



Smart Solutions for Natural Gas Customers

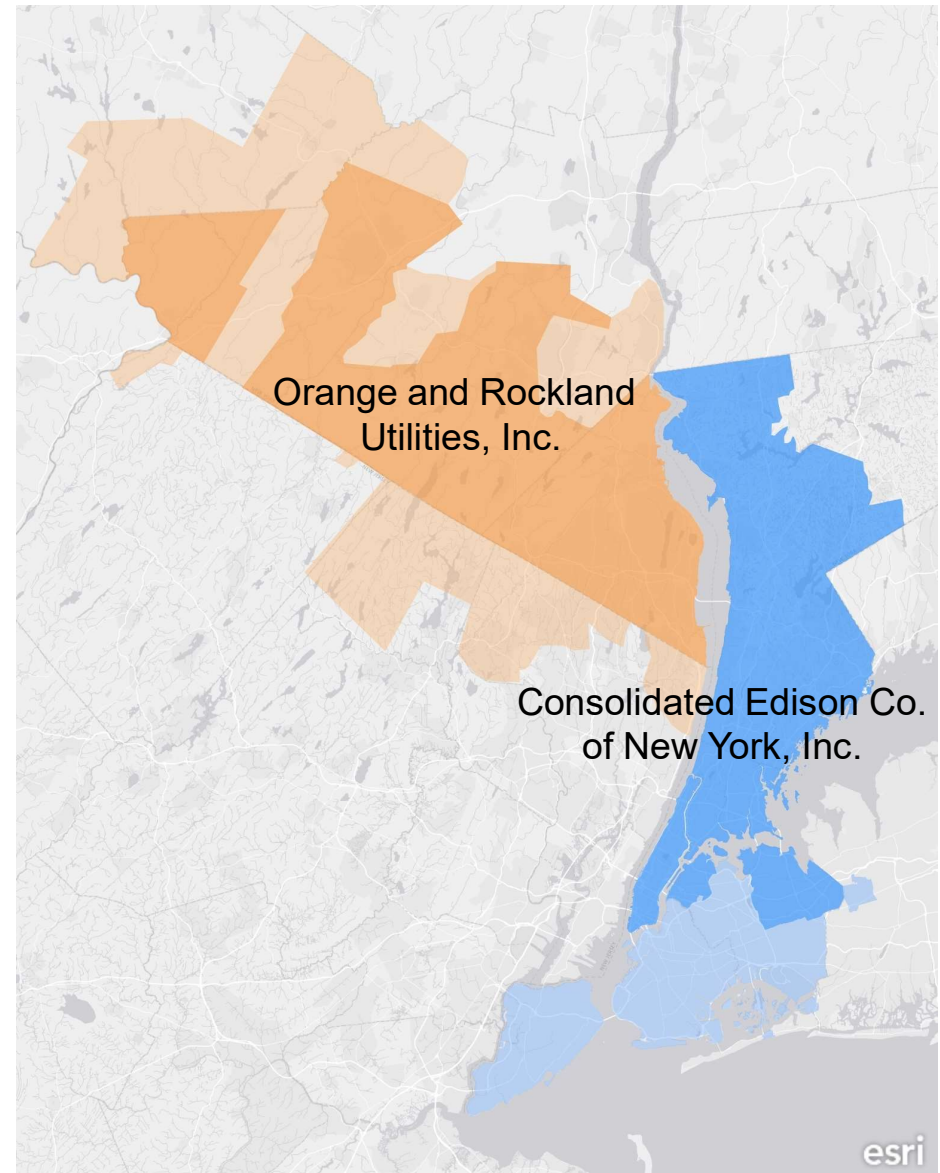
May 3, 2018



Our Service Territories

Con Edison of New York (Con Edison) Orange and Rockland (O&R)

- 3.6 million electric customers
- 1.2 million gas customers
- 1,600 steam customers

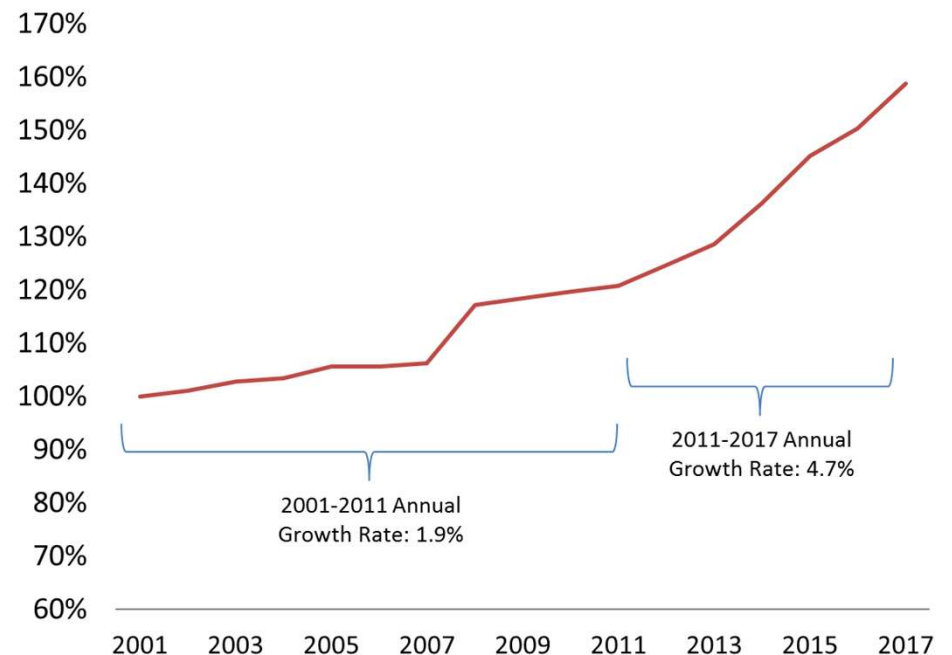


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Need for Smart Solutions

- Peak demand is growing quickly
 - 30% growth in demand since 2011
 - Expect 20% growth in next 20 years
- Additional supplies are needed to meet future gas peak demand
- We sought non-pipeline solutions to meet several goals:
 - Continue environmental progress
 - Identify alternatives to new gas pipeline
 - Reduce use of short-term, delivered natural gas services

Con Edison Peak Day Natural Gas Demand
(Compared to 2001, weather normalized)



Smart Solutions for Natural Gas Customers

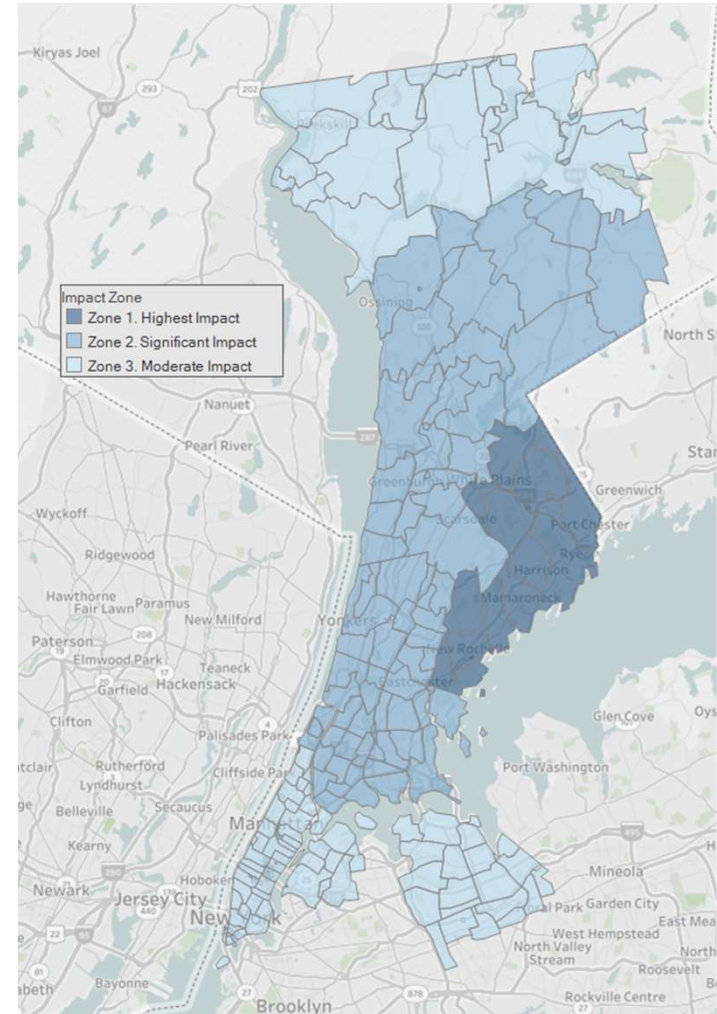
- Solution 1: Enhanced Gas Energy Efficiency Program
 - *Implementation Plan – filed March 2018*
- Solution 2: Gas Demand Response Program
 - *Implementation Plan (Pilot) – filed April 2018*
- Solution 3: Gas Innovation Program
 - *RFP - second quarter 2018*
- **Solution 4: Market Solicitation for Non-Pipeline Solutions**
 - ***RFP – released December 15, 2017; responses received March 1, 2018***
- Solution 5: Parallel Planning for Traditional Pipeline Solution

Read Con Edison's Smart Solutions for Natural Gas Customers filings:

<http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=17-G-0606&submit=Search>

Non-Pipeline Solutions RFP Overview

- RFP Issued December 15, 2017
 - Invited peak demand reduction and *local* gas supply proposals providing:
 - Constraint relief in Lower Westchester, Bronx
 - Enforceable 5+ year commitments (3+ for DR)
 - Modeled on Con Ed's Non-Wires process
 - Goal: >100,000 Dth/Day of relief by 2023-24
 - Expected Budget: >\$100 million per year
- Received 28 proposals on March 1, 2018
 - Includes demand and supply-side measures
 - Evaluation criteria include benefits and costs, project risk, and community impacts
 - Expect to file budget request later this year



Non-Pipeline Solutions RFP

Key Elements

- **Major parameters**
 - Proposals must utilize commercially-proven technologies
 - Demand-side measures cannot involve switching to oil or propane
 - Supply-side measures must be directly connected to Con Edison's gas system
 - RFP excluded use of pipelines or LNG shipping terminals
- **Functional requirements:**
 - Net reduction in peak day load or increase in local supply over 24 hours
 - Availability on the 5 coldest days of each winter (incl. at least 3 consecutive days)
 - Minimum proposal size of 25 Dt/day, with more than 250 Dt/day preferred

Non-Pipeline Solutions RFP Responses

- Summary
 - Numerous strong demand-side and supply-side proposals received
 - Most of proposed relief is supply-side, esp. CNG/LNG deliveries by truck
- Demand-Side (16 proposals)
 - Includes energy efficiency, demand response, air and ground-source heat pumps
 - Customer segments include large and small residential, low-income, government agencies, and large and small commercial/industrial
 - Would substantially grow Con Edison's demand-side programs
- Supply-Side (12 proposals)
 - Proposals include CNG/LNG trucking, LNG liquefaction/storage, and biogas
 - Significant siting and permitting hurdles in many cases

Non-Pipeline Solutions RFP

Cost Recovery

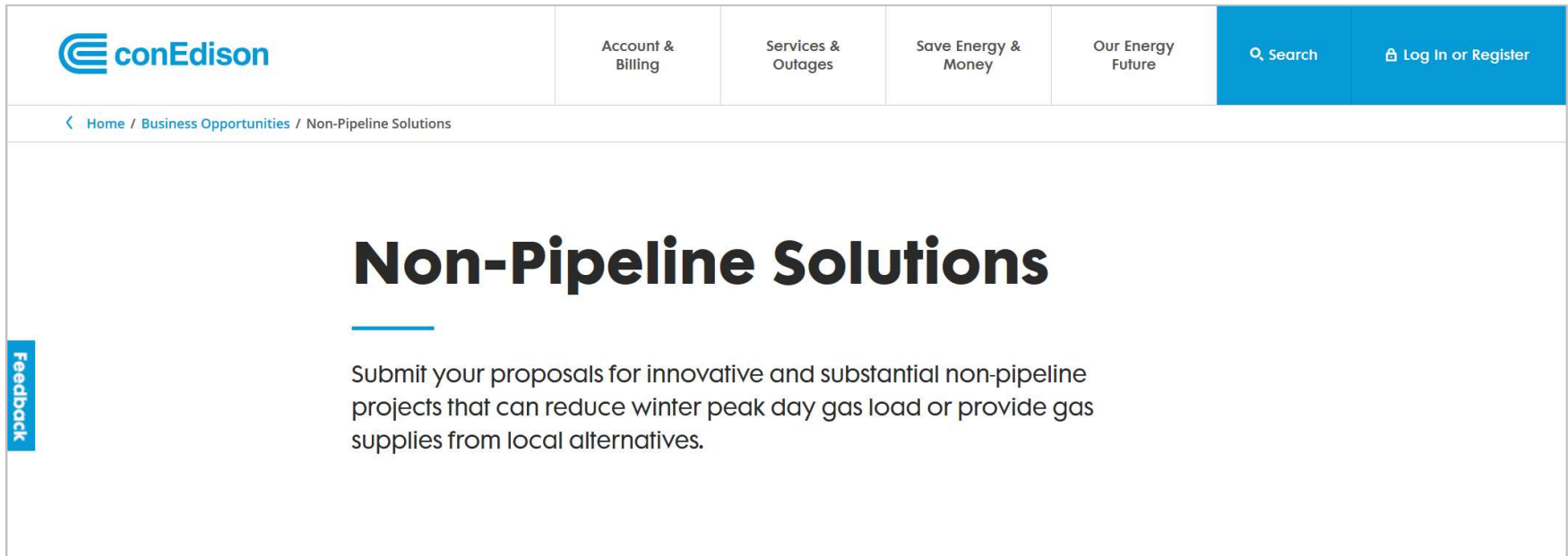
Awaiting NY PSC approval of cost recovery and incentive mechanisms:

- Non-traditional solution investments deferred as regulatory assets – i.e., recovered over a 10-year period with carrying charges applied
- Any net savings realized under the Non-Pipeline Solutions RFP would be shared 30%/70% by Con Edison and its customers
- Pipeline development costs (cancellation or project termination fees) recoverable through existing monthly surcharge mechanism


For More Information ...

Visit Con Edison's Non-Pipeline Solutions Webpage:

<https://www.coned.com/en/business-partners/business-opportunities/non-pipeline-solutions>



The screenshot shows the top navigation bar of the Con Edison website. It includes the Con Edison logo on the left, followed by links for 'Account & Billing', 'Services & Outages', 'Save Energy & Money', and 'Our Energy Future'. On the right side of the navigation bar are 'Search' and 'Log In or Register' buttons. Below the navigation bar is a breadcrumb trail: 'Home / Business Opportunities / Non-Pipeline Solutions'. The main content area features the title 'Non-Pipeline Solutions' in a large, bold font, followed by a horizontal line and a paragraph: 'Submit your proposals for innovative and substantial non-pipeline projects that can reduce winter peak day gas load or provide gas supplies from local alternatives.' A vertical 'Feedback' button is located on the left side of the main content area.

	Account & Billing	Services & Outages	Save Energy & Money	Our Energy Future	Search	Log In or Register
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< Home / Business Opportunities / Non-Pipeline Solutions

Non-Pipeline Solutions

Submit your proposals for innovative and substantial non-pipeline projects that can reduce winter peak day gas load or provide gas supplies from local alternatives.

Feedback