



**New York State Senate Standing Committees on Finance,
Energy and Telecommunications, and Environmental Conservation**

Hearing on Implementation of the Climate Action Council Final Scoping Plan

Testimony of Consolidated Edison Company of New York, Inc.

January 19, 2023

Introduction

Good morning. My name is Christopher Raup and I am the Vice-President of Energy Policy and Regulatory Affairs at Con Edison. I am joined this morning by Kerri-Ann Kirschbaum, Con Edison's Director of State Regulatory Affairs.

First, we want to thank Senators Krueger, Parker, Harckham and all the members of the Committees for inviting us to offer some comments about the legislative and budget items needed to implement the Climate Action Council's Final Scoping Plan.

As an initial matter, Con Edison enthusiastically supports the clean energy, climate justice and just transition goals of the Climate Leadership and Community Protection Act (CLCPA).

Our comments this morning will focus on three discrete areas: renewables and utility-owned generation, meeting emissions reduction goals by transitioning away from fossil natural gas, and mitigating customer costs through meaningful real property tax reform.

Utility Ownership of Large-Scale Renewables

First, to meet CLCPA goals, a dramatic increase in utility-scale renewable resources must occur. To achieve this, an all-hands-on-deck approach is needed, and the legislature should authorize New York's regulated utility companies to own and operate renewable generation assets like wind and solar.

Authorizing utilities to own and operate renewables will offer a lower cost ownership alternative to the private developer market, increase capacity and diversify the entities that can own renewable generation, which will insulate customers from fossil fuel based electric supply costs.

In fact, under the legislative proposal we support,¹ 100% of the revenue from utility-owned renewable projects would offset low-income customer bills through direct bill credits.

Gas Transition

Regarding the gas transition, Con Edison supports policy reforms and programs that aim to reduce fossil natural gas consumption and provide customers with clean energy alternatives.

From Con Edison's perspective, four key actions are needed to achieve an equitable shift away from fossil natural gas: (1) reduce fossil natural gas consumption; (2) slow and then reverse the growth of the gas system; (3) decarbonize the gas that we deliver; and (4) address cost impacts of a smaller gas system, while sustaining safety and reliability.

Legislative and budgetary actions that increase clean heat and energy efficiency programs and allow for accelerated depreciation of gas assets would speed the transition away from fossil natural gas, while providing support to utilities to ensure the remaining gas customers continue to receive safe and reliable service.

In addition, the company agrees that the legislature should, in consultation with the Department of Public Service (DPS) and utilities, review and consider modifications to the Public Service Law and Transportation Corporation Law that conflict with the CLCPA.

Taxes

Con Edison is one of the largest real property taxpayers in the State. As a necessary cost of doing business, property taxes paid by the utility are reflected in the rates charged to customers, and become part of their Con Edison bill. The current property tax system results in regressive levels of taxation burdening less affluent utility customers and discourages electrification of heating and transportation by driving costs for electricity higher. Therefore, changes to the State's property tax system to allow for clean energy investments without the significant added tax burden are needed. For example, if the Company added \$2 billion of infrastructure investment in New York City, our customers would pay an **annual** property tax of approximately \$100 million on that infrastructure investment.

The State should consider ways to limit increases in utility property taxes. For example, the state could exempt utility infrastructure that is built to support CLCPA targets from any property or special franchise taxes.

In addition, the State should adopt central assessment for utility mass real property as was recommended by the Department of Tax and Finance and DPS in 2018. Adopting such a system would ensure that utility customers are being treated fairly for real property tax purposes by having utility real property assessed by the Office of Real Property Tax Services, rather than local assessors. The State already assesses utility property on public rights of way.

Conclusion:

Thank you for your time and we look forward to answering your questions.

¹ S.737 (Parker)