

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding on Motion of the Commission Concerning
Electric Utility Climate Vulnerability Studies and
Plans**

Case 22-E-0222

**COMMENTS
OF
MULTIPLE INTERVENORS**

Dated: July 22, 2024

**MULTIPLE INTERVENORS
540 BROADWAY
P.O. BOX 22222
ALBANY, NEW YORK 12201-2222**

TABLE OF CONTENTS

	Page
PRELIMINARY STATEMENT.....	1
COMMENTS.....	2
POINT I	
THE COSTS OF PROPOSED CLIMATE RESILIENCY INVESTMENTS SHOULD BE EVALUATED BOTH IN ISOLATION AND IN CONTEXT WITH ALL THE OTHER FINANCIAL OBLIGATIONS BEING IMPOSED ON CUSTOMERS	2
POINT II	
RESILIENCY COSTS MUST BE ALLOCATED EQUITABLY ACROSS SERVICE CLASSES.....	12
CONCLUSION.....	14

PRELIMINARY STATEMENT

Multiple Intervenors, an unincorporated association of approximately 55 large industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State, hereby submits its Comments in Case 22-E-0222.¹ Multiple Intervenors' Comments are submitted in response to four Notice of Proposed Rule Makings published in the May 22, 2024, edition of the *New York State Register* (I.D. PSC-21-24-00005-P, PSC-21-24-00008-P, PSC-21-24-00011-P, and PSC-21-24-00014-P). Specifically, the Comments address the "Climate Vulnerability and Resiliency Plans" ("Plans") filed by selected utilities with the New York State Public Service Commission ("Commission") on or about November 21, 2023.²

Pursuant to Public Service Law section 66(29), each of the State's major electric utilities were required to submit a "Climate Change Vulnerability Study" ("Study"), intended to evaluate the utility's infrastructure, design, and procedures in order to better understand the electric system's vulnerability to climate-driven risks. Following each utility's completion of a Study, the utilities then filed the Plans to address the results and conclusions of their Study for the next ten- and 20-year periods. The filed Plans include proposed infrastructure investments, estimated costs, and a cost recovery mechanism.

¹ Case 22-E-0222, *Proceeding on Motion of the Commission Concerning Electric Utility Climate Vulnerability Studies and Plans*.

² The Plans to which Multiple Intervenors responds herein were filed by: Central Hudson Gas & Electric Corporation ("Central Hudson"), New York State Electric & Gas Corporation ("NYSEG"), Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid"), and Rochester Gas and Electric Corporation ("RG&E"; collectively, the "Utilities"). Multiple Intervenors advocates no positions in response to Plans filed by other utilities.

There is little doubt that some amount of prudent and cost-effective electric system hardening in response to climate change may be beneficial – if not necessary – to maintain and/or improve reliability. Electric reliability is of critical importance to Multiple Intervenors and its members. That noted, Multiple Intervenors has concerns regarding the overall cost and rate impacts associated with the Utilities’ Plans. It is critical that such costs and impacts not only be examined carefully in isolation, but also be evaluated holistically with all the other financial obligations being imposed on customers. Furthermore, it is important that the proposed, new “climate resiliency cost recovery surcharge” reflect an equitable cost allocation among service classes and be consistent with cost causation principles. Multiple Intervenors offers the following comments on these two particular issues. Multiple Intervenors advocates no positions herein on the individual capital projects and infrastructure investments proposed by the Utilities, which it assumes will be evaluated carefully by Department of Public Service Staff (“Staff”).

COMMENTS

POINT I

THE COSTS OF PROPOSED CLIMATE RESILIENCY INVESTMENTS SHOULD BE EVALUATED BOTH IN ISOLATION AND IN CONTEXT WITH ALL THE OTHER FINANCIAL OBLIGATIONS BEING IMPOSED ON CUSTOMERS

Initially, Multiple Intervenors does not oppose implementation of prudent and cost-effective system hardening to address the current and future impacts of climate change on the State’s electric system. Electric reliability is of paramount importance and must be maintained, if not improved, moving forward. Due to the ongoing customer impact concerns

relating to the cost of various initiatives, programs, and capital projects approved by the Commission, however, it is critical that utility spending be controlled and evaluated in conjunction with the multitude of present and future financial burdens being imposed on customers. Thus, if material, incremental costs need to be approved for resiliency purposes, the Commission should restrict or lower spending by the Utilities in other areas in order to eliminate or moderate any incremental customer rate impacts flowing from this proceeding.

The Utilities estimate that implementing the Plans will cost a significant amount over the next ten and 20 years. Central Hudson, for instance, identified 13 asset-focused resilience projects and programs on five-, ten-, and 20-year timelines. Those projects include: (1) usage of high temperature low sag conductors; (2) hazard tree removal; (3) raising substation switchgear; (4) microgrid projects; (5) strategic undergrounding; (6) lateral line rebuilds using composite poles; and (7) targeted “ground-to-sky” trimming. Central Hudson estimates the costs of these projects will total approximately \$28.225 million by 2029 and \$90.6 million by 2044, with an additional annual expense of \$77,550 beginning in 2025 for pole wrap installations for new poles within the floodplains.³ While the resulting rate impacts may appear modest in isolation,⁴ they would be incremental to numerous other financial burdens being imposed on customers, not to mention significant electric and gas delivery rate increases stemming from Central Hudson’s most recent rate proceeding.⁵

³ See Case 22-E-0222, *supra*, Central Hudson Climate Change Resilience Plan (filed November 21, 2023) at 22-24.

⁴ See *id.* at 26.

⁵ See Case 23-E-0418, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric Service*, Order Establishing Rates for Electric and Gas Service (issued July 18, 2024).

Similarly, National Grid identified four operational resiliency projects and programs: (1) substation transformer specification changes; (2) update transmission structure standards; (3) electric load forecasting; and (4) transmission facility rating methodology changes. National Grid also identified six physical resilience projects and programs: (1) overhead distribution and sub-transmission line design upgrades; (2) overhead transmission line design upgrades; (3) distribution targeted undergrounding; (4) spare transmission line structures; (5) substation flood walls; and (6) distribution and transmission substation transformer specification upgrades.⁶ Several of these projects are new, and the expected cumulative costs total \$244 million between 2026 and 2030, \$567 million between 2026 and 2035, and \$1.39 billion between 2026 and 2045.⁷ At a Climate Resilience Working Group meeting held on June 27, 2024, National Grid stated that certain of the proposed projects and estimated costs have been included in the most recent electric rate filing, which seeks over 20% electric rate relief.⁸

Finally, NYSEG and RG&E recently were authorized annual, double-digit electric delivery rate increases for three years.⁹ According to their Plans, NYSEG and RG&E currently are executing several approved projects that increase resilience to climate hazards, with

⁶ See Case 22-E-0222, *supra*, National Grid Climate Change Resilience Plan (filed November 21, 2023) at 23-24.

⁷ *Id.* at 42, Table 26.

⁸ See generally Case 24-E-0322, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric Service*.

⁹ See generally Cases 22-E-0317 and 22-G-0318, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service*, and Cases 22-E-0319 and 22-G-0320, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation*.

budgets of \$35 million per year and \$12 million per year allocated for resiliency projects in those utilities’ respective rate plans.¹⁰ As such, NYSEG and RG&E do not expect significant incremental rate impacts in the near-term because such projects already have been included in approved rate plans and additional capital costs, if any, would be deferred for recovery in the utilities’ next rate proceedings.¹¹

Although the incremental, near-term rate impacts stemming from the investments proposed by the Utilities in their Plans appear relatively modest in isolation, it nevertheless is important for the Commission and Staff to evaluate them – and the purported need for individual resiliency projects – carefully. Such evaluation should focus on, *inter alia*, whether each individual project truly is necessary and prudent, at this time, for resiliency purposes and represents an efficient use of customer funds. As indicated previously, truly beneficial projects should be implemented but, to the extent such effort otherwise would result in material, incremental rate impacts to already-overburdened customers, other financial burdens should be lessened (which, in isolation, is sorely needed irrespective of this proceeding).

Within this proceeding, the Commission should consider the costs of proposed climate resiliency projects in conjunction with all other financial burdens being imposed on customers. Energy affordability is a critical issue in New York for customers of all types. As Multiple Intervenors has advocated consistently over the years, while the costs of individual programs or initiatives may (or many not) be justifiable in isolation, the Commission should be

¹⁰ See Case 22-E-0222, *supra*, NYSEG Climate Change Resilience Plan (filed November 21, 2023) at 43 (“NYSEG Plan”); RG&E Climate Change Resilience Plan (filed November 21, 2023) at 39 (“RG&E Plan”).

¹¹ NYSEG Plan at 47; RG&E Plan at 43.

assessing the total or aggregate financial burden placed on customers by the multitude of programs and initiatives being implemented and considered for the future.

The Commission must exercise extreme caution regarding the financial burdens being imposed on customers. High energy costs can trigger numerous adverse consequences, including, but not limited to: (a) detrimental effects on the State and local economies, leading to the migration of businesses, jobs, and capital investments to regions outside of New York, particularly in energy-intensive sectors such as manufacturing;¹² (b) economic and environmental leakage, as businesses depart New York due to high energy costs and relocate to jurisdictions with less stringent environmental regulations; and (c) hindrance to the State's efforts to electrify the heating and transportation sectors, because elevated electricity costs undoubtedly will cause such efforts to take longer and cost more.

Outlined below are examples of some, but not all, of the programs and initiatives being implemented that customers currently are funding and/or will be forced to fund through higher electric and gas rates and prices. While Multiple Intervenors acknowledges that each of these programs and initiatives aims to yield certain benefits, the financial impacts of these endeavors on customers are significant individually and enormous collectively.

- Utility customers are and will be funding out-of-market payments of an indeterminate amount (believed to be many billions of dollars) to incentivize/subsidize the development of new, large-scale renewable generation facilities under Tier 1 of the Clean Energy Standard ("CES").¹³

¹² This economic relocation has been occurring for years, but is likely to accelerate – potentially at an alarming rate – if the State and/or the Commission continues to impose billions of dollars in increased costs on electric and gas customers and recover many of such costs on the basis of energy consumption (see Point II, *infra*).

¹³ See generally Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Order Adopting a Clean Energy Standard (issued August 1, 2016) at 78-115 (establishing a CES Tier 1 program for new renewable generating resources). Inasmuch as renewable generation penetration in New York

- Utility customers are and will be funding out-of-market payments of an indeterminate amount (believed to be in the hundreds of millions of dollars) to incentivize/subsidize the continued operation of existing renewable generation facilities under Tier 2 of the CES.¹⁴
- Utility customers are and will be funding out-of-market payments of an indeterminate amount (believed to be many billions of dollars) to incentivize/subsidize the continued operation of existing nuclear generation facilities under Tier 3 of the CES.¹⁵
- Utility customers will be funding out-of-market payments of an indetermined amount (believed to be tens of billions of dollars) to incentivize/subsidize the development of incremental transmission and renewable generation to serve New York City under Tier 4 of the CES.¹⁶

recently was approximately 30%, and is supposed to climb to 70% by 2030 under the Climate Leadership and Community Protection Act (“CLCPA”), it is anticipated that CES Tier 1 RECs will have a cost well into the billions of dollars during the coming decade.

¹⁴ See generally Case 15-E-0302, *supra*, Order Adopting a Clean Energy Standard at 17-18, 115-19 (establishing a CES Tier 2 maintenance program for existing renewable generation facilities demonstrating financial need), and Order Adopting Modifications to the Clean Energy Standard (issued October 15, 2020) at 49-77 (establishing an additional, competitive solicitation component to CES Tier 2 at a maximum incremental cost of \$200 million through 2026).

¹⁵ See generally Case 15-E-0302, *supra*, Order Adopting a Clean Energy Standard at 119-153 (establishing a CES Tier 3 for existing nuclear generating facilities). The first two-year tranche of the 12-year Tier 3 program (encompassing April 1, 2017 through March 31, 2029) relied upon a zero-emission credit (“ZEC”) price of \$17.48 per ZEC, with ZECs applied to an annual maximum of 27,618,000 MWh (*see id.* at App. E), for a maximum annualized cost of \$482,762,640. Thus, the existing, 12-year ZEC program is expected to cost between \$5 billion and \$7 billion, depending upon the cost of ZECs (which fluctuate) and the output of the State’s existing nuclear generation facilities. Moreover, to the extent achievement of CLCPA mandates necessitates the continued operation of the State’s nuclear facilities beyond March 31, 2029, as expected currently, total Tier 3 costs may rise further, possibly significantly.

¹⁶ See generally Case 15-E-0302, *supra*, Order Adopting Modifications to the Clear Energy Standard (issued October 15, 2020) (approving CES Tier 4), Petition filed by Staff and NYSERDA (dated November 30, 2021) (seeking approval of two proposed CES Tier 4 contracts). The aggregate cost impacts of the two proposed CES Tier 4 contracts are enormous. According to analyses conducted by Staff and NYSERDA, the contracts could raise electricity costs by as much as 5.7% on a statewide basis, and as high as 9.9% on customers of Niagara Mohawk Power Corporation d/b/a National Grid. *Id.*, Staff/NYSERDA Petition, Appendix C at 26. Staff and NYSERDA also indicate that “impacts on large commercial customers may be up to twice the utility-wide averages.” *Id.* Thus, the proposed CES Tier 4 contracts alone could

- Utility customers will be funding out-of-market payments of an indeterminate amount (believed to be many billions, or tens of billions, of dollars) to incentivize/subsidize the development of new, offshore wind generation facilities.¹⁷
- Utility customers previously were committed to funding a Clean Energy Fund (“CEF”) at a cost of over \$6 billion.¹⁸ In 2022, however, the Commission approved a petition filed by Staff and NYSERDA to increase the CEF budget by \$1.474 billion to fund additional incentives for distributed solar, thereby increasing the cost of the CEF to approximately \$7.5 billion.¹⁹
- Utility customers will be funding incentives for the buildout of retail and residential energy storage resources in the amount of \$814.6 million through 2032, and for the buildout of bulk energy storage resources in the amount of between \$1.33 and \$2.94 billion, to be recovered between 2028 and 2044.²⁰

increase electricity costs for large commercial customers by as much as 11.4% on a statewide basis, and as much as 19.8% within the National Grid service territory. *See id.* In April 2022, the Commission approved the proposed CES Tier 4 contracts. *Id.*, Order Approving Contract for the Purchase of Tier 4 Renewable Energy Certificates (issued April 14, 2022).

¹⁷ *See generally* Case 18-E-0071, *In the Matter of Offshore Wind Energy*. *See also id.*, Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement (issued July 12, 2018) at 15-64 (establishing an offshore wind generation target of 2.4 GW by 2030 and authorizing an initial procurement process in support thereof). The CLCPA increased the offshore wind generation target from 2.4 GW by 2030 to 9 GW by 2035. N.Y. Env. Cons. Law § 75-0103(13)(E). Given recent cancellations and resolutions, it is abundantly clear that OSW development will be much more expensive for customers than contemplated previously (and that is before accounting for tens of billions of dollars in transmission investments being planned and/or developed to facilitate offshore wind development).

¹⁸ *See generally* Case 14-M-0094, *Proceeding on Motion of the Commission to Consider a Clean Energy Fund*. *See also id.*, Order Authorizing the Clean Energy Fund Framework (issued January 21, 2016) at Appendix H (authorizing customer collections of \$6,001,000); and Order Approving Clean Energy Fund Modifications (issued September 9, 2021) at Appendix E (authorizing \$3,165,800 in collections from customers from 2021-2029).

¹⁹ *See generally* Case 21-E-0629, *In the Matter of the Advancement of Distributed Solar*, Order Expanding NY-Sun Program (issued April 14, 2022). Thus, separate and apart from all other Commission programs and initiatives, the CEF now has an authorized cost to customers of approximately \$7.5 billion.

²⁰ *See generally* Case 18-E-0130, *In the Matter of Energy Storage Deployment Program*, Order Establishing Updated Energy Storage Goal and Deployment Policy (issued June 20, 2024) at 88-93 (approving funding to meet a new goal of 6 GW of energy storage resources by 2030).

- Utility customers are and will be funding utility-administered electric energy efficiency programs at a cost of close to \$1.9 billion through 2025, and potentially more thereafter.²¹
- Utility customers are and will be funding utility-administered gas energy efficiency programs at a cost of close to \$900 million through 2025, and potentially more thereafter.²²
- Utility customers are and will be funding utility-administered electric heat pump programs at a cost of over \$450 million through 2025, and potentially more thereafter.²³
- Utility customers are and will be funding incentives to promote electric vehicle (“EV”) infrastructure investments at a cost of over \$1.24 billion through 2025, and potentially more thereafter.²⁴

²¹ See generally Case 18-M-0084, *In the Matter of a Comprehensive Energy Efficiency Initiative*. See also *id.*, Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios Through 2025 (issued January 16, 2020) (hereinafter, “NE:NY Order”) at App. A, Table A3 (authorizing statewide spending on utility-administered electric energy efficiency programs of \$1,879,114,825 from 2021-2025). In July 2023, the Commission directed the utilities to file updated energy efficiency and building electrification portfolios, with a \$1 billion annual budget cap. Approximately \$488.86 million is allocated to electric programs. See *id.*, Order Directing Energy Efficiency and Building Electrification Proposals (issued July 20, 2023) at Appendix (guidelines to utility budget and portfolio proposals post-2025) (hereinafter, “2023 NE:NY Order”).

²² See *id.*, NE:NY Order at App. A, Table A4 (authorizing statewide spending on utility-administered gas energy efficiency programs of \$878,716,819 from 2021-2025). See also *id.*, 2023 NE:NY Order at App. A (directing budget and portfolio proposals of \$211.14 million annually allocated to gas programs post-2025).

²³ See *id.* NE:NY Order at App. C, Table C1 (authorizing statewide spending on utility-administered electric heat pump programs of \$454,318,220 from 2020-2025).

²⁴ See generally Case 18-E-0138, *Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure*. See also *id.*, Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs (issued July 16, 2020) at 68-76 and Appendix B (authorizing statewide spending on EV infrastructure incentives of \$700,994,850 through 2025), Order Approving Midpoint Review Whitepaper’s Recommendations With Modifications (issued November 16, 2023) as 20-21 (increasing the EV program budget by approximately \$542 million to approximately \$1.243 billion).

- Utility customers are and will be funding multiple, large-scale transmission projects at an indeterminate cost (believed to be tens of billions of dollars) whose primary purpose is to increase the deliverability of renewable energy to different regions of the State.²⁵ For instance, the transmission projects selected recently by the New York Independent System Operator, Inc. (“NYISO”) to be developed on Long Island to facilitate the delivery of offshore wind are projected to cost several billions of dollars. Moreover, the NYISO currently is soliciting proposals to develop major transmission projects in and around New York City, also to facilitate the delivery of offshore wind, that potentially will cost in excess of \$10 billion. The costs of these transmission projects alone are likely to result in substantial customer cost impacts.
- Utility customers are and will be funding utility local transmission and distribution projects and upgrades on a widespread basis at a substantial incremental cost (believed to be many billions of dollars) in furtherance of CLCPA mandates.²⁶

²⁵ See, e.g., Case 12-T-0502, *Proceeding on Motion of the Commission to Examine Alternating Current Transmission Upgrades*, Order Addressing Public Policy Transmission Need for AC Transmission Upgrades (issued January 24, 2017) at 18-19 (justifying the “AC Transmission” projects on a need to increase transmission capacity to allow renewable generation facilities to deliver their energy to downstate load centers); Case 14-T-0454, *In the Matter of New York Independent System Operator, Inc.’s Proposed Public Policy Transmission Needs for Consideration*, Order Addressing Policy Requirements for Transmission Planning Purposes (issued July 20, 2015) at 27 (justifying the “Western New York” transmission project on increasing deliverability in the region to maximize output from the New York Power Authority’s Niagara hydroelectric generation facility and additional imports of renewable energy from the Ontario region); and Case 20-E-0497, *In the Matter of New York Independent System Operator, Inc.’s Proposed Public Policy Transmission Needs for Consideration for 2020*, Order Addressing Public Policy Requirements for Transmission Planning Purposes (issued March 19, 2021) at 1-4 (justifying future transmission projects in and between Long Island and New York City to facilitate deliverability of offshore wind generation).

²⁶ See generally PSC Case 20-E-0197, *Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act*, Order Authorizing Development of Phase 1 Transmission Projects and Cost Recovery Measures (issued July 14, 2022) at 18-19 (approving Phase 1 projects at an estimated cost of \$106.2 million), Order Authorizing Continuation of Phase 1 Transmission Projects and Cost Recovery Measures (issued December 15, 2022) at 4, 9 (approving 27 of 46 proposed component projects, which originally were estimated to cost \$1.944 billion, resulting in an estimated cost of roughly \$1 billion), Order Approving Phase 2 Areas of Concern Transmission Upgrades (issued February 16, 2023) 24-25, 40 (authorizing Phase 2 projects at an estimated cost of \$4.382 billion and potentially double-digit bill impacts on large, high-load-factor customers).

- Utility customers are and will be funding an Electric Generation Facility Cessation Mitigation Program designed to “compensate” municipalities that lose tax base when generation facilities retire due to the transition to a cleaner electric system, at a cost of \$112.5 million through 2030.²⁷
- Utility customers currently are funding Earnings Adjustment Mechanisms (“EAMs”) for the benefit of utility shareholders at an indeterminate cost (believed to be hundreds of millions of dollars) for the purpose of incentivizing utilities to help achieve certain State clean energy objectives.²⁸
- Utility customers are and will be funding out-of-market payments at an indeterminate cost (believed to be substantial) to incentivize/subsidize Distributed Energy Resources (“DER”) through net energy metering arrangements and “value stack” compensation.²⁹

While this lengthy list of substantial current and future financial obligations being imposed on customers is not before the Commission in this particular proceeding, it is critical that the Commission consider the totality of such obligations before potentially approving the imposition of new, incremental funding obligations on customers.

²⁷ See Case 20-E-0473, *In the Matter of Developing a Funding Mechanism for the Electric Generation Facility Cessation Mitigation Program*, Order Authorizing Funding for Electric Generation Facility Cessation Mitigation Program (issued February 11, 2021) (establishing a budget of \$12.5 million per year through 2030 to be funded by electric customers statewide).

²⁸ See generally Case 14-M-0101, *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision*, Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016) at 53-93 (discussing and then mandating the use of EAMs).

²⁹ See generally Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources*. See also *id.*, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017) (addressing, and providing exemptions to, an eventual transition from net energy metering, and also establishing value stack compensation for certain DER).

POINT II

RESILIENCY COSTS MUST BE ALLOCATED EQUITABLY ACROSS SERVICE CLASSES

The underlying legislation that directed the filing of a Study and a Plan by each of the State's major electric utilities references a "climate resiliency cost recovery surcharge." None of the Utilities address this issue in depth except for NYSEG and RG&E, which propose not to use a surcharge mechanism but, instead, to defer cost recovery to their next rate proceedings. Similarly, National Grid stated that cost recovery would be included as part of its next base rate case filing, which occurred earlier this year. That said, it is important for the Commission to address cost allocation and recovery generally to ensure equity and consistency.

When a utility undertakes a transmission project to uphold reliability, the costs typically are allocated among the respective service classes according to demand-based metrics (such as class contributions to annual, semi-annual, or monthly peak demands). The same approach is utilized for reliability-driven distribution projects (except that customers served at transmission voltages appropriately are excluded from such costs because they do not utilize the distribution system).

The resiliency and hardening investments proposed in this proceeding, if approved, should be allocated to the various service classes in the exact same manner as other, reliability-based infrastructure investments. The mere fact that the statute provides for use of a surcharge – as opposed to cost recovery via base rates – does not justify altering how such costs normally would be allocated to classes. The simple solution is for each utility to allocate approved projects in a manner consistent with how their own cost-of-service studies typically allocate like projects in order to derive the amounts recoverable from each service class.

Thereafter, such costs should be recovered within individual service classes on a per kW basis for demand-metered classes and per kWh basis for non-demand-metered classes (*i.e.*, consistent with each class's underlying rate design). In other words, the fact that a utility may be recovering resilience-related costs via surcharge as opposed to through base delivery rates does not mean how those costs are allocated amongst service classes should change – they should be allocated similarly to comparable infrastructure investments intend to maintain or improve reliability.

Importantly, under no circumstances should a volumetric energy-based methodology be utilized to allocate system hardening investments needed for reliability. Such an approach would (i) be contrary to how similar investments routinely are allocated by utilities, (ii) conflict with basic cost causation principles, and (iii) be highly inequitable to – and blatantly overcharge – high-load-factor classes and customers. When energy costs soar, energy-intensive customers often are the first to consider leaving the state or relocating production, jobs, and investments elsewhere (as has been occurring for years). Continuously relying on energy consumption-based cost allocations is fundamentally unfair to large, energy-intensive customers and absurdly self-defeating in terms of economic development, not to mention inconsistent with cost causation principles.

Therefore, if the Commission were to approve the recovery of resiliency investments funded by customers through a surcharge mechanism, it should adopt a cost allocation methodology the ensures that the resulting costs are allocated in accordance with demand-based allocation factors, consistent with cost causation principles.

CONCLUSION

For all the foregoing reasons, the Commission should adopt the positions of Multiple Intervenors advanced in these Comments.

Dated: July 22, 2024
Albany, New York

Respectfully submitted,

Michael B. Mager

Michael B. Mager, Esq.
Counsel to Multiple Intervenors
540 Broadway, P.O. Box 22222
Albany, New York 12201-2222
(518) 320-3409