over \$200 million in ratepayer funding to provide access to energy efficiency and clean energy solutions for low-to -moderate income (LMI) New Yorkers through the Statewide LMI portfolio and NY Sun, and more than \$70 million annually through the Weatherization Assistance Program (WAP).

The DPS, in consultation with the Energy Affordability Policy working group, was tasked with designing a utility bill relief program related to the costs of utility affordability programs in recognition of energy commodity cost increases and the costs of utilities' delivery rate increases.

The working group considered multiple proposals over several months to effectuate the desired relief. The majority of the working group agreed to the DPS staff proposal after several key modifications and recommended the Commission implement a one-time energy bill credit that would primarily benefit residential and small business electric and gas customers.

The Energy Affordability Policy working group is made up of leading consumer groups and advocates, municipalities, relevant State agencies, and utilities in New York.

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*We applaud Governor Hochul for continuing to address the high cost of utility bills in New York State head on. While global commodity price volatility and utility delivery rate requests for increases, the Governor's new and innovative energy affordability initiatives are coming at exactly the right time.*

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### **NEW YORK STATE RETURNED NEARLY \$9.7 MILLION TO CONSUMERS IN 2023**

Governor Kathy Hochul announced that the Department of Public Service's (DPS, Department) Office of Consumer Services and the New York Department of State's (DOS) Division of Consumer Protection assisted 276,000 New York households with a variety of consumer protection matters, returning nearly \$9.7 million to consumers in 2023.

The DPS Office of Consumer Services conducted nearly 25,000 investigations, resulting in the Department returning nearly \$7 million to consumers.

The DOS Division of Consumer Protection handled 26,137 consumer complaints and inquiries returning nearly \$2.7 million to consumers.

DPS's Office of Consumer Services monitors the number and types of complaints received against all utilities operating in New York State to ensure that utilities fulfill their obligation to provide effective customer service in compliance with the laws, rules, regulations, and policies.

The Office of Consumer Services provides a monthly, detailed overview of complaint

activity and utility responsiveness that is informative to both consumers and utility companies.

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*The PSC and Department remain laser focused on resolving utility complaints for the State's consumers and ensuring utilities comply with consumer protection regulations. This focus enables us to promote our historic mission and activities on behalf of the public interest and helps ensure that utilities provide refunds to consumers when the utilities make a mistake.*

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## ELECTRIC GENERATION SITING

### SITING BOARD APPROVES MODIFICATIONS TO LARGE WIND FARM PROJECT

In November 2023, the New York State Board on Electric Generation Siting and the Environment (Siting Board) granted Alle-Catt Wind Energy LLC (Alle-Catt), developer of a 340-megawatt clean energy wind farm in Allegany, Cattaraugus, and Wyoming Counties, permission to modify its previously granted siting permit related to the building of the large wind farm including the location of turbines to be built, along with several other improvements. The Alle-Catt wind farm and other wind and solar projects currently under development are vital to meet the Climate Leadership and Community Protection Act's (Climate Act) aggressive carbon reduction and clean energy targets.

The Alle-Catt project won initial Siting Board approval in mid-2020.

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*In keeping with Governor Hochul's ambitious goals for carbon reduction and for a clean energy economy, we must continue to develop the clean energy resources in New York State needed to help all New Yorkers. Our actions regarding the Alle-Catt wind farm help reduce our dependence on fossil fuels and demonstrates that renewable energy works in New York and helps move us toward a clean energy future.*

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As a result of the decisions, the 340-megawatt (MW) Alle-Catt wind project when fully operational will consist of up to 83 wind turbines, down from 116 wind turbines, with associated underground collection system and substation and related infrastructure in the towns of Arcade (10 turbines), Centerville (24 turbines), Farmersville (14 turbines), Freedom (27

turbines), and Rushford (8 turbines) in the Counties of Allegany, Cattaraugus, and Wyoming.

In addition to reducing the number of turbines, Alle-Catt Wind is also permitted to install new facility components to reduce impacts, including new aircraft detection systems radar and other warning devices to reduce bird impacts.

Alle-Catt continues to be required to demonstrate compliance with conditions imposed by the Siting Board when it certified the facility, including noise-related and shadow-flicker requirements. The Siting Board also waived requirements of the local laws concerning setbacks of certain additional structures to be installed in the Towns of Freedom and Farmersville.

The facility is located on approximately 30,000 acres of privately leased land and enables landowners to continue with existing land uses. The project provides economic benefit by creating direct jobs, generates revenues for local governments through payments in lieu of taxes (PILOT) agreements, and provides revenues for participating landowners through lease and other agreements. Alle-Catt estimates that the project represents a major local investment, which result in a significant increase to the local taxable property base.

# TELECOMMUNICATIONS

## PSC RELEASES SECOND BROADBAND MAP AND BROADBAND REPORT

In June 2023, the Public Service Commission (PSC, Commission) authorized the release of a second report and interactive broadband map.

The Comprehensive Broadband Connectivity Act of 2021 (Act) directed the Commission to study, on an annual basis, the availability, reliability, and cost of high-speed broadband service in the State to help ensure that all New Yorkers have the necessary affordable access moving forward.

The interactive map allows users to explore the State's broadband availability. Users can search by an address to see what providers are available, what technology those providers are using, and what speeds and pricing packages they offer. Users are also able to search at county, municipal, and school district levels to obtain data on percentages of served, underserved, or unserved populations at each level.

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*The map and accompanying report are crucial in identifying areas that lack broadband access. This important work provides up-to-date data which will be used to improve broadband infrastructure in New York State. The data will continue to be a central resource for the efficient deployment of State and federal funding, enhancing New York's ability to target that funding to the areas in greatest need.*

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The Commission found that 97.5 percent of New York State address locations are served by high-speed broadband service providers.

To collect accurate data, the Commission collaborated with 73 internet service

providers, solicited stakeholder input from a consumer survey and the map's built-in feedback loop and conducted field inspections of over 50,000 addresses. In accordance with the Act, staff refined and analyzed the availability, reliability, and cost of high-speed broadband service throughout the State. The culmination of the year-long effort is the second report and interactive map in accordance with the requirements of the Act.

In January 2022, Governor Hochul announced a \$1 billion ConnectALL initiative as part of her 2022 State of the State address. This will deliver affordable broadband to millions of New Yorkers and transform the State's digital infrastructure through new investments.

Under the new ConnectALL initiative, New York State will use over \$1 billion in public and private investments to connect New Yorkers in rural and urban areas statewide to broadband.

## \$664 MILLION IN FEDERAL BROADBAND EQUITY, ACCESS, AND DEPLOYMENT FUNDS

In June 2023, Governor Hochul, US Senator Charles Schumer, US Senator Kirsten Gillibrand, and the New York Congressional Delegation announced New York State's ConnectALL Office had been allocated more than \$664 million in funding from the federal Broadband Equity Access and Deployment Program (BEAD), part of the 2021 Bipartisan Infrastructure Law. The BEAD allocation is the largest single investment in the ConnectALL program and used primarily for providing fiber optic infrastructure to locations in New York that currently have no broadband service.

The BEAD allocation follows a \$100 million award from the US Treasury Department's Coronavirus Capital Projects Fund and two planning grants totaling over \$7 million.

The BEAD allocation was based largely on New York's portion of the nation's unserved locations, as reported by the Federal Communications Commission (FCC). The FCC's map originally showed New York had 106,290 unserved locations.

In October 2022, Governor Hochul issued a challenge to the FCC's broadband data maps, which revealed more than 31,000 underserved and unserved locations missing from the FCC's data, following a statewide mobilization of regional, county, and local officials and New York's interactive broadband map.

In May 2023, the FCC released updated data including over 140,000 unserved locations in New York and nearly 38,000 locations that have access to the minimal level of internet speeds to qualify as underserved.

### **NEW 624 AREA CODE FOR ALL OR PARTS OF ALLEGANY, CATTARAUGUS, CHAUTAUQUA, ERIE, AND NIAGARA COUNTIES**

In September 2023, the Department announced that beginning September 11, 2023, customers in the 716-area code region requesting new mobile or landline telephone service, an additional line, or a move in the location of their service, might be assigned a number in the new 624-area code.

The creation of the new area code provided additional much-needed phone numbers for residents and businesses in the existing 716-area code region for years to come.

With the addition of the new area code, the region is now well-positioned to accommodate continued economic growth

and growing consumer demand for telephone service.

The new 624-area code is superimposed over the same geographical area served by the existing 716-area code. The 716-area code serves communities including Buffalo, Jamestown, Cheektowaga, Tonawanda, Niagara Falls, and West Seneca as well as all or portions of Allegany, Cattaraugus, Chautauqua, Erie, and Niagara Counties.

The area code overlay requires consumers to continue to dial 10 digits for local calls (area code + 7-digit telephone number) in the 716/624 area or 1+10 digits for calls to other area code regions. Customers in the 716-area code had already been completing local calls by dialing 10 digits since the July 16, 2022, national implementation of the 988 Suicide and Crisis Lifeline.

### **PSC APPROVES REQUESTS FROM FOUR SMALL TELEPHONE COMPANIES TO STOP DISTRIBUTING DIRECTORIES TO ALL CUSTOMERS**

In September 2023, the Commission granted Germantown Telephone Company, Newport Telephone Company, Cassadaga Telephone Corporation, and Dunkirk and Fredonia Telephone Company permission to stop printing and delivering phone books to all of its customers. The companies serve approximately 5,500 customers in Chautauqua, Columbia, Herkimer, Hamilton, and Oneida Counties.

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*Ending distribution of paper telephone books makes perfect economic and environmental sense. Customers flip through the internet for phone numbers; they no longer bother to page through a phone book.*

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The Commission orders authorized the companies to supply free on-line digital format directories and to print directories for customers who request them, without

charge. The companies must notify each customer and post information on their websites instructing customers on how they can access the online directory and/or obtain a printed directory.

Discontinuing the blanket distribution of paper directories will cause no hardship to customers because consumers can now use no-cost online competitive listing providers to look up telephone numbers and other information provided in traditional regulated print directories, and printed directories will still be made available to customers upon request and without charge.

Printed directories have become less useful over time due to the massive shift of consumers from traditional wireline to internet and wireless services. By eliminating the telephone books from just these four small companies, more than two tons of paper per year be removed from local waste streams.

### **PSC APPROVES \$1.2 BILLION CLEAN-ENERGY PROJECT IN NEW YORK CITY**

In January 2024, the Commission authorized the completion of Consolidated Edison Company of New York, Inc.'s (Con Edison) Reliable Clean City project to be built in Queens.

The \$1.2 billion project is needed to maintain the reliability of Con Edison's electrical system. In addition, it can be used to create new points of interconnection for energy storage and future clean energy projects, as well as mitigating future reliability concerns stemming from load growth.

According to the company's load forecast and distribution area station planning design criteria, the 27 kilovolt (kV) Jamaica distribution area substation, which provides power to the large swaths of New York City,

will exceed its 492-megawatt (MW) design capacity by 6 MW as early as 2026.

The company proposes to address the load growth by splitting the Jamaica network into two separate networks, a smaller Jamaica Network, and a new Springfield Network, as well as building the new Eastern Queens transmission substation and Idlewild distribution area substation to supply the Springfield network and transfer 170 MW of load from the Jamaica network distribution area substation to the Idlewild distribution area substation. The project will also obtain local permits.

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*With this decision, Con Edison will make infrastructure investments that are designed to promote the transition to a clean-energy economy while ensuring the reliability of the electric grid overall. Our action is a win-win for the company's customers and the environment.*

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## TRANSMISSION LINE SITING

### NEW TRANSMISSION LINE DELIVERS CLEAN ENERGY IN QUEENS COMPLETED

In May 2023, the Con Edison Rainey to Corona transmission line was energized, supporting continued grid reliability, including the closure of an Astoria fossil fuel-fired power plant owned by NRG Energy.

The six-mile transmission line from the Rainey 345 kV substation to a 138 kV substation in Astoria can carry 300 megawatts (MW), or enough electricity for 240,000 average-sized homes. The closure of the plant reduced carbon emissions and co-pollutants, moving the State closer to meeting the goals of the Climate Leadership and Community Protection Act (Climate Act).

The \$275 million transmission line is one of three lines Con Edison began building in 2021 to support the retirement of fossil-fuel power plants in New York City, including the Rainey to Corona project, the Gowanus to Greenwood project and the Goethals to Fox Hills project. The projects, known collectively as the Reliable Clean City projects, are on track to be completed in 2025 and will add 900 MW of transmission capacity across New York City.

When all three transmission lines are completed, the following peaker plants will be retired: the Con Edison 59th Street GT1 (17.1 MW) and 74th Street GT units 1&2 (37 MW) in Manhattan; Con Edison's Hudson Ave unit 5 (16.3 MW) in Vinegar Hill, Brooklyn; the Helix Ravenswood units 1, 10 & 11 (68.6 MW) in Long Island City, Queens; the NRG Astoria GTs (528 MW) in Astoria, Queens (closed in May 2023); and the NRG Arthur Kill GT1 unit (20 MW) in Staten Island.

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*New York State is in the middle of a fundamental change in the generation and delivery of electricity. Our priority is ensuring renewable, clean sources are integrated into the grid while polluting sources are being phased out. Given this fact, it is expected that additions and modifications to the utilities' transmission infrastructure will accommodate the cleaner sources of electricity while ensuring reliability. These are much needed, welcomed changes that will improve all of our lives for the better.*

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The projects are needed for reliability in 2023 and 2025 and to address deficiencies in two of Con Edison's transmission load areas because of the retirement or unavailability of older, higher air polluting power plants that generate power when demand for electricity peaks. Increasing amounts of that power will be clean energy as the State adds to its portfolio of renewable generation, including 9,000 MW of offshore wind mandated by the Climate Act by 2035. The work in Queens accounts for \$275 million of the \$800 million Con Edison is investing in these projects.

Simple-cycle combustion turbines (known as peakers or peaking units) are usually used only to meet peak electric demand during the summer, which is typically the worst air quality period. In 2019, the New York State Department of Environmental Conservation (DEC) adopted regulations requiring peakers to comply with regulations limiting allowable nitrogen oxide (NOx) during the ozone season; and if the peakers cannot comply, they need to be retired or made unavailable for operation during the ozone season. The NRG Energy plant closed in

May 2023 to comply with the adopted regulations.

The retirement of downstate fossil fuel-fired peaking generation units without the addition of any new fossil-fueled power plants is a significant step toward realizing New York's clean energy future. The retirement of peaking units, located in and near environmental justice communities, bring near-term air quality improvements to those communities on the worst air quality days.

The projects also open pathways for the delivery of upstate and offshore renewable generation to the State's largest concentration of population and demand for energy.

### **PSC COMMENCES PROCESS TO CONNECT OFFSHORE WIND TO NYC**

In June 2023, the Commission acted to expand the State's transmission system to deliver energy from offshore wind power sources to the New York City grid, in support of the State's climate goals.

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*In its decision, the Commission found the Climate Leadership and Community Protection Act, or Climate Act, mandates the procurement of at least 9,000 megawatts of offshore wind energy by 2035. As a general matter, we concluded that this public policy requirement drives the need for additional transmission facilities, and in particular, we seek options for delivery of the output of offshore wind generating resources to New York City interconnection points.*

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The Commission's decision leveraged the planning process spelled out in the New York Independent System Operator, Inc.'s (NYISO) tariff for the solicitation and evaluation of public policy transmission projects. Once the Commission determined that public policy required investment in

transmission facilities, NYISO solicits competitive proposals from transmission developers and assesses the submitted proposals across numerous metrics, including performance and cost. At the conclusion of the evaluation, the NYISO board chooses the project that is most efficient or cost-effective.

The Commission's focus on interconnections with New York City delivery points implements the recommendation of the 2021 power grid study to allocate offshore wind injections between the Long Island and New York City systems. In 2021, the Commission sought proposals through NYISO for new transmission between Long Island and the mainland.

On June 20, 2023, NYISO selected a transmission project submitted in that solicitation that would deliver 3,000 MW from offshore wind projects. The decision completes the Commission's work to implement power grid study recommendations, with a goal to build an additional 6,000 MW of transmission from offshore wind projects.

### **PSC APPROVES TRANSMISSION CHANGES FOR UPSTATE PROJECTS**

In July 2023, the Commission approved modifications to three major transmission projects in New York that are needed to help ensure reliability and improve the flow of clean energy across the State.

The three separate transmission-related decisions include the following:

- **Rochester Transmission Project.** The Commission granted Rochester Gas & Electric Corporation's (RG&E) request to amend its certificate of environmental compatibility and public need for the construction, operation, and

maintenance of the Rochester Transmission Project.

The project included the construction of a new 115 kilovolt (kV) line approximately 6.7 miles in length beginning in the Town of Gates and ending in the City of Rochester, (Monroe County).

The project also includes the expansion of two substations, one in the Town of Gates and one in the City of Rochester, and the reconstruction of three existing transmission lines.

The project is needed to increase reliability and strengthen the 115 kV network in western Rochester and will connect the expanded substations to address issues of low voltages and thermal overloads in the Rochester area.

- **Smart Path.** The Commission granted the New York Power Authority's (NYPA) request seeking changes to the \$484 million rebuild of the 86-mile, 230 kV Moses-Adirondack 1&2 line, to become the Haverstock-Adirondack 1&2 line.

NYPA sought Commission approval to operate what will become the Haverstock-Adirondack line at 345 kV; eliminate upgrades to a switchyard and substation and a 1.8 mile portion of right-of-way south of the Moses switchyard, all of which are no longer needed due to the separate, but related, Smart Path Connect project; and authorize an approximately 0.8 mile reroute from the north side of New York State Highway Route 131 to the south side of Route 131 in the Town of Massena (St. Lawrence County). When completed, the two segments

of Smart Path Connect will join the Smart Path project, creating one continuous upgraded transmission line that traverses Oneida, Lewis, St. Lawrence, Franklin, and Clinton Counties.

- **Lockport-Batavia.** The Commission granted minor waivers regarding National Grid's application for the utility's rebuild of its 35-mile Lockport-Batavia transmission project in Niagara and Genesee Counties.

National Grid sought approval to use the most recent topographic maps prepared by the United States Geological Survey to show the location, length, and capacity of the proposed facility.

The utility also sought a waiver to use certain types of aerial photographs.

## CHAMPLAIN HUDSON ADVANCES

The Commission approved 13 orders in the fiscal year to spur the 339-mile Champlain Hudson Power Express (Champlain Hudson) project forward, modifications to allow the project to proceed on schedule, including the start of construction of a critically important converter station in Queens, which was announced by Governor Hochul on September 19, 2023.

Commission staff reviewed construction details for every mile of the route. The project, being developed by Transmission Developers Inc, will deliver reliable clean energy from Hydro-Québec in Canada directly to New York City, and is expected to bring \$3.5 billion in economic benefits to New Yorkers while creating nearly 1,400 family-sustaining union jobs during construction and was competitively selected under Tier 4 of the State's Clean Energy

Standard, as a key project that will help achieve New York's Climate Leadership and Community Protection Act goal to obtain 70 percent of electricity statewide from renewable sources by 2030 on the path to a zero-emission grid.

### **PSC APPROVES UTILITY TRANSMISSION PLANNING PROCESSES**

In August 2023, the Commission approved the revised coordinated grid planning process proposed by the State's major utilities — Central Hudson Gas & Electric Corporation (Central Hudson); Consolidated Edison Company of New York, Inc. (Con Edison); Long Island Power Authority (LIPA); National Grid (upstate); New York State Electric & Gas Corporation (NYSEG); Orange & Rockland Utilities, Inc. (O&R); and Rochester Gas and Electric Corporation (RG&E).

Approval of the planning process allows the major utilities to conduct a cycle of system studies over the next 24 months.

At the conclusion of the studies, a necessary component of the Climate Leadership and Community Protection Act (Climate Act), the utilities will submit proposed transmission investment plans for the Commission's review.

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*The Climate Act is advancing renewable energy, driving statewide economic growth, and creating jobs at a record pace. To continue meeting the State's goals requires smart and timely investments for significant upgrades and additions to the State's existing transmission and distribution systems to enable the continued integration of new large-scale renewable energy projects into the State's energy supply.*

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### **PSC ADVANCES THREE MAJOR TRANSMISSION LINE PROJECTS TO SUPPORT RENEWABLE GENERATION**

In November 2023, the Commission made three major decisions regarding transmission projects being developed by New York Transco (NY Transco), a major transmission line developer in New York State.

In the first decision, the Commission authorized New York Transco to transfer certain interconnection facilities to Orange and Rockland Utilities, Inc. (O&R) for the timely interconnection and operation of the Rock Tavern to Sugarloaf project, which will increase transmission capacity to move power from upstate to downstate New York.

The Commission noted that the construction of the Rock Tavern to Sugarloaf project, which connects to the New York Energy Solution Project, will serve a public need because it will address the contingency resulting from increasing the transmission capacity across the Central East and Upstate New York/Southeast New York interfaces. O&R, as a regulated utility with significant experience in owning and operating the relevant infrastructure, will be a capable operator of the transferred facilities.

O&R will be directly integrating the interconnection facilities into O&R's transmission system for the benefit of its own ratepayers. In addition, the transfer of the interconnection facilities from New York Transco to O&R will not adversely impact O&R ratepayers or the reliability, safety, operation, or maintenance of O&R's distribution system.

In the second decision, the Commission authorized New York Transco to transfer certain interconnection facilities to Con Edison, for the timely interconnection and operation of the New York Energy Solution Project. Con Edison, as a regulated utility with significant experience in owning and

operating the relevant infrastructure, will be a capable operator of the transferred facilities. Con Edison will directly integrate the interconnection facilities into Con Edison's transmission system for the benefit of its own ratepayers.

In addition, the transfer of the interconnection facilities from New York Transco to Con Edison will not adversely impact Con Edison's ratepayers or the reliability, safety, operation, or maintenance of Con Edison's distribution system.

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*New York continues to make significant upgrades and additions to the State's existing transmission systems to integrate new large-scale renewable energy projects into the State's energy supply. These projects will help ensure that New York meets its clean energy requirements as called for by the Climate Act.*

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In the third decision, the Commission approved \$1.4 billion in financing for New York Transco's Propel NY Energy transmission project. Propel NY Energy is a proposed electric transmission solution — constructing new and upgraded underground and submarine transmission lines and stations — developed by the New York Power Authority (NYPA) and New York Transco to bolster the electric transmission network on Long Island, in parts of New York City, and in Westchester County for reliability, resiliency, and the delivery of clean offshore wind energy to homes and businesses throughout New York State.

The project was recently selected by the New York Independent System Operator, Inc. (NYISO) to meet the Long Island Offshore Wind Public Policy Transmission Need identified by the Commission.

## **CENTRAL EAST ENERGY CONNECT TRANSMISSION LINE COMPLETED**

In December 2023, Governor Hochul announced the completion of the Central East Energy Connect (CEEC) transmission project, an upgrade of transmission lines between Marcy in Oneida County and New Scotland in Albany County to relieve congestion and enable integration of more renewable energy into the State's power grid.

The 93-mile transmission line project will install more than 650 new steel transmission monopoles as well as the construction of two new state-of-the-art transmission substations at Gordon Road in Rotterdam, and in Princetown (Schenectady County), which allow for increased power transfer capacity and more reliable transmission.

The newly rebuilt transmission corridor will be able to carry nearly five times the amount of electricity as the old lines, enough to power approximately 2 million homes.

The New York Power Authority (NYPA) President and CEO Justin E. Driscoll celebrated the completion of the project accompanied by LS Power CEO Paul Segal, and President and CEO of NYISO Rich Dewey, along with other State energy and environment representatives.

The Central East Energy Connect transmission project was completed, an upgrade of transmission lines between Marcy (Oneida County) and New Scotland (Albany County) to relieve congestion and enable integration of more renewable energy into the State power grid.

The 93-mile transmission line project involved the installation of more than 650 new steel transmission monopoles as well as the construction of two new state-of-the-art transmission substations at Gordon Road in Rotterdam, and in Princetown, both in Schenectady County, which allow for

increased power transfer capacity and more reliable transmission. The newly rebuilt transmission corridor can carry nearly five times the amount of electricity as the old lines, enough to power approximately 2 million homes.

The CEEC upgrade project included replacing existing lines and wooden poles, some of which are about 60 years old, with stronger steel monopoles in existing utility rights-of-way and building two new substations.

In total, the project removed approximately 1,250 aging transmission structures and replaced them with more than 650 monopoles. These improvements increased the resiliency of the line to strengthen it against extreme weather and supports the transmission of clean energy across the State.

The project is part of a larger buildout of transmission projects across the State, including more than 1,000 miles of planned transmission investments that maximize the use of renewable energy for parts of the state that rely heavily on fossil fuel plants.

### **PSC APPROVES OFFSHORE WIND TRANSMISSION LINE PROJECT**

In December 2023, the Commission adopted the terms of the joint proposal regarding Empire Offshore Wind LLC's petition to construct and operate the New York offshore and onshore transmission facilities for the Empire Wind 1 Offshore Wind Project.

*The development of offshore wind projects is an important part of the development of a clean-energy economy for New York State. The certificate conditions are adequate to protect the public interest and to ensure potential significant negative impacts of the project are avoided or minimized. The Commission is proud to*

### *support the growth of New York's renewable electricity marketplace.*

The adopted joint proposal was signed by multiple stakeholders, including Empire Offshore Wind, Department of Public Service (DPS) staff, the Department of Environmental Conservation (DEC), the Department of Agriculture and Markets, the Department of State, the City of New York, and the Long Island Commercial Fishing Association. No parties opposed the terms of the joint proposal.

Before construction can begin, the Commission must approve an environmental management and construction plan for the project.

The approved joint proposal calls for a project that runs approximately 17.5 miles of transmission lines from the boundary of New York State waters to a point of interconnection in Brooklyn (Kings County).

Empire Offshore Wind 1 is an 816-megawatt (MW) wind project being developed by Equinor Wind US LLC. The project will produce enough clean, renewable energy for more than 388,000 homes.

The transmission project includes two 230-kilovolt (kV) high-voltage alternating current (HVAC) submarine export cables within an approximately 15.1 nautical mile-long submarine export cable corridor, extending from the boundary of New York State waters (3 nautical miles from shore) to the cable landfall in Brooklyn; and a 0.2 mile-long onshore cable route and substation including two three core 230-kV HVAC onshore export cables buried underground from the cable landfall either directly to the cable terminations or to transition vaults within the proposed onshore substation.

In addition, there will be an onshore substation located at the South Brooklyn Marine Terminal that will increase the voltage to 345 kV for the onshore interconnection cables, and two 345-kV cable circuits, each with three single-core HVAC onshore interconnection cables, that will be buried underground from the onshore substation to the point of interconnection at the Gowanus 345-kV substation owned by the Consolidated Edison Company of New York, Inc. (Con Edison).

### **PSC APPROVES PROCESS TO DEVELOP NEW STATE-OF-THE-ART TRANSMISSION LINES**

In January 2024, the Commission approved a process to assess advanced transmission technologies that reduce the costs and impacts of the transmission upgrades needed to meet the goals of the Climate Leadership and Community Protection Act (Climate Act). The Commission’s decision was intended to improve the transparency and accessibility of the utilities’ technology vetting procedures.

In 2020, the Commission initiated a proceeding to implement transmission planning to comply with the Accelerated Renewable Energy Growth and Community Benefit Act (Accelerated Renewables Act). The statute required the Commission to identify upgrades to the electric grid needed to support the climate goals established in the Climate Act.

In mid-2023, the Commission strengthened efforts to implement the planning requirements of the Accelerated Renewables Act.

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*The Climate Act is advancing renewable energy, driving statewide economic growth, and creating jobs at a record pace. To continue meeting the State’s goals requires smart and timely investments for*

*significant upgrades and additions to the State’s existing transmission and distribution systems to enable the continued integration of new large-scale renewable energy projects into the State’s energy supply, and the Commission’s decision ensures the State’s investments take advantage of cost-saving and efficient new transmission technologies.*

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The decision approved the utilities’ establishment of an Advanced Technology Working Group (ATWG) to respond to earlier Commission directives relating to the study and adoption of such technologies in utility infrastructure planning.

The approved plan establishes a process for identifying and vetting new technologies. The order added procedural requirements that enhance the ATWG’s technology scouting and surveying efforts, improved coordination with the current cycle of the Coordinated Grid Planning Process; and established a regular schedule for future assessments that facilitate technology developer participation.

### **PSC APPROVES MAJOR UNDERGROUND TRANSMISSION LINE IN ROCKLAND COUNTY**

In February 2024, the Commission adopted the terms of the joint proposal signed by Orange and Rockland Utilities, Inc. (O&R), trial staff of the New York State Department of Public Service (DPS), the New York State Department of Environmental Conservation (DEC), the New York State Department of Transportation (DOT), the New York State Department of Agriculture and Markets, the County of Rockland, and the Town of Clarkstown.

The \$57.8 million project is a 138 kilovolt (kV) underground transmission line, primarily within the public roadway rights-of-way (ROW), for a total distance of

approximately five-and-one-half miles between the Burns substation and the West Nyack Substation in the Town of Clarkstown (Rockland County).

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***This new transmission project is good news for the region and its customers. “It will help improve reliability and reduce the chances of power outages due to an over-stressed electric grid.”***

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According to the joint proposal, the new power line is needed to relieve potential overloading of O&R’s existing 138 kV overhead Line 702 between its Burns and Oak Street substations. Recent summer studies indicated that the power flow on the existing line will exceed its capacity if an outage occurs on another 138 kV line serving the region. Additional anticipated loads from proposed data centers in the Orangetown area will increase the potential for overloading under the same contingency.

Should such overloads occur, load transfers to adjacent substations will be needed and, if the overloading persists, load shedding will occur to prevent damage to the existing conductors.

Once completed, the project will immediately alleviate loads on the existing line, improving the regional transmission network’s overall resiliency and power source reliability to southern Rockland County, while utilizing existing ROW without visual impacts.

## APPENDIX: BUDGET HIGHLIGHTS

The Fiscal Year 2024 Enacted Budget totaled \$317.5 million for the Department, a decrease of \$50 million from the Fiscal Year 2023 Budget, and a workforce of 528 employees for the Department.

This change in appropriations is attributable to a decrease of \$250 million in one-time funding to reduce gas and electric utility arrears for residential customers, partially offset by \$200 million in one-time funding for the Energy Assistance Program to reduce gas and electric bills for low-income customers.

### ALL FUNDS APPROPRIATIONS (Dollars)

Category	Available 2022-23	Appropriations 2023-24	Change	Re-Appropriations 2023-24
State Operations	\$111,760,000	\$111,760,000	\$0	\$5,500,000
Aid to Localities	\$255,750,000	\$205,750,000	(\$50,000,000)	\$5,668,000
<b>Total</b>	<b>\$367,510,000</b>	<b>\$317,510,000</b>	<b>(\$50,000,000)</b>	<b>\$11,995,000</b>

### ALL FUND TYPES PROJECTED LEVELS OF EMPLOYEMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Program	2022-23 FTEs	2023-24 FTEs	FTE Change
<b>Administration</b>			
Special Revenue Funds – Other	65	65	0
<b>Regulation of Utilities</b>			
Special Revenue Funds - Federal	22	22	0
Special Revenue Funds - Other	441	441	0
<b>Total</b>	<b>528</b>	<b>528</b>	<b>0</b>



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