STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

IN THE MATTER OF A REVIEW OF THE LONG-TERM GAS SYSTEM PLANS OF CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. AND ORANGE AND ROCKLAND UTILITIES, INC.

CASE 23-G-0147

ORANGE AND ROCKLAND UTILITIES, INC.
NON-PIPE ALTERNATIVES DEPLOYMENT PLAN

January 21, 2025

Contents

1.0 Background and Purpose of the Deployment Plan

In May 2022, the New York Public Service Commission (the "Commission") issued an order ("Gas Planning Order") requiring each gas local distribution company ("LDC") to file a long-term plan for its gas system.[1] The goal of this requirement is to improve natural gas system planning and operational practices as to provide transparency to stakeholders, reliability and equity to customers, and consistency with the New York State's Climate Leadership and Community Protection Act ("CLCPA"). As per the Gas Planning Order, the LDCs are encouraged to explore Non-Pipe Alternatives ("NPAs") as a way to reduce or eliminate the need for gas infrastructure investments. NPAs leverage customer-side solutions, such as energy efficiency and electrification, to offset the need for additional pipeline capacity and other capital investments related to gas transmission and distribution systems. Therefore, NPAs can be a key element in the LDCs' system planning.

Orange and Rockland Utilities, Inc. ("O&R" or the "Company") is committed to incorporating NPAs into its gas planning system and has made strides in developing frameworks and processes for its NPA implementation. In August 2022, O&R filed its NPA Framework,[2] in accordance with the Gas Planning Order, outlining the Company's screening and suitability criteria to evaluate gas capital projects for NPA consideration. In the same proceeding, New York State's LDCs (collectively, the "Joint LDCs") filed a proposal for NPA incentive mechanism and cost recovery procedures.[3] In April 2024, O&R filed its NPA Implementation Plan,[4] which details the Company's approach to its initial NPA projects. In parallel, O&R and Consolidated Edison Company of New York, Inc. ("Con Edison", or together with O&R, "the

[1] Case 20-G-0131, *Proceeding on Motion of the Commission in Regard to Gas Planning Procedures ("Gas Planning Proceeding")*, Order Adopting Gas System Planning Process (issued May 12, 2022) ("Gas Planning Order").
[2] Gas Planning Proceeding, ORU Individual 90-Day Filing (filed August 10, 2022).
[3] Gas Planning Proceeding, JLDC NPA Incentive Mechanism, Cost Recovery (filed August 10, 2022).
[4] Case 21-G-0073, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Gas Service,* ("2021 O&R Gas Rate Case"), O&R NPA Implementation Plan (filed April 23, 2024).

Companies") jointly filed their initial gas system long-term plan ("GSLTP") on May 31, 2023,[5] followed by stakeholder technical conferences and rounds of public comments. The Companies filed a revised GSLTP filed on September 25, 2023,[6] and a final GSLTP was filed on November 29, 2023. PA Consulting Group, Inc. ("PA Consulting"), on behalf of Department of Public Service Staff ("Staff"), provided an assessment of each iteration of the GSLTP. The Commission ordered additional modifications of the Companies' GSLTP in its *Order Regarding Long-Term Natural Gas Plan and Requiring Further Action,*[7] incorporating PA Consulting's analyses and feedback from other stakeholders. One of these requirements is for both Con Edison and O&R to file individual NPA Deployment Plans that address PA Consulting and stakeholder comments on NPAs by January 2025. In response, O&R files this NPA Deployment Plan as a comprehensive outline of the Company's strategy toward NPA, expanding on O&R's previous filings as described above and addressing PA Consulting and stakeholder comments. This NPA Deployment Plan describes the Company's approach to NPA project development, implementation, and reporting. The Company also plans on incorporating aspects of this Deployment Plan that are not already addressed in the Company's current NPA Implementation plan into future versions.

2.0 Introduction

O&R's gas and electric distribution system planning continues to evolve to adapt to regulatory directives, technology advancements, and customer behavior. The Company's top priorities are to continue providing safe, adequate, and reliable gas service while charting a path toward achievement of the CLCPA's goals. O&R recognizes the benefits of reducing or eliminating the need for gas infrastructure investments, and has therefore, refined its gas distribution planning process to include NPAs. NPAs

[5] Case 23-G-0147, *In the Matter of a Review of the Long-Term Gas System Plans of Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc.,* Con Edison, O&R Initial Gas Long-Term Plan (filed May 31, 2023).
[6] Case 23-G-0147, Con Edison, O&R GSLTP Update (filed September 25, 2023).
[7] Case 23-G-0147, Order Regarding Long-Term Natural Gas Plan and Requiring Further Action (issued September 20, 2024).

leverage customer-side solutions, such as energy efficiency and electrification, to offset the need for additional pipeline capacity and other capital investments that result in expansion of the gas transmission and distribution systems.

The Company has established a dedicated cross-functional team as well as new processes to deploy NPA projects. This entails identifying NPA opportunities, developing NPA solutions to meet the specific gas capital project needs, analyzing the NPA project's cost-effectiveness, engaging customers and communities for NPA program participation, implementing the NPA project, and evaluating the success and/or opportunities for NPA program expansion. O&R recognizes the challenges to NPA adoption and continues to incorporate customer feedback, stakeholder engagement, industry best practices, and new technologies into its NPA program.

As of April 2024, O&R has launched its NPA program and has prioritized farm tap removal and leak prone pipe ("LPP") gas capital projects as its initial NPA projects. The Company currently has four projects in development; the latest project milestones, financial activity, and program insights are set forth in O&R's quarterly reports to Staff.[8] The Company plans to expand the NPA program and pursue gas capital projects beyond LPP and farm-tap replacements, including system reinforcement, main extension, and service lines. The Company will host a technical conference in 2025 to detail its current NPA program and future program expansions with Staff, community leaders, and other stakeholders.

3.0 NPA Project Development

O&R has developed a process, in coordination with its gas and electric engineering teams, to progress an NPA project from identification to development. As part of gas capital planning, the Company identifies potential NPA projects by applying its NPA Framework (*i.e.*, NPA screening and suitability criteria) to

[8] 2021 O&R Gas Rate Case, Non-Pipe Alternatives Quarterly Reports. (filed October 31, 2024).

each gas capital project. Once an NPA project is identified, the Company develops a portfolio of NPA measures (*e.g.*, energy efficiency and electrification measures) to address project-specific customer and gas system needs. The Company then evaluates the potential NPA project with a Benefit Cost Analysis ("BCA") and prioritizes implementation based on several project factors, including the BCA societal cost test, number of customers, customer density, community type, and neighborhood characteristics. The Company has established a dedicated NPA team to work through this process, coordinating among various internal engineering and operational groups to pursue the optimal NPA solution while maintaining the safety and reliability of both the electric and gas systems.

a. NPA Screening and Suitability Criteria

As noted above, the Company developed and filed its NPA Framework to identify which gas capital investments are suitable for an NPA project. The framework consists of a screening and suitability criteria that accounts for gas capital project timeline, project size (*i.e.*, capital cost), and the gas system needs. An example of projects that may be considered for an NPA project are gas distribution projects associated with load growth, and main or service replacements. Gas capital projects associated with emergent system needs—such as those involving safety, reliability, and service obligation—where construction is expected to commence within 12 months and be completed within 24 months or non-distribution projects do not meet the Company's NPA Screening Criteria. Once a project is deemed eligible to proceed for NPA consideration, the Company will use its suitability criteria outlined below in Table 1 to evaluate the costs, size of the load relief needed, and available timeline, among other factors, to determine the feasibility of proceeding with an NPA. In the Joint Proposal negotiated in the Company's most recent gas rate case proceeding[9] ("2024 Joint Proposal"), the Company applied the

[9] Case 24-G-0061, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Gas Service,* 2024 Joint Proposal (filed November 8, 2024) ("2024 O&R Gas Rate Case").

screening and suitability criteria to all eligible gas capital projects. The Company needs sufficient time to implement an NPA solution to meet the corresponding gas system needs. Therefore, when the screening and suitability criteria is applied on a longer planning horizon, the likelihood that more NPA opportunities will be identified increases. As part of the GSLTP, the Company will identify long-term gas system capital needs. The Company will apply screening and suitability criteria to gas capital investments identified through the GSLTP to evaluate potential NPA opportunities.

Although the size of a gas capital project does not exclude it from NPA consideration, the gas capital project size does inform the Company's approach to each specific NPA, as detailed below. For projects that are not eligible for NPA consideration, the Company will follow its standard practice of implementing a cost-conscious gas capital solution.

O&R Suitability Criteria		
Cost	Large Project	>$2 million
	Small Project	≤$2 million
Timeline	Large Project	36-60 months
	Small Project	24-36 months

Table 1: Proposed Suitability Criteria

b. NPA Portfolio Approach

The Company is taking a portfolio approach to the development of NPA project solutions, meaning a project may consist of a range of demand-side reductions, such as energy efficiency measures, building-envelope improvements, and full-building electrification. The Company will develop a specific solution package to achieve the desired outcome of the NPA project. As noted in the Table 1 above, the

Company uses the distinction of large and small gas capital projects (*i.e.*, with a gas capital project cost threshold of $2 million) to inform the potential NPA portfolio solution. For small gas capital projects, the NPA solutions can typically be linked to existing programs, such as the New York State Clean Heat Program and NYSERDA's Comfort Homes Program. Large projects typically warrant a market solicitation to acquire a vendor(s) who will be dedicated to specific NPA projects. This will require the Company to develop and issue a request for proposal ("RFP"), with project-specific details, milestones, and vendor criteria. The Company would then select among interested vendors who respond to the RFP to develop a portfolio to achieve the desired goals of the corresponding NPA project. This RFP approach will allow the Company to explore new technologies, business models, and partnerships outside of its existing Energy Efficiency and NPA programs.

c. Benefit Cost Analysis

Using the framework described in the BCA Framework Order,[10] the Company has developed a BCA methodology to assess the cost-effectiveness of each NPA project. O&R's BCA methodology adheres to the following guiding principles:

(1) Utilize clear methodologies;

(2) Identify all benefits and costs, acknowledging assumptions when appropriate, and quantifying variables with available data;

(3) Evaluate NPA projects within a broader portfolio context rather than as individual projects, accounting for potential synergies and economies across the portfolio;

(4) Address the full lifetime of each project;

(5) Assess the underlying performance risk of a project via sensitivity on key assumptions; and

(6) Compare the benefits and the costs to traditional gas capital projects.

[10] Case 14-M-0101, *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision*, Order Establishing the Benefit Cost Analysis Framework (issued January 21, 2016).

The Company has identified and developed the calculations for specific benefit and cost categories with respect to NPAs, as shown in Table 2 below. The Company recognizes that the list of benefit and cost categories in Table 2 is not exhaustive. However, based on the guiding BCA principle of quantifiable benefits and costs, a benefit or cost must be calculated using widely recognized methodology/formula or backed by specific documentation (*e.g.*, actual vendor quotes of avoided cost) to be considered for BCA purposes. Therefore, the Company will continue to benchmark with other utilities and industry experts on its BCA methodology. The Company will continue to evaluate other benefits and costs with their assumptions and calculations.

Benefit Category	Description
Fixed and Variable Avoided Upstream Gas Supply	Benefits derived from avoiding the need to acquire or invest in infrastructure or incremental supply resources that deliver gas to O&R's gas gate stations (*e.g.*, interstate pipeline capacity or Delivered Services). These generally consist of avoided fixed costs (*e.g.*, capital expenses and/or demand charges) and associated avoided variable costs (*e.g.*, volumetric charges for the costs associated with the physical delivery of natural gas molecules to the gas gate station).
Avoided Gas Distribution Infrastructure	Benefits derived from avoiding the need to invest in on-system distribution infrastructure. These generally consist of avoided carrying charges for capital additions necessary for expanding or upgrading the distribution system to accommodate new business and/or avoided O&M related to maintaining on-system infrastructure.
Avoided Greenhouse Gas ("GHG") Emissions	The avoided GHG emissions from the reduction in natural gas usage due to the NPA project (*e.g.*, reduced GHG emission resulting from lower customer natural gas usage due to building envelop improvements).
Other Possible Benefits	Indirect benefits associated with an NPA project, such as other societal benefits not primarily recognized by the LDC via customer bill charges or other payment mechanisms.
Cost Category	**Description**
Participant Out-of-Pocket Cost	Costs incurred by NPA providers, including equipment and participation costs assumed by participants or providers, net of payments to provider or incentive/rebates to participants.
Project Implementation	Administrative-related costs directly associated with implementing an NPA project. These can include costs associated with setting up a project, ongoing costs associated

	with monitoring and accounting for a project, and incentives paid to participants.
Incremental Gas Distribution System Investments	Infrastructure costs incurred by the LDC to support the implementation of the NPA project.
Lost Utility Revenue	Lost gas revenue from reduced NPA participant demand.
Electricity Costs	Cost of using electricity as a replacement for the service previously provided by gas.
Electricity CO_2 Emissions	The emissions generated from the additional electricity consumption incurred from replacement of natural gas service.
Other NPA Costs	Indirect costs associated with an NPA project, such as increased emissions or other societal costs not primarily paid for by the LDC or its customers, to the degree such costs are recognized in the broader market.

Table 2: BCA Benefit and Cost Categories

4.0 NPA Organizational Structure

The Company has established a cross-functional team dedicated to NPA Program development. This team consists of members from the Distributed Resource Integration department, the Gas Technical Services department, and the Customer Energy Services department. These individuals coordinate to identify, develop, and implement NPA projects. The Gas Technical Services department members are responsible for identifying potential gas capital projects for NPAs. The Distributed Resource Integration members are responsible for the strategic development and execution of NPA projects. The Customer Energy Services department members coordinate the customer implementation of NPA projects. The NPA team works closely with other gas and electric departments within the Company to facilitate successful implementation of NPA projects with a focus on safety, reliability, resiliency, and affordability.

d. Coordination with Gas

The development and implementation of NPA projects are conducted with the Company's Gas Operations and Engineering teams. This interaction is not limited to the initial selection of gas capital projects for NPA consideration but through the completion of a NPA project. For each NPA project,

there may be opportunities for unique solutions that consist of both NPA and traditional gas capital investments, depending on customer participation and the local configuration of the gas system. If an NPA project achieves 100% customer participation, then the Gas Operations and Engineering teams will cut, cap, and abandon the pipe accordingly. However, if an NPA project does not achieve 100% customer participation for a particular NPA project, the Gas Operations and Engineering team may be able to develop a unique, economic solution based on the current gas configuration and the needs of customers choosing to remain on the gas system. This would provide safe and reliable service to those customers who remain on the gas system while eliminating as much gas infrastructure as practicable. As the Company gains experience implementing NPAs, the Company plans to scale future NPA opportunities to make a meaningful impact on the gas system footprint.

e. Coordination with Electric

The development of NPA projects also needs close coordination with the Company's Electric Operations and Engineering teams. Many NPA solutions require all or some portion of the customer's energy needs to be transitioned from gas to electric. Prior to engaging customers, the NPA team provides an estimate of the NPA project's electric load to the Company's Electric Operations and Engineering teams. Both teams determine if the current configuration of the electric distribution system can accept the increased load from the NPA project. Any necessary upgrades or configuration changes to the electric distribution system triggered by the increased load are identified early in the planning process. This early coordination between the NPA and Electric Operations and Engineering teams reduces the likelihood of delays in NPA project implementation caused by electric system constraints and thereby improves the likelihood of project success.

5.0 Implementation

Using the NPA development process described above, the Company has prioritized LPP and farm tap removal projects for NPA projects.[11,12] There are currently an estimated 131 miles of LPP and 19 farm taps remaining on the system. The NPA solution for LPPs and farm tap removals would require those customers affected to disconnect completely from the gas distribution system, thereby eliminating the need to replace the gas main. To remove a customer from the gas distribution system, the Company will incentivize the customer to fully switch their energy use from gas to electric.

The Company filed its NPA Implementation Plan on April 23, 2024, outlining its NPA approach for whole-building electrification. [13] The Company has branded whole-building electrification NPA projects as O&R's Electric Advantage Program and has partnered with a specialized implementation vendor to perform equipment installations and provide program support. The Electric Advantage Program is the Company's first sub-program within the greater NPA Program, developed to standardize the execution of these types of NPA projects. The Company's implementation of the Electric Advantage Program will involve a strong marketing and community outreach plan, with a thoughtful customer acquisition strategy. The Company acknowledges that any upfront cost to the customer may be a barrier to participate in the Electric Advantage Program. Therefore, the Company is prioritizing projects that provide healthy financial benefits so that the Company can minimize out of pocket costs for

[11] LPPs are bare steel, Aldyl A/vintage plastic, and ineffectively coated/unprotected steel mains that are susceptible to gas leakage. The Company has committed to replacing all LPPs to reduce GHG emissions and increase community safety.

[12] A farm tap is a customer gas service that is directly fed from a high-pressure gas main operating up to approximately 250 psi. Historically, the Company employed this type of customer service connection in remote areas where lower-pressure gas mains were not readily available. However, due to the incremental risk of having this type of high-pressure services installed on customer properties, the Company no longer installs this type of service connection and has committed to remove this type of service connection.

[13] 2021 O&R Gas Rate Case, O&R NPA Implementation Plan (filed April 23, 2024).

participating customers. The Company will continually assess market technologies, as well as customer feedback, and evaluate the NPA portfolio available to Electric Advantage Program participants.

f. Customer outreach and marketing

O&R is implementing a three-pronged approach to NPA marketing and community outreach. First, the Company performs a general marketing campaign providing the public information on the NPA program. Second, the Company engages with municipalities and community stakeholders in areas where NPA projects have been identified. Finally, the Company performs targeted marketing using specific customer acquisition strategies for each individual NPA project. This three-pronged approach will build general awareness and community engagement which may enable the Company to scale the NPA program more broadly in the future.

The Company's general marketing campaign provides public resources to inform and educate all O&R service-territory customers on the NPA program. The Company has developed a website which highlights the incentives available through the Electric Advantage Program, as well as the energy efficiency advantages of the appliances and building envelop improvements being offered.[14] Additionally, the Company has established a dedicated email address for NPA inquiries so that customers can obtain direct responses from the dedicated NPA team. The Company continues to seek additional opportunities to engage with customers on the NPA opportunities and benefits through community events and industry conferences.

The inclusion of community stakeholders is a key part of the Company's outreach and marketing plan. The Company has established communicative relationships with municipal officials in the O&R service territory and leverages these existing relationships to engage municipalities prior to targeted customer outreach. The Company educates municipal officials on the goals of the NPA program, as well as details

[14] *See* https://www.oru.com/en/save-money/rebates-incentives-credits/new-york-customers/electric-advantage.

of the specific project(s) in their jurisdictions. Municipal cooperation in NPA projects can be beneficial for overcoming canvassing and solicitation restrictions, assisting with the permitting processes for equipment installation, and providing contact information for general customer inquiries into NPA programs.

For targeted marketing of an individual NPA project, the Company has developed a customer acquisition strategy that is amenable to an individual project's needs and aims to reduce communication hurdles for the customer. A dedicated Company representative directly engages each individual home or business and will be the single point of contact for customers through the entire participation process. The Company has developed marketing brochures that provide an Electric Advantage Program overview and highlight the increase in energy savings of gas-alternative appliances, as well as the building envelop improvements included in the program During the initial meeting, the Company representative will walk the customer through the marketing brochure, answer any preliminary questions, and gauge participation interest and feedback. If a customer is unavailable when the Company representative visits their home or business, the Company representative will leave a "door hanger" at the property which provides contact information and a brief description of the Electric Advantage Program. The Company representative is available for any follow-up discussions via email, phone, or in-person meeting.

After the initial outreach, the Company representative will schedule site assessments for interested customers. These site assessments will be performed by the Company's implementation vendor to identify eligible gas appliances that would be incentivized, , as well as an assessment of current electric service and building envelop opportunities to determine if any improvements are required. These site assessments will be used as the basis to develop a scope of work required to complete the customer's energy transition.

For those customers who are reluctant to participate in the Electric Advantage Program, the Company solicits customer feedback, and if possible, adjusts incentive offerings. For example, if a customer is hesitant to participate in an NPA project due to a preference for certain gas appliances, the Company may take this into consideration. The Company's current NPA projects require customers to disconnect from the gas distribution system as a condition of participation. However, if there are substitutes to the incentive package that will satisfy the customer (*e.g.*, propane cooking appliances and propane backup generators), while meeting the requirements of the NPA projects, these may be considered on a case-by-case basis.

As the Company expands its NPA Program beyond the Electric Advantage Program, the Company will consider dual-fuel and energy efficiency solutions to lower customers gas consumption for NPAs that do not require full electrification. The reduction in a customer's gas consumption without fully electrifying may satisfy specific gas system needs while easing the customer's transition to electrification.

g. Equipment Installation and Quality Assurance/Quality Control

Once a scope of work has been developed and finalized, the Company will work with the participating customer and the implementation vendor to schedule the equipment installation. The Company and implementation vendor will obtain all permits and requests needed for service upgrades, thereby reducing the burden on the customer. A customer can typically expect approximately two to three months for all the work to be completed (*i.e.*, from the time the scope of work is finalized to the final quality inspection is performed). During the installation, the implementation vendor will coordinate with the customer to minimize downtime of any gas consuming appliances (*e.g.*, heating, cooking, domestic hot water).

There are multiple layers of quality assurance and quality control ("QA/QC") that are performed prior to project completion. Each installation will be subject to any municipal review required under permitting,

the implementation vendor's quality review, and O&R's final quality review. Any issues found during any of these three levels of QA/QC will be remedied in a timely fashion. Upon project completion the Company will continue to evaluate customer energy consumption, comparing electric use pre- and post-NPA installation. While there are limitations to analyzing this data because it is at an aggregate level and energy consumption can be driven by factors other than NPA installation, the Company will look to gain insights that will inform future NPA implementation efforts. Post installation analysis will be included in the NPA annual reporting.

h. Incentives/Payments

The incentive packages offered to customers are developed based on the overall goal of the NPA project and the BCA societal cost test. The goal of the Electric Advantage Program is to fully disconnect customers from the gas system, and therefore incentives for the program will focus on transitioning customers' gas consumption to electric. The available funding for the incentive packages offered to customers is guided by the cost-effectiveness results of the BCA societal cost test.

All costs associated with the customer's energy transition will be determined and agreed upon in the scope of work prior to installation. The Company will review and approve these costs prior to finalizing customer participation. All warranties, maintenance agreements, or other applicable service agreements that the implementation vendor or manufacturer provides will be disclosed to the customer prior to finalizing participation agreements. Once installation is completed and all quality reviews have been performed, the Company will pay the implementation vendor directly. Any rebates or external incentives provided by other programs (*e.g.*, NYS Clean Heat, NYSERDA Comfort Homes), including those for low- to moderate-income customers, will be utilized to offset their payment, which typically are applied directly to the implementation vendor.

In some cases, customers may request additional items or services (*e.g.*, paint for wall repairs, induction compatible cookware, energy efficient lighting) in addition to the products and services offered by the implementation vendor that will assist in the customer's electrification transition. For NPA projects to remain economically viable, the Company will consider these requests on a case-by-case basis. For financial prudence, the customer may be required to make an upfront purchase prior to reimbursement at the time of project completion. Any specific terms or conditions for these additional customer requests will be clearly defined prior to finalizing customer participation and be included in program agreements. The Company sees these types of offerings as an important tool to recruit customers to adopt NPA measures and participate in the programs. These additional services could also help eliminate barriers to adoption because they specifically address unique customer concerns as the customer is deciding to participate in an NPA project.

i. Customer Feedback

The Company will continuously evaluate customer engagement and enrollment in NPA projects by soliciting customer feedback. The Company plans to survey all customers who were solicited for an NPA project, regardless of whether they chose to participate or not. For those who chose to participate, surveys will collect responses on customer satisfaction with the overall process and any suggestions that the Company could implement for future projects. For those who choose not to participate, the Company will try to gather data on their decision-making process and their hesitations to participate. The Company plans to conduct these surveys in multiple formats, via electronic correspondence or physical mail. The Company will develop a standard list of questions addressing customer satisfaction with the installation and the participation process, comfort of their home, and ease of use of the newly installed equipment. Survey responses will provide critical information for the Company to use when evaluating customer outreach efforts in future projects. Additionally, the Company will gather informal feedback through each customer interaction, which can provide valuable insights into the customer

motives regarding their choice to participate. Both formal and informal customer feedback will be important to develop a repository of learned lessons, which will be included in the Company's NPA reports filed with the Commission.

6.0 Reporting

The Company will submit three quarterly reports and one annual report to Staff covering the status of ongoing projects and planned projects in the NPA program.[15] The quarterly reports will consist mainly of project status updates (*e.g.*, dollars spent year-to-date and customer participation rates) and the following project specific information:

(1) Number and type of participating customers;

(2) Associated design day and annual demand reduction;

(3) Feet of pipe replacement avoided and/or associated service lines;

(4) System reinforcement investments delayed and/or avoided; and

(5) Any other associated benefits (*e.g.*, GHG emissions reduction).

In addition to the information in the quarterly reports, the annual report will also include a more comprehensive review of the NPA program, further detailing the Company's overall NPA activities, post project analysis, program changes, lessons learned, as well as newly identified NPA opportunities. The Company will capture customer feedback and report any insights gained from customer feedback. The annual report will also provide details on any gas infrastructure that was required to maintain gas system reliability as a part of any NPAs. The Company will continuously evaluate the gas system to identify new segments of LPP, farm tap removals, and any additional NPA project opportunities and present the details of these NPA opportunities in the quarterly and annual reports. Finally, the annual

[15] This reporting cadence was also agreed upon in the recent filed Joint Proposal filed in the 2024 O&R Gas Rate Case.

report may include modifications to the Company's NPA implementation processes as the NPA program matures.

7.0 Next Steps

O&R is committed to making NPAs a success, as the Company reaffirmed in its GSLTP and 2024 Joint Proposal. The NPA program is still in its early development stage, and the Company recognizes the opportunity to adapt continuously by accounting for customer feedback, stakeholder engagement, industry best practices, and new technological developments. The Company will use the feedback solicited from customers who choose to participate and not to participate in NPA projects to develop a more effective marketing approach, review incentive offerings, and further reduce barriers for customer participation. These improvements will maximize the impact of the NPA Program on reducing the gas system infrastructure. In addition, O&R will continue its outreach to local municipal leaders and organizations to further coordination and collaboration to support the success of NPA deployments.

O&R will continually seek the most advantageous technologies to offer customers through the NPA portfolio. As new technologies are available, the Company will examine these technologies and include them in future NPAs, as appropriate. The Company plans to stay informed on the latest electrification technologies and products through collaborations with other utilities, technical conferences, and responses for its NPA RFPs. The Company will continuously review any changes to economic assumptions and analyses underlying these electrification technologies. In addition, the Company will continuously evaluate industry research and literature on potential benefits and cost for its BCA methodology. These insights will be incorporated into NPA BCA calculations, to the extent they can be quantified.

The Company has prioritized LPP and farm-tap gas capital projects for its initial NPAs. However, the Company will continue to examine all gas capital projects through the screening and suitability criteria,

including those gas capital investments identified through the GSLTP and rate cases. As O&R gains more experience with NPAs, the Company plans to pursue gas capital projects beyond LPP and farm-tap replacements, including system reinforcement, main extension, and service line. The Company has also committed to hosting a technical conference of its NPA Program in 2025. The intent of this technical conference is to promote the further expansion of the Company's NPA program by providing insights into the Company's NPA approach and solicit feedback. Staff, community leaders, and other stakeholders will be invited to this conference to discuss the status of ongoing NPA projects as well as the Company's plans for NPA expansion.

Appendix A: Ackerman Road NPA Project

The Company has identified Ackerman farm tap removal project (Ackerman Road Project) as a NPA project. It is located on Ackerman Road in the town of Warwick located in Orange County. Currently, there are 11 residential customers connected via farm taps, which the Company has committed to eliminate from its system. Traditionally, Ackerman Road Project would require the installation of a new lower pressure (*e.g.*, 66 psig MAOP) gas service main and new customer connections. The traditional infrastructure solution for Ackerman Road Project is approximately $2 million with a need date toward the end of 2025.

The Company has evaluated an initial NPA portfolio for the Ackerman Road Project. It will consist of whole home electrification of customers' gas usage (*e.g.*, heating, domestic hot water, and cooking) and energy efficiency measures (*e.g.*, weatherization). The estimated cost to implement this NPA portfolio is approximately $1.0 million. An initial BCA yielded a society cost test ("SCT") score of 3.4. If successful in converting all 11 residential customers to electric, the NPA project on Ackerman Road would generate an estimated 1,026 Dth/yr in annual gas savings.

Appendix B: Route 17/6 NPA Project

The Company has identified the Route 17/6 LPP replacement project (Route 17/6 Project) as a NPA project. The project is located route 17/6 in the town of Wawayanda in Orange County and consists of 3 total customers: one residential customer and two commercial customers. A typical LLP replacement would consist of new gas main installation and customer connections. The estimated cost for Route 17/6 Project is approximately $450,000 with a need date of early 2026. An NPA portfolio for the Route 17/6 Project would consist of converting customers' gas usage via electrification of customers' gas needs (*e.g.*, heating, domestic hot water, and cooking) as well as incorporating energy efficiency measures (*e.g.*, weatherization). The Company has estimated the cost of NPA portfolio for Route 17/6 Project to be approximately $290,000. An initial BCA yielded a SCT score of 2.5. If all customers successfully convert their gas usage via electrification, the gas savings would produce an estimated annual savings of 490 Dth/yr.

Appendix C: Grove Drive NPA Project

The Company has identified the Grove Drive LPP replacement project (Grove Drive Project) as a NPA project. This Project is located in the Town of Tuxedo Park, in Orange County. This LPP replacement project consists of seven residential customers with a cost estimate of $470,000 and in-service date of 2026. The Company's current estimated cost to execute the Grove Drive Project NPA portfolio is approximately $500,000. If all seven customers sign on, the project would produce an estimated annual gas savings of 935 Dth/yr, avoiding approximately 56 short tons of CO2 emissions per year, and eliminate 806 feet of LPP. The initial Societal Cost Test BCA score for this NPA project is 1.02.

Appendix D: Rockland Rd. NPA Project

The Company has identified Rockland Rd. LPP replacement project as a NPA project. The Rockland Rd. Project sits on the boundary of Piermont and Sparkill in Rockland County. The project consists of four residential customers with current cost estimate of approximately $650,000 with a need date of early 2025. The current cost estimate for the NPA portfolio of Rockland Rd. is approximately $475,000. With 100% customer participation, the estimated annual gas savings is 993 Dth/yr with 60 short tons of avoided emissions and 1133 feet of LPP eliminated. The initial Societal Cost Test BCA score for this NPA project is 1.41.