

NATIONAL GRID MONITORSHIP: SECOND QUARTERLY REPORT
(April 17, 2020)¹

Pursuant to the Settlement Agreement of November 24, 2019 (the “Settlement”)
between the New York State Department of Public Service (“DPS”) and National Grid
USA, The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas
East Corporation d/b/a National Grid (collectively, “National Grid”)

I. Executive Summary

Since the First Quarterly Report,² National Grid has conducted six public meetings -- one in-person meeting and five virtual meetings -- and has continued to provide witnesses and documents to the Monitor. To date, the Monitor has conducted approximately 30 interviews of National Grid personnel, has issued more than 70 requests for documents, and has received tens of thousands of pages of materials from National Grid in response. While several of National Grid’s obligations under the Settlement remain outstanding and subject to further review, this Second Quarterly Report makes the following findings:

A) Consistent with Recommendation 1 in the First Quarterly Report, National Grid has taken several concrete steps to improve its communications with the public regarding the LT Report and, in particular, to explain to the public that the pursuit of certain options may still involve CNG trucking and/or restrictions on new customer connections. Specifically, National Grid amended a publicly-available “summary” of the LT Report and also supplemented it during the public meetings in order to identify and provide details concerning these issues. National Grid also has committed to provide additional clarity in the Supplemental LT Report when published in April 2020.

B) In light of Covid-19 and the need for social distancing, National Grid took appropriate steps, after the initial in-person public meeting conducted on March 9, 2020 in Hicksville, New York, to conduct five virtual public meetings which replaced five previously-scheduled in-person public meetings. As described more fully below, the virtual public meetings included appropriate notice to the public and, under the circumstances, adequate opportunity for the public to comment on the LT Report. Although National Grid thereby complied with its obligation under the Settlement ¶ IV.b. in the view of the Monitor, the public did not receive the opportunity to provide the same level of input and engagement that would have been offered by in-person public meetings. Accordingly, Recommendation 2 below suggests that further public meetings be conducted if feasible.

¹ A draft of this Second Quarterly Report was provided for comment to National Grid and to DPS on April 2, 2020. Insofar as the Monitor independently deemed appropriate, their comments have been incorporated herein. Unless a later time is indicated, the Second Quarterly Report contains the Monitor’s findings as of April 2, 2020.

² This Second Quarterly Report builds on the First Quarterly Report dated March 13, 2020, familiarity with which is assumed. Although the Monitor’s reports may issue more frequently than a quarterly basis, they will be numbered consecutively.

C) National Grid undertook requisite efforts to lift the moratorium and to contact and provide service to customers pursuant to the Settlement ¶ II.a. Because customer need dates and readiness vary, National Grid continues to connect customers who were denied service under the moratorium. Through its increased focus on this effort, National Grid has met customer need dates at a greater rate than its historical response rate to customers.

D) National Grid's Customer Assistance Program ("CAP") is reasonably designed to address hardships experienced by both residential and commercial applicants who were denied service during the moratorium. However, the CAP and related funding allocations have not been substantially utilized by the public. National Grid took various steps to publicize the availability of the CAP and further expanded those efforts in response to recommendations by the Monitor. If the low utilization rate of CAP funds persists, National Grid will need to identify an alternative use for those funds consistent with the terms of the Settlement, e.g., to fund additional energy efficiency efforts.

E) As to Winter 2019/2020, National Grid satisfied its obligations under the Settlement ¶ III by providing the Action Plan and delivering its key components. Implementation of the Action Plan continues in regard to Winter 2020/2021.

In addition to the above findings, the following recommendations are made:

1) Further to Recommendation 1 in the First Quarterly Report that National Grid provide greater clarity to the public on the options presented in the LT Report, National Grid's Supplemental LT Report should specifically address concerns raised by the public regarding the integrity and accuracy of National Grid's demand forecast, including at a minimum:

a) whether climate change and/or other factors may affect the suitability of the current Design Day standard relied upon in the LT report (which Recommendation 3 of the First Quarterly Report suggests be reconsidered in conjunction with a review of National Grid's planning personnel and tools);

(b) whether current economic changes resulting from Covid-19 provide a basis to reevaluate future demand in the Downstate Territory as set out in the LT Report; and

(c) whether third-party analysis cited by the public to National Grid offers a reasonable basis to revisit National Grid's forecast or assumptions in the LT Report.

2) If social distancing restrictions from Covid-19 are alleviated while consideration continues regarding the options in the LT Report -- for example, when National Grid issues the Supplemental LT Report in April 2020 -- then National Grid should conduct one or more in-person public meetings at that juncture. While not technically required under the Settlement, creating a further opportunity for the public to provide input to the process would be

consistent with the spirit of the Settlement and allow for qualities of public engagement that could not be replicated in the virtual public meetings.

3) While National Grid promptly undertook significant efforts to contact and connect applicants who were denied service during the moratorium, National Grid's systems for storing and managing data regarding applications for service made the task of identifying such applicants and tracking contacts with those applicants time-consuming and vulnerable to human error. National Grid should evaluate its systems for maintaining such data. In particular, in the event of a future moratorium, National Grid should ensure that its systems are capable of tracking applications, contacts and related data without significant manual intervention and reconciliation.

4) In light of the CAP's low utilization rate to date, National Grid should evaluate potential alternative uses for the funds allocated to the CAP consistent with the Settlement. National Grid should engage with DPS regarding its potential solutions and keep the Monitor apprised of these discussions.

II. The LT Report and Related Materials

As recommended in the First Quarterly Report, National Grid should provide additional clarity to the public regarding the options presented in the LT Report. In response to that recommendation to date, National Grid revised and supplemented the "summary" document of the LT Report (the "Summary"), which National Grid had developed and posted on the website devoted to the LT Report and public meetings (the "LT Report Website"), and National Grid revised and supplemented talking points that its representatives used in the public meetings. Specifically, these changes added important context for the public regarding the moratorium that led to the Settlement and the production of the LT Report. National Grid also added helpful explanation that the pursuit of certain options and combinations of options carried risks of continued CNG trucking to meet peak demand, and of future moratoria if a gap persists between supply capacity and demand due to shortfalls in meeting demand-reduction targets. National Grid has committed to providing additional such clarity in its Supplemental LT Report to be issued in April 2020.

In a stated effort to provide more transparency surrounding the LT Report, on March 23, 2020, National Grid provided to the public its technical assumptions underlying the LT Report (the "Technical Appendix"). On the day the Technical Appendix was released, the Monitor held a call with National Grid executives, including the executive with primary responsibility for the preparation of the LT Report and the Technical Appendix, and expressed concerns about the Technical Appendix's utility to the public. Specifically, as one public meeting had already been held and additional public meetings were imminent, the Monitor noted that there was insufficient time for the public to digest such a technical document before the public meetings and to engage on the subject matter. Moreover, the Monitor reiterated (per Recommendation 1 of the First Quarterly Report) that National Grid needed to explain in "plain English" to the public the relative risks, costs and benefits of the options or combinations of options, which the Technical Appendix did not help accomplish. Particularly in light of the number of comments at all of the

public meetings questioning the basis for National Grid's demand forecast in the LT Report, National Grid should take further steps (consistent with Recommendation 1 in this Second Quarterly Report) to address in the Supplemental LT Report questions surrounding the accuracy of National Grid's demand forecast.

Last, National Grid staff generally have continued to be cooperative and responsive to requests by the Monitor for materials and information. A delay arose in connection with the production of emails relating to two executives responsible, respectively, for the LT Report and the Action Plan. National Grid determined to retain a large outside law firm to facilitate logistics for the production to the Monitor of those materials, which originally were requested on February 28, 2020 and due on March 9, 2020. The production was completed approximately one month later during a period of Covid-19 social distancing and, while the production was not timely delivered, the Monitor does not view the delay to constitute a breach of National Grid's obligations under the Settlement.

III. The Public Meetings

While the Settlement required National Grid to conduct four public meetings -- one in each of Brooklyn, Queens and Nassau and Suffolk counties -- National Grid initially planned to hold an extra two public meetings. Specifically, National Grid scheduled an extra meeting in Brooklyn given the large number of customers there and an extra meeting in Suffolk County given its geographic size and the distance required of customers to travel to a meeting.

In terms of format, National Grid chose an "open house" approach, with National Grid "subject-matter experts" posted at different stations where the public could learn about the ten respective options presented in the LT Report and discuss those options with the subject-matter experts. National Grid publicized the public meeting dates and locations in the February 24, 2020 press release relating to the LT Report. Other publicity efforts included posting information about the meetings on the LT Report Website, social media posts, outreach to stakeholders, customer bill inserts, and posters in customer payment centers.

The Hicksville In-Person Public Meeting. The first public meeting took place on March 9, 2020, in Hicksville, NY, from 6:00 - 8:00 pm. The Monitor attended the meeting and observed the following: For approximately an hour, the public engaged with National Grid's "subject-matter experts" who stood by large posters illustrating the ten respective options. In other words, members of the public, at a pace of their choosing, could review the different posters, and raise questions and comments with the subject-matter experts who were available to offer more details and context. The Monitor listened to several of these discussions, which were substantive on the parts of both the public and the National Grid personnel, and highly civil and professional in tone. During the second hour of the public meeting, public comments were entertained by members of the public who chose to give them. These were limited to two minutes each, and all persons who wished to make comments were accommodated. National Grid subsequently posted on its website and with the PSC a transcript of the public comments.

The Virtual Public Meetings. During the afternoon of March 12, 2020, a few hours before the second public meeting was scheduled to take place in Jamaica, Queens from 6:00 - 8:00 p.m., National Grid decided to cancel the meeting as a result of social distancing measures arising from Covid-19. National Grid undertook various efforts to notify the public of the cancellation. National Grid issued a press release at approximately 2:30 p.m., which it distributed to its media and stakeholder contacts and filed on the PSC docket. National Grid alerted its call center representatives to the cancellation and posted updates on the LT Report Website and on National Grid's social media accounts. The Monitor has seen no indication of any person who planned to attend the meeting not receiving notice of its cancellation.

In the subsequent days, National Grid, DPS and the Monitor held several discussions regarding National Grid's plans for the public meetings going forward. National Grid determined to shift the remaining four public meetings to a "virtual" public meeting format, hold them on their originally-scheduled dates, and to reschedule the canceled Jamaica, Queens meeting as a virtual public meeting. National Grid decided to extend the meetings by one hour (to 9:00 p.m.). On March 17, 2020, National Grid issued a press release about its plans to hold virtual public meetings, which it also filed on the PSC docket. National Grid further updated its LT Report Website with details about the public meetings and posted announcements through social media. To join the virtual meetings, attendees had to dial in by telephone for audio and, if they also wished to view presentation slides and the videos, had to join a Webex webcast on their computer or smart device.

For the virtual public meetings, National Grid substituted the "open house" format with (a) the playing of ten narrated videos reviewing each of the respective options, and (b) an opportunity for the public to ask questions of National Grid's subject-matter experts, essentially like a call-in radio show. A separate public comment period followed for each of the public meetings (which limited each comment to two minutes), sufficient time existed to allow comments by all persons wishing to do so (and some provided comments more than once), and National Grid subsequently posted a transcript of each meeting to its website and with the PSC.

The virtual public meetings did not meet the high level of public engagement seen by the Monitor at the Hicksville in-person public meeting. First, the question-and-answer session in a virtual setting did not allow for the same quality of substantive engagement between members of the public and National Grid subject-matter experts as afforded by an in-person public meeting. Second, several members of the public reasonably raised the question whether certain people would not have the opportunity to participate in a virtual public meeting because they lack the requisite technology and/or are distracted by Covid-19 issues. The Monitor views these to be serious items of concern, which he also raised with National Grid (see Att. 1, letter dated March 24, 2020).

While recognizing the limitations of a virtual public meeting relative to an in-person public meeting, the Monitor nonetheless finds that National Grid took sufficient steps to meet its obligation under the Settlement ¶ IV.b. for conducting public meetings. In particular, the Monitor notes that the six public meetings each filled their full allotted time and included

comments from a large number of speakers. In addition, insofar as any members of the public may have been less willing or able to provide comments in the virtual public meetings, reminders were given during those sessions as well as on the LT Report Website that the public can also provide comments directly to the PSC. In fact, approximately 5,700 public comments have been filed in that manner as of April 16, 2020.

National Grid did not announce the number of participants at each public meeting. The Monitor subsequently obtained this information from National Grid and, because certain meeting participants attended multiple meetings, the Monitor had National Grid assemble the data to reflect the number of distinct attendees (excluding National Grid personnel) and to avoid potentially inflating attendance figures. In sum, over 800 distinct individuals attended at least one of the six public meetings. Of those, approximately 135 distinct individuals provided an oral statement at one or more of the six public meetings; some individuals spoke at multiple public meetings, and some individuals spoke multiple times in one public meeting.

Public Comments. When National Grid released the LT Report, DPS issued a notice that the public could submit comments to the PSC through April 10, 2020. After the in-person public meetings were canceled in favor of virtual meetings, DPS initially extended the comment period through April 17, 2020 and subsequently through May 1, 2020. National Grid will be reviewing and addressing the public comments filed with the PSC (as well as public comments from the public meetings) in its Supplemental LT Report which the Monitor will subsequently review.

Because the scheduled public meetings have now concluded, the Monitor summarizes below some of the significant public comments made at the meetings. While these are non-exhaustive, National Grid's Supplemental LT Report should take steps to consider and meaningfully address these points among others raised by the public:

- Environmental Harm. Numerous participants raised concern with the environmental impact of the infrastructure options and any fossil fuel solution. These concerns spanned topics such as deleterious effects of fracking natural gas to the impact by NESE upon marine life. In addition, many questioned how pursuit of any infrastructure option could be reconciled with the climate-change goals under the Climate Leadership and Community Protection Act and Local Law 97. In contrast, some commenters stated that increased natural gas service provided net environmental benefits over oil due to oil-to-gas conversions. In addition, some stated that the environmental impact of CNG trucking should be a greater public concern than potential environmental harm from NESE.
- Demand for Natural Gas. Many members of the public questioned the validity of National Grid's demand forecast. These challenges arose in many respects, including: (a) the relevance of the current Design Day standard given climate change and warming trends in the Downstate Territory; (b) anticipation that demand will be reduced due to economic repercussions from Covid-19; and (c) the integrity of National Grid's analysis in contrast to certain third-party reports, including questions as to whether National Grid has developed data in an effort to benefit its private economic interest of selling natural

gas. Several individuals expressed concern that, if NESE is pursued, rate payers would effectively fund its development, and then a reduction in future demand for natural gas would make it a “stranded asset” of no value.

- The Options Presented. Many participants expressed strong support for certain options, and in particular either NESE or the no-infrastructure options. As to NESE, the benefits cited included the reliability of supply capacity, the avoidance of moratoria, and the relative cost to consumers compared to electrification. As to the no-infrastructure options, commenters frequently cited (per above) environmental benefits and challenged National Grid’s forecast of increasing demand for natural gas. In addition, many commenters suggested that National Grid did not give due consideration for the potential pursuit of additional options relying upon renewable energy, such as wind and solar.

VI. Reconnecting Customers

Pursuant to the Settlement, National Grid “shall lift the [m]oratorium” and “shall have made best efforts” within 30 days of the Settlement to contact and provide service to customers denied service between the imposition of the moratorium and early September 2019, except for customers who informed National Grid that they no longer want service. Within 45 days of the Settlement, National Grid “shall make best efforts” to contact and provide service to any other potential eligible customers who applied for and were denied service prior to the Settlement but after the imposition of the moratorium (i.e., customers who were denied service after early September 2019). For new customers and large commercial and industrial customers, National Grid “shall provide service” as soon as practicable.

After the PSC issued its Order to Show Cause on October 11, 2019, National Grid immediately began reaching out to customers who had been denied service, starting with outbound calls on October 11. Over the following weeks, both before and after the Settlement on November 24, 2019, National Grid took additional steps to contact the approximately 5,600 total applicants who had been denied service. Of this number, approximately 3,200 applicants were customers with inactive accounts who were seeking reconnections, and about 2,400 applicants were new customers seeking new service, e.g., at a new building or because they were converting from oil to gas.

Upon the Settlement, National Grid determined that it would attempt to contact all customers who had been denied service within 30 days (although the Settlement provided for a 45-day period to contact customers who were denied service between early September 2019 and November 24, 2019). Thus, within 30 days of the Settlement date, National Grid undertook the following efforts to contact denied applicants:

- Outbound calling.
- An e-mail to applicants with an e-mail address on file.

- If no e-mail address was on file or National Grid determined that an e-mail was not opened or bounced back, National Grid sent a certified letter to the physical address on file.
- If National Grid received no response from the call, e-mail or letter, National Grid sent a second certified letter.
- Extended customer call center hours and dedicated call lines for denied applicants. The phone number for the dedicated line was provided on the e-mails and letters to customers.
- Emails to plumbers with whom National Grid partnered in order to assist customers with natural gas conversions. The e-mails notified the plumbers that their mutual customers could be eligible for connections.
- Web banners on the National Grid website.

National Grid tried additional methods of communication to reach customers who had not responded to the above attempted contacts. Of the approximately 3,200 customers with inactive accounts, National Grid went door-to-door to customers who had not responded to calls, emails or letters and left door hangars on the premises. National Grid did not leave door hangars for new customers who applied for service because: (1) the premises for new gas connections are often sites under construction and may not have anyone living there; and (2) National Grid did not observe a noticeable response to the door hangars it left for customers with inactive accounts. For a small number of inactive customers, National Grid confirmed that the lots were vacant. National Grid attempted to contact these customers by identifying the tax record address for the property and sending a certified letter to that address.

By December 2019, if National Grid still had not made contact with a customer, it initiated another round of emails, certified letters and outbound calls. National Grid continues its outreach and is planning a final outreach campaign to close out its communication efforts. To date, National Grid has not been able to establish contact with approximately 484 applicants of the 5,600 customers who had been denied service. Obtaining this data and the related information above posed challenges for National Grid. For example, the Monitor reviewed various tracking spreadsheets, which lacked standardized comments or notes about the status of customer contacts, National Grid spent substantial time and effort manually reconciling different spreadsheets, and the extensive manual effort was both inefficient and increased the risk of human error in tracking the status of applicants that had been denied service.

As a result of the above campaigns, National Grid has connected approximately 1,300 of the 3,200 customers with inactive accounts who were denied service, and it has connected approximately 500 of the 2,400 applicants for new service. National Grid has not yet connected every applicant who confirmed that they still want service, due to varying customer readiness and need dates (i.e., the date on which an applicant actually wants gas service up and running). For example, National Grid found that some inactive customers were not ready to be connected

because additional construction was required on the premises, which is a common situation across applications for service. Similarly, new residential, commercial and industrial customers often have need dates months in the future.

Accordingly, when measuring National Grid's progress in connecting new customers based on their need dates, National Grid has achieved a similar rate of timely customer connections as obtained in the absence of a moratorium. Thus, before the Settlement, National Grid met new customer need dates approximately 75% of the time. Since the Settlement, National Grid has been meeting need dates approximately 85% of the time. In interviews, the National Grid executive responsible for the connections attributed the higher success rate to the company's increased focus on connections since the Settlement.

In sum, based on the Monitor's review of documentation produced by National Grid and interviews with multiple National Grid executives involved in the connection and outreach programs, the Monitor finds that National Grid undertook and achieved "best efforts" to contact applicants who were denied service and is connecting new customers and large commercial or industrial customers "as soon as practicable." Accordingly, National Grid is in compliance with Settlement ¶ II.a. Nevertheless, given the manner in which National Grid maintains relevant information, the Monitor recommends that National Grid evaluate its systems for maintaining customer connection data. In particular, in the event of a future moratorium, National Grid should ensure that its systems are capable of tracking applications, contacts and related data in a consolidated, uniform manner without requiring significant manual intervention and reconciliation.

V. Customer Assistance

Pursuant to Settlement ¶ VI.b, National Grid "agree[d] to fund" up to \$7 million for a customer assistance plan to address hardships endured by customers affected by the moratorium, including hardships identified in complaints filed with the Office of the Attorney General of the State of New York. National Grid developed several programs to assist customers in connection with different types of hardships, which National Grid intends to make available for one year from the Settlement date or until funds are exhausted:

- Customer Inconvenience Credit. National Grid allocated \$800,000 to apply a \$200 bill credit for customers affected by the moratorium. To receive the credit, the recipient has to be a current customer, so applicants who were denied service during the moratorium but who did not pursue a connection after the Settlement (because, for example, they found a heating alternative like electrification) could not receive the bill credit. Eligible customers did not need to take any action to receive the credit on their bill.
- Residential Customer Assistance Fund. To address more significant financial hardships caused by the moratorium, National Grid allocated \$2.3 million to a fund for residential customers. National Grid initially planned to cap residential claims at \$2,500. As discussed below, National Grid raised that limit to \$20,000

because it has received very few claims. Unlike the Customer Inconvenience Credit, a claimant under the Residential Customer Assistance Fund does not need to be a current National Grid customer. Thus, an applicant who was denied service and found an alternative heating source or otherwise decided they did not want to pursue a gas connection would be eligible to apply for assistance.

- Small and Medium-Sized Business (“SMB”) Assistance Fund. National Grid established a similar assistance fund for SMB customers. The company allocated \$2.3 million to this fund and limited claims to \$50,000. There have been relatively few claims by SMB customers as well, and National Grid is evaluating claims in excess of \$50,000 on a case-by-case basis. Like with the Residential Customer Assistance Fund, an applicant does not need to be a National Grid customer to benefit from the program.
- SMB Zero-Interest Loan Program. National Grid is in the early stages of standing up a loan program, to which the company has allocated \$1.6 million. It has not made any loans under the program, which is intended to help supplement relief to SMB customers beyond what was available under the SMB Assistance Fund. Considering that there have been very few claims under the SMB Assistance Fund, it is uncertain how many applicants there will be for the loan program, if any.
- Deposit Relief Program. This program provides connection deposit relief to certain customers affected by the moratorium. This program is a very small fraction of the CAP, as it has applied only to three customers to date.

As noted above, few residential or SMB customers have submitted claims under the CAP. There have been approximately 52 claims in total: 26 residential claims and 26 SMB claims. National Grid is receiving few high-dollar claims. In light of the relatively low number of claims, National Grid decided to increase the residential claim limit from \$2,500 to \$20,000 and, as of mid-April 2020, is evaluating whether to retain the \$20,000 residential cap and the \$50,000 cap for SMB customers.

Of the claims that have been submitted, residential claims range from \$575 to \$19,000, while SMB claims range from \$1,200 to \$650,000. Most of these claims have not yet been resolved because National Grid either is still reviewing the claims (including, in the case of SMB customers, calculations of claimed loss of revenue) or is waiting on the delivery by claimants of supporting documents. National Grid has paid about 34% of the residential claimants (approximately \$73,000) and about 11% of the SMB claimants (approximately \$17,000).

The main drivers of the residential claims include expenses relating, for example, to retrofitting kitchen appliances, converting to propane, purchasing boilers, paying plumber or electrician bills, and the costs of alternative fuels. SMB claims tend to consist of similar equipment costs, bills for plumbers, electricians, contractors, architects or engineers, alternative fuel costs, and loss of revenue.

After the Settlement in November 2019, National Grid communicated information about the CAP, including a link to a website and a phone number to learn more information, and in its subsequent outreach efforts by e-mail, letter and phone. However, because National Grid had previously communicated with customers beginning in October 2019 about lifting the moratorium and connecting service, the CAP had not been publicized in those earlier communications.

Customers who were connected received an e-mail and a letter informing them that they would be receiving a \$200 bill credit and that they could apply for additional assistance under the CAP. The communications provided a web address and phone number to learn more information. Such customers also received on-bill messages, a follow-up letter and outbound calls. National Grid is planning the close-out campaign discussed in Section IV above, which will reach out to all 5,600 customers affected by the moratorium, whether or not they have been connected. The close-out campaign will include information about the CAP distributed through mailings, outbound calls and targeted social media.

Because so few customers have filed claims, the Monitor raised concerns with National Grid that customers still might not be aware that assistance is available. Specifically, in addition to omitting context about the Settlement from the LT Report, National Grid had not mentioned the CAP in the LT Report or on the LT Report Website. The Monitor recommended that National Grid “take every reasonable opportunity to let customers and others with potential hardship claims know about the availability of the Assistance Plan, and that includes when National Grid engages with the public about the LT Report.” (See Att. 2, letter dated March 3, 2020.)

In response to the Monitor’s recommendation, National Grid added information about the CAP to the LT Report Website and to the Summary of the LT Report. National Grid also revised its talking points for the public meetings to specifically inform attendees about the CAP during the program. Although the additional publicity around the CAP in connection with the LT Report, public meetings and close-out campaign might result in more claims being filed, National Grid ultimately should reallocate a portion of the \$7 million shareholder commitment if the funds are not exhausted. Settlement ¶ IV.b. provides that “[i]f these funds are not needed in their entirety for the Assistance Plan, such monies will be used to increase funds available for the Efficiency Plan.” Accordingly, National Grid should evaluate potential alternative uses for any leftover funds consistent with the intent of the Settlement. National Grid should engage with DPS regarding its potential solutions and keep the Monitor apprised of these discussions. Because the CAP is still being implemented and might require National Grid to reallocate funds, it is too early to assess National Grid’s ultimate compliance with this provision of the Settlement.

VI. Action Plan

As reviewed in the First Quarterly Report, the Action Plan looks to ensure that gas supply capacity will meet demand in a Design Day scenario during the Winters of 2019/2020 and 2020/2021, pending the awaited increase in supply capacity coming from implementation of one

or more options under the LT Report. As to Winter 2019/2020, this Second Quarterly Report finds that National Grid has satisfied this obligation under the Settlement.

National Grid's Action Plan relies heavily on CNG as a source of supply, and preparations for this supply were taken consistent with the Action Plan for Winter 2019/2020. Specifically, National Grid's Action plan calls for injecting CNG at its Glenwood and Riverhead CNG sites for up to 8 hours per day during peak days, which would require approximately 42 truck-loads of CNG per day. Winter 2019/2020 was the fourth winter during which National Grid has used the Glenwood CNG site. The Riverhead CNG site became operational in January 2020 following construction of a CNG decompression skid and other infrastructure (subject to inspection and approval by DPS) at an existing National Grid site.

On February 15, 2020, National Grid completed a full simulation of its winter operations under its Extreme Cold Weather Winter Operations Command Structure. The simulation included trucking CNG trailers from staging sites in Pennsylvania to the Glenwood and Riverhead sites. National Grid contracted both directly with Xpress Natural Gas ("XNG") and with Thigpen which subcontracted with XNG, to truck the CNG to the injection sites. XNG participated in the successful simulation.

In addition to CNG, the Action Plan includes demand response and energy efficiency components for Winter 2019/2020. Demand response measures include an enhanced commercial and industrial demand response program, along with incentivized and non-incentivized residential demand response programs. National Grid also implemented enhanced high efficiency heating equipment and other incentives for residential customers, as well as enhanced incentives for commercial and industrial customers. Implementation of these programs for Winter 2019/2020 was successful, with National Grid exceeding its targeted savings.

As to Winter 2020/2021, efforts continue by National Grid to identify a third site for a CNG facility. As discussed in the First Quarterly Report, National Grid holds the view that Greenpoint, Brooklyn presents the optimal location for the site, given its proximity to delivery for New York City customers, but building a CNG facility in Greenpoint would require permitting from New York City which may not be granted. In light of that permitting risk, National Grid is pursuing permits for multiple CNG sites in parallel. If National Grid cannot secure a permit for Greenpoint, National Grid is prepared to proceed with a CNG injection site at Inwood, where a National Grid executive believes National Grid has a "clear path on permitting." The executive further stated that "at this point, we see no risk" of National Grid not securing a third site for a CNG facility. National Grid also has contracted with Algas-SDI to manufacture CNG decompression skids needed for the CNG injection sites. National Grid issued an RFP for CNG trucking for Winter 2020/2021 which remains outstanding.

According to National Grid, the hydraulic benefits of locating a CNG injection site at Greenpoint are contingent on completing Phase 4 of the MRI Project, which has been fully permitted and is under construction. Phase 4 is expected to be completed by October 2020. If it is not completed, injecting CNG at Greenpoint will not be more beneficial than injecting CNG at other points in the system. Even if MRI Phase 4 is not completed, National Grid currently

anticipates that it can meet demand in Winter 2020/2021 with an expanded site at Glenwood, a new site at Inwood, and the Riverhead site. However, National Grid still is modeling the potential effects on its hydraulic system and implications for the Action Plan in the event that MRI is not completed.

Finally, before the moratorium and Settlement, National Grid was in the process of adding LNG vaporizers 11 and 12 at Greenpoint for Winter 2020/2021. Progress on that project continues, and vaporizers 11 and 12 currently are expected to be operational before Winter 2020/2021. Accordingly, implementation of the Action Plan for Winter 2020/2021 continues, and National Grid's progress will be monitored further.

Attachment 1

March 24, 2020

Adam H. Schuman
ASchuman@perkinscoie.com
D. +1.212.261.6919
F. +1.212.399.8009

VIA EMAIL

Pamela Viapiano, Vice President, Gas Business Planning & Performance, National Grid
(pamela.viapiano@nationalgrid.com)
Philip DeCicco, Deputy General Counsel, National Grid
(philip.decicco2@nationalgrid.com)

**Re: The Settlement Agreement of November 24, 2019 between the New York State
Department of Public Service and National Grid**

Dear Ms. Viapiano and Mr. DeCicco:

I write to raise concern with the manner in which National Grid conducted the virtual public meeting last evening, March 23, 2020.

First, National Grid chose to include a question-and-answer opportunity during the meeting. During a call with National Grid regarding this plan on March 15, 2020, I had raised concern whether National Grid could accommodate such a live question-and-answer session. During the virtual public meeting, several members of the public indicated that they had difficulty raising questions, e.g., they were not allowed to speak when they sought to do so. Please reevaluate the best manner in which to address questions from the public. For example, National Grid might seek to receive questions in writing in advance, which questions then can be answered during the meeting and/or through other communications by National Grid.

Second, at least at the outset of the public meeting, attendees could see the names of other attendees, and attendees therefore could not remain anonymous to the public. This should be corrected.

Third, the audio portion of the videos played by National Grid repeatedly slowed down and was hard to hear as a result. This should be corrected.

Fourth, requiring two devices – a computer for the Webex, and a phone for audio – made access to the public meeting a challenge, as many remarked during the comment session. In addition, these technological needs, including the need to download an application to run the Webex, were not clear until the public meeting commenced. Please consider whether more ready access can be given to the public when participating in future meetings.

Fifth, the concern was raised during last evening's calls whether certain members of the public may not be able to participate in a virtual public meeting because they lack the requisite

Pamela Viapiano, Vice President
Philip DeCicco, Deputy General Counsel
March 24, 2020
Page 2

technology. In addition, a further concern was raised whether certain members of the public may not be able to participate as a result of challenges created by Covid-19. Please consider whether two of the remaining public meetings might be deferred pending a future date when in-person meetings might again be feasible.

Sincerely,



Adam H. Schuman

Cc: Cynthia McCarran, Deputy Director, Office of Electric, Gas and Water, DPS
(cynthia.mccarran@dps.ny.gov)
Brandon Goodrich, Assistant Counsel, DPS
(brandon.goodrich@dps.ny.gov)

Attachment 2

March 3, 2020

Adam H. Schuman
ASchuman@perkinscoie.com
D. +1.212.261.6919
F. +1.212.399.8009

VIA EMAIL

Pamela Viapiano, Vice President, Gas Business Planning & Performance, National Grid
(pamela.viapiano@nationalgrid.com)
Philip DeCicco, Deputy General Counsel, National Grid
(philip.decicco2@nationalgrid.com)

**Re: The Settlement Agreement of November 24, 2019 between the New York State
Department of Public Service and National Grid**

Dear Ms. Viapiano and Mr. DeCicco:

As the public meetings approach next week, I write to convey the following views and recommendations. These will be incorporated as appropriate into the Monitor's quarterly reports.

First, as stated in Recommendation 1 of the draft First Quarterly Report dated February 28, 2020, the public meetings should include greater clarity (than National Grid conveyed in its Long-Term Capacity Report of February 24, 2020 (the "LT Report")) regarding:

- a. the feasibility, cost, and risk/benefit choices attached to the options (and potential combinations of options), including "plain English" descriptions of the residual risk (i.e., the timing, scope and likelihood) of a moratorium even if the option(s) is pursued, including the extent to which compressed natural gas ("CNG") trucking would still be used; and
- b. the timeline(s) for pursuing and successfully executing upon various options (and potential combinations of options), including necessary efforts such as permitting and construction, in order for any option (or potential combination of options) to be advanced in a manner that minimizes the risk of a moratorium.

Yesterday, March 2, 2020, National Grid issued a "summary" to the public of the LT Report, and the "summary" document does not satisfy Recommendation 1 above. The "summary" document (like the underlying LT Report which prompted my issuing Recommendation 1) does not make clear the risk of a moratorium if a given option is pursued, nor the extent to which CNG trucking would still be required in order to meet demand. Indeed, the "summary" document mentions neither a moratorium nor CNG trucking at all. In addition, although references exist to how much time is required to implement a given option, it is not clear which option(s) is practicable within a timeline that minimize the risk of a moratorium, what steps are necessary in order to implement the option(s), and generally how the options compare in these regards. In sum, National

Pamela Viapiano, Vice President
Philip DeCicco, Deputy General Counsel
March 3, 2020
Page 2

Grid still has not provided the public with a clearly elucidated roadmap by which to evaluate and distinguish the relative merits of the option(s) presented.

Second, as indicated above, neither the “summary” document nor the underlying LT Report provides sufficient context for the LT Report. No background discussion is provided regarding the moratorium imposed by National Grid in 2018 and 2019, nor the Settlement reached with New York State in November 2019. Such context is necessary so that the public can appreciate the risk of a moratorium in the event that future demand exceeds supply capacity. Such context also is required so that the public correctly understands that National Grid’s current efforts to present options in the LT Report -- as well as other steps such as funding energy efficiency, demand response and clean energy projects -- are not voluntary but have been required of National Grid as a direct result of its Settlement with New York State following its imposition of the moratorium.

Third, by failing to discuss the Settlement in the LT Report and the “summary” document, National Grid has foregone an opportunity to publicize to customers the existence of the Assistance Plan available pursuant to the Settlement. As National Grid executives recognized in interviews, this \$7 million Plan has been utilized to date only to a very limited extent. National Grid should take every reasonable opportunity to let customers and others with potential hardship claims know about the availability of the Assistance Plan, and that includes when National Grid engages with the public about the LT Report.

Fourth, both the LT Report and the “summary” document are insufficiently publicized on National Grid websites, and they are very difficult to find even when one affirmatively takes steps to search for them.

Pamela Viapiano, Vice President
Philip DeCicco, Deputy General Counsel
March 3, 2020
Page 3

I strongly encourage National Grid to address these matters as soon as possible, through additional materials and communications being distributed by National Grid to the public in connection with the public meetings and at the public meetings themselves.

Sincerely,



Adam H. Schuman

Cc: Cynthia McCarran, Deputy Director, Office of Electric, Gas and Water, DPS
(cynthia.mccarran@dps.ny.gov)
Brandon Goodrich, Assistant Counsel, DPS
(brandon.goodrich@dps.ny.gov)