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Honorable Michelle Phillips
Secretary
State of New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 22-E-0064: Petition to change the 2024 EAM baseline period for Commercial Managed Charging Program

Dear Secretary Phillips:

Consolidated Edison Company of New York, Inc., (“Con Edison” or “Company”) respectfully petitions the Commission to change the time period used to set the baseline for the 2024 Earnings Adjustment Mechanism (“EAM”) for Con Edison’s Commercial Managed Charging (“CMC”) program, which was detailed in the “2023 Managed Charging EAM Collaborative Report.”¹ The proposed change included in this petition is the result of Collaborative discussions specific to the CMC EAM. The proposed change modifies the timing of the 2024 EAM in the Rate Plan, but does not modify the EAM metric.

The baseline time period included in the Collaborative Report had been set based on the parties’ assumption that a Commercial Managed Charging Program would start following Commission approval in Fall 2023. As illustrated in Attachment 2, the original baseline time period following the launch was comprised of an estimated four months at the end of 2023² to set a Peak Avoidance Baseline and Baseline Enrollment % Starting Point. This approximate four month period would be followed by a nine-month period for Enrollment Baseline Growth as well as Enrollment Performance. Peak Avoidance Performance would be measured during the last four months (June to September) of that same nine-month period. The Commission issued an Order authorizing the Commercial Managed Charging program on November 20, 2023,³ followed by a

¹ Case 22-E-0064, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service*, Joint Proposal (filed February 16, 2023) and 2023 Managed Charging EAM Collaborative report (filed May 5, 2023). The Collaborative Report was approved as part of the Joint Proposal in the Commission’s *Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plans with Additional Requirements* (issued July 20, 2023).

² The precise amount of time that would determine the baseline at the end of 2023 was unknown when parties filed the Collaborative Report, as the Order authorizing the program was still pending.

³ Case 22-E-0236, *Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging*, Order Implementing Immediate Solutions Programs (filed November 20, 2023).

60-day period for utilities to develop and implement the program.⁴ During this time, while working to prepare technology systems, the Company engaged in extensive marketing and outreach efforts to build a pipeline and enroll participants immediately. The Company started the program on January 19, 2024. As a result, the Company reestablished the Collaborative process to discuss changing the time period to collect data for the baseline from the last months of 2023 following the program launch to approximately the first four months of 2024. The Company's proposal illustrated in Attachment 2 below: (1) revises the original Peak Avoidance Baseline and Baseline Enrollment % time period following the launch by shifting it into 2024 while retaining the roughly four-month timeframe; (2) shortens the previous nine-month period for Enrollment Baseline Growth to four months (June to September); and (3) retains the coincident four months (also June to September) measuring Peak Avoidance Performance.

Following the collaborative discussions, the Company requests approval to change the baseline time period to January through May 2024 based on the new program launch date, setting the Enrollment % Baseline Starting Point on May 31, 2024. If the Commission does not adjust the baseline time period, there will not be any baseline data (since the program did not exist during the approved baseline time period) and it will not be possible to calculate the metric as it is currently defined. Thus, without an adjustment, there cannot be an EAM in 2024 as there is no data for comparison purposes and the Company will not be incented to overperform during 2024. It is important to retain the EAM in 2024 since any overperformance in enrollment or peak avoidance achieved during the 2024 performance period, as encouraged under this EAM, will have effects on the growth of future years' EAM baselines, as the baseline adjusts based on prior year performance.⁵

As a refresher, the Collaborative Report outlined the details for the CMC component of the managed charging EAMs. The goal of the CMC EAM is to (1) increase enrollment of charging kW in the CMC program, (2) encourage program participants to avoid EV charging during network peak hours, and (3) reduce program participants' EV charging demand that is coincident with the Company's network peak hours.

The CMC EAM metric measures peak avoidance and enrollment growth compared to a baseline. Given there was no existing program data when creating this EAM, the baseline was designed as a calculation with variables that the Company will populate with real future program data and market data ("actual" values) as that data develops over time. During the Collaborative, the Company provided participants with estimated enrollment levels and thereby potential future EAM baseline and achievement levels. When determining EAM achievement each year, the Company will use data from two time periods: 1) the baseline period, and 2) the performance period. Enrollment performance is measured at two points in time: at the end of the baseline period (May 31) and the end of the performance period (September 30). Observed maximum demand during peak network windows from enrolled chargers is measured by taking the highest level

⁴ While the Company anticipated that an order was forthcoming, it could not predict every program requirement. Therefore, following the November 20, 2023 Order, the Company needed to complete substantial work to implement the new program as approved by the Order, including developing a custom software platform for this first of kind program for participants to apply to the program, including submitting a variety of customer information and uploading data samples, and for the Con Edison team to operate the program.

⁵ Any performance in 2024 above the baseline will increase the baseline, and EAM targets, for 2025.

observed during the baseline period, and again during the summer months (June through September).

The EAM calculation compares peak avoidance during the summer performance period (June through September) to peak avoidance during the baseline period (see Attachments 1 and 2 for more). The baseline enrollment percent is the enrollment observed during the baseline period multiplied by the underlying market growth during the performance period. Two steps determine this enrollment baseline: (1) determine the Enrollment % Baseline by measuring the enrollment levels at the end of the baseline period, taking the actual kW enrolled in the program as a percent of the actual total charging kW installed in the Company's service area; and (2) grow the Enrollment % Baseline by the growth rate of the underlying charging market through the end of the Enrollment Baseline Growth Period (September 30). This underlying market growth is calculated by measuring actual total charging kW at the end of the baseline period compared to the actual total charging kW at the end of the performance period.

During Collaborative discussions in 2023, no specific baseline duration or start time was identified. Rather, the baseline period was defined as the time from program launch through the end of 2023. The Program launch date was uncertain since the Commission order approving the Program had not been issued during the 2023 Collaborative discussion. The Company requests only one change in the EAM design from the Collaborative Report to accommodate the January 2024 program launch: changing the 2024 EAM baseline period for enrollment and peak avoidance from late 2023 to early 2024. More specifically, the baseline period would begin as of program launch on January 19, 2024⁶ and end on May 31, 2024, prior to the peak avoidance performance period of June through September.

During the recent Collaborative discussions, the participants inquired as to whether changing the baseline time period would result in lower enrollment and peak avoidance required for Company achievement of the EAM targets than the initial estimated data shared during the collaborative. One thing is clear that must happen: the Company must still outpace underlying market growth during the performance period to reach the baseline.⁷ The Company will then need to meet targets set above the baseline to achieve the EAM.

Changing the baseline, including shortening the period for Enrollment Baseline Growth, is not expected to impact the achievement level necessary for the Company to achieve the targets. To illustrate this, the Company provided Collaborative participants with the attached workpaper showing estimates of total avoided peak kW achieved at the end of the performance period for a few scenarios: two scenarios assuming the program launched in Fall 2023 compared to the forecast of total avoided peak kW under the new proposed baseline.

The results of the analysis shared with Collaborative participants suggest that the benefits and achievement level of the EAM remain roughly unchanged under the proposed baseline and performance periods, as compared to those periods anticipated during Collaborative discussions.

⁶ The originally approved EAM would have started the baseline measurement at program launch envisioned for fall 2023 and continue through the end of 2023; the exact time period was uncertain, with no specific baseline time period identified by the collaborative beyond the fall time period, but anticipated to be between roughly two and four months. The proposed baseline period would be just over four months a similar duration as expected in the rate plan, just a different set of months due to the timing of the program start.

⁷ Baseline, as defined above, is the observed performance during baseline period grown by the underlying market growth.

Two factors counteract each other: (1) the shorter Enrollment Baseline Growth period is roughly cancelled out by (2) a higher enrollment baseline starting point in absolute kW terms. The first factor leads to a shorter time period for growth in the underlying market (four months instead of nine months). The second factor occurs because the EV charging market is growing – thousands of kW of charging plugs are being installed each month.⁸ With the Enrollment % Baseline Starting Point set in May 2024 rather than December 2023, the kW associated with the same Enrollment % (share of market) will be higher in May than under a 2023 launch.⁹ The combined impact of these factors is that the estimated total kW enrolled is relatively unchanged under the proposed scenario compared to the 2023 launch.

The analysis compares the total avoided kW needed to track with the baseline under a hypothetical September 2023 launch, a hypothetical October 2023 launch, and the actual January 2024 launch. The Company used the same assumptions on market development and enrollment into the program by month to keep the comparison consistent. For example, for charging market development, the same charging kW installed at each month was used across all scenarios. For the hypothetical enrollment levels, the same percent of market enrolled in each month after launch matches in each scenario (i.e., one month after launch enrollment the level was assumed to be 6%, two months after launch enrollment was 7%, etc.). The results showed that the total avoided kW needed to track with the baseline (as well as the kW associated with achieving the specified targets above the baseline) in the January 2024 launch is similar to levels estimated with a Fall 2023 launch.¹⁰ Depending on a September or October launch, the proposed baseline change could result in either 10% lower or 15% higher in achievement levels and benefits. Given the program launch date was uncertain at the time of the Collaborative, September and October 2023 launches were both possible and it is uncertain which one is more likely or realistic. Overall, these examples illustrate that, under the proposed modification, the level of achievement required to achieve the EAM targets is comparable to that expected under a Fall 2023 launch anticipated in the collaborative discussions in 2023. Furthermore, regardless of baseline enrollment period, all scenarios push the Company to grow above the underlying market to meet the baseline, and grow further to meet targets.

Finally, the values used in this analysis were estimates that would be replaced by actuals when calculating the EAM. The actual values for calculating the EAM will be available at the end of the summer. Thus, the avoided kW levels observed at the end of the summer may be higher or lower than the estimates but are not expected to exactly match the estimated levels.

A copy of the proposed changes to the affected area of the Collaborative Report is attached in Attachment 1. The proposed change in baseline for 2024 moves the start and end dates for the baseline with no changes to any definitions except timing. The definition of the other factors in the EAM, “Baseline Enrollment %,” “Baseline Pactual,” “Pactual %” and “Total Charging kW Growth,” are adjusted to reflect the proposed baseline and performance period. Adjusting the baseline period as proposed will not change the calculation of the CMC metric, measurement, or

⁸ Total charging kW installed in the Con Edison service area grew from 76,663 kW in September 2023 to 87,354 kW in December 2023. See attached workpaper for more information.

⁹ For example, 9% of the market in December 2023 was roughly 7,860 kW while estimates show that 9% in May 2024 may be roughly 9,590. That means there is a higher absolute kW starting point to which the underlying market growth rate is applied.

¹⁰ The scenario with a September 2023 launch estimates ~16MW avoided at the end of the performance period in September 2024; an October 2023 launch estimates ~12.5MW avoided; a January launch estimates ~14.5MW avoided.

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targets as laid out in the Collaborative Report, nor will it alter the 2025 EAM variables or calculations for neither the baseline nor the measurement.

If you have any questions, please do not hesitate to contact me. Thank you for your time and attention to this matter.

Sincerely,

Mary Krayeske

Attachment

Attachment 1:

2024 Baseline Calculation Definition, *addition* to section 2.2.4 of Collaborative Report

Baseline Avoided Peak Total Charging (%)

$$= \frac{RY_x \text{Baseline Pmax} - RY_x \text{Baseline Pactual}}{RY_x \text{Total Charging kW}}$$

Where for 2024,

X Is only equal to 2 ~~and 3~~ for RY₂, ~~and RY₃~~ respectively.
Baseline Pmax The product of total charging capacity (kW) and enrollment percent, calculated as follows:

$$RY_x \text{Total Charging kW} \times \text{Baseline Enrollment \%}$$

Baseline Enrollment % The product of ~~previous year's~~ enrollment rate **at the end of May 2024** and the observed growth rate of total charging capacity (kW) in the Company's service territory, calculated as follows:

$$RY_{x-1} \text{Baseline Enrollment \%} \times (1 + RY_x \text{Total Charging kW growth})$$

~~RY_xBaseline~~ **2024 baseline period from program launch through May 2024.**

Enrollment % The enrolled charging capacity (kW) in the CMC program divided by total charging capacity (kW) in the Company's service territory.

Total Charging kW growth The incremental charging capacity installed in kW between **June through September 2024** ~~the rate years~~ divided by the ~~previous year's~~ total cumulative charging capacity installed kW **at the end of May 2024.**

Baseline Pactual The Baseline Pactual will be set using the ~~previous year's~~ observed charging demand coincident with the Company's network peaks as a percent of maximum possible demand **from program launch through May 2024**, calculated as follows:

$$RY_x \text{Baseline Pmax} \times RY_{x-1} \text{Baseline Pactual \%}$$

Pactual % Using ~~the previous year's~~ program data **from program launch through May 2024**, the ratio of observed charging

demand coincident with the Company’s network peaks to maximum possible demand:

$$\frac{RY_{x-1} \text{Baseline Pactual}}{RY_{x-1} \text{Baseline Pmax}}$$

Total Charging kW The sum of the maximum simultaneous discharge capacities (kW) of all commercial stations across the Company’s service area at the end of the summer period, September 30, of RY_x.

2025 Baseline Calculation Definition, *modification* to section 2.2.4 of Collaborative Report

Baseline Avoided Peak Total Charging (%)

$$= \frac{RY_x \text{Baseline Pmax} - RY_x \text{Baseline Pactual}}{RY_x \text{Total Charging kW}}$$

Where for 2025,

x Is only equal to ~~2~~ and 3 for ~~RY₂~~, and RY₃ respectively.

Baseline Pmax The product of total charging capacity (kW) and enrollment percent, calculated as follows:

$$RY_x \text{Total Charging kW} \times \text{Baseline Enrollment \%}$$

Baseline Enrollment % The product of previous year’s enrollment rate and the observed growth rate of total charging capacity (kW) in the Company’s service territory, calculated as follows:

$$RY_{x-1} \text{Enrollment \%} \times (1 + RY_x \text{Total Charging kW growth})$$

Enrollment % The enrolled charging capacity (kW) in the CMC program divided by total charging capacity (kW) in the Company’s service territory.

Total Charging kW growth The incremental charging capacity installed in kW between the rate years divided by the previous year’s total cumulative charging capacity installed kW.

Baseline Pactual

The Baseline Pactual will be set using the previous year's observed charging demand coincident with the Company's network peaks as a percent of maximum possible demand, calculated as follows:

$$RY_x \text{Baseline Pmax} \times RY_{x-1} \text{Pactual \%}$$

Pactual %

Using the previous year's program data, the ratio of observed charging demand coincident with the Company's network peaks to maximum possible demand:

$$\frac{RY_{x-1} \text{Pactual}}{RY_{x-1} \text{Pmax}}$$

Total Charging kW

The sum of the maximum simultaneous discharge capacities (kW) of all commercial stations across the Company's service area at the end of the summer period, September 30, of RY_x .

Attachment 2: Proposed Baseline Adjustment

