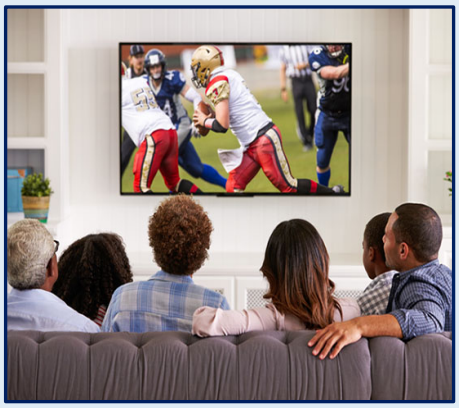
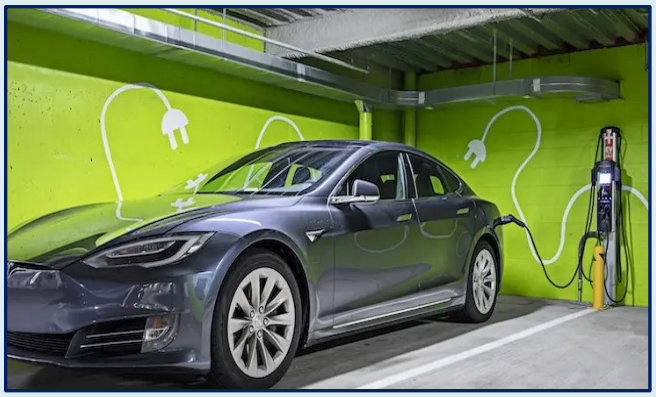
New York State
Public Service Commission
ANNUAL REPORT
2020 - 2021


John B. Howard, Interim Chair
Andrew M. Cuomo, Governor
April 1, 2020 - March 31, 2021

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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, 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.

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From the Chief Executive Officer

The Department of Public Service (DPS or Department) oversees access to energy, telecommunications, and private water services, and it advises the Public Service Commission (PSC or Commission) on issues ranging from setting rates and protecting consumers to siting infrastructure and reviewing utility mergers.

The Commission's regulatory jurisdiction extends over investor-owned utilities, including six major electric/gas utilities, five major gas utilities, three major water companies, as well as small telephone companies, hundreds of water companies, municipal electric utilities, cable companies, power generators, and energy service companies. The Department provides regulatory oversight and review of electric service operation on Long Island, in alignment with Commission and State policies.

Our mandates are threefold. We ensure that these services are safe and reliable, so that customers get the energy and other services that they need. We ensure that companies make appropriate and necessary investments, while preserving affordability for customers by ensuring that services are provided at just and reasonable rates, and we ensure the preservation of environmental values and the conservation of natural resources.

FY 2020-21 was another successful year for the Department and Commission. The highlight was our continued work on the Climate Leadership and Community Protection Act (CLCPA) which codified Governor Cuomo's goals to combat climate change.

Governor Cuomo's nation-leading climate agenda is the most aggressive climate and clean energy initiative in the nation, calling for an orderly and just transition to clean energy that creates jobs and continues fostering a green economy as New York State recovers from the COVID-19 pandemic.

Enshrined into law through the CLCPA, New York is on a path to achieve its mandated goal of a zero-emission electricity sector by 2040, including 70 percent renewable energy generation by 2030, and to reach economy wide carbon neutrality. It builds on New York's unprecedented investments to ramp-up clean energy including over $21 billion in 91 large-scale renewable projects across the state, $6.8 billion to reduce buildings emissions, $1.8 billion to scale up solar, more than $1 billion for clean transportation initiatives, and over $1.2 billion in NY Green Bank commitments.

Combined, these investments are supporting more than 150,000 jobs in New York's clean energy sector in 2019, a 2,100 percent growth in the distributed solar sector since 2011 and a commitment to develop 9,000 megawatts of offshore wind by 2035. Under Governor Cuomo's leadership, New York will build on this progress and reduce greenhouse gas emissions by 85 percent from 1990 levels by 2050, while ensuring that at least 35 percent with a goal of 40 percent of the benefits of clean energy investments are directed to disadvantaged communities,

and advance progress towards the state's 2025 energy efficiency target of reducing on-site energy consumption by 185 trillion BTUs of end-use energy savings.

On March 7, 2020, Governor Cuomo, in response to the COVID pandemic, declared a State emergency and has called on State and local agencies to do their utmost to protect the public health and welfare of the people of the State. The pandemic impacted the customers of multiple industries subject to Commission oversight and programs, including electric and gas distribution utilities, private water supplies, renewable and distributive energy, energy efficiency, telecommunications, broadband, and cable television.

Since the start of the COVID-19 pandemic, the Commission responded to the most pressing COVID-related impacts for customers on a timely basis as these issues have emerged. Consistent with Governor Cuomo's executive orders, the Commission undertook several actions to address the ramifications of COVID to industries and sectors subject to Commission oversight and programs.

While those actions allowed for prompt responses, the Commission recognized the need to address the ramifications from the ongoing pandemic in a more comprehensive manner as the Commission begins the process of developing and adjusting policies that guide the entities subject to Commission oversight and their customers through the current crisis.

In February, Governor Andrew M. Cuomo designated me as the Interim Chair of the Commission and Interim Chief Executive Officer of the Department, filling the vacancy created on February 26, 2021 with the departure of John B. Rhodes, whose term as Chair and CEO had expired.

In accepting the position, I thanked Chair Rhodes for his outstanding contributions to New York State during the past seven years, noting that Chair Rhodes guided the Department in the expansion of clean energy programs initiatives, help set the State on a path to achieve its nation-leading energy and climate goals, and helped increase New Yorkers' access to clean distributed energy resources by establishing a compensation system based on the value the projects bring to society and the electric grid.

One of the hallmarks of the Commission is the openness and transparency of its regulatory processes. The Commission held 49 virtual public statement hearings across New York State that attracted over 1,000 people. In addition, the Commission received over 38,000 public comments in 2,672 proceedings, and those comments played a key role in helping the Commission in its decision-making process, leading to the issuance of 841 orders. Public input is also important to the Department in development of its recommendations in the matters it considers on Long Island.

In conclusion, we have achieved a tremendous amount and our ambitions continue. The keys to our success to date — and the foundations of our continued policy direction — are to: focus on and drive value for all customers, focus on and drive cost-reduction, harness competition and private funds, and preserve flexibility so as to reap the benefits of new technologies and new possibilities.

By doing so, we can achieve the energy system that New Yorkers need and deserve — clean, reliable, resilient, and affordable. The continuous actions the Commission and Department have

taken in FY 2020-21 not only ensure affordable, safe, secure, and reliable access to electric, gas, steam, telecommunications, and water services for New York State's residential and business customers while protecting the environment, they also stimulate economic growth and job creation. The Commission and the Department are positioned to deliver our core mission and meet the Governor's ambitious agenda.

More than ever, we have stepped up once again this past year, as COVID-19 upended normal life and normal work. Let me close by also recognizing and thanking staff for their personal strength and character during these very tough times – as colleagues, volunteers and members of our communities.

Sincerely,

John B. Howard
Interim Chair and CEO
June 16, 2021

Introduction

Availability of reliable, affordable, and safe electric, natural gas, water, steam, telecommunications, and cable services is critical to the welfare of the State's citizenry and essential to New York's economy. The Department and the Commission were statutorily established to oversee these natural monopolies to ensure their essential services are safe and reliable, provided at just and reasonable rates, and are protective of natural resources. From April 1, 2020 to March 31, 2021, 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 development of new innovations.

The staff of the Department is the investigative and advisory body to the Commission relating to the State's utilities, and provides 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, including 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 decisions it must make in matters such as rate determinations, utility financing, consumer protection, safety and reliability of utility services, and 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 develops and implements State regulatory and energy policies; inspects utility equipment necessary for rendering service to the public; conducts and participates in hearings; oversees management and operations audits; and receives, investigates and resolves complaints regarding billing, services, and other utility or energy service companies' practices.

Major Initiatives

Addressing COVID-19 Pandemic

In response to Governor Cuomo's directives regarding the COVID-19 pandemic, the Department immediately commenced working with utilities across the State to ensure any customers affected by COVID-19 restrictions would not lose power or heat due to financial hardship. The State's major electric, gas, and water utilities took immediate action to suspend service shutoffs to households during the COVID-19 outbreak.

The State's major electric and gas utilities — Consolidated Edison of New York, Inc. (Con Edison); National Grid; Central Hudson Gas & Electric Corporation (Central Hudson); Orange & Rockland (O&R); New York State Electric & Gas Corporation (NYSEG);

Rochester Gas & Electric (RG&E); Public Service Enterprise Group Long Island (PSEG-LI) ; and National Fuel Gas Distribution Corporation (NFG) — and smaller utilities committed to suspend non-payment shut-offs for customers, and assist customers impacted by COVID-19 who may be experiencing financial hardship that makes it difficult for them to pay their utility bills during the outbreak. Historically, the Department has asked the utilities for more lenient repayment options during times of hardship. For example, every year during the coldest parts of the winter, the major electric and gas utilities suspend service terminations for non-payment. Similar action was taken during Super Storm Sandy, the 2014 Polar Vortex, and the 2008 financial crisis.

In January, Governor Cuomo announced a proposal to prohibit utility disconnections in regions that are under a state of emergency as part of the 2021 State of the State. Governor Cuomo took a series of actions to protect New Yorkers' access to utilities during the COVID-19 pandemic. Last year, the Governor signed legislation extending a moratorium that prevents utility companies from disconnecting utilities to residential households that are struggling with their bills due to the COVID-19 pandemic. Utility companies must instead offer these individuals a deferred payment agreement on any past-due balance.

The Governor has previously enacted some of the strongest and most progressive consumer protection and assistance programs in the country. Governor Cuomo established New York's energy affordability policy in 2016. The policy extended energy bill support to more than 152,000 additional New York families, ensuring that more than 920,000 New York families spend no more than 6 percent of their income on energy bills. Through this program, New York commits more than $238 million annually helping to keep the lights and heat on for our most vulnerable New Yorkers.

COVID Impacts on Customers and Utilities

In June, the PSC established a crucial and new proceeding to identify and address the effects on utility and other Commission-regulated services and programs in New York State.

> *Since the start of the pandemic and the economic downturn, the Commission has acted to respond to the most pressing COVID-related impacts for customers on a timely basis as these issues have emerged. With this action, we continue to enable prompt responses on pressing needs for relief and adjustments, as well as dealing with the full range of the impacts in a comprehensive, thoughtful, and thorough manner.*

In response to the pandemic, Governor Cuomo declared a State emergency, and called on State and local agencies to do their utmost to protect the public health and welfare of the people of the State. The pandemic is impacting the customers of multiple industries subject to Commission oversight and programs, including electric and gas distribution utilities, private water suppliers, renewable and distributive energy, energy efficiency, telecommunications, broadband, and cable television. The proceeding will review how customers have been impacted by the pandemic and explore methods of mitigating those impacts. Further, the pandemic is impacting the operations of these critical industries, and the proceeding

will focus on the continued provision of safe and reliable service.

Consistent with Governor Cuomo's executive orders, the Commission has undertaken several actions to address the ramifications of COVID to industries and sectors subject to Commission oversight and programs. While these actions have allowed for prompt responses, the Commission recognizes the need to address the ramifications from the ongoing pandemic in a more comprehensive manner as the Commission begins the process of developing and adjusting policies that will guide the entities subject to Commission oversight and their customers through the current crisis.

The proceeding addresses the effects of the COVID pandemic on all entities subject to Commission jurisdiction or permitting authority, including electric, gas, and steam distribution utilities, independent power producers, energy service companies, private water supply companies, and telecommunications and cable television companies; utility ratepayers; and Commission-adopted programs, including those related to onshore and offshore renewable energy, distributed energy, energy efficiency, and heat pumps. The Commission is also examining the change in electricity use and the unprecedented change in residential and business demand for electricity in light of the work-from-home requirements.

The proceeding includes, but will not be limited to, impacts on rate-setting, rate design, utility financial strength, low-income programs, regulatory priorities, collections and termination of service; ensuring the provision of safe and adequate service at just and reasonable rates in recognition of the ramifications from the COVID pandemic; and the extent, if any, that the Commission's clean energy programs should be maintained or accelerated.

Investigations and Settlements

Governor Cuomo's 2013-14 State Budget provided for significantly more stringent assessment and overview of utility activity requirements in New York. As a result of those changes, each year, electric utilities are now required to submit for Commission review and approval emergency response plans.

Con Edison: In April, the PSC approved a settlement reached with Con Edison, requiring its shareholders to pay $15 million toward methane detectors and to take other measures to ensure safety of its pipeline system. The settlement resolves allegations that the utility violated the Commission's gas safety rules related to gas infrastructure work in New York City, including allegations that it failed to inspect work completed by its contractors during pipeline construction activities at sufficient intervals to ensure compliance, and that several of its contract employees and inspectors were either not qualified or cheated on operator qualification exams.

> *With this action, the Commission holds utilities fully accountable for compliance with our gas safety rules and protect customers. We ensure that these rules are enforced, that necessary improvements are made, that best practices are implemented, and that any identified issues are quickly remediated and not repeated.*

The Commission previously determined that the Department's investigation presented credible information to warrant Commission action requiring Con Edison to formally respond to the investigation's findings; the settlement completes this phase of the proceeding.

It is important to note that Con Edison, while not admitting liability or wrongdoing, fully cooperated in the Department's investigation, and responded to and remediated any issues in coordination with the Department in a timely manner. The $15 million in shareholder funds goes toward accelerating Con Edison's installation of natural gas detectors (NGDs) on Automatic Metering Infrastructure (AMI). The shareholder payment will fund the installation of at least 75,000 AMI-enabled NGDs, which are in addition to the installations Con Edison had already planned to install over the next three years. Con Edison will also make additional gas safety process improvements, such as the use of outside inspectors not affiliated with the company, to inspect completed work.

TS Isaias Initial Investigation: In August, Governor Cuomo announced the Department had completed the first phase of its investigation in record time into utility preparation and restoration efforts related to tropical storm Isaias. As a result, the Department has sent Notice of Apparent Violation letters to four electric service providers — Con Edison, O&R, PSEG LI and Central Hudson — and telephone, cable, and internet provider Altice-Optimum that they now face steep penalties and must take immediate corrective actions so that similar failures are not repeated during the remainder of hurricane season. This is the first time DPS is frontloading the investigation process with Notices of Apparent Violation, and they have tightened the investigation process from the usual 12 to 24 months to just six months.

DPS threatened to pursue franchise revocations for Con Edison and Orange & Rockland as well as termination of PSEG-LI's contract with LIPA if the investigation deems it appropriate. Governor Cuomo directed the Department of Financial Services, which has broad investigative capabilities, to work with DPS to enhance its review of these utilities and better hold them accountable.

Specifically, DPS cited Con Edison and O&R for inaccurate communications, website problems, and inadequate pre-staging; PSEG LI was cited for a failure of its outage management system, inaccurate communications and problems with its call center; and Central Hudson was cited for inadequate communications capacity at its back-up data center, leading to their website becoming unavailable to customers. Altice-Optimum apparently did not follow its emergency plan pertaining to generator deployment and communications protocols, among other failures.

DPS has also called on PSEG LI to forfeit its 2020 incentive compensation of approximately $10 million as a first step and to use the proceeds toward compensating families and small businesses who lost food and medicine as a result of the extensive outages, and PSEG LI agreed to do so.

Peak power outages in New York State due to Tropical Storm Isaias reached approximately 920,000 customers, and approximately 1.3 million New York customers experienced power outages during the event. In response to the event, the State directed the utilities to undertake several corrective actions, including:

- Add crewing capacity via retainer contracts from private contractors or

utilities located outside of New York, with a goal to be able to secure in advance of a storm double the level of internal linemen and tree crews;

• Test capabilities at all command centers, call centers, and back-up command centers to ensure capability to handle an event that affects 90 percent or more of their customers in their service territory and provide confirmation back to the Department regarding the results of this test within 10 days;

• Refine coordination plans with municipalities tailored to each county (road clearing, local liaisons, etc.) and provide to the Department within 20 days a written confirmation from each county Emergency Operations Center that they understand and accept the plan; and

• Update life support equipment and critical infrastructure lists to remove or add customers as identified during Tropical Storm Isaias and file such updated lists to the Department within 10 days.

The Department also identified several potential violations related to Altice-Optimum's storm response in the lower Hudson Valley and Long Island, including a failure to coordinate emergency response with local officials, communications failures, and insufficient generator capacity for their network. The Department letter demands that Altice-Optimum promptly remedy these issues and provides notice that the investigation will include a review of whether the company is in violation of the Commission's 2016 order approving its acquisition of Cablevision.

In addition to sending out notices of violations to the aforementioned utilities and Altice/Optimum, the Department also informed the State's other major electric utilities — NYSEG, National Grid, and RG&E — to immediately secure supplemental crews that can be deployed in the event of an emergency, to test the capabilities of the utility's command center, back-up command center, and call center to ensure capability to handle a large event (more than 90 percent of customers affected) in their service territory; and to file road clearing and liaison plans with each county emergency operations center, update lists of customers who use life-saving equipment in their homes, and update critical infrastructure lists.

Con Edison & O&R: In August, the PSC adopted terms of a joint settlement with Con Edison and O&R regarding the Commission's investigation into utility preparation and response to power outages during the 2018 back-to-back winter storms.

> *Utilities have a duty to their customers to be prepared for a storm, to restore power as safely and as quickly as possible, and to keep customers accurately informed during any such event. The terms of the joint settlement are consistent with the environmental, social, and economic policies of the Commission and the State and in the public interest. Our decision clearly demonstrates that if a utility fails, in whole or in part, to meet this standard, the company's shareholders will be held accountable.*

During March of 2018, the companies experienced a series of severe weather events in their service territories. The first, Winter Storm Riley, occurred on March 2 and 3,

2018, resulting in approximately 143,300 customer outages in Con Edison's service territory and 52,500 customer outages in O&R's service territory. Four days later, on March 7, 2018, the companies' territories were struck again by a second severe storm, Winter Storm Quinn, which resulted in 66,000 customer outages for Con Edison and 31,500 customer outages for O&R.

On March 14, 2018, at the direction of Governor Cuomo, the Department began an investigation of the companies' preparation and response to Winter Storms Riley and Quinn. Department staff considered whether the companies properly prepared for, and responded to, the effects of the 2018 Winter Storms in compliance with their annually filed emergency response plans.

Under the terms of the agreement, the companies agreed to settle alleged violations of their emergency response plans (ERPs) for a combined $10.75 million in ratepayer benefit ($9.5 million to Con Edison and $1.25 million to O&R), with $6.45 million in settlement funds and an additional $4.3 million in mitigation measures taken in coordination with the Department at the time of the storms. On May 20, 2019, the companies also adopted the combined 144 storm plan recommendations made by the Department.

The $6.45 million in settlement funds will be used for the companies' electric ratepayer benefit at their next rate cases, allowing for ratepayer input on the funds' use. Both companies admitted to certain violations of their ERPs and the associated Commission orders and regulation. The $10.75 million settlement agreement is the largest ever of its kind for failure to adequately execute a utility emergency response plan.

This settlement is unrelated to any ongoing investigations of Con Edison and other state utilities resulting from the Tropical Storm Isaias response.

The Department also conducted various public statement hearings across the State at which numerous customers and public officials provided both written and oral comments; conducted interviews with State, County, City, and Town officials; held meetings with and received comments from customers and other stakeholders; issued document requests; evaluated complaint data filed with the Department's Office of Consumer Services; and facilitated substantial public outreach to better understand issues and problems experienced during the 2018 Winter Storms.

As a result of the investigation, the Commission ordered Con Edison and O&R to implement a combined 144 recommendations contained within the Department's report and respond as to why the Commission should not seek penalties for 17 alleged violations of the companies' ERPs, Commission regulations and orders.

TS Isaias Investigation Completed: In November, the PSC completed its investigation into the apparent failure of New York's electric utilities to adequately prepare for and respond to Tropical Storm Isaias, which ravaged large swaths of New York State in August. As a result of the investigation, the fastest ever conducted by New York's utility regulator, three of the state's largest utilities — Con Edison, O&R, and Central Hudson — faced potential penalties totaling $137.3 million, with Con Edison and O&R also facing potential license revocation. All three were required to explain why penalties should not be imposed by the PSC for such apparent violations of the laws, regulations, and orders that are designed to

ensure the safety and reliability of the electric system. PSEG LI was also the subject of the investigation, and numerous failures were identified by the New York State Department of Public Service. The Department recommended enforcement actions to the LIPA Board of Trustees.

On August 19, 2020, DPS completed its initial phase of investigation into utility performance in regard to the storm and issued five notice of apparent violations letters in response to electric and telecommunication utility providers' apparent failures to properly prepare for and respond to the weather emergency and its effects on New Yorkers' access to essential utility services.

The letters were sent to, among others, the electricity service providers Con Edison, O&R, Central Hudson, and PSEG Long Island.

- **Con Edison**: The Department's initial investigation showed that Con Edison's response to the storm was wholly inadequate, and that Con Edison apparently failed to follow its Commission-ordered Emergency Response Plan's requirements relating to its damage assessment responsibilities and its published estimated time of restoration notices. Recognizing prior instances where Con Edison's storm event response had fallen short of legal requirements, staff noticed that its investigation would include the determination of whether Con Edison's certificate of public convenience and necessity — the prerequisite legal requirement for exercising franchise rights necessary to provide electric service in New York — should or should not be revoked based on these apparent violations as well as Con Edison's prior failures to adequately prepare and respond to emergencies.

- **O&R**: The Department's initial investigation showed that O&R apparently failed to follow its Commission-ordered Emergency Response Plan's requirements relating to pre-storm crewing assessments. As with Con Edison, and similarly recognizing prior instances where O&R's storm event response had fallen short of legal requirements, staff noticed that its investigation would include the determination of whether O&R's certificate should not be revoked based on these apparent violations as well as O&R's prior failures to adequately prepare and respond to emergencies.

- **Central Hudson**: The Department's initial investigation showed that Central Hudson had apparently failed to follow its Commission-ordered Emergency Response Plan's requirements relating to its damage assessment responsibilities and internal website failures.

- **PSEG LI**: The Department's initial investigation showed that PSEG LI apparently failed to follow its Department-recommended and Long Island Power Authority (LIPA) Board of Trustees-adopted Emergency Response Plan's requirements relating to PSEG LI's damage assessment responsibilities, responsibility to maintain a functional Outage Management System, responsibility to publish accurate estimated time of restoration notices, and responsibility for timely and effective communication and coordination with its customers, local municipal governments, and state agencies.

Although no apparent violations were discovered in the Department's initial investigation, the Department also sent letters to NYSEG, RG&E, and National Grid requiring a series of immediate remedial steps

to better anticipate storm impacts, including a requirement to double the number of line workers to speed restoration efforts.

The order issued identified numerous apparent violations, including those related to storm classifications, storm restoration staffing and assessment, call center staffing and response, and inadequate communications in the form of inaccurate and untimely estimated times of restorations, down websites, and the failure to contact registered life support equipment customers. The PSC may amend this order to include any subsequently identified apparent violations for all electric utilities, to include those in the order.

The utilities had 10 days to respond to the Department's recommendations on how to improve their response and restoration efforts, and 30 days to respond regarding a potential penalty action. The penalties facing the three utilities are as follows: Con Edison ($102.3 million for 33 apparent violations); O&R ($19 million for 38 apparent violations) and Central Hudson ($16 million for 32 apparent violations).

Con Edison Power 2019 Outages: In November, Governor Cuomo announced that Con Edison faced $25 million in penalties and possible license revocation from the PSC following an investigation into the utility's failed response during large-scale power outages in Manhattan and Brooklyn in July 2019. The utility has an opportunity to contest the penalties, but should the Commission confirm any of these apparent violations and if Con Edison is shown to have failed in providing safe and adequate service, the Commission will commence a proceeding to revoke or modify Con Edison's service territory certificate. The $25 million in potential penalties is in addition to $15 million in revenue reductions already applied to Con Edison by the Commission due to these same 2019 outages.

Outages such as the ones that occurred in July 2019 in the Con Edison service territory, which were non-storm related, call into question the company's ability to ensure reliable service during severe inclement weather. During the summer of 2019, Con Edison experienced two sizable outage events eight days apart. The first occurred on Saturday, July 13, 2019 at approximately 6:47 p.m. This four-hour and 50-minute outage caused approximately 73,000 customers to lose electric service on Manhattan's West Side from 5th Avenue to the Hudson River, and from 31st Street to 71st Street. The second outage event began in Brooklyn on Saturday, July 21, 2019, in the Flatbush system, and resulted in the loss of electric service to approximately 33,000 customers over a two-day period.

The outages impacted commercial activities, residential buildings, transportation systems, and traffic control. Lights were out in many of New York City's popular nighttime destinations and public venues, such as Madison Square Garden, the Broadway theatres, Carnegie Hall, and restaurants. The subway system experienced widespread delays and limited service, as the Metropolitan Transportation Authority had to close various stations in Manhattan. While the underlying cause and conditions of these customer outages were different, the Manhattan and Brooklyn outage events led the Department to question the company's performance during these events and the company's efforts to communicate critical outage information to customers, first responders, and elected officials. Department staff began an investigation of the root causes of and the company's performance during the Manhattan and Brooklyn outage events. The

Department's detailed 13-month investigation resulted in a report with 13 recommendations related to the Manhattan outage event and 27 recommendations as a result of the Brooklyn event.

> *A utility's first and most important job is to ensure the safety and reliability of its delivery system. Based upon the results of our thorough investigation, it appears that Con Edison has failed in that task, and as a result, we will now consider ways to penalize the company for its apparent failures, while also directing them to make improvements to ensure repeats do not happen again.*

As a result of this investigation, Con Edison was directed to answer these charges relating to conduct prior to, during, and after the Manhattan and Brooklyn outages, and pursue civil penalties and/or administrative penalties for its failure to adhere to rules and procedures regarding outage prevention and restoration. Based on current state law, the maximum financial penalty Con Edison faced was more than $25 million — one of the largest penalties ever issued by the PSC. The penalties, should they be levied, would be paid by the utility's shareholders, not from ratepayer funds borne by customers.

This review of Con Edison's performance during the 2019 Manhattan and Brooklyn Outages identified many opportunities for improvement that should be resolved by implementing and complying with the recommendations. To ensure the timely implementation of the recommendations, Con Edison was directed to respond within 30 days regarding both the implementation of the recommendations. and to respond as to why the PSC should not pursue penalty actions against the utility.

PSEG LI: In December, Governor Cuomo announced that LIPA had filed legal action against PSEG Long Island for breach of contract and its performance in response to Tropical Storm Isaias. The complaint seeks $70 million in damages for PSEG Long Island's failure to adequately oversee outage management and communications systems, and for the lack of business continuity plans that would have provided a failsafe option when key systems broke down. The filing was a direct result of the New York State Department of Public Service and LIPA's investigation reports issued in September and November and follows through with the Department's recommendation to the LIPA Board of Trustees.

The claim alleges PSEG Long Island was in breach of obligations set out in its operating agreement with LIPA and seeks damages related to PSEG Long Island's inadequate design, implementation, and testing of its outage management and communications systems, which failed during the storm. LIPA also asked the Court to order PSEG Long Island to urgently fix these systems to prevent future failures.

> *The outages that Long Islanders had to suffer during the recovery from Tropical Storm Isaias were unacceptable. The Department has the responsibility to help determine how PSEG Long Island performed regarding Tropical Storm Isaias. If PSEG Long Island's operations were mismanaged, then customers on Long Island should not be harmed, and PSEG Long Island should pay to remedy such situations.*

TS Isaias Investigation: In January, the PSC said it would commence holding evidentiary

hearings regarding how utilities prepared for and responded to Tropical Storm Isaias (TS Isaias). The purpose of the hearings was to address factual issues related to the assessment of the prudency and reasonableness of the actions taken by Con Edison, Orange & Rockland, and Central Hudson regarding the preparation and response to TS Isaias, and to determine whether penalties should be levied and injunctive relief imposes related to any utility failures.

> *The Commission will determine how to hold utilities accountable for any mistakes on their part regarding the preparation for and response to TS Isaias. If a utility mismanages its operations and inflicts harm on customers, then utility shareholders will pay to remedy such situations and to avoid repeat failures.*

In November 2020, the Commission completed its investigation into the apparent failure of New York's electric utilities to adequately prepare for and respond to TS Isaias, which ravaged large swaths of New York State that summer. As a result of the investigation, the fastest ever conducted by New York's utility regulator, three of the state's largest utilities — Con Edison, O&R and Central Hudson — now face maximum potential penalties of up to $137.3 million, with Con Edison and O&R also facing potential license revocation depending upon a finding of repeat violations.

The Commission's November order alleged 103 apparent violations of the Public Service Law (PSL) and certain Commission orders against Con Edison, O&R, and Central Hudson, in relation to each company's preparation for and response to TS Isaias. The order directed each of the utilities to show why, based on the alleged violations, the Commission should not commence a civil penalty action and/or an administrative penalty proceeding, pursuant to PSL §§ 25 and/or 25-a, and/or a prudence proceeding for potentially imprudent expenditures of ratepayer funds.

All three utilities responded to the order to show cause by filings made within 30-days after issuance of the November order. The action directed the Office of Hearings to assign Administrative Law Judges (ALJs) to each individual case and to schedule the steps up to and including an evidentiary hearing. The evidentiary hearings addressed any genuine issues of material fact related to the alleged violations, demonstrate why penalties should be assessed, as well as to assess the prudency of each of the utilities' actions in preparation and response to TS Isaias. Of note, DPS separately investigated PSEG LI's preparation and response to the storm and provided recommended enforcement actions to the LIPA Board of Trustees.

NYSEG & TS Isaias: In January, the PSC adopted the terms of a $1.5 million settlement with NYSEG to resolve a penalty action against the utility for its alleged violations regarding its preparation and restoration efforts related to TS Isaias.

On August 4, 2020, TS Isaias struck the State and caused outages, 183,000 of which were located in the NYSEG service territory. The majority of outages experienced by NYSEG were in its Brewster Division, which serves customers in Dutchess, Putnam, and Westchester counties. By 5:00 p.m. on August 8, 2020, more than 90 percent of customers in the NYSEG's Brewster Division were restored, with full restoration occurring just before 10:00 a.m. on August 10, 2020.

Initiated at the direction of Governor Cuomo, Department staff conducted an in-depth investigation into the preparation and response to TS Isaias by the State's major electric and telecommunications utilities, including NYSEG. DPS, as part of its investigation, considered whether NYSEG properly prepared for and responded appropriately to the effects of TS Isaias, in compliance with their annually filed Emergency Response Plans (ERPs).

On August 19, 2020, Commission Chair Rhodes issued a letter to NYSEG, which outlined several initial after-action findings related to utility preparedness, response, and recovery, and required certain corrective action items be submitted.

While NYSEG must continue to work with the Department, municipal leaders, and its customers to improve its storm preparation and response, as part of this settlement, the Commission acknowledges NYSEG's generally improved storm performance in TS Isaias as compared to its previous performance in the 2018 Riley and Quinn winter storms. The Commission received only 35 total customer complaints regarding the NYSEG TS Isaias response.

As part of the settlement, NYSEG admitted to all three violations, and the company agreed that their actions did not comply with rules and regulations. The company agreed to a penalty amount of $1.5 million paid from shareholder funds for the admitted three violations. The funds will be used to provide ratepayer benefits in a manner to be determined by the Commission in the company's next electric rate case, allowing for ratepayer notice and comment on the usage of the funds.

Study Commences Regarding Public Takeover of New York American Water:

In February, Governor Cuomo directed Rory I. Lancman, Special Counsel for Ratepayer Protection at DPS, to commence and lead a municipalization feasibility study regarding Long Island's largest privately-owned water company, New York American Water Company, Inc.

The Department is currently reviewing the sale of New York American Water to Liberty Utilities Co., another private utility. The Liberty proceeding has triggered strong local interest in reviewing options for potential public takeover of the system. Several municipalities, including Sea Cliff and Massapequa, submitted comments analyzing the feasibility of taking over parts of the New York American Water system. Governor Cuomo included a provision in his utility reform legislation, introduced in November, that required the issuance of a study by April 1, 2021 on the feasibility of a public takeover of American Water. Given the importance of the issue in the ongoing proceeding, the Governor directed the Department to begin the study immediately.

> *Governor Cuomo has taken an active interest in looking for solutions to this pressing problem of high-cost water service for these consumers. One of the greatest consumer benefits of a public takeover is that the utility would become tax-exempt, which would lower costs for consumers. Lowering the cost of service is of prime importance to the Department.*

The study conducted by Special Counsel Lancman included opportunities for public comment and public hearings. The study will be completed by April 1. New York American Water provides residential and non-residential metered and other water services

as well as public and private fire protection services in parts of Nassau, Putnam, Sullivan, Ulster, Washington, and Westchester counties. American Water has about 124,000 customers system-wide, including about 120,000 customers on Long Island.

Telecommunications & TS Isaias: In February, the PSC received a detailed investigative report on the impact of TS Isaias on telephone and cable television networks and services. The report evaluated the preparation and restoration efforts of the service providers in affected areas and includes input from, and consideration of, recommendations by municipal leaders, emergency response agencies, and customers. The report highlighted the need for modification to existing statutes or regulations to require the filing and annual updating of more robust emergency contingency plans, similar to those required of electric utilities, in order to improve the preparedness and response to future storms and other emergencies by major telephone corporations and cable television companies.

> *Based on this report, the Commission must make telecom companies more accountable for storm preparation and recovery. Major telephone and cable companies will need to file more robust emergency contingency plans for storms and other disruptive events, and cable companies will have to issue credits for outages when services are not available to the customer.*

Staff's investigation indicates that these disparities contributed to inconsistent storm preparation and response among telecommunications providers. The report also provides background and evidentiary support for other actions being taken by the Commission regarding potential enforcement actions against Altice USA and Frontier Communications.

The investigation found that Altice had apparently failed to adhere to many significant aspects of its Response Plan and associated Severe Weather Preparedness Plan. Therefore, the Department issued a Notice of Apparent Violation on August 19, 2020, which highlighted areas where apparent violations contributed to Altice's inability to timely restore service and effectively communicate to customers experiencing outages. The apparent violations involved failure to make sufficient readiness plans and post-storm restoration, poor customer service and communications, and inadequate communication and coordination with government officials and electric utilities. The notice also demanded that Altice immediately implement remedial action items to immediately improve service restoration policies and operations, and prevent any delayed restoration from potential storms.

The Department's investigation also found Frontier Communications, Inc. in apparent violation of Commission regulations for its failure to provide continuous operation of its service during a loss of commercial power, specifically at one of its central offices, which provides critical 911 services in Orange County, and several instances of failure to timely and accurately notify the Department of several major outages following the storm. The apparent violations by Altice and Frontier are the subject of potential enforcement actions pursuant to PSL Section 25, which are being pursued by the Department's Office of Investigations and Enforcement.

Lastly, to address concerns raised by customers and elected officials in areas most affected by TS Isaias, including United

Westchester, and to improve the preparedness and response to future storms and other emergencies by major telephone corporations and cable television companies operating in the State, the Commission will consider future changes to applicable regulations that would require the filing and annual updating of more robust emergency contingency plans, similar to those required of electric utilities, and also establish a more uniform policy for credits when telephone and cable television service is not available to customers following outages caused by storms and power outages.

These new regulations will hold telephone and cable television companies more accountable for their respective storm preparedness, staffing for efficient restoration, adequate communication and coordination with emergency agencies and municipalities, issuance of credits for storm outages, and make violations of these provisions more enforceable and subject to penalty action.

Altice Settlement: In March, Governor Cuomo announced a nearly $72 million settlement with Altice following the company's failure to adequately prepare for and restore broadband and cable television service after TS Isaias left more than 400,000 Altice customers without service, some for as long as 14 days. Following the power and communication outages caused by the tropical storm, Governor Cuomo directed the Department to immediately investigate the utilities' preparations and response to the storms. The $72 million settlement is the largest ever in New York State for any company under PSC jurisdiction for failing to follow procedures related to an emergency response. As part of the settlement agreement approved by the PSC, Altice will be required to develop a more robust storm-response program and enhance communication and coordination with municipal and county governments.

TS Isaias caused extensive damage to electric distribution and telecommunication infrastructures that, in turn, led to lengthy outages for a substantial number of New York utility customers, including more than 400,000 Altice customers. The very next day, Governor Cuomo directed the Department to investigate New York State's major electric utilities, telephone corporations and cable television companies following their slow and inadequate response to the storm. The Department of Financial Services supported the investigation with its extensive legal and forensic resources, allowing for a more timely and comprehensive review.

On February 11, 2021, the Commission received a detailed investigative report on Tropical Storm Isaias' impact on telephone and cable television networks and services. The report evaluated the preparation and restoration efforts of the service providers in affected areas and includes input from, and consideration of, recommendations by municipal leaders, emergency response agencies and customers. The report highlighted the need for modification to existing statutes or regulations to require the filing and annual updating of more robust emergency contingency plans, similar to those required of electric utilities, in order to improve the preparedness and response to future storms and other emergencies by major telephone and cable television companies.

The investigation found Altice had apparently failed to adhere to many significant aspects of its response plan and associated severe weather preparedness plan, which contributed to Altice's inability to timely restore service and effectively communicate to customers experiencing outages. The apparent violations involved include failure to make sufficient

readiness plans and post-storm restoration, poor customer service and communications, and inadequate communication and coordination with government officials and electric utilities.

> *The primary task of companies under Commission jurisdiction is to supply safe and adequate service to customers. A key component of that is for the companies to be prepared for a storm and to restore service as safely and as quickly as possible, and we will hold them accountable to do just that. With this agreement, Altice will ensure that costs to improve its reliability will not result in any increased costs to its customers.*

Under the terms of the settlement agreement, Altice will spend $68.54 million to improve the storm resiliency of their system and make other upgrades, without billing customers for the upgrades, and has provided $3.4 million in credits to New York customers impacted by TS Isaias.

The investments required by Altice include $4.6 million toward a new state-of-the-art outage communication platform, the hiring of six additional storm recovery and service coordinators and a new full-time, post-storm remediation coordinator, and upgrades to Altice's Outage Notification Board.

The company will also spend $63.94 million to improve the company's planning for and response to future severe weather events. Included within this category are upgrades to Altice's customer care-related infrastructure, including call center technology and digital programs, certain specified customer care initiatives to facilitate improved customer communications, and additional staffing and investment, including additional technicians and other investments to improve reliability of service in New York. The settlement agreement requires that the improvements be made within two years.

In addition to the $3.4 million in customer credits and the $68.54 million in action items, Altice also agreed to undertake a series of programmatic, administrative, and policy "improvements" to its storm-related operations to improve the company's performance in planning for and recovering from future severe weather events. For example, Altice has agreed to work toward amending its contracts with certain third-party contractors to allow for greater certainty regarding the number of third-party contractor resources available during storm recovery.

National Grid: In March, the PSC approved a $21 million settlement with National Grid regarding its two New York City gas distribution companies for failing to maintain appropriate protections for its underground natural gas distribution system and for failing to adequately supervise workers and contractors working on the gas lines.

The settlement with National Grid's New York City and Long Island gas businesses was for repeated violations of gas safety regulations designed to ensure that underground gas pipelines are protected from corrosion, and was a direct result of a Commission investigation that identified inadequate cathodic protection levels on pipes at National Grid's Northport Regulator Station, along with other regulator stations on Long Island.

Cathodic protection is required on steel pipe to prevent corrosion; if corrosion occurs, the integrity of the pipe may be compromised, and failure could result. While National Grid was in the process of correcting the cathodic protection problem at Northport, investigators

learned of similar cathodic protection problems at the Commack Regulator Station, also on Long Island.

That investigation, which included a review of operations and maintenance records associated with delivery points for the Iroquois Pipeline system at the Northport Regulator Station, the Commack Regulator Station, and one specifically identified pipeline segment, found that underground control lines and a pipeline segment, subject to specific cathodic protection requirements, did not demonstrate adequate or compliant cathodic protection levels.

A separate investigation determined that the company had failed to comply with the Commission's gas safety rules related to gas infrastructure in their service territories. It also determined that the company failed to inspect work completed by its contractors during construction at sufficient intervals to ensure compliance, and that it allowed work to be completed by plastic fusers and plastic fusion inspectors who were not properly qualified to do the work.

As a result of these Commission-led gas safety investigations, we will ensure that our gas utilities will focus efforts on ensuring that the gas distribution system is safe and reliable, and utilities that fail to do that will pay a steep financial price.

The money will be used as a credit to offset the costs of National Grid's Commission-approved energy efficiency and demand response programs. Use of the funds will be subject to separate approval by the Commission in National Grid's currently pending rate cases, or in other future proceedings.

New York American Water Study: In March, Governor Cuomo announced completion of a study on the feasibility of municipalizing all or part of New York American Water Company, Inc.'s Long Island assets and operations. The study determined that municipalization of New York American Water was both feasible and, under several scenarios, in the public interest.

The 100-plus page study found that the largest benefit of municipalizing NYAW was that the utility assets would become tax exempt. The primary recommendation made in the study was that the State Legislature act now to reduce the onerous property tax burden which is uniquely borne by the water company's customers, and that a new public authority be established with the power to purchase or obtain through eminent domain all or parts of NYAW's assets in Nassau County. Such an authority could decide to operate the assets itself, contract out its operation to established public water providers, or merge all or parts of them into existing public water providers.

Under the proposed legislation, subsequently rejected by the Assembly, special franchise property taxes of about $30 million that are currently paid exclusively by NYAW customers — the main driver of NYAW's higher rates — would instead be spread among all utility customers, and if and when NYAW is municipalized, the new public authority will pay no property taxes at all. Under both scenarios, NYAW customers would see a significant reduction in their combined water rates and property taxes, while others in affected property tax classes would see a modest increase in their tax burden as it would be evenly distributed among a much wider tax base. Municipalization makes financial sense even with an assumed cost of publicly acquiring

the company, completing near-term infrastructure improvements, and providing initial operating funds totaling nearly $800 million.

The Department is currently reviewing the sale of NYAW to Liberty Utilities Co., another private utility. The Liberty proceeding has triggered strong local interest in reviewing options for potential public takeover of the system.

New York American Water provides residential and non-residential metered and other water services as well as public and private fire protection services in parts of Nassau, Putnam, Sullivan, Ulster, Washington, and Westchester counties. American Water has about 124,000 customers system wide.

Planning for the Clean Energy Future

Meeting Aggressive Energy Storage Goals: In April, DPS issued the first "State of Storage" annual report, announcing progress in reaching New York's statewide energy storage goal of 3,000 megawatts (MW) by 2030, with an interim objective of deploying 1,500 MW by 2025. Energy storage enhances the efficiency of the electric grid through many different applications such as demand charge management, demand response, distribution system local reliability, firming large-scale intermittent renewables, and wholesale market installed capacity and ancillary services, and supports New York's Green New Deal, the most aggressive climate change program in the nation which puts the state on a path to economy-wide carbon neutrality.

> *Energy storage is a smart, clean way to build flexibility into the grid and advance Governor Cuomo's ambitious clean energy goal. The report was terrific news in that it highlights that we are on track toward meeting the country's largest energy storage target.*

Total deployed or awarded/contracted projects at the end of 2019 totaled 706 MW in capacity, or about 47 percent of the 2025 target of 1,500 MW and 24 percent of the 2030 target of 3,000 MW. The number of energy storage projects in various interconnection queues, which reflects some of these reported projects as well as potential projects in the pipeline, also indicates robust activity in the industry. Approximately 9,779 MW of energy storage projects are presently in various interconnection queues in New York.

The report was in response to directives in the Public Service Law §74 and from the Commission's December 13, 2018 order which established the statewide energy storage goals. In this initial energy storage order, the Commission adopted a suite of energy storage deployment policies and actions to achieve its goals.

The energy storage report highlights that the portfolio of programs and actions approved by the Commission in its energy storage order have been effective to-date in building a market for the development and installation of qualified energy storage systems in New York.

The declining costs of the technology, coupled with favorable compensation options

established by the Commission, is making energy storage an increasingly attractive option to augment the existing pipeline of utility-connected solar photovoltaic (PV) projects being developed in the State. Projects that combine energy storage with solar PV and use a Community Distributed Generation (CDG) configuration reported installed costs as low as $300-$400 per kilowatt hour (kWh) in 2019. Energy storage's eligibility for Value of Distributed Energy Resource (VDER) compensation, and recent changes to that methodology by the Commission that have allowed projects to obtain easier financing, have also contributed to the healthy growth in energy storage development in New York. VDER is now the most common compensation mechanism chosen by developers and coupling energy storage with a renewable generator allows developers to maximize this compensation in many cases.

PSC Greenlights Procurement of Offshore Wind: In April, the PSC authorized NYSERDA to issue a new offshore wind solicitation in 2020 for the procurement of at least 1,000 megawatts (MWs) or more of this clean and renewable energy source.

> *The deployment of clean and increasingly affordable offshore wind energy is a key strategy for New York to achieve its nation-leading clean energy goals. Clean power delivered directly to the downstate market will help replace local fossil generation and reduce local air contaminants while creating a bright future for all of us, as well as smart new clean industry.*

The decision authorized NYSERDA to procure the environmental attributes associated with at least 1,000 MWs of additional offshore wind in 2020, with the flexibility to consider projects totaling 2,500 MWs if the pricing and other terms related to the responsible development of this clean energy source are sufficiently compelling.

The Commission noted that the rapid expansion of the offshore wind market in the U.S. has resulted in significant price declines. NYSERDA's first solicitation, for example, resulted in prices 40 percent lower than anticipated. Potential cost reduction drivers include a maturing offshore wind industry in the U.S. and ongoing technology improvements that are increasing production factors and potentially decreasing deployment costs.

To ensure the success and to secure long-term investments of the burgeoning U.S. offshore wind industry, New York must provide market certainty and a demonstrated commitment towards the achievement of its renewables goals. With the action, New York will have cost-competitive access to more than 8,300 MWs of existing lease area capacity and up to six unique bidders providing strong competitive pressure in the marketplace.

In 2018, the Commission adopted a goal that the quantity of electricity supplied by renewable resources and consumed in New York State be increased by the output of 2,400 MWs of new offshore wind generation facilities by 2030, and further authorized NYSERDA to hold its first solicitation for 800 MWs or more. In October 2019, NYSERDA successfully contracted for 1,696 MWs of offshore wind resulting from that first solicitation, the largest commitment to offshore wind by any state.

NYSERDA reports that by 2035, 9 GWs of offshore wind projects will spur 10,000 jobs and billions of dollars in private investment in New York's clean energy industry.

NYSERDA's first contracted projects are expected to deliver $3.2 billion in combined economic impacts to upstate, downstate, and Long Island, along with investments of more than $85 million in long-term port facilities and cutting-edge technologies, and over 1,600 new jobs in project development, component manufacturing, installation, and operations and maintenance, directly offering careers with salaries of approximately $100,000 per year.

PSC Promotes Faster Growth of Community Solar Development: In April, the PSC acted to further promote the growth of renewable energy sources in New York by adopting a measure to enhance the overall value of community solar project development. Adding a new community credit to the Commission's forward-thinking VDER initiative allows the enrollment of commercial customers in those projects, which would enable Community Solar Projects to be developed, built, and operated more efficiently.

> *This order recognizes establishes smarter, clearer compensation for these projects will assure that these markets are developed in a robust, cost-effective, and sustainable way. Distributed clean energy resources are critical to building an energy system that will provide clean and renewable energy in New York.*

The Commission's VDER policy compensates owners of solar and other distributed and renewable energy projects for the values they provide to society and the grid, including carbon-free power, thereby reducing cost shifting while still providing good returns to solar and other renewable projects.

Community solar or community distributed generation (CDG) projects are a vital component of achievement of the State's goals for a cleaner, more distributed electric system, as well as to ensure that all customers can participate in and benefit from the development of clean energy resources.

The approval of the new community credit supports achievement of those goals by driving additional CDG development in New York State, while reducing the risk that projects currently in development are cancelled and reducing impacts on non-participating ratepayers.

This order directed the State's electric utilities to modify their VDER tariffs to provide for a 1 cent per kWh community credit for large customers participating in community distributed generation projects built before the establishment of the current community credit policy. The Commission found that this community credit will not create a significant risk of increasing net revenue impacts. This community credit will be part of the compensation for large customers of each eligible CDG project, starting with the first billing cycle for that project for which the entire billing period falls after May 31, 2020. The primary effect of the community credit would be to allow projects currently in development to include an anchor customer when they begin operation, rather than to immediately shift the membership of projects already in operation.

The 1 cent per kWh community credit will reduce total compensation and therefore costs to ratepayers by encouraging CDG sponsors to switch projects from 100 percent residential members, with a higher market transition credit (MTC) for the entire project, to a mix including at least 60 percent residential members along with one or more large anchor members, with the lower

community credit rather than the higher MTC for those anchor members.

Nearly all CDG projects are being developed and marketed on the assumption that they will be fully subscribed by residential or other mass market customers. Though 1 cent per kWh community credit is lower than the existing utility MTCs, it will still motivate the addition of large anchor customers due to decreased financing and customer acquisition and management costs. Therefore, the effect of this community credit will be to shift 100 percent residential projects to 60 percent residential and thereby reduce net revenue impacts by replacing higher MTC payments with lower community credit payments.

PSC Increases Funding for Solar Energy Projects: In May, the PSC authorized additional NY-Sun program funding of $573 million to support a new target of 6 gigawatts (GW) of distributed solar, an increase from the prior 3 GW target for 2023, and to extend the program period to 2025. NY-Sun provides incentives and financing to make solar-generated electricity accessible and affordable for all New York homeowners, renters, and businesses.

> *With this new investment, New York doubles down on its successful solar strategy, and delivers on the commitments called for on last year's Climate Leadership, including the commitment to invest equitably for low-income and front-line communities. As we drive solar energy projects, New York will create new economic opportunities for customers and for solar workers.*

Since the inauguration of the program, which is overseen by NYSERDA, NY-Sun has incentivized 1,716 MW of completed solar PV and is building out an additional 1,273 MW of ongoing projects. The Statewide total of completed distributed solar PV capacity as of December 31, 2019 is 2,223 MW, providing strong evidence that NY-Sun is successfully stimulating statewide solar adoption.

The NY-Sun initiative has been enormously successful, indicated by driving down the cost of installing solar, creating jobs, and leveraging private investment. Since the beginning of 2014, the average cost of solar in New York State has declined by 53 percent, while the average NY-Sun incentive has declined by 69 percent while over $3.9 billion has been leveraged in private investment. According to The National Solar Foundation's Solar Census, full-time PV jobs in New York grew by 47 percent since 2014 with total of 10,740 solar jobs in 2019.

With the Commission's decision, the first two years of the extension period will be funded through use of existing uncommitted NYSERDA funds previously collected for clean energy programs. The collection of funds for the remainder of the extension period will be determined after further review of the Clean Energy Fund (CEF) later this year. In addition to the new funding, the Commission modified rules to allow multiple large non-residential customers to participate in a single off-site solar project.

Included in the financial incentives will be $290 million for a region-specific incentive program, $111 million for a community-adder incentive, and $200 million in additional incentives for projects benefiting low-to-moderate income customers, affordable housing, and environmental justice communities. The expansion of funding for solar energy projects received solid support from the solar industry and environmental and low-income groups. The 6 GW solar initiative

will generate enough clean electricity to power nearly 1 million average-sized homes.

NY-Sun helps drive down the cost to install solar panels for residential, nonresidential, and large commercial and industrial projects. These incentives are divided into regions across the State — the area served by ConEdison and the rest of the state. Each region is then broken into blocks that are designated an allocation of MW eligible for NY-Sun incentives. As each block's allotment is reached, the program moves to the next block with a lower incentive level. Incentives remain available until all blocks within a region/sector are fully subscribed. The community adder program provides an additional incentive for community solar projects not receiving a separate incentive from the utility.

Framework Advances to Implement Climate Law: In June, DPS and NYSERDA advanced a whitepaper, on which stakeholders and members of the public were invited to comment, that introduced an expanded Clean Energy Standard (CES), re-focusing New York's existing and relevant regulatory and procurement structures on meeting the critical goal of meeting 70 percent renewable electricity by 2030, and setting the State on a rapid and irreversible path to achieve a carbon-free power sector by 2040 in order to align with the goals laid out in New York's nation-leading CLCPA. The expanded CES will accelerate renewable energy development in New York, building on historic efforts to expand the state's onshore and offshore renewables capacity; create thousands of good-paying clean energy jobs for New Yorkers; advance environmental justice, focusing on communities and workers that have been historically neglected in and actively disadvantaged by energy policy planning; and reduce emissions to combat climate change.

> *Governor Cuomo's visionary climate and energy legislation requires us to build smart, economic renewable energy at greater scale and at a much faster pace so as to deliver the just, clean, resilient, and affordable energy system that New Yorkers need. This comprehensive and ambitious proposal delivers on that and will enable New York to continue to lead on climate change to grow New York's clean-energy economy.*

The economy-wide decarbonization called for by Governor Cuomo and codified in the CLCPA requires that New York harness a power generation sector that no longer emits greenhouse gases and provides electricity for a greater proportion of the overall economy. Both strategies, decarbonization of the generation sector and electrification of other sectors – all while ensuring greater deployment of energy efficiency – need to be carried out collectively and cost-effectively to achieve the state's ambitious goals. This action was an important first step in implementing the CLCPA requirement that the PSC establish a program for the procurement of large-scale renewable energy sources, such as land-based wind and solar and offshore wind, to meet the state's nation-leading goals, including nine gigawatts of offshore wind by 2035.

New York's CES is designed to fight climate change, reduce harmful air pollution, and ensure a diverse and reliable low carbon energy supply. By focusing on low carbon energy sources, the CES will bring investment, economic development, and jobs to New York State. While the clean energy

industry has recently experienced significant job loss as result of the COVID-19 public health crisis, achieving the CLCPA goals is expected to result in significant investment and job growth throughout the renewable energy supply chain and will be a critical part of New York's overarching strategy to build back better.

The State's new investments will result in well-paying jobs for New Yorkers, and help to align the imperative of the climate crisis with the new urgency of the economic recovery efforts across New York. NYSERDA has made a $70 million commitment to fund clean energy workforce development programs aimed at upskilling existing clean energy workers, offering training to displaced workers from traditional energy sectors, and to provide on-the-job training and internship opportunities, with a focus on priority populations including veterans, low-income individuals, unemployed power plant workers, and previously incarcerated individuals, among others.

The whitepaper was made available for a 60-day public review and comment period, upon which the Commission acted on the recommendations. Specifically, the whitepaper:

- Proposes to implement key provisions in the CLCPA related to securing 70 percent renewable energy by 2030, including defining renewable energy technology eligibility and the amount of renewable energy needed to meet New York's goal;
- Identifies annual procurement targets for the Tier 1 large-scale renewable energy program adopted under the CES and recommends changes to the existing procurement process;
- Proposes procurement targets for offshore wind renewable energy credits intended to meet the requirement of securing nine gigawatts of offshore wind by 2035;
- Proposes the creation of a Tier 4 large-scale renewable program under the CES to specifically value environmental attributes associated with renewable energy deliveries into New York City;
- Proposes a methodology for extending Tier 1 renewable energy eligibility to renewable energy facilities that undergo repowering;
- Invites comment on whether, and the extent to which, baseline generation from NYPA's hydroelectric resources should be used by NYPA as a self-supply option under NYSERDA's Competitive Tier 2 program; and
- Addresses the actions already taken, and those that will be taken, to ensure that disadvantaged communities realize the maximum number of benefits from achieving the goals of the CLCPA.

As part of this filing, NYSERDA and DPS conducted an analysis of the costs and benefits of the incremental Tier 1 large-scale renewable energy and offshore wind procurements. Together, taking into account the value of avoided carbon emissions, these procurements are expected to deliver a combined $17.3 billion in net benefits over the 20- to 25-year life of the projects, and the associated improvements in local air quality and public health from anticipated reductions in pollutants such as Sulphur Oxide (SOx), Nitrogen Oxide (NOx) and Particulate Matter 2.5 (PM 2.5) only increase this benefit.

Additionally, as directed by the CLCPA, the report advances tangible approaches to ensure

that the State's renewable energy programs provide substantial benefits for disadvantaged communities, including low- to moderate-income customers. The steps being undertaken under the Clean Energy Standard and those in the comprehensive strategy filed will markedly reduce fossil fuel-fired generation and air pollution in the state, including the downstate region. Clean energy can provide significant health benefits to disadvantaged communities. New York State's clean energy strategy has and will continue to take steps to ensure that these new investments result in jobs for New Yorkers that provide family-sustaining wages and benefits. In addition, NYSERDA has prioritized community engagement and benefits to disadvantaged communities into both its land-based and offshore wind selection processes to ensure that clean energy benefits all New Yorkers.

This filing also builds on the State's actions to more quickly advance development of large renewable energy projects, markedly decreasing fossil-fuel generation and reducing the need for peaker plants in the downstate region. The state's Accelerated Renewable Energy Growth and Community Benefit Act, which was part of this year's final enacted State budget, creates a first in the nation Office of Renewable Energy Siting to improve and streamline the process for environmentally-responsible and cost-effective siting of large-scale renewable energy projects across New York while delivering benefits to local communities. The act also created a Clean Energy Resources Development and Incentives Program through which NYSERDA will work with local communities to rapidly advance new "Build-Ready" projects, and includes critical provisions that will help deliver clean electricity to New Yorkers upstate and downstate by prioritizing.

Expanding Electric Vehicle Usage: In July, Governor Cuomo announced a package of major clean transportation initiatives, including a "Make Ready" order approved by the PSC to advance New York's commitment to accelerate its transition to cleaner mobility. The announcements support Governor Cuomo's nation-leading plan to decarbonize the transportation sector and reduce overall statewide carbon emissions by 85 percent by 2050, as well as the recent collaborative announcement by New York, 14 other states, and Washington D.C. to ramp up the electrification of diesel buses and trucks by 2050.

The transportation sector is responsible for the largest contribution to greenhouse gas pollution in the U.S., with these emissions increasing more than any other sector over the last 30 years. Encouraging accelerated, forward-thinking development of charging infrastructure will provide New Yorkers with more than $2.6 billion in net benefits and supports the achievement of the State's transportation electrification and clean energy goals. Electrifying transportation will allow New Yorkers to power their vehicles with cleaner energy sources, with renewables representing a growing portion of the state's electricity supply. Thoughtful siting of charging infrastructure will support reduced installation costs, improve site host-acceptance, and maximize use from drivers.

> *We can and must rapidly electrify our transportation system in order to achieve a carbon-neutral economy. With these smart investments, we dramatically increase the number of centrally located and easily accessible charging stations, benefiting electric customers and reducing barriers to clean transportation for all New Yorkers.*

The EV Make-Ready Program will be funded by investor-owned utilities in New York State and creates a cost-sharing program that incentivizes utilities and charging station developers to site electric vehicle charging infrastructure in places that will provide a maximal benefit to consumers. The PSC order caps the total budget at $701 million and will run through 2025, with $206 million allocated toward equitable access and benefits for lower-socio-economic and disadvantaged communities, which will also be eligible for a higher incentive supporting up to 100 percent of the costs to make a site ready for EV charging.

The Long Island Power Authority (LIPA), with its service provider, PSEG Long Island also announced a goal to support 180,000 new EVs on Long Island with 4,650 new EV charging ports by 2025, beginning with a 2021 investment of $4.4 million in make-ready infrastructure.

In addition to the Make Ready funding from investor-owned utilities, the New York State Department of Environmental Conservation is allocating $48.8 million from the Volkswagen diesel emissions settlement to transit bus and school bus operators and EV charging station owners to advance local growth of electric vehicle infrastructure, clean public transportation, and transit options, and electric school buses.

This action will provide funding for the infrastructure required to support more than 50,000 Level 2 charging plugs, capable of charging a vehicle at least two times faster than a standard wall outlet, and 1,500 public direct current fast charger stations in New York in recognition of the essential role that public fast charging stations will play in the near term to allay range anxiety. Encouraging private investment in publicly accessible fast-charging stations will stimulate the EV market in New York over the coming years.

The work to implement the program will primarily be undertaken by the State's investor-owned utilities, whose employees — which include members of the Utility Workers Union of America and the International Brotherhood of Electric Workers — are paid at or above a prevailing wage. Where applicable, NYSERDA will require prevailing wages be paid to workers regarding the prize programs that it is implementing.

New York is also boosting options for fleets to tackle the challenges of reducing the carbon emissions they produce, particularly in disadvantaged communities. As part of the Governor's State of the State commitment to electrify transit buses for five major transit operators across the state, the New York Power Authority and NYSERDA will partner with these transit operators and provide up to $1 million to study the challenges of zero emissions bus fleets and identify solutions for electrification including bus options, charging needs, and other logistical challenges.

To further accelerate the electrification of light-, medium-, and heavy-duty vehicle fleets and in support of the multi-state medium- and heavy-duty transportation electrification agreement, the Commission has also directed the utilities to create a Fleet Assessment Service that includes site feasibility and rate analysis, to aid fleet owners in identifying cost- and time- saving synergies. The deployment of charging infrastructure that will occur under the order will enable access to public charging for EV adopters, which coupled with innovative rate designs for home charging to promote off-peak charging, will maximize utility system efficiency. The need to make rate design modifications will be reviewed as the EV initiative moves forward.

New York's comprehensive commitment to the expansion of clean transportation options is positioning the State as a national leader in EV deployment and the continued technological advancement of charging infrastructure. Other initiatives and programs designed to achieve Governor Cuomo's Charge NY goal of 10,000 EV charging stations by the end of 2021 and 850,000 zero emission vehicles by 2025 are already underway. Under NYSERDA's Drive Clean Rebate program, more than $35 million in rebates have now resulted in over 25,000 electric vehicle purchases as of June 2020.

In addition to the initiatives to electrify vehicles and truck fleets benefiting environmental justice and disadvantaged communities, the Commission has also directed NYSERDA to propose an integrated competition, with up to $85 million of the EV Make Ready total budget, designed to directly address emissions, equity, and electrification in communities near high-density and congested streets and public highways. Three prize areas will focus on supporting clean transportation options which benefit lower socioeconomic and environmental justice communities:

- The Environmental Justice Community Clean Vehicles Transformation Prize, a $40 million program focused on reducing harmful air pollution in frontline communities and creating transportation "green zones" across New York State;
- The Clean Personal Mobility Prize, a $25 million program soliciting innovative and high impact approaches that enable access to clean transportation services for disadvantaged and underserved communities; and.
- The Clean Medium- and Heavy-Duty Vehicle Innovation Prize, a $20 million program designed to achieve direct benefits; allow concrete investigation of opportunities, costs, and benefits; and prove out innovative and high-impact approaches 4 to medium- and heavy-duty electrification that can be replicated at scale, including for "last-mile" solutions, one of the fastest growing emissions sources in this class of vehicles.

PSC Continues, Improves Existing Solar Payment Structure: In July, the PSC adopted new rules for future compensation for onsite solar generation by residential and small commercial customers, also known as mass market customers, as well as by certain large commercial customers. Since 1997, net energy metering (NEM) has been one of the State's primary mechanisms to encourage solar installations. The new rules continue the current payment structure for customers with improvements to ensure the continued growth of solar across the State, while ensuring fairness for all utility customers by reducing subsidies that are not directly tied to environmental benefits.

> *We better aligned residential rates to ensure that rooftop solar continues to provide the greatest benefit to customers, the utility system, and society, and at the same time continue to and encourage families, small businesses, and other organizations to choose to deploy solar. Expanding and accelerating distributed solar deployment in New York will support the continued development of a clean, distributed, dynamic, and efficient electric grid. This decision, coupled with our recent NY-Sun order, supports the strengthened deployment of solar at scale in New York.*

A smart and careful improvement in compensation for rooftop solar projects will assure that the market is developed in a robust, cost-effective, and sustainable way. This decision aims to continue and expand investment in New York's clean energy economy in a way that is good for all customers and for the State's clean energy policy. The new rules affect mass market and large commercial rooftop solar systems under 750 kilowatts (kW) that are installed after January 1, 2022. Existing rooftop solar customers will not be affected.

New York's energy supply will significantly change in the next two decades. In July 2019, Governor Cuomo signed the historic CLCPA. The CLCPA requires the State to achieve a carbon-free electricity system by 2040 and reduce greenhouse gas emissions 85 percent below 1990 levels by 2050, which will lead to significant amounts of additional clean energy on the system in the 2020s and 2030s. The CLCPA also increased the State's distributed solar installation goal to six gigawatts by 2025.

These decisions will move the State beyond traditional NEM to compensate solar projects more fairly and adequately for the value they provide, while also assuring a fair and acceptable impact on customers who may not be able to install a renewable energy system. The decision is the result of an extensive stakeholder process, including the State's major utilities, solar developers, and environmental groups, that culminated in Department staff filing a whitepaper on December 9, 2019.

With this decision, the Commission continues Phase One NEM for all eligible mass market and commercial projects under 750 kW interconnected after January 1, 2022, and to implement a modest customer benefit contribution charge for onsite solar photovoltaic systems to continue the process of cost recovery of public benefit programs, such as low-income programs, utility-administered energy efficiency programs, NY-Sun, the New York Green Bank, and other Clean Energy Fund programs, which are otherwise avoided by these customers.

Customers that install solar PV technology interconnected on or after January 1, 2022, shall be charged a monthly fee ranging from 69 cents to $1.09 per kW, depending on the utility, customer class, and compensation option chosen. The fee will be more than offset by the credits generated by the solar PV system. These actions appropriately balance the need to move the market gradually toward more cost-reflective rates, while at the same time protecting the vibrant industry from abrupt and unanticipated rate changes.

The Commission's policies, including VDER and NY-Sun, have driven the rapid deployment of distributed generation resources, particularly solar PV, in New York State. More than 2,200 MW of distributed solar PV is currently in service, with more than 1,000 MW more in advanced stages of development.

New Regulations to Combat Climate Change**:** In September, Governor Cuomo announced the availability of regulations that would implement the nation-leading Accelerated Renewable Energy Growth and Community Benefit Act. The draft regulatory framework will dramatically speed up the siting and construction of major renewable energy projects to combat climate change and help jumpstart the state's economic recovery from the COVID-19 pandemic. The Act and the resulting regulations will also accelerate progress toward the Governor's nation-leading clean energy and climate goals - including the directive to obtain 70 percent of

the state's electricity from renewable sources - as mandated under the state's CLCPA.

As part of the Act, New York State created the first in the nation Office of Renewable Energy Siting to improve and streamline the process for environmentally responsible and cost-effective siting of large-scale renewable energy projects across New York, while delivering significant benefits to local communities. All large-scale, renewable energy projects larger than 25 megawatts will be required to seek a permit through ORES for new construction or expansion. Projects already in the initial phases of the current Article 10 siting process through the State's Siting Board may remain in Article 10 or opt-in to the new siting process. New projects sized between 20 and 25 megawatts will also be able to opt-in.

ORES, in consultation with DPS, the Department of Environmental Conservation, the Department of Agriculture and Markets, and New York State Parks, Recreation & Historic Preservation, has developed a set of uniform standards and conditions to avoid or minimize, to the maximum extent practicable, any potential significant adverse environmental impacts related to the siting, design, construction, and operation of a major renewable energy facility. The new siting process provides a one-stop process with increased certainty and predictability to develop renewable energy projects in New York State. The ORES approach proactively addresses the key recurring issues in siting and permitting large-scale renewable projects, effectively de-risking the permitting process.

The regulations will encourage local governments and communities to participate in the permitting process by requiring project applicants to consult with local governments and community members before filing an application, provide public notices at various milestones throughout the permitting process, and make application materials available in both electronic and paper format. Draft siting permits will be subject to public review and comment, and adjudicatory hearings will be required when significant and substantive issues are identified. Additionally, for each project, municipalities and community intervenors will have access, as appropriate, to funds that will assist them in reviewing the project.

By creating a new siting process specifically designed for renewable energy facilities, the Act will accelerate new private investment and job growth in the green economy at a time New Yorkers need it most. As the state seeks solutions to getting the economy back on track after overcoming the COVID-19 crisis, restarting renewable energy construction will play a central role in the green economy. The new siting process will establish uniform standards and conditions that will support expedited project development, bringing new jobs while combating climate change.

The regulations were developed with stakeholder and community input, underscoring the state's commitment and stakeholder interest in efficiently developing more renewable energy at a quicker pace. The regulations, as well as uniform standards and conditions, are now available at https://ores.ny.gov/ for public comment pursuant to the State Administrative Procedure Act.

As part of the State's ongoing commitment to community engagement, ORES sought public comment during the initial development of uniform standards and conditions through five public hearings across the state as well as two virtual public hearings, while complying with public health and safety guidelines due to the

circumstances presented by the COVID-19 pandemic.

PSC Concludes CLCPA Environmental Impact Statement Review: In September, the PSC concluded its review of anticipated environmental impacts of the CLCPA to help New York State attain the clean energy goals set forth in the Act mandating several ambitious Green New Deal clean energy targets set forth by Governor Cuomo. The CLCPA will create an orderly and just transition to clean energy, create jobs, and spur a green economy.

Governor Cuomo and the CLCPA have established ambitious and impactful clean energy and climate goals. This action confirming the CLCPA's renewable energy procurement targets is a vital step in combating climate change, while spurring the growth of renewable energy in New York, creating clean energy jobs, and improving the overall health of our environment.

On June 12, 2020, the Commission issued a draft Supplemental Generic Environmental Impact Statement regarding the anticipated environmental impacts from the expanded renewable energy goals in the CLCPA, a necessary step before implementation of the statute's renewable energy procurement targets can move forward. In making its final determination regarding the draft, the Commission reviewed over 140 comments submitted by the public and interested stakeholders.

The CLCPA strengthened the State's existing clean energy targets by directing the Commission to establish a program requiring utilities and other energy providers to procure 70 percent of their electricity from renewable energy resources by 2030, up from 50 percent previously, with the ultimate goal of zero net carbon emissions from the grid by 2040. The CLCPA also sets technology-specific requirements, including the deployment of at least 9,000 MW of offshore wind by 2035, 6,000 MW of photovoltaic solar by 2025, and 3,000 MW of energy storage resources by 2030.

In making its final determination, the Commission was required to identify the potential environmental impacts of these renewable energy targets and the means available to minimize any that are adverse, as required by the State Environmental Quality Review Act (SEQRA).

The CLCPA complements New York State initiatives over the past several years that have aimed at substantially increasing the use of renewable energy and reducing greenhouse gas emissions, including:

- Solar Power: In May 2019, the Commission established a target of 6,000 MW of distributed solar to be deployed in New York State by 2025 under the NY-Sun program, which is administered by the New York State Energy Research and Development Authority (NYSERDA);
- Clean Energy: In August 2016, the Commission adopted the Clean Energy Standard (CES), which established a goal that 50 percent of all electricity consumed in New York by 2030 be supplied by renewable resources;
- Offshore Wind: In July 2018, the Commission adopted an offshore wind procurement goal of 2,400 MW by 2030, and in April 2020 authorized an additional 1,800 MW of offshore wind to be procured in 2020; and
- Energy Storage: In December 2019, the Commission adopted energy storage deployment goals of 1,500 MW of energy

storage by 2025 and 3,000 MW of energy storage by 2030.

On June 18, 2020, NYSERDA and Department staff filed a whitepaper with the Commission detailing recommendations on how the expanded renewable energy mandates of the CLCPA could be accomplished, primarily through various program modifications to the CES to reflect the new clean energy targets.

PSC Takes Step to Advance New York's Energy Storage Roadmap: In September, the PSC approved demand response program rules in line with the energy storage roadmap, providing opportunities for the creation of smart and innovative energy storage programs and that advance New York State's progress toward its 1,500 MW storage goal.

> *With this step, we advance the critically important deployment of energy storage in New York State. With viable and valuable energy storage systems, we will optimize our renewable energy sources and enhance grid reliability for the benefit of all New Yorkers.*

Achieving the state's ambitious 2025 target will deliver approximately $2 billion gross lifetime benefits to New Yorkers, including electric distribution system savings and reduced greenhouse gas emissions, as well as added resiliency to the electric grid by reducing the impact of outages caused by severe weather. Adding more energy storage into the system will also maximize the benefits of other renewable energy sources such as solar and wind, and will help to ensure they are available when needed to meet peak demand for electricity.

The energy storage program supports New York's status as a home for the growing clean tech industry, which has the potential to create up to 30,000 new, good-paying jobs in the energy storage industry. It will build on New York's commitment to combat climate change and grow the energy storage sector, which has already seen steady job growth over the past five years.

New York State currently has approximately 93 MWs of advanced energy storage capacity deployed with 841 MWs in the pipeline, in addition to 1,400 MWs of traditional pumped hydro storage.

With its decision, the Commission modified the dynamic load management (DLM) implementation plans for the six major electric utilities in New York State. These DLM plans, as modified by the Commission, implement two new DLM program options which will provide incentive payment certainty for participants for a period of three years or longer. These new DLM program options are designed to be attractive to customers making use of energy storage technologies and will encourage further deployment of energy storage technologies as quickly as possible. In keeping with existing practice, it is expected that energy storage rates for PSEG LI will be consistent with the guidelines set forth by the Commission.

Clean Energy Standard Expanded: In October, the PSC approved an expansion of the landmark Clean Energy Standard to refocus New York's existing regulatory and procurement structure on achieving the goals laid out in New York's nation leading CLCPA. The expanded Clean Energy Standard gives the state the authority to issue a Request for Proposals for the renewable power generation sources needed to implement this plan.

The economy-wide decarbonization called for by Governor Cuomo — and codified in the CLCPA — requires New York to develop a power generation sector that no longer increases greenhouse gases while providing clean electricity to a greater proportion of the overall economy. Both strategies will lead to the decarbonization of the generation sector and the electrification of other sectors — all while ensuring greater deployment of energy efficiency — and will need to be carried out collectively and cost-effectively to achieve the State's ambitious goals.

This action implements the CLCPA requirements that the PSC establish a program to increase the use of renewable energy in the State from 50 percent to 70 percent by 2030 and increase the use of offshore wind from 2,400 MW by 2030 to 9,000 MW by 2035.

> *Governor Cuomo's visionary climate and energy legislation and New York's need for a just, clean, resilient, and affordable energy system require us to build smart, economic renewable energy at greater scale and at a much faster pace. This comprehensive and ambitious plan delivers on those goals and will enable all needed kinds of renewable energy to reach all New Yorkers.*

The new and improved CES will fight climate change, reduce harmful air pollution, and ensure a diverse and reliable low carbon energy supply. By focusing on low-carbon energy sources, the CES will bring competition and investment, economic development, and jobs to New York State. While the clean energy industry has not been spared the economic fallout from the COVID-19 public health crisis, achievement of the CLCPA goals is expected to result in significant investment and job growth throughout the renewable energy supply chain and will be a critical part of New York's overarching strategy to build back better.

The initiative approved includes the following:

- Implements key provisions in the CLCPA related to securing 70 percent renewable energy by 2030, including defining renewable energy technology eligibility and the amount of renewable energy needed to meet New York's goal, identifies annual procurement targets for the Tier 1 largescale renewable energy program adopted under the CES, and recommends changes to the existing Tier 1 procurement processes;

- Sets targets for offshore wind renewable energy intended to meet the requirement of securing nine gigawatts of offshore wind by 2035;

- Creates a new methodology for extending Tier 1 renewable energy eligibility to renewable energy facilities that undergo repowering;

- Creates a competitive five-year Tier 2 program under the CES to preserve existing renewable baseline generation to support the 70 x 30 goal;

- Creates a new Tier 4 large-scale renewable program to specifically value environmental attributes associated with renewable energy delivered into New York City that will be in addition to annual Tier 1 procurement targets; and

- Creates tangible approaches to ensure that the State's renewable energy programs provide substantial benefits for disadvantaged communities, including low to moderate income customers as called for under the CLCPA, and builds

upon its workforce development policies to specifically promote good jobs, including prevailing wage requirements.

New York State's clean energy strategy has and will continue to take steps to ensure that these new investments result in jobs for New Yorkers that provide family-sustaining wages and benefits and help to align the imperative of the climate change crisis with the new urgency of the economic recovery efforts across state. NYSERDA has made a $70 million commitment to fund clean energy workforce development programs aimed at upskilling existing clean energy workers, offering training to displaced workers from traditional energy sectors, and to provide on-the-job training and internship opportunities, with a focus on priority populations including veterans, low-income individuals, unemployed power plant workers and previously incarcerated individuals, among others.

PSC Commences Study to Gauge Financial Impact of Climate Change on Utilities: In October, the commenced a proceeding to consider requiring New York's large, investor-owned utilities to annually disclose what risks climate change poses to their companies, investors, and customers going forward. For utilities with significant assets and changing physical infrastructure needs, increased transparency of climate-related financial risks would allow better planning and investment consistent with New York's climate goal of a carbon neutral economy by 2050.

> *With this study, we bring necessary and valuable transparency on climate-related risk to the utilities that operate in New York.*

There are several ways to manage climate-related risk disclosure, all of which are intended to provide investors and other stakeholders with necessary information regarding companies' vulnerabilities to the effects of climate change. The Commission notes that several of the holding companies of New York's 11 major electric and gas utilities have committed to fully adopting its recommendations in their disclosures to shareholders. In any event, the current reporting focuses solely on data aggregated at the holding-company level and is not New York utility-specific.

Utilities are very capital intensive and rely on debt and equity investors to provide necessary capital to ensure the provision of safe and adequate service in New York. In total, New York's largest electric and gas utilities have more than $52 billion in capital. In the past year, New York's utilities have raised $6.2 billion in capital through debt issuances. Most of these issuances occur at the operating company. New York utilities also obtain equity capital through their parent holding companies. For instance, Consolidated Edison, Inc. the parent company, raised about $880 million in equity in 2019 which was used to provide support to Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc., the two utilities.

Given the potential impacts of climate change on the provision of utility services, it is necessary for utilities to earnestly incorporate these impacts into their future decision-making, and to robustly and consistently report those impacts to potential investors, so that the market can operate efficiently with maximum information. At this time, the Commission believes any climate-related risk disclosure reporting requirements should be limited to the major electric and gas utilities.

PSC Expands Clean Energy Prizes to Combat Climate Change: In December, the PSC granted a request that projects located anywhere in New York State, regardless of whether those communities are directly served by investor-owned utilities, may be eligible to be selected in NYSERDA's electric vehicle prize competitions.

> *Allowing projects located anywhere in the state to be selected in the prize competition would allow statewide benefits to accrue, and allocating those costs to the customers that benefit, is appropriate. With these smart investments, we ensure that disadvantaged communities throughout New York State will receive direct benefits through innovative and equitable electric transportation solutions.*

The EV Make-Ready Program is funded by investor-owned utilities in New York State and creates a cost-sharing program that incentivizes utilities and charging station developers to site electric vehicle charging infrastructure in places that will provide a maximal benefit to consumers. The Commission capped the total budget at $701 million and it will run through 2025, with $206 million allocated toward equitable access and benefits for lower-socio-economic and disadvantaged communities which will also be eligible for a higher incentive supporting up to 100 percent of the costs to make a site ready for EV charging.

LIPA, which made the original request with DPS, with its service provider, PSEG Long Island, has announced a goal to support 180,000 new EVs on Long Island with 4,650 new EV charging ports by 2025, beginning with a 2021 investment of $4.4 million in make-ready infrastructure.

The Commission's actions provides funding for the infrastructure required to support more than 50,000 Level 2 charging plugs, capable of charging a vehicle at least two times faster than a standard wall outlet, and 1,500 public direct current fast charger stations in New York in recognition of the essential role that public fast charging stations will play in the near term to allay range anxiety. Encouraging private investment in publicly accessible fast-charging stations will stimulate the EV market in New York over the coming years.

While the initial focus was on funding projects located in communities served by investor-owned utilities, the Commission said that the objectives to advance the State's transportation electrification goals, expand access to clean transportation, and reduce emissions in disadvantaged communities are relevant across the entire State. With its decision, the Commission declared that the Clean Neighborhoods Challenge, the Electric Mobility Challenge, and the Electric Truck & Bus Challenge, collectively referred to as the "New York Clean Transportation Prizes" being implemented by NYSERDA are open to projects located anywhere in the State. Projects located outside of the investor-owned utility service territories must be funded incrementally and are not eligible to access the $85 million in prize competition funds.

The Commission's objectives to advance the State's transportation electrification goals, expand access to clean transportation, and reduce emissions in disadvantaged communities should be pursued by all communities throughout the State, without regard to the particular electric service provider or regulatory framework that governs that service, and a coordinated, statewide approach was needed to meet the

CLCPA requirements, and that all New Yorkers should share in the benefits of the CLCPA.

Customers in Long Island and other regions of New York State that fall outside of the investor-owned utility service territories may now leverage the innovative prize competition design and administrative capabilities developed by NYSERDA for the "New York Clean Transportation Prizes".

The CLCPA includes the requirements that all State agencies prioritize greenhouse gas (GHG) emissions reductions in disadvantaged communities and that no less than 35 percent of the overall benefits of spending on clean energy programs benefit disadvantaged communities.

Energy Storage Initiatives Move Forward: In January, the PSC approved tariff filings submitted by the six major investor-owned electric utilities in New York State to allow for cost and benefit recovery of the energy storage dispatch rights contracts directed by the Commission's December 13, 2018 order establishing its nation-leading energy storage goal and deployment policy.

> *With this step, we advance the critically important deployment of energy storage in New York State. With viable and valuable energy storage systems, we will optimize our renewable energy sources and enhance grid reliability for the benefit of all New Yorkers.*

The six utilities include the state's largest utility, Con Edison), as well as Central Hudson, National Grid, NYSEG, O&R and RG&E. Collectively, these utilities serve the vast majority of New York's nearly 20 million citizens.

The tariff amendments are an integral part of Governor Cuomo's energy storage roadmap to provide opportunities for the creation of smart and innovative energy storage programs and initiatives to advance New York State's progress toward its 1,500 MW storage goal. The 2025 mandate — the equivalent electricity demand of one-fifth of all New York homes — was established by Governor Cuomo to help combat climate change and supports New York's nation-leading clean energy goals under the CLCPA.

Achieving the state's ambitious 2025 target will deliver approximately $2 billion gross lifetime benefits to New Yorkers, including electric distribution system savings and reduced greenhouse gas emissions, as well as added resiliency to the electric grid by reducing the impact of outages caused by severe weather. Adding more energy storage into the system will also maximize the benefits of other renewable energy sources such as solar and wind and will help to ensure they are available when needed to meet peak demand for electricity.

The energy storage program supports New York's status as a home for the growing clean tech industry, which has the potential to create up to 30,000 new, good-paying jobs in the energy storage industry. It will build on New York's commitment to combat climate change and grow the energy storage sector, which has already seen steady job growth over the past five years. New York State currently has approximately 93 MWs of advanced energy storage capacity deployed with 1,076 MWs under contract in the pipeline, in addition to 1,400 MWs of traditional pumped hydro storage. The total deployed and contracted energy storage systems is about 78 percent of the 2025 target of 1,500 MW and 39 percent of the 2030 target of 3,000 MW. Furthermore, the number

of energy storage projects in the various interconnection queues, over 7,000 MW of bulk storage in the NYISO interconnection queue, and over 1,500 MW in Utility interconnection queues, indicates robust growth in the industry.

The compliance tariff filings were filed pursuant to the energy storage deployment order to effectuate the cost recovery and benefit sharing of the contract costs and market revenues associated with the Commission directive to Central Hudson, National Grid, NYSEG, O&R and RG&E to competitively procure at least 10 MW of scheduling and dispatch rights from qualified energy storage systems, and Con Edison to procure at least 300 MW of scheduling and dispatch rights from qualified energy storage systems.

The energy storage deployment order directed that these costs be recovered from all delivery customers in the same manner that non-wires alternative program costs are recovered at each utility. The energy storage deployment order also authorized revenue sharing of the storage asset wholesale revenues that exceed contract costs of the energy storage assets of 30 percent to utility shareholders and 70 percent to ratepayers. The revenue sharing comparison is to be performed on an annual basis.

Safe and Fair Access to Data to Meet State's Clean Energy Goals: In February, the PSC adopted recommendations designed to address the strategic and safe use of energy-related data, and to develop the policies necessary to appropriately balance privacy and system security concerns with a rapidly-changing marketplace. Ready access to customer energy usage and system data is a central theme of the State's strategy to animate markets and to promote innovation and customer choice.

Strategic use of energy-related data, including both system and customer usage data, is critical to enable the achievement of the State's energy policy goals. Useful access to useful data will unlock smart deployment of distributed resources required for our energy future.

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

The Commission has 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 in order 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 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 also support New York State's energy efficiency goals.

On May 29, 2020, Department staff filed a whitepaper recommending creation of an integrated energy data resource (IEDR) that would provide a centralized platform for collecting, integrating, managing, and

accessing customer and system data from New York State's energy utilities. The Commission's decision established a statewide IEDR and adopted the detailed path as described in the whitepaper.

Gas-Planning Initiative: In February, the PSC received a far-reaching proposal developed by DPS staff designed to ensure more thoughtful, strategic, and comprehensive planning for natural gas usage and investments. The proposal intends to reduce the risk of utility-imposed moratoria on new gas customer hookups. The proposal reflects significant input from stakeholders and hundreds of individual public comments.

> *A comprehensive gas planning process is essential for protecting New Yorkers and ensuring they have the natural gas infrastructure they need and minimizing what they don't. It's critical to ensuring reliability, keeping costs down, and advancing State clean-energy policies while combating climate change.*

New York's gas utilities need to continue to adjust to new energy and climate directions established by the State. Accordingly, these companies must more rapidly and efficiently adopt improved planning and operational practices. This proposal provides a regulatory planning roadmap enabling them to meet current customer needs and expectations in a transparent and equitable way. More importantly, the staff proposal ensures utilities minimize — and even potentially eliminate — new gas infrastructure investments while maintaining safe and reliable service. Furthermore, planning must be conducted in a manner consistent with the CLCPA to lower carbon emissions and combat climate change.

One goal of this process is that utilities be able to meet the needs of gas customers without declaring moratoria on new attachments. While staff cannot guarantee that no moratoria will be called in the future, the proposal ensures that any future moratoria be called as a last resort, and only after an exhaustive effort to meet customers' needs through other means. Such moratoria would only occur after ample notice and public discussion.

The process is to help guide utilities into the state's low carbon future by maximizing the use of energy efficiency, new technologies (such as electric heat pumps) and demand response programs, and limiting unnecessary infrastructure investment and the potential for stranded costs that might result. Further, it allows progress toward an "Integrated Resource Plan" for gas — a continuously updated model linking load, peak demand, costs, and investment opportunities for traditional gas solutions and for alternatives.

The process improves opportunities for stakeholder input and provides analysis of, and visibility into, supply and demand over a longer timeframe. This long-term planning provides the public and stakeholders with sufficient lead-time to identify potential supply and demand needs and issues, and then evaluate, select, and implement resources to address these issues. Resources that can have long development periods must be planned well in advance of their need, including energy efficiency, electrification, and demand response programs.

As part of this planning process, each utility must propose a 'no-infrastructure option', in addition to any other options that address identified needs in the filing. This option should include a mix of utility-sponsored demand reduction measures that close any gap between the projected load and available

supply. This option should also include one or more contingency solutions, such as compressed natural gas or peaking services, which can be called upon if necessary. Utilities should not merely include generalized energy efficiency, demand response, electrification, and pricing strategies. Rather, they should pursue more purposeful development of actual strategies for utilizing these alternatives to meet particular system needs. With the clean energy transmission, DPS expects more clean energy technologies and low emission home appliances will become more available, accessible, and affordable.

The gas system planning process must include substantial education and stakeholder engagement. Each long-term gas system plan will include the information necessary to clearly explain the planning, design, and implementation development so that the output of the process effectively addresses the reliability needs of natural gas customers and the interests of stakeholders. Under staff's proposal, every three years, each gas utility will file a new long-term gas system plan. Each utility will file an annual report to help stakeholders continue to develop and maintain their awareness and understanding of the utility's plan.

Major Rate Case Decisions

PSC Reduces Rate Increase for Suez Water: On March 4, 2019, Suez sought an annual revenue increase of $31.5 million, a 19.8 percent increase, for the rate year ending January 31, 2021, for all the combined New York operating units. The company's requested increases would have resulted in varying bill impacts to customers depending on their service territory.

In July, the PSC adopted the terms of a joint proposal allowing Suez Water to merge three sister companies and established a four-year rate plan for the period of Feb. 1, 2020 to Jan. 31, 2024 while delaying any rate increase until October due to the financial impact the COVID-19 pandemic was having on customers.

The Commission adopted the terms of the joint proposal signed by DPS staff, the company, the City of New Rochelle, the City of Rye, the Village of Port Chester, and the Village of Rye Brook, and established a four-year rate plan for the period of February 1, 2020 to January 31, 2024.

With this four-year plan, the company will be able to continue to provide New Yorkers with clean, safe water and to save money by promoting and encouraging conservation and reducing leakage, as well as providing relief for customers facing hardship by creating a shareholder-funded emergency grant program for customers in hardship, identifying customers for a low-income discount program, and delaying impacts on rates.

With the Commission's decision, after the October delay, the average rate increase for Rockland County customers over the four-year period was $4.05 annually, or 9.1 percent; for New Rochelle customers, the average rate increase was $1.93 annually, or 3.6 percent; and for Rye and Rye Brook customers, was $1.73 annually, or 4.1 percent.

To ensure public participation, the Commission held several public comment hearings and it received more than 100 public comments. Suez provides drinking water and water for fire protection to approximately 122,500 customers in Rockland, Westchester, Tioga, and Putnam counties.

In terms of water conservation, the Commission approved a plan that includes multiple approaches including rebates, outreach and education and conservation-oriented rate design.

NYSEG and RG&E: In November, the PSC established a three-year rate plan beginning in April 2020 for electric and gas service for customers of NYSEG/RG&E by modifying the terms of a joint proposal more favorable to customers than the companies' original proposal, reducing the companies' initial rate request by more than 70 percent while still combatting climate change. In the initial proposal, the companies sought a combined first-year rate increase of $226.3 million. The PSC approved a combined first-year rate increase of only $65 million, a sharp reduction from what was originally requested.

The PSC order modified the joint proposal's NYSEG electric delivery revenue increases in the first year from $45.7 million to $45.3 million, in the second year from $84.8 million to $45.6 million, and in the third year from $88.6 million to $36.0 million. This results in total bill increases of 2 percent in the first year, 1.95 percent in the second year, and 1.99 percent in the third year. The changes the Commission has made to the joint proposal lowered the revenues to be collected from NYSEG electric customers during the rate plan by more than $130 million.

The Commission order modified the joint proposal's RG&E electric delivery revenue increases in the first year from $15.2 million to $21.4 million, in the second year from $28.1 million to $13.9 million, and in the third year from $30.7 million to $15.8 million. This results in total bill increases of 1.56 percent in the first year, 1.98 percent in the second year, and 1.99 percent in the third year. The changes the Commission has made to the joint proposal lowered the revenues to be collected from RG&E electric customers during the rate plan by almost $25 million.

The Commission did not modify the joint proposal with respect to the gas companies. For the companies' gas businesses, NYSEG's gas delivery rates would be decreased by $0.5 million, or 0.3 percent in the first year, increased by $3.4 million, or 1.7 percent in the second year, and increased by $5.3 million, or 2.5 percent in the third year. For average residential customers, this would lead to a decrease in the average monthly bill of $0.02 in the first year, an increase of $0.53, or 0.6 percent in the second year, and an increase of $1.22, or 1.4 percent in the third year. At RG&E, gas delivery rates would decrease $1.1 million, or 0.6 percent in the first year, increase $0.9 million, or 0.5 percent in the second year, and increase $3.9 million, or 2.1 percent, in the third year, with corresponding average monthly bill impacts of an $0.80, or 0.1 percent, decrease, a $0.10, or 0.1 percent increase and an $0.81, or 1.1 percent, increase, respectively.

Since the beginning of the case on May 20, 2019, Department staff has worked tirelessly to minimize cost increases by advocating progressive outcomes regarding affordability, energy efficiency, and the environment. The approved rate plans are largely in accord with the joint proposal that was supported, in whole or in part, by 23 parties representing diverse interests, including the companies, DPS staff, environmental groups, labor representatives, and large industrial,

commercial and institutional energy consumers. The new rates took effect December 1, 2020.

The initial joint proposal was endorsed with broad stakeholder support including by environmental groups and large business customers, and approved investments and activities that further critical state and Commission objectives on climate and reliability. The order modified the joint proposal to better manage the cost impacts on utility customers while still preserving our important policy and reliability objectives.

The approved rate plan requires NYSEG and RG&E to pursue important energy efficiency initiatives and non-wires alternatives, update aging infrastructure, and implement important electric reliability and gas pipeline safety programs, while mitigating the potential economic impact of the recommended rate increases on ratepayers, including a nation-leading affordability policy that substantially lowers bills for most low-income customers.

Major drivers underlying the electric delivery rate increase included the additional return requirement associated with rate base growth, increases in depreciation expense, labor, and benefits, decreased forecasted revenue, and enhanced vegetation management budgets, including increases of approximately 90 percent for NYSEG electric. Major drivers for the gas delivery rate increase included the additional return requirement associated with rate base growth, along with increases in depreciation expense and operations expense, as well as labor and benefits costs.

The Commission's decision accounted for issues and concerns raised in public comments. The decision also supports the CLCPA, which aims to build a cleaner, more resilient, and affordable energy system. Highlights of the decision include:

- **Infrastructure Investments/New Hires**: The agreement includes approximately $2.5 billion of investments in the companies' electric systems to replace aging infrastructure ($1.6 billion at NYSEG and $871 million at RG&E), an increase in overall vegetation management spending from $30 million to $57 million for NYSEG, and significant new hiring by the companies through the addition of over 500 full-time employees, including 150 linemen and 55 apprentice linemen specifically intended to improve the companies' storm recovery responses.

- **Consumer Financial Relief**: The agreement includes a $30 million emergency financial relief program that would grant up to $100 in bill credits to vulnerable residential and small business customers. For participants in the companies' low-income programs — all of whom will be eligible — these credits should offset approximately 70 percent of the rate increases NYSEG low-income customers would otherwise experience during the three years of the rate plans, and more than 90 percent of the increases that RG&E low-income customers would otherwise experience.

- **Economic Development**: Small and large business customers will benefit from the $5 million Economic Development Grant Assistance Program, which is focused on economic recovery and retention projects necessitated by the pandemic, such as costs associated with transitioning to a remote work

environment or cleaning and disinfection services.

• **Cleaner Environment**: The gas-related provisions in the agreement implement forward-looking strategies that are designed to ensure the companies' compliance with the CLCPA. Indeed, the companies commit to achieving net-zero growth in gas sales throughout their service territories during the three-year rate period, discontinuing their promotion of natural gas services, incentivizing the expanded use of heat pumps, and pursuing non-pipe alternatives. They also agree to conduct several studies, including those related to geothermal district energy systems, natural gas system resiliency, and the impacts of clean energy policies on the future of gas businesses. In sum, the gas-related provisions further New York's ambitious climate-related policy goals and can serve as a model for future rate cases.

• **Customer Service Metrics**: The agreement provides benefits to ratepayers by including an earnings-sharing mechanism, various downward-only reconciliation mechanisms, and negative revenue adjustments if the companies miss established targets for certain customer service, electric reliability, and gas safety performance metrics. In addition to the CLCPA, the agreement promotes various State and Commission objectives, including the advancement of grid modernization efforts and distributed energy, continued economic development support and the enhancement of the companies' low-income programs.

New York American Water and National Grid Delay Rate Increase: In March, the Chair of the PSC approved an order that allowed New York American Water (NYAW) to delay implementing the previously approved rate increase scheduled to take effect April 1 under its existing four-year rate plan. The Chair approved a second order allowing National Grid's upstate electric and gas utility to postpone implementing previously approved delivery rate increases that would have also taken effect on April 1 under its existing three-year rate plan.

> *We thank New York American Water and National Grid for their cooperation in helping customers who are facing the stress and hardship of COVID-19. We will remain vigilant to ensure that New Yorkers can count on the availability of their critical utility services.*

NYAW postponed its April 1, 2020 rate increase of $4.3 million for Service Area 1 customers and $3.1 million for its Service Area 2 customers until September 1, 2020. This impacted approximately 125,000 customers, most of whom are on Long Island. By agreeing to postpone the rate increases, New York American Water delayed the impact these increases would have on its customers during the COVID-19 pandemic.

NYAW provides residential and non-residential metered and other water services as well as public and private fire protection services in parts of Nassau, Putnam, Sullivan, Ulster, Washington, and Westchester counties. American Water has about 125,000 customers systemwide, including about 123,000 customers on Long Island. Service Area 1 consists of two Long Island districts, Lynbrook and Mill Neck Estates, and several smaller upstate water districts: Cambridge, Dykeer, Kingsvale, Waccabuc, Wild Oaks, Mt. Ebo, Lucas Estates, and Spring Glen Lake. Service Area 2 includes the Merrick

and Sea Cliff districts, both located on Long Island.

National Grid upstate also postponed its April 1, 2020 electric delivery rate increase of $89.6 million and its gas delivery rate increase of $21.5 million until July 1, 2020. This impacted approximately 1.6 million electric customers and 640,000 gas customers in its upstate service territory. By agreeing to postpone the rate increases, National Grid upstate delayed the impact these increases would have on its customers during the COVID-19 pandemic. National Grid upstate also maintained the current benefits that low-income customers receive. Lastly, National Grid upstate, and its downstate gas utilities, KEDNY and KEDLI, waived fees associated with certain collection-related activities, including customer disconnections, and non-essential services, such as manual meter reads, that had been suspended as a result of the COVID-19 pandemic. National Grid upstate and NYAW are the only major utilities in New York State that were due to increase their rates on April 1.

DPS asked other utilities to consider postponing rate increases, depending on continued movement reductions due to the COVID-19 public health emergency. This announcement joined other utility actions designed to reduce the impact that COVID-19 had and continues to have on utility customers. The State's major electric and gas utilities — Con Edison, National Grid, Central Hudson, Orange and Rockland, New York State Electric and Gas, Rochester Gas and Electric, PSEG Long Island and National Fuel Gas — and major private water companies suspended shut-offs for customers, and offered assistance to customers impacted by COVID-19 who may be experiencing financial hardship.

Improving Utility Performance and Reliability

Utilities Prepared for Summer Demand: In May, the PSC announced that peak power demand forecasts are expected to be lower due to the impact the global pandemic is having on the State's economy. The Commission annually reviews the readiness of the energy system to serve New Yorkers during the hot summer months; in 2020, the need and the challenges were especially high given the pandemic. All indicators point to the fact that our grid is resilient and secure, and that supplies were more than adequate.

DPS staff were in constant contact with utilities, power plant operators, and transmission owners to ensure that power plants were operating as needed, and that infrastructure repairs and system improvements were being made. According to data from the New York Independent System Operator (NYISO), New York State's weekday electricity demand fell more than 10 percent over two months as a result of business shutdowns and changes brought about by state initiatives to combat the COVID pandemic.

The Commission also expected sufficient generating capacity to supply expected customer demands and all of the State's electric utilities were prepared to serve those expected customer demands, particularly during the summer months, which are typically when the electric grid receives the most stress. The forecast for this demand (known as the peak load) has been in the range of 33,300 megawatts (MWs), compared to the winter peak of about 25,000 MW. Peak load this summer is forecast to be 32,296 MWs — down from last year's 32,382 MWs.

In the summer of 2013, New York set an actual record peak load of 33,955 MW. Thanks to energy efficiency and clean energy programs, NYISO's current forecast for 2026 is about 2,000 MW less than its 2016 forecast. A 2,000 MW decrease in peak demand is the equivalent of the electricity generated by several large power plants, enough to supply approximately 1.75 million average-size homes. Reducing the amount of electricity that's consumed on a daily basis and during the hottest days of summer provides significant benefits to consumers and the environment.

New York's installed capacity — the total amount of electricity that could be generated if needed — is expected to be 41,319 MW, significantly greater than the actual anticipated need. This abundance of generating capacity should relieve any concerns that residential customers working from home and using air conditioners during hot summer months might have regarding sufficient electricity supply.

Improvements Made to Dynamic Load Management Initiative: In June, the PSC directed New York's six investor-owned electric utilities to modify their dynamic load management programs, which are designed to lower demand for electricity during peak usage periods, to provide greater flexibility to program participants and help ensure that the utility has a more accurate and reliable forecast of load relief assets available during peak conditions and for meeting reliability needs. Greater flexibility was warranted for summer 2020 given the much greater than usual uncertainty facing both utilities and program participants during as a result of the COVID-19 crisis.

Major Utility Performance Review: In June, the PSC reviewed the state's major utilities in terms of their performance in a number of key areas in 2019, including electric reliability service, gas safety, electric safety, and customer service.

- **Electric Reliability**: The PSC relies on two primary metrics to measure electric performance: System Average Interruption Frequency Index (SAIFI or frequency) and the Customer Average Interruption Duration Index (CAIDI or duration). By compiling the interruption data provided by the individual utilities, the average frequency and duration of interruptions can be reviewed to assess the overall reliability of electric service statewide. Excluding major storms, the statewide interruption frequency for 2019 was the same 2018 and the statewide five-year average. The statewide interruption duration was longer than last year and the statewide five-year average. The most significant events influencing reliability performance, excluding major storms, were two significant outages Con Edison incurred during the summer of 2019. The statewide interruption duration, excluding Con Edison, was the same last year indicating the effect Con Edison had on the statewide duration. Department staff continues to investigate the Manhattan and Brooklyn outage events.

- **Electric Safety**: New York utilities were in compliance with electric safety standards in 2019. The Commission established these standards in 2005 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. New York's electric safety standards continue to have some of the most stringent requirements when compared to other states across the nation. In 2019, manual stray voltage testing was

performed on approximately one million utility facilities statewide, resulting in the identification of only 302 stray voltage conditions, all of which were quickly remediated. In addition, the utilities also performed mobile scans in major cities and all stray voltage findings from those surveys were remediated.

• **Gas Safety**: Department staff evaluated critical areas of gas safety, including damage prevention, emergency response times, leak management, and non-compliances identified through staff's audit process. Overall, the data indicated that performance has substantially improved since these metrics have been in place, due largely to an increase in requests to mark-out buried pipes before digging began and a decrease in the total number of damages. The total year-end leak backlog improved roughly 14.1 percent from the previous calendar year. Both the total number of leaks discovered and leaks repaired declined substantially. Overall, the data indicated that performance has substantially improved for utilities across the state over the 17-year period staff has been reporting performance. As utilities continue their outreach efforts, adopt better practices in responding to leak, odor, and emergency reports, and work to replace leak-prone infrastructure, staff expects further performance improvements will occur. In a separate action, the Commission authorized National Grid's upstate division to use $4.48 million to implement a gas safety program. Specifically, the money will be used for an additional 64,800 residential methane detectors for homeowners and 266 remote methane leak detection devices, which will be distributed fire departments.

• **Customer Service**: Most of the State's utilities met or exceeded the standards for performance on measures of customer service established within their respective rate plans. Rochester Gas & Electric incurred negative revenue adjustments for failing to meet its calls answered in 30 seconds target and estimated meter reads target. As a result, RG&E shareholders paid $525,000 for the benefit of RG&E customers.

Improving Reliability: In March, the PSC approved an increase in the amount of electricity kept in reserve during the summer peak in New York State to ensure that adequate levels of electricity capacity are available to serve peak load and system emergency conditions.

> *Ensuring reliability is a fundamental cornerstone of this agency. Nothing is more important than to make sure enough electricity is available to keep New York moving forward. Our action is intended to ensure the adequacy of electric generating facilities in New York. As such, it is a key tool available to the Commission to foster the adequacy of generating resources.*

On December 4, 2020, the New York State Reliability Council, a not-for-profit group made up of large utilities, power generators, and large industrial consumers, amongst others, proposed an Installed Reserve Margin (IRM) for New York of 20.7 percent for the upcoming capability year beginning May 1, 2021 through April 30, 2022, a 1.8 percent increase from the previous year. The IRM represents the amount of installed capacity that must exist in New York to ensure that the

applicable resource adequacy reliability criteria are met.

According to the analysis, peak summer load in New York this year is expected to be 32,243 MWs, only slightly higher than the comparable prediction for the summer of 2020. Actual summer peak load in 2020 was 30,450 MWs, over 5 percent lower than the initial prediction. Peak summer load has been steadily declining largely due to significant statewide energy efficiency gains.

Peak demand is a measurement of the average total electric demand by consumers for a one-hour period. One megawatt of electricity can serve approximately 800-1,000 homes. In July 2013, New York recorded a record peak of 33,956 MW at the end of a week-long heat wave.

While COVID-19 has led to a drop in overall electricity usage throughout New York State, the pandemic has not materially impacted summer peak load projections. This is due to a variety of factors, including a projected gradual increase in load due to gradual re-openings and greater in-home electricity use.

The action will not result in a significant impact on the environment since it is implementing an existing policy for ensuring the adequacy of resources by maintaining the probability of a loss of load due to a resource deficiency at no more than once in 10 years, on average. The recalibration of the IRM furthers this established policy, and accounts for changes in the modeling data.

The total capacity of power resources available to New York this summer is expected to be 40,307 MW. Available resources include 37,463 MW of generating capacity from power plants in New York State and 1,562 MW of net purchases and sales from neighboring regions capable of supplying energy to New York.

In addition to power plant generating capacity and the ability to import power from neighboring regions, 1,282 MW of demand response resources are available. Demand response programs enlist large users of electricity and aggregations of smaller power customers to reduce electricity consumption when called upon.

The effect of energy efficiency programs, distributed solar photovoltaics, and non-solar distributed resources are included in the forecast. These resources moderate the growth of peak load and reduce overall energy usage from the grid.

New York's rules are more stringent than other states to avoid severe consequences that may result from power interruptions in New York City and Long Island, given the geographic characteristics of those two markets. The Reliability Council is responsible for developing reliability rules in accordance with the standards, criteria and regulations set forth by the Commission, the North American Electric Reliability Corporation (NERC), the Northeast Power Coordinating Council (NPCC), the Federal Energy Regulatory Commission (FERC), and the Nuclear Regulatory Commission (NRC).

Assisting Communities

PSC Approves Plan to Help Con Edison's Low-Income Customers: In June, the PSC approved an emergency cooling bill relief program for electric customers enrolled in Con Edison's low-income bill discount program for the months of June through September.

> *As the COVID crisis continues into the heat of summer, public health requires ensuring that our most vulnerable citizens in our worst-affected areas have the ability to use air-conditioners during these summer months. Creating this emergency relief program will help more than 400,000 customers keep safe this summer while not having to worry about the cost of running much needed air conditioners.*

Con Edison has approximately 441,000 electric customers in New York City and Westchester currently enrolled in the low-income bill discount program, with 9 out of 10 customers already receiving a $13 monthly discount. The emergency summer cooling credit will add up to $40 a month in relief, which, for most customers, is more than double the size of the current low-income program bill discount.

The Commission's action was in response to a petition filed May 11, 2020 by New York City that requested emergency financial support for Con Edison's electric low-income bill discount program customers to remove financial impediments of using air conditioning during the months of June through September due to the forecasted limited availability of public facilities this summer, such as cooling centers and public pools, as a result of the COVID-19 pandemic and resulting social distancing measures. The population density of New York City makes these public facilities crucial during the hot summer months.

This decision will require Con Edison to engage in aggressive outreach with the low-income bill discount program customers to ensure the customers are aware of the emergency summer cooling credit.

The decision included the following:

Budget for Emergency Relief: Rather than approving a set monthly credit, the Commission approved a total relief budget of $70.56 million, with budgets of $15 million, $18 million, $18 million, and $19.56 million for the four months, respectively. These monthly caps are based on the average bills for the low-income bill discount program customers from the previous three years and estimated increases in eligible customers.

Eligibility for Credit: The Commission decided to provide the relief to all electric customers who are enrolled in the low-income bill discount program, including those in Westchester, which also has been significantly impacted by the COVID-19 pandemic. Customers must be enrolled in the program by the 10th of the month to receive the credit for that month. Customers will continue to receive the emergency summer cooling credit as long as they are enrolled in the low-income bill discount program.

Cost Recovery: Con Edison will recover the costs of the emergency relief over a five-year period. When Con Edison's rates are next reset, the unrecovered balance would be rolled into base rates to

be recovered over the remaining three years. Spreading recovery over five years will help to mitigate bill impacts for Con Edison's customers.

Consumer Protections**:** In October, Governor Cuomo announced that, in the wake of repeated failures by utility and telecom companies to meet their obligations to New Yorkers, that Rory Lancman, a seasoned lawyer and legislator, was appointed statewide Special Counsel for Ratepayer Protection. In this role, Mr. Lancman represents the interests of residential and commercial customers of New York's regulated electric, gas, water, and telecom companies, with the ability to participate as a party in PSC proceedings, conduct hearings and investigations, undertake discovery to compel documents and testimony, and otherwise marshal the resources of DPS to safeguard the interests of ratepayers and hold accountable those utilities and telecoms which fail to meet their contractual and regulatory obligations to their customers.

Specifically, as Special Counsel, Mr. Lancman reviews the performance of all utilities in New York across all sectors — electric, natural gas, private water, and telecommunications. His primary role includes determining whether utilities are making the investments required; whether utilities are performing as required; whether utilities are responding adequately to consumers — both residential and commercial; and whether utilities are complying with renewable energy goals and standards. As Special Counsel, Mr. Lancman enhances and strengthens the Department's existing protections of utility consumer interests.

PSC Approves Streetlighting Sale to Upstate Municipalities: In November, the PSC approved separate requests to sell utility-owned streetlights to municipalities in upstate New York totaling $15 million. With the change in ownership, the municipalities can control streetlighting and install their own state-of-the-art energy-efficient lights to lower costs to taxpayers and protect the environment.

> *Governor Cuomo has championed municipal government efficiency and encouraged municipalities to have greater control over their energy usage. Implementing LED street-lighting options can play an important role in helping the State achieve its clean-energy goals in support of Governor Cuomo's nation-leading clean energy initiatives.*

Including these decisions, the Commission has approved the sale of over 76,000 streetlights to 39 municipalities. The total value of these streetlights is more than $51.5 million.

Energy efficiency lights, known as LEDs or light-emitting diodes, use significantly less energy than traditional street lighting. The adoption of LED-lighting can save municipalities up to 65 percent of electricity costs for street lighting.

LED-related energy savings can contribute significantly to the State's energy and environmental goals. In fact, if all of the State's streetlights were converted to LEDs, the energy savings potential is estimated to be enough electricity for 75,000 average-sized houses. Financial savings could be as great as $28 million per year. Given the opportunity for savings, municipalities across the State have been showing interest in either buying utility-owned streetlighting facilities with the intention of converting to LEDs or working with utilities to convert the utility-owned

streetlights within their respective jurisdictions.

For an average municipality, streetlights may account for up to 40 percent of total local government electric energy consumption. Pursuing LED conversions allows local governments to lower municipal energy expenditures while lowering overall emissions from the energy sector, furthering the State's greenhouse gas reduction goals.

The streetlight sales approved by the Commission are as follows: Town of Tonawanda, Erie County: $11.84 million for 6,062 streetlights from National Grid (upstate); Town of Salina, Onondaga County: $1.59 million for 2,786 streetlights from National Grid (upstate); City of Tonawanda, Erie County: $795,604 for 1,411 streetlights from National Grid (upstate); City of Gloversville, Fulton County: $243,401 for 1,250 streetlights from National Grid (upstate); Village of Brockport, Monroe County: $230,665 for 471 streetlights from National Grid (upstate); Village of New Paltz, Ulster County: $140,520 for 288 streetlights from Central Hudson; Town of Bethel, Sullivan County: $78,835 for 167 streetlights from NYSEG; and Village of Lima, Livingston County: $76,549 for 190 streetlights from National Grid (upstate).

Providing for Communities Impacted by Power Plant Closures: In February, the PSC authorized NYSERDA to provide approximately $12.5 million annually through 2029 to create a stable source of funding for the Electric Generation Facility Cessation Mitigation Program, a program created to help local communities offset the loss of property taxes that typically occurs when a large power plant closes.

Smart cessation funds are in the public interest. As we transition from older, existing generation toward more modern generation units, we will create a cleaner grid of the future that requires a comprehensive approach to ease the financial implications for impacted communities and are in the interest of electric customers.

The State Energy Plan recognized New York's electric generation fleet is undergoing, and will undergo in the coming years, a transition to cleaner energy sources as a result of market forces, State policies, and the advent of the CLCPA. This transition includes the elimination of all coal generation, the retirement of the Indian Point nuclear reactors, the goal of 70 percent renewable electricity by 2030, and the commitment to a zero-carbon electricity sector by 2040. A balance between the State's climate goals, the need to modernize, and its economic realities must be struck, with an even sharper focus given the economic ramifications of the COVID-19 pandemic.

The existing Mitigation Program is one tool that the State has utilized to recognize this balance for communities who will experience substantive financial impacts from the shift away from existing sources of generation.

The significant need to combat climate change by supporting the transition from existing generation to a more modern, cleaner grid of the future is being accomplished through a comprehensive strategic state policy and market-based approach. The strategy ranges from support for the building of new generation to easing the financial implications for impacted communities, and therefore, the Commission finds it appropriate to allocate the use of uncommitted funds from

legacy programs to ease the transition for communities directly impacted across the state.

This decision allows the Mitigation Program to be funded without imposing incremental funding obligations on the State's ratepayers. With the Commission's decision, NYSERDA is authorized to transfer funding to Empire State Development (ESD) solely for the purpose of the Mitigation Program, in the estimated amount of $12.5 million per year, not to exceed $112.5 million in total through 2029.

The Mitigation Program was initially created in 2016 to provide funds to local government entities where an electric generating facility has ceased operations. A local government entity may be eligible for funds where an electric generating facility located within such local government entity has ceased operations, and the closing of such facility has caused a reduction in the real property tax collections or payments in lieu of taxes (PILOT) of at least 20 percent owed by such electric generating facility.

ESD is responsible for administering the Mitigation Program. Before ESD awards funds to a local government entity, either the State Department of Taxation and Finance or the local industrial development authority must confirm the reduction in real property taxes or PILOT, and DPS must confirm that the electric generating facility is no longer producing electricity or participating in the markets administered by NYISO.

Electric Generation Siting

Deer River Wind: In June, the Siting Board granted approval to Atlantic Wind, LLC to build and operate a wind farm in Lewis and Jefferson counties. The Siting Board's decision follows a detailed review and robust public participation process to ensure that the North Country wind farm meets or exceeds all siting requirements. Deer River Wind and other wind and solar projects currently under development are vital to meet the CLCPA aggressive carbon reduction and clean energy targets.

Atlantic Wind will build and operate a wind farm generating facility consisting of 25 wind turbines located in the Towns of Pinckney (21 turbines) and Harrisburg (four turbines), in Lewis County, New York, and a point of interconnection in the Town of Rodman in Jefferson County. Nineteen of the turbines would have a total tip height of approximately 568 to 590 feet, and six would have a total tip height of approximately 492 feet.

According to Deer River's developer, the 101 MW project is expected to create 115 construction jobs and opportunities for local construction and construction supply vendors, as well as five permanent, full-time jobs. More than $500,000 will be paid annually in direct lease, easement, and neighbor agreement payments to landowners ($15 million over 30 years). Up to $800,000 will be paid annually in increased revenues to county and local municipal tax bases to help defray costs for schools, public safety, and county services ($24 million over 30 years), and $3 million estimated project spending on local goods and services during development and construction.

In the northwestern part of Lewis County, two existing wind facilities, Maple Ridge Wind and Copenhagen Wind, respectively, and one

certified, but not-yet-built wind facility, Number Three Wind, are directly adjacent or near to Deer River. The Maple Ridge Wind facility, located in the Towns of Lowville, Harrisburg, Martinsburg, and Watson, has 195 turbines and a total generating capacity of 321 MW. The Copenhagen Wind facility, located in the Village of Copenhagen and the Town of Denmark (just northwest of Lowville), has 40 turbines and a total generating capacity of 80 MW. The Number Three Wind project, located in the Towns of Lowville and Harrisburg, will consist of up to 31 turbines with a generating capacity of 105.8 MW.

The facility will be located on approximately 6,000 acres of privately leased land and will enable landowners to continue with existing land uses; the permanent structures will occupy less than 150 acres. The project will provide economic benefits by creating direct jobs, will generate revenues for local governments through PILOT agreements, and will provide revenues for participating landowners through lease and other agreements. The municipalities in the proceeding supported the recommended decision issued in the proceeding on March 20, 2020.

The Siting Board examiners determined that the wind farm will be consistent with the energy policies and long-range planning objectives and strategies contained in the most recent State Energy Plan. Based on this, and based on its consideration of other relevant social, economic, and other factors, the Siting Board determined that the project will be a beneficial addition to the electric generation capacity of the State, and will also serve the goals of improving fuel diversity, grid reliability, and modernization of grid infrastructure.

Deer River's formal application to the Siting Board was deemed compliant on July 3, 2019. The 24 active parties to the proceeding included local municipalities, community groups, local residents, and several state agencies. The record includes 48 public comments. The Siting Board held two on-the-record public statement hearings and conducted two days of evidentiary hearings at which expert and factual testimony was taken. Municipalities and community groups that sought intervention in the case were eligible to receive $211,400 in intervenor funds to participate in the development of the record.

The Deer River facility is approximately 10 miles south of the U.S. Army Garrison at Fort Drum. Atlantic Wind consulted with the U.S. Department of Defense (DoD) to evaluate potential impacts from the facility on military resources and operations. Potentially affected operations included DoD radar, National Weather Service (NWS) NEXRAD radar in the Town of Montague, air traffic control radar, and both civilian and military aviation operations including military airspace. During consultations with DoD and NWS, Atlantic Wind agreed to remove three turbines from the initial facility layout to avoid conflicts with the NEXRAD radar, made other changes to turbine heights and locations requested by DoD to avoid interference with Ft. Drum operations, and entered into negotiations with DoD on a mitigation agreement.

Alle-Catt Wind: In June, the Siting Board granted approval to Alle-Catt Wind Energy LLC (Alle-Catt) to build and operate a wind farm in Allegany, Cattaraugus, and Wyoming counties. The Siting Board's decision follows a detailed review and robust public participation process to ensure that the Western New York wind farm meets or exceeds all siting requirements.

The 340-megawatt (MW) Alle-Catt wind project will consist of up to 116 wind turbines, with associated underground collection system and substation and related infrastructure in the Towns of Arcade (13 turbines), Centerville (36 turbines), Farmersville (21 turbines), Freedom (33 turbines), and Rushford (13 turbines) in the counties of Allegany, Cattaraugus, and Wyoming. The Alle-Catt project has been under review since December 2017.

The facility will be located on approximately 30,000 acres of privately leased land and will enable landowners to continue with existing land uses. The project will provide economic benefits by creating direct jobs, will generate revenues for local governments through PILOT agreements, and will provide revenues for participating landowners through lease and other agreements. The next largest project approved to date by the Siting Board was the 290.7 MW Canisteo Wind project in Steuben County. As described by the developer, the $454 million project would have a positive economic impact on the host communities, including a construction workforce of approximately 182 jobs with a payroll of $15 million, and will provide up to 13 permanent jobs during the operation of the facility.

Alle-Catt estimates that the project represents a major local investment, which will result in a significant increase to the local taxable property base. In the first year, the wind farm estimates $7 million in direct economic benefits to host communities for the PILOT, host community agreement payments, fire district taxes, and participating leaseholder payments. Once operational, Alle-Catt says it will pay more than $2.7 million annually to local landowners over the life of the project through annual lease payments. This consistent stream of supplemental revenue can protect against fluctuating commodity prices and help maintain family farms. Overall, Alle-Catt estimates that annual property tax and tax-related payments include PILOT and host community agreement payments, and up to $3.2 million in local property taxes over the life of the project.

The Siting Board examiners determined that the wind farm will be consistent with the energy policies and long-range planning objectives and strategies contained in the most recent State Energy Plan. Based on this, and based on its consideration of other relevant social, economic, and other factors, the Siting Board determined that the project will be a beneficial addition to the electric generation capacity of the State, and will also serve the goals of improving fuel diversity, grid reliability, and modernization of grid infrastructure.

Alle-Catt's formal application to the Siting Board was deemed compliant on May 8, 2019. The 47 active parties to the proceeding included local municipalities, community groups, local residents, and several state agencies. The record includes more than 525 public comments. The Siting Board held two on-the-record public statement hearings and conducted several days of evidentiary hearings at which expert and factual testimony was taken. Municipalities and community groups that sought intervention in the case were eligible to receive $473,000 in intervenor funds to participate in the development of the record.

Mohawk Solar Farm: In November, the Siting Board granted approval to Mohawk Solar LLC to build and operate a 90.5 megawatt (MW) solar farm in the Towns of Canajoharie and Minden, Montgomery County. The Siting Board's decision follows a detailed review and robust public participation process to ensure that the solar farm meets or exceeds all siting requirements.

According to the developer, the 90.5 MW project is expected to create 369 construction jobs that will pay $11 million in wages, and opportunities for local construction and construction supply vendors as well as five permanent, full-time jobs. The solar farm will result in annual payments of $600,000 to local landowners in association with the lease and easement agreements. The developer expects to execute a PILOT agreement with local municipalities over the next 15 years valued at $5.2 million in total. The facility will be located on approximately 900 acres of privately leased land. The project will provide economic benefits by creating direct jobs, will generate revenues for local governments through PILOT agreements, and will provide revenues for participating landowners through lease and other agreements.

The Siting Board examiners determined that the solar farm will be consistent with the energy policies and long-range planning objectives and strategies contained in the most recent State Energy Plan. Based on this, and based on its consideration of other relevant social, economic, and other factors, the Siting Board determined that the project will be a beneficial addition to the electric generation capacity of the State, and will also serve the goals of improving fuel diversity, grid reliability, and modernization of grid infrastructure.

Mohawk Solar's formal application to the Siting Board was deemed compliant on Nov. 21, 2019. The 17 parties to the proceeding included local municipalities and several state agencies. The record includes 20 public comments. The Siting Board held an on-the-record public statement hearing and conducted evidentiary hearings at which expert and factual testimony was taken. Municipalities that sought intervention in the case were eligible to receive $118,000 in intervenor funds to participate in the development of the record.

East Point Energy: In January, the Siting Board granted approval to East Point Energy Center, LLC to build and operate a 50 megawatt (MW) solar farm in the Town of Sharon, Schoharie County. The Siting Board's decision follows a detailed review and robust public participation process to ensure that the solar farm meets or exceeds all siting requirements. This solar farm and other solar and wind projects currently under development are vital to meet the CLCPA's aggressive carbon reduction and clean energy targets to combat climate change.

According to the developer, the 50 MW project is expected to create 123 construction jobs that will pay $6.4 million in wages, as well as opportunities for local construction and construction supply vendors. The solar farm will result in annual payments to local landowners through lease and easement agreements.

The facility will be located on approximately 1,300 acres of privately leased land. The project will provide economic benefits by creating jobs and will provide revenues for participating landowners through lease and other agreements.

The solar farm will deliver electricity to the bulk electric transmission system owned by National Grid with a point of interconnection at the existing Sharon-Marshville 69-kilovolt transmission line. In addition, the project will entail the construction of internal infrastructure including, among other things, collection and transmission lines, access roads, inverters, transformers, fencing, and an operations and maintenance building.

The Siting Board members determined that the solar farm will be consistent with the energy policies and long-range planning

objectives and strategies contained in the most recent State Energy Plan. Based on this, and based on its consideration of other relevant social, economic, and other factors, the Siting Board determined that the project will be a beneficial addition to the electric generation capacity of the State, and will also serve the goals of improving fuel diversity, grid reliability, and modernization of grid infrastructure.

East Point's formal application to the Siting Board was deemed compliant on January 30, 2020. The 15 parties to the proceeding included the local municipality and several state agencies. The record includes 30 public comments. The Siting Board held an on-the-record public statement hearing and expert and factual testimony was taken into the record during the proceeding. The municipality that sought intervention in the case received $50,000 in intervenor funds to participate in the development of the record.

Hecate Energy Solar Farm: In January, the Siting Board granted approval to Hecate Energy Albany 1 LLC and Hecate Energy Albany 2 LLC to construct and operate a 40 megawatt (MW) solar farm in the Town of Coeymans, Albany County. The Siting Board's decision follows a detailed review and robust public participation process to ensure that the solar farm meets or exceeds all siting requirements.

According to the developer, the 40 MW project is expected to create 140 construction jobs that will pay $8.3 million in wages, and opportunities for local construction and construction supply vendors. The solar farm will result in annual payments to local landowners in association with the lease and easement agreements. The developer expects to execute a PILOT agreement with local municipalities over the next 30 years valued at $3.6 million in total.

The facility will be located between State Route 9 W and County Route 101. It will be constructed on a portion of approximately 436 acres of privately leased farmland and will include numerous arrays of ground-mounted photovoltaic solar panels.

Upon commercial operation, the facility is expected to annually generate 73,000 megawatt hours of electricity and to reduce the annual statewide emissions by approximately 54,738 tons of CO2, the equivalent of taking over 10,500 cars off the road. Hecate Albany worked closely with the community throughout this proceeding. Local residents and officials unanimously support the facility, and nearly all the parties to the proceeding reached an agreement on the certificate conditions that will govern its construction and operation. The solar panels would be connected to the bulk electric transmission system through underground collection lines, and will interconnect with the existing National Grid 115 kV Long Lane-Lafarge transmission line at two locations, both located in the southern portion of the project site.

After reviewing the agreed-upon certificate conditions submitted by most of the parties, the Siting Board examiners determined that the solar farm will be consistent with the energy policies and long-range planning objectives and strategies contained in the most recent State Energy Plan.

Based on this, and based on its consideration of other relevant social, economic and other factors, the Siting Board determined that the project will be a beneficial addition to the electric generation capacity of the State, and will also serve the goals of improving fuel diversity, grid reliability, and modernization of grid infrastructure.

Hecate Energy's formal application to the Siting Board was deemed compliant on Jan. 22, 2020. The 15 parties to the proceeding included several state agencies and a labor group. The record includes nearly 20 public comments. The Siting Board held an on-the-record public statement hearing and conducted evidentiary hearings at which expert and factual testimony was taken.

Communities Hosting Wind or Solar Farms: In February, the PSC approved a Host Community Benefit Program that provides bill credits directly to residential electric customers in municipalities in which major renewable energy facilities are located thus incentivizing more clean energy projects to be developed across the state to support the combating of climate change. The program will provide bill credits that vary based on the size and type of the renewable energy facility.

> *To ensure host communities benefit more fully from the development of renewable energy projects, developers will now be required to fund bill credits for local electric customers. This first-of-its-kind program will provide direct benefits to residents, while keeping in place negotiated community-wide benefits, such as Payments in Lieu of Taxes and host community agreements.*

The program provides an annual bill credit to residential electric utility customers within a city or town where newly constructed facilities 25 MWs or greater are sited for the first 10 years a facility is operational.

The amount of the credit would correlate to the type and size of the facility. Solar and wind project developers would be required to pay an annual fee of $500/MW and $1,000/MW of nameplate capacity, respectively. As a result, a 50 MW solar farm would provide annual customer credits totaling $25,000, and a 100 MW wind farm would provide annual customer credits totaling $100,000. The money would be shared by all residential customers in the host municipality, regardless of proximity to the facility.

Facility owners would pay the annual fee to the utility serving the affected municipalities. Utilities would then apply a bill credit to eligible customers' accounts. Additionally, utilities would annually report the following: facilities actively providing benefits under the program in its service territory; monies received from each facility; the amount of the individual bill credit and the number of customers who received the bill credit for each facility; and the costs to administer the program.

The credit will be paid by any new renewable energy project greater than 25 MW that goes into service after the effective date of the Accelerated Renewable Energy Growth and Community Benefit Act, which was April 2020. The Host Community Benefit Program received strong support from stakeholders participating in the review, including many local elected officials.

High River Energy: In March, the Siting Board granted approval to High River Energy Center, LLC (High River) to build and operate a 90 megawatt (MW) solar farm in the Town of Florida, Montgomery County. The Siting Board's decision follows a detailed review and robust public participation process to ensure that the solar farm meets or exceeds all siting requirements.

According to the developer, the project is expected to create nearly 250 construction jobs that will pay $9.8 million in wages. Local construction employment will primarily

benefit those in the construction trades, including equipment operators, truck drivers, laborers, and electricians.

The solar farm will result in annual payments to local landowners through lease and easement agreements. The facility will be located on approximately 1,425 acres of privately leased or purchased land. The solar farm will result in annual payments to local landowners in association with the lease and easement agreements.

After reviewing the agreed-upon certificate conditions submitted by most of the parties, the Siting Board examiners determined that the solar farm will be consistent with the energy policies and long-range planning objectives and strategies contained in the most recent State Energy Plan. Based on this, and based on its consideration of other relevant social, economic and other factors, the Siting Board determined that the project will be a beneficial addition to the electric generation capacity of the State, and will also serve the goals of improving fuel diversity, grid reliability, and modernization of grid infrastructure. High River's formal application to the Siting Board was deemed compliant on March 13, 2020. The 22 parties to the proceeding included the municipality, a citizens group, and a labor group. The record includes nearly 50 public comments. The Siting Board held on-the-record virtual public statement hearings and conducted evidentiary hearings at which expert and factual testimony was taken.

The developer said local governments will also receive $11.4 million in PILOT and other funding over 20 years. The developer paid $121,500 in intervenor funds to enable municipal and community groups to fully participate in the review of the project.

High Bridge Wind: In March, the Siting Board granted approval to High Bridge Wind, LLC (High Bridge Wind) to build and operate a 100-megawatt (MW) wind farm in the Town of Guilford, Chenango County. The Siting Board's decision follows a detailed review and robust public participation process to ensure that the wind farm meets or exceeds all siting requirements.

According to the developer, the project is expected to create nearly 250 manufacturing, supply and construction jobs that will pay $17.7 million in wages, as well as create additional opportunities for local construction and construction supply vendors. The wind farm will result in annual payments to local landowners in association with the lease and easement agreements.

The facility will be located on approximately 3,905 acres of privately leased or purchased land. The turbines will have a total tip height of between 655 to 671 feet and will be connected to the bulk electric transmission system owned by NYSEG. An approximately 17-mile long electrical collection system corridor will connect the turbines to a collection substation. The collection substation, with an optional 5 MW battery storage system, and a point of interconnection substation, will be co-located adjacent to NYSEG's existing Jennison to East Norwich 115-kilovolt (kV) transmission line.

After reviewing the agreed-upon certificate conditions submitted by most of the parties, the Siting Board determined that the wind farm will be consistent with the energy policies and long-range planning objectives and strategies contained in the most recent State Energy Plan. Based on this, and based on its consideration of other relevant social, economic, and other factors, the Siting Board determined that the project will be a beneficial addition to the electric generation

capacity of the State, and will also serve the goals of improving fuel diversity, grid reliability, and modernization of grid infrastructure. High Bridge Wind's formal application to the Siting Board was deemed compliant on March 16, 2020. The 20 parties to the proceeding included several state agencies, the municipality, a citizen group, and a labor group. The record includes nearly 200 public comments. The Siting Board held on-the-record virtual public statement hearings and compiled an evidentiary record containing expert and factual testimony.

The developer estimated the value of economic output associated with facility construction to be $49.7 million statewide and $5.1 million countywide, and the total economic output is projected to increase by an estimated $4.5 million statewide and $2.3 million countywide with facility operation and maintenance. The developer said local governments will also receive significant PILOT over 25 years. The Town of Guilford was among the parties signing the settlement agreement. The developer paid $135,800 in intervenor funds to enable municipal and community groups to fully participate in the review of the project.

Telecommunications

Columbia County Telephone Gets Broadband Expansion Funding: In July, the PSC approved a $4 million financing package for Germantown Telephone Company, Inc. that will allow the 115-year-old telephone company to provide broadband service to its largely rural community, a huge benefit at a time when many more people are working from home and attending school remotely due to the COVID-19 pandemic. Approval of the financing will allow the company to permanently finance the project at reasonable terms.

> *We enabled the company to deliver broadband to unserved or underserved customers, by approving this financial transaction. New Yorkers need broadband, now more than ever with the current pandemic and the need for high quality, reliable broadband services to allow remote work and schooling.*

Through this network expansion, more than five thousand Columbia County residents will receive high quality, technically advanced broadband services that would likely not be available without this agreement.

Germantown Telephone is a recipient of Empire State Development Corporation (ESDC) grants for a broadband expansion project. The company and a subsidiary will jointly borrow up to $4 million through the Rural Telephone Finance Cooperative, or RTFC. As a result of the ESDC grants, the expansion project is scheduled for competition by August of this year. The project is supported by local community groups, including Connect Columbia, a broadband supporter, and the Columbia Economic Development Corporation.

Germantown provides business and residential telecommunication services. These include local and long-distance telephone, digital TV, broadband Internet, fiber-to-the-home, digital phone systems, and data center services in southern Columbia County amongst rural areas. Germantown has 20 employees and 2,012 access lines in service consisting of approximately 1,614 residential and 398 business lines. Germantown's subsidiaries include: Hilltop Communications, Inc., a provider of cable television services; Germantown Wireless, Inc., a provider of wireless communications; and Valstar Inc., the co-borrower.

Germantown and Valstar were awarded grants totaling about $8.7 million by ESDC's Broadband Program Office (BPO) to support expansion projects that deliver broadband access to unserved or underserved customers in New York State. However, absent the funds from RTFC, the companies would have been unable to construct their networks as required by the BPO grants, and thousands of residents and businesses in the companies' service territories would not have received the broadband service they require.

Spectrum Agrees to Remove Ineligible Addresses from Buildout Plan: In December, Charter Communications, Inc., d/b/a Spectrum, agreed to remove 1,241 ineligible addresses that Charter had claimed toward meeting its 145,000 passings requirement, and to refund 100 customers who paid a connection fee, or else remove those addresses as well.

Internet service is critical for families and businesses during these difficult times, so we must get broadband coverage to where it is needed. Our staff is scrutinizing Spectrum's compliance reports and performing field audits of their ongoing network expansion to ensure every address is eligible to count towards its regulatory obligation to serve an additional 145,000 homes and businesses in Upstate New York. If addresses are ineligible, they will be removed from the buildout plan making it possible for eligible unserved premises to be added.

In a sharply worded letter to the company on Nov. 18, 2020, the Department's Special Counsel for Ratepayer Protection, Rory I. Lancman, said Spectrum had failed to resolve issues raised by staff over a several month period. Special Counsel Lancman said that unless Spectrum removed ineligible addresses from its reports, he would seek an order to show cause from the PSC to resolve the issue.

The Commission's 2016 approval of the Charter acquisition of Time Warner required Charter to extend its network to pass an additional 145,000 unserved and underserved residential housing units and/or businesses, and prohibited Charter from requiring the payment of a line extension fee (i.e., contributions-in-aid-of-construction or CIAC) for the expansion to any of those addresses. In a subsequent 2019 settlement agreement, approved by the Commission, the deadline to complete the network expansion was modified, and interim milestones and reporting requirements were established.

Transmission Line Siting

Transmission Planning Proceeding Gets Underway: In May, the PSC required the State's electric utilities to develop distribution and local transmission upgrades that will help the State achieve the targets of the CLCPA. Relying on system studies that are underway, the PSC directed utilities to develop and submit proposals for selecting, prioritizing, and funding an initial set of projects by the fall of 2020. The PSC also directed utilities to file proposals for consistent planning processes that will support future investments in projects that support the CLCPA goals. In addition, the PSC provided guidance for future proceedings that will identify needed upgrades to the bulk electric system.

The Commission initiated the process of planning for upgrades to distribution and local transmission. It directs the utilities to build on the ongoing studies and to identify potential projects which would increase capacity on the local transmission and distribution systems to allow for interconnection of new renewable generation resources, among other things. These project proposals will be due November 1, 2020.

To assist the Commission with establishing this new decisional framework, utilities will submit proposals for an approach to accounting for CLCPA benefits in their planning and investment criteria; recommendations for prioritizing CLCPA-supporting projects in the context of the utilities' other capital expenditures and the CLCPA time frames; an appropriate benefit/cost analysis to apply in assessing potential investments in CLCPA; cost-containment, cost recovery, and cost

allocation methodologies; and any other criteria the utilities believe should be applicable to evaluating these investments.

The order seeks the utilities' recommendations for a transparent planning process that can be utilized to identify projects in the future. The utility proposals are due by October 5, 2020. Following those filings, the Commission will seek public comments on the proposals.

The Commission expects to be able to move ahead with distribution and local transmission upgrades early in 2021. The order states that the Commission will initiate a second proceeding in the near future to establish decisional criteria for bulk transmission planning and project selection.

PSC Receives Update on Transmission Upgrade Planning Process: In August, the PSC was provided an update on the Department's critically important transmission initiatives and progress toward implementing the Accelerated Renewable Energy Growth and Community Benefit Act of 2020 which requires strong investment plans to meet the renewable energy targets of the 2019 CLCPA.

> *The CLCPA is advancing renewable energy, driving statewide economic growth, and creating jobs. Achieving this requires smart and timely investments for significant upgrades and additions to the State's existing transmission and distribution systems to integrate new large-scale renewable energy projects into the State's energy supply.*

At its May session, the Commission required the State's electric utilities to develop distribution and local transmission upgrades that will help the State achieve the targets of the CLCPA. The Commission directed utilities to submit their proposals for these upgrades by November 1, 2020.

The Commission also directed utilities to file proposals for consistent and transparent planning processes and cost recovery options that will support future investments in projects that support the CLCPA goals. The proposals will address: accounting for CLCPA benefits in utility planning and investment criteria; recommendations for prioritizing CLCPA-supporting projects in the context of the utilities' other capital expenditures and the CLCPA time frames; an appropriate benefit/cost analysis to apply in assessing potential investments; cost-containment, and cost recovery and cost allocation methodologies.

The utilities were required to submit their proposals on these topics by October 5, 2020. Following the filings, the Commission sought public comment. The Commission expects to be able to move ahead with distribution and local transmission upgrades early in 2021.

As these efforts have been progressing, the Department, in consultation with the New York State Energy Research and Development Authority, the New York Power Authority (NYPA), the Long Island Power Authority, the New York Independent System Operator, and the utilities has been working on a comprehensive study that will enable identification of the bulk transmission investments that are necessary or appropriate to facilitate the timely achievement of the CLCPA targets. The Department expects the initial results of this study will be available by the end of this year. Public comments will then be sought on the grid study results.

There are already several large transmission projects underway that will increase the

deliverability of renewable energy throughout the State. These include a new 345 kV circuit and associated work in Western New York designed to obtain the full output from Niagara Falls and to maximize Ontario imports. The planned in-service date is mid-2022. In addition, there are the AC transmission upgrade projects being developed by LS Power, NYPA and NY Transco that will increase transmission capacity by approximately 800 MWs via the 345-kV backbone system from Central New York to the Capital District and by approximately 2,000 MW from the Capital District to the Hudson Valley, well above the Commission's minimum requirements of 350 MW and 900 MW, respectively, set forth in its December 2015 order. Both projects plan to be in-service by December 2023.

Transmission Project Moves Forward Under New Rules: In October, the PSC adopted criteria for identifying transmission projects that are needed urgently to meet the nation-leading renewable energy goals of the CLCPA. As part of the action, the Commission also identified the NYPA's proposed Northern New York project as a high-priority project and referred it to NYPA for development and construction in accordance with the Accelerated Renewable Energy Growth and Community Protection Act of 2020.

> *We adopted well-designed new rules to specifically expedite bulk transmission investments that unbottle existing and new renewables. We also have designated the first investment under these new rules, NYPA's Northern New York project, to complete a critical link in our upstate grid and unbottle at least 950 to 1,050 MW of renewable energy sources.*

The act called on the Commission and NYPA to work together when the Commission determines that there is a need for expeditious action to solve a transmission need. Once such an urgent need is established, the Act authorizes NYPA to bring to bear its significant development capabilities and statewide transmission experience to ensure timely construction of the transmission solution.

NYPA has identified a multi-faceted project that meets the criteria. The project now moving forward, known as the Northern New York Project, includes completion of the second phase of NYPA's 86-mile Smart Path Moses-Adirondack rebuild, rebuilding approximately 45 miles of transmission eastward from Massena to the Town of Clinton, rebuilding approximately 55 miles of transmission southward from Croghan to Marcy, as well as rebuilding and expanding several substations along the impacted transmission corridor.

In addition to unbottling existing renewable energy in the region, NYPA estimated the Northern New York project will result in significant production cost savings, emissions reductions, and decreases in congestion, and calculated that the project would result in production cost savings of approximately $99 million per year, resulting in a project value of approximately $1.05 billion over a 20-year period. The project is estimated to result in more than 1.16 million tons of CO2 emissions avoided annually on a statewide basis, and an annual reduction of approximately 160 tons of NOx emissions from downstate emissions sources, providing a significant air quality benefit to New York City residents. Finally, NYPA estimates the project would result in more than $447 million in annual congestion savings in Northern New York.

NYPA owns and operates approximately one third of New York's high voltage power lines. These lines transmit power from NYPA's three large hydroelectric generation facilities and independent wind power generation facilities, connecting nearly 7,000 megawatts of renewable energy to New York State's power grid. This includes connecting more than 6,300 megawatts of hydroelectric power and about 700 megawatts, or more than a third, of New York State generated wind energy to the grid. NYPA is the largest state public power organization in the nation, operating more than 1,400 circuit miles of transmission lines and 16 generating facilities.

Transmission Upgrade Project: In January, the PSC approved a 93-mile 345-kilovolt (kV) transmission line starting in Oneida County and extending to Albany County to enable greater flow of clean energy as part of the 2021 State of the State. The nearly $854 million project, named the Marcy to New Scotland Upgrade Project, is designed to speed the flow of clean, reliable electricity to high-demand markets downstate.

The Marcy to New Scotland Upgrade Project, being developed jointly by LS Power Grid New York Corporation and the New York Power Authority, involves the removal of existing transmission lines and installation of new lines within approximately 93 miles of existing transmission corridors. It includes upgrades to the Marcy and Edic substations in Oneida County, construction of a new substation in the Town of Princetown, construction of a new substation and upgrades to an existing substation in the Town of Rotterdam, both in Schenectady County, and upgrades to a substation in the Town of New Scotland, Albany County. The project will replace aging and outdated transmission towers - some more than 60 years old - with the latest technologies and enable more efficient energy flow while reducing the number of transmission structures. The rebuilt transmission lines are expected to be in service by the end of 2023.

In addition, the Commission approved the environmental management and construction plan filed to construct and operate a transmission project known as the Empire State Line Project. The project by NextEra Energy Transmission New York, Inc. includes a 20-mile 345 kV transmission line located in Niagara and Erie counties.

New York Energy Solution Project: In February, the PSC approved the New York Energy Solution Project: - a 54.5-mile, 345-kilovolt transmission line valued at an estimated $530 million - starting in Rensselaer County and extending to Dutchess County to speed the flow of clean, reliable energy to high-demand markets and consumers downstate. The PSC also granted NextEra Energy Transmission New York, Inc. the necessary approvals to exercise municipal agreements to construct the Empire State Line - a 20-mile, 345- kilovolt electric transmission line, located in Niagara and Erie counties and valued at an estimated $180 million, that will help relieve congestion and maximize the flow of renewable resources in Western New York. These approvals are the final set of major approvals required to commence construction on the 250 miles of the green energy transmission superhighway this year, as announced in Governor Cuomo's 2021 State of the State address.

These initiatives increase transmission capacity to move power more efficiently in keeping with the goals of both the Climate Leadership and Community Protection Act and the Accelerated Renewable Energy Growth and Community Benefit Act to lower carbon emissions and combat climate change. These projects are also expected to stimulate

the local and regional economy by increasing employment and earnings in the construction industry.

In addition to approving the New York Energy Solution Project and the Empire State Line, the Commission also took two other notable transmission actions, including:

- Approved the environmental management and construction plan filed by LS Power Grid New York, LLC, LS Power Grid New York Corporation I, and the New York Power Authority, to construct and operate Segment II of the 93- mile transmission project known as the Marcy to New Scotland Transmission Upgrade Project. The overall project was approved by the Commission on January 21, 2021; and

- Approved a fast-track for certain local transmission and distribution projects, known as Phase 1 projects. Phase 1 projects are actionable projects that satisfy traditional reliability, safety and compliance purposes but can also be accelerated or reprioritized to address bottlenecks or constraints that limit the delivery of renewable energy within a utility's system. The steps establish the process for cost recovery and allocation for such projects. The Accelerated Renewable Energy Growth and Community Benefit Act requires the Commission to, among other things, reorient transmission planning and investment toward the achievement of CLCPA targets.

Additionally, these actions for New York Energy Solution Project, Empire State Line, and the Marcy to New Scotland Transmission Upgrade Project build off of the prior approval of the New York Power Authority's Moses-Adirondack Smart Path Reliability Project - a vital 86-mile stretch of New York's North-South power transmission system and the fourth project within the 250 miles of transmission projects in construction this year. These new lines also will be complemented by the Northern New York Priority Transmission Project, an over 100-mile new transmission upgrade project at the top of the state that includes the rebuild of existing transmission lines and expansion of several substations, enabling existing wind and solar resources from the North Country region to be added to the grid and allowing for new renewable energy projects to be connected in the future.

The New York Energy Solution Project transmission project, owned by New York Transco, will alleviate electricity bottlenecks that currently exist and allow for greater use of clean energy produced upstate, while also improving grid resiliency and storm hardening. It will upgrade and replace existing 80-year-old structures with about 230 fewer, more modern structures. The project will be in existing electric transmission corridors or on adjacent utility-owned land in the Town of Schodack in Rensselaer County; the Towns of Stuyvesant, Stockport, Ghent, Claverack, Livingston, Gallatin, and Clermont in Columbia County; and the Towns of Milan, Clinton, and Pleasant Valley in Dutchess County.

The Empire State Line will help relieve congestion and maximize the flow of renewable resources in Western New York, including hydroelectric power from the New York Power Authority's Niagara Power Project, and from electricity imports from Ontario. The transmission project will involve construction of the transmission line and associated switchyards in the Town of Royalton in Niagara County and the Towns of

Alden, Newstead, Lancaster, and Elma in Erie County.

New York Transco will work with O&R and Central Hudson to develop additional, related infrastructure upgrades previously required by the Commission. The International Brotherhood of Electrical Workers supported the project because it will create many well-paying construction jobs for New Yorkers. The project will be operational by the end of 2023.

Construction Begins on Mohawk Valley Transmission Line: In February, Governor Cuomo announced that construction began on a $854 million project to upgrade energy transmission along 93-mile 345-kilovolt (kV) in the Mohawk Valley and Capital Region. The Marcy to New Scotland Transmission Upgrade Project is designed to increase transmission capacity and help deliver more renewable energy to higher demand areas across the state. In addition, the project will stimulate the local and regional economies by creating and supporting hundreds of clean energy construction jobs. The project is managed jointly by LS Power Grid New York and the New York Power Authority.

This project upgraded 93 miles of transmission lines and included construction of two new substations between NYPA's central transmission hub in Marcy in Oneida County and New Scotland in Albany County. The project uses existing electric transmission corridors and replaces aging and outdated transmission towers with the latest technologies to increase energy efficiency. The PSC-approved a Certificate of Environmental Compatibility and Public Need for the project at its January 21 meeting.

Transmission Line to Link South Fork Wind Farm to East Hampton: In March, Governor Cuomo announced the adoption of a joint proposal to build a 7.6-mile transmission line linking the proposed South Fork offshore wind farm to a substation in the Town of East Hampton, Suffolk County. The proposal was agreed to and adopted by the PSC and more than a dozen stakeholders. The transmission line is the first approved project in New York State to connect to an offshore wind farm. The proposed 132 MW South Fork wind farm project would provide enough clean energy to power 70,000 average homes annually. It would be located 35 miles east of Montauk Point, out of sight from Long Island beaches. The transmission line is expected to be operational by 2023.

> *This decision is one that hits all the right marks. We demonstrate the clear need for the project while avoiding or minimizing adverse environmental impacts. Further, this project will play a key role in developing much needed clean-energy on Long Island and helping New York achieve its nation-leading renewable energy goals.*

The purpose of the project is to transmit electricity generated by the proposed South Fork wind farm to the existing East Hampton substation. Together, the South Fork wind farm and the transmission project address the need identified by the Long Island Power Authority (LIPA) in its 2015 competitive bidding process for new sources of power generation that could cost-effectively and reliably supply the South Fork of Suffolk County. The project has been thoroughly discussed and vetted. Public statement hearings were well attended with approximately 80 speakers. In addition, nearly 3,000 written comments were submitted in the proceeding.

PSEG Long Island selected the South Fork wind farm along with other proposals as part of a portfolio because it most cost effectively met the needs established in the South Fork bidding process. By delivering power from the South Fork wind farm, the transmission line will serve the public interest by contributing to the goals of the CLCPA and Clean Energy Standard, diversifying the State's electric generation mix and lowering greenhouse gas emissions.

On September 14, 2018, Deepwater Wind South Fork, LLC, the developer, filed for a certificate of environmental compatibility and public need for the construction of approximately 3.5 miles of submarine cable from the New York State territorial waters to the south shore of the Town of East Hampton in Suffolk County and approximately 4.1 miles of underground cable from the south shore to an existing East Hampton substation.

The joint proposal was agreed to by the developer, staff of the Department, the Department of Environmental Conservation, Office of Parks, Recreation and Historic Preservation, the Department of State, the Department of Transportation, the Town of East Hampton trustees, PSEG Long Island, Concerned Citizens of Montauk, the Group for the East End, Inc., Montauk United, Win With Wind, and others.

In addition to requiring that the cable will be buried 30-feet at a minimum below the surface of Wainscott Beach - where the project is to make landfall — other conditions will limit construction periods to off-peak seasons to ensure construction-related impacts are minimized.

Empire State Line Begins: In March, Governor Cuomo announced the start of construction on the Empire State Line, a $180 million project to upgrade the energy transmission system serving Western New York with a new 345-kilovolt transmission line across 20 miles in Erie County and Niagara County. The project is designed to increase transmission capacity and help deliver more renewable hydroelectric power throughout Western New York. The project will stimulate the local and regional economies by creating and supporting clean-energy construction jobs. Developed by NextEra Energy Transmission New York, Inc. will help New York meet its goals under the CLCPA

The Empire State Line will run from the Town of Royalton in Niagara County through the towns of Alden, Newstead, Lancaster, and Elma in Erie County. It includes a new 345-kV switchyard, the Dysinger Switchyard, in Niagara County and a second new switchyard, the East Stolle Switchyard, in Erie County. The project will relieve transmission congestion in Western New York and will allow for the integration of more renewable energy into the State's electric grid.

The PSC approved a Certificate of Environmental Compatibility and Public Need for the project at its January 21, 2021 meeting. The proposal is part of the Governor’s plan to reimagine, rebuild, and renew New York, including a package of transmission projects across the state that will form New York's Green Energy Superhighway — 250 miles of planned investments that will create opportunities to maximize the use of renewable energy for parts of the state that rely heavily on fossil fuel plants. The Empire State Line is the final project within the 250 miles to commence construction and is expected to be complete and in service by June 2022.

The line will be carried by 115’ high steel monopole structures, which are 40 feet higher

on average and 15 feet narrower than traditional H-frame structures that carry long-distance electricity lines. Empire State Line construction activity is expected to employ between 120-150 workers, many sourced from local labor organizations.

New York Energy Solutions Begins: In March, Governor Cuomo announced the construction start of New York Energy Solution, a $530 million project to upgrade energy transmission from Rensselaer County to Dutchess County with a new 345-kilovolt transmission line across 54.5 miles. The project is designed to increase transmission capacity and help deliver more renewable energy to higher demand areas across the state. The project will stimulate the local and regional economies by creating and supporting clean-energy construction jobs.

Following State approvals, New York Transco began construction on the first phase of the New York Energy Solution electric transmission project. Construction activities commenced at the Churchtown Switching Station in Claverack, Columbia County. The first phase of construction includes the installation of a temporary bypass electric line and rebuilding of the existing Churchtown Switching Station. Phase II work, which comprises all other aspects of the project, was filed for regulatory review.

The New York Energy Solution transmission project, owned by New York Transco, will help alleviate electricity bottlenecks that currently exist and allow for greater use of clean energy produced upstate, while also improving grid resiliency and storm hardening. It upgrades and replaces existing 80-year-old structures with about 230 fewer, more modern structures. The project is bring build in existing electric transmission corridors or on adjacent utility-owned land in the Town of Schodack in Rensselaer County; the Towns of Stuyvesant, Stockport, Ghent, Claverack, Livingston, Gallatin, and Clermont in Columbia County; and the Towns of Milan, Clinton, and Pleasant Valley in Dutchess County. The project is anticipated to be in-service by the end of 2023.

The PSC approved a Certificate of Environmental Compatibility and Public Need for the project at its February 11, 2021 meeting.

Transco said the project is working with the International Brotherhood of Electrical Workers (IBEW) to use skilled union workers to replace and upgrade existing transmission infrastructure in portions of Rensselaer, Columbia, and Dutchess counties. When completed, the project will help relieve transmission system congestion and facilitate a more efficient and reliable flow of renewable energy from upstate resources to customers.

Appendix: Budget Highlights

The FY 2021 Enacted Budget totaled $106.2 million for the Department, an increase of $1.6 million from the FY 2020 Budget. The Enacted Budget supported a workforce of 528 employees for the Department, the same level as FY 2020.

ALL FUNDS APPROPRIATIONS (Dollars)

Category	Available	Appropriations	Change	Re-Appropriations
	2019-20	**2020-21**		**2020-21**
State Operations	$98,932,000	$100,482,000	$1,550,000	$5,473,000
Aid to Localities	$5,750,000	$5,750,000	0	$5,488,000
Total	$104,682,000	$106,232,000	$1,550,000	$10,961,000

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

Program	2019-20 FTES	2020-21 FTEs	FTE Change
Administration			
Special Revenue Funds- Other	65	65	0
Regulation of Utilities			
Special Revenue Funds- Federal	25	25	0
Special Revenue Funds- Other	438	438	8
Total	528	528	8

3 Empire State Plaza
Albany, NY 12223

1 Empire State Plaza
Albany, NY 12223

90 Church St.
New York, NY 10007

295 Main St.
Buffalo, NY 14203

620 Erie Blvd West
Syracuse, NY 13204

125 E. Bethpage Road
Plainview, NY 11803