Three-Pronged Strategy for Affordability

• Strong consumer protections against termination of service (Home Energy Fair Practices Act)

• Opportunities for low income households to benefit from cost savings through energy efficiency and distributed energy resources

• Direct financial assistance programs

Will focus this morning on the latter
Energy Bill As a Percentage of Income

Annual Bill of $2,640
NYS Affordability Policy

• Maintaining universal, affordable service is a key driver of the REV initiative

• Adopts as state policy that an average energy burden of 6% of household income is the target level for all 2.3 million low income households in New York

• Levels of discounts vary based on need (four tiers)
  – Majority of upstate participants receiving Tier 3 (highest tier)

• Discounts based on “affordability block” -- defined as 110% of average bill at each utility

• Participants are enrolled in budget (levelized) billing

• Total budget may not exceed 2% of total electric or gas revenues for sales to end-use customers
  – Costs are allocated fairly evenly between electric and gas (about 1.4% overall)
  – National Fuel and Niagara Mohawk (gas only) reach the 2% budget cap

• Arrearage forgiveness/reconnection fee waiver programs optional
Phased Approach to Optimizing Program Design

• Reaching all 2.3M households below 200% FPL will require new partnerships/new ways to identify eligible low-income customers
  – OTDA now provides lists of non-utility HEAP recipients to the utilities (due to certain federal requirements)
  – Utilities now have the means to automatically enroll all HEAP recipients (all fuel types)
  – Initial file transfers include a limited population of non-utility HEAP recipients (those who directly apply)
    • categorically eligible households (e.g., TA/SNAP recipients) will be included as necessary permissions are obtained
    • will occur as such households recertify (may take a few years)

• Inter-agency Task Force -- reach all eligible households, achieve greater program coordination
  – Can OTDA provide more detailed info (e.g., household income, number of inhabitants)?
  – Possibly leverage Open-NY as a platform for more substantial information sharing
    • Shared database with necessary and appropriate controls
    • contains client/customer information necessary for administration and evaluation of programs

• OTDA HEAP state plan raised the income-based add-on from $25 to $26
  – allows it to be distinguished from the household membership-based add-on (remains at $25)

• Provide other opportunities to achieve affordability, reduce reliance on discounts
  – Energy Efficiency
  – Demand Response
  – Distributed Energy Resources (DER)
Petitions for Rehearing

• Bill discounts extended to direct voucher/utility guarantee customers
  – Added approximately $12 million to statewide program cost
  – Increased total program cost from $248 million to $260 million

• Program costs allocated and recovered from all classes on a delivery revenue basis
  – All except Central Hudson (in pending joint proposal)

• Other minor clarifications
Implementation Plans

• Enrollment expanded to all HEAP recipients (as of December 31, 2017)
  – increased enrollment by more than half, to approximately 1.65 million customers

• Discounts expanded to include all Tier levels by December 31, 2018
  – also implement revised reporting requirements

• Utilities to make an annual filing with updated calculations
  – average bill amounts, discount levels, projected budgets and budget limits
  – utilities expected to use a three-year average of bills as the basis for calculations
    • Year-to-year volatility in usage levels and commodity costs

• Niagara Mohawk, KEDNY, KEDLI and National Fuel treat all Emergency HEAP customers as Tier 1

• Hardship grants through Emergency HEAP, utility fuel funds
Implementation Plan Details

- Central Hudson -- not accepting new EPOP (arrearage reduction) enrollments as of April 2017

- Con Edson – began enrolling Medicaid recipients in electric program January 2017 (~90k added)
  - Digital customer experience (DCX) will present new opportunities for promoting low-income energy literacy
  - Working on separate low-income REV Demo project

- KEDNY began file match (same as Con Edison) – could add 300-400k customers
  - KEDLI also conducting a file match with HRA (covers a very small portion of KEDLI’s service territory)
    - Positive initial step toward conducting file matches with Nassau/Suffolk County DSS
  - Both KEDNY/KEDLI discontinued On-Track (arrearage reduction) enrollments January 2017

- National Fuel -- Rate Order required implementation of tiered levels of discounts by December 31, 2018
  - Eliminate arrears forgiveness
  - Continue LIURP/CIP programs

- NYSEG/RG&E -- continuing previous arrearage reduction programs

- Orange and Rockland – proposes (in pending rate case) to fund discounts through rate design
  - Low income programs are revenue neutral -- transfer payment from nonparticipants to participants
  - Energy efficiency program expansion (not approved)
### Example: Niagara Mohawk

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<thead>
<tr>
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<tr>
<td>Tier 1</td>
<td>$15</td>
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# Utility Low-Income Discount Program Budgets*

*Rate discounts only (not incl. arrearage, reconnection fee waivers)

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<tr>
<th>Company</th>
<th>Budget</th>
<th>Pct. of Revenue</th>
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<tr>
<td>Central Hudson</td>
<td>$12,800,000</td>
<td>1.29%</td>
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<tr>
<td>Con Edison</td>
<td>$67,800,000</td>
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<tr>
<td>National Fuel</td>
<td>$13,400,000</td>
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<tr>
<td>KEDLI</td>
<td>$7,900,000</td>
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<tr>
<td>KEDNY</td>
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<td>Niagara Mohawk</td>
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<tr>
<td>NYSEG</td>
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<tr>
<td>Orange and Rockland</td>
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<tr>
<td>RG&amp;E</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$259,700,000</strong></td>
<td><strong>1.40%</strong></td>
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</table>
Questions?

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