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Consolidated Edison Company
of New York, Inc.
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March 14, 2022

Honorable Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

RE: Changes to Con Edison's Electric Supply Cost Recovery Mechanisms

Dear Secretary Phillips:

Consolidated Edison Company of New York, Inc. (the "Company") is filing with the Public Service Commission (the "Commission") amendments to its Schedule for Electricity Service, P.S.C. No. 10 – Electricity (the "Electric Tariff"), applicable to its customers in the City of New York and the County of Westchester.

The Company requests that the Commission approve these tariff amendments, identified below, on an emergency basis under State Administrative Procedure Act ("SAPA") § 202(6) with an effective date of June 1, 2022. The changes in these tariff amendments are filed on an emergency basis to protect the general welfare of customers by reducing the likelihood of significant customer bill volatility.

Leaf No.	Revision No.	Superseding Revision No.
328	6	5
329	7	5
330	7	6
330.1	8	6
333	5	4
334	3	2

Reason for Filing

In late January and early February of this year, many of Con Edison's full-service electric customers experienced higher than normal electric bills. The higher bills were the result of higher supply costs, higher energy consumption resulting from cold weather, and a timing difference in the Company's billing process (i.e., the difference between when actual market supply costs are

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applied to customer bills and when the full value of the Company's hedging programs, as applicable,[1] are applied to those bills).

While supply costs and weather-related increases in energy use are outside of the Company's control, the Company controls its billing process and is proposing tariff amendments to adjust it. These tariff amendments provide for an electric supply cost recovery mechanism that will more closely align supply prices with the Company's hedging positions, reducing the likelihood of significant customer bill volatility.

Proposed Tariff Changes

The energy component of the Company's Market Supply Charge ("MSC") is currently developed for each rate class based on NYISO day-ahead hourly energy prices and hourly weights developed from class-specific load shapes. Separate energy prices are developed for the New York City load zone (Zone J) and for each of the two Westchester load zones (Zones H and I). These energy prices are determined for each customer's bill based on the actual market prices for that customer's billing period.

The Adjustment Factor – MSC II is primarily used to recover hedging costs from customers or refund hedging benefits to customers. It includes an estimate of hedging costs or benefits for the billing month and a reconciliation of the preceding month's estimated versus actual hedging costs or benefits.

Under the current mechanism, increases or decreases in the market price of energy directly affect customers' bills as they occur, while the difference between forecasted and actual hedging impact is provided in a subsequent month's Adjustment Factor – MSC II.

To better align the manner in which market prices and associated hedging impacts are applied to customers' bills, the Company is proposing to calculate the energy component of the MSC using forecasts of energy prices each month, along with estimates of associated hedging impacts.

The Company will develop the MSC's energy component for each rate class using forecasted energy prices (including estimates of associated hedging impacts) and hourly weights developed from class-specific load shapes. The energy prices will be determined for each customer's bill based on the forecasted prices for that customer's billing period. Differences between actual energy costs and energy revenues derived from the MSC (including hedging impacts) will continue to be recovered through the MSC adjustments.

To implement these changes, the Company is proposing the following changes to the Electric Tariff.

[1] This timing difference pertains only to customers for whom the Company hedges electric supply costs (i.e., full service customers that are not subject to hourly pricing).

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- The definition for costs/benefits of "hedges" has been renamed "Hedging Impact" and moved under the definitions section in General Rule 25.
- The description of the cost of energy in General Rules 25.1(a)(1) and 25.1(b) has been changed to reflect that the cost of energy used in the determination of the MSC will be based on a forecast of NYISO market prices and an estimate of the associated Hedging Impact.
- The Adjustment Factor – MSC II has been revised to reflect that it will no longer recover the entire the Hedging Impact, because the estimated Hedging Impact is recovered through the MSC itself. The Adjustment Factor – MSC II will recover the reconciliation of the Hedging Impact that was recovered in the MSC and the actual incurred Hedging Impact from the previous month.
- General Rule 25.2.3, which describes the reconciliations of the Adjustment Factor - MSC I and Adjustment Factor – MSC II has been revised to clarify that such reconciliations may be passed through the Adjustment Factor - MSC I and Adjustment Factor – MSC II over multiple months.

Conclusion and Notice

The Company is filing these tariff changes to become effective on June 1, 2022. The Company respectfully requests that the Commission approve these tariff amendments on an emergency basis. SAPA § 202(6) allows a state agency to adopt a rule on an emergency basis if "immediate adoption of a rule is necessary for the preservation of the public health, safety or general welfare" and compliance with the SAPA's general 60-day notice requirement would be contrary to the public interest. Emergency action is justified here because the February 11, 2022 letter to the Company from the Chair and Chief Executive Officer of the New York State Department of Public Service, asks the Company to "immediately reassess its approach to full-service supply billing with a goal to reduce the likelihood of extreme and sudden price volatility." These tariff amendments are filed on an emergency basis to respond to that request. SAPA's general 60-day notice period would unduly delay the changes described herein and, therefore, compliance with SAPA § 202(1) should be deemed unnecessary.

The Company will provide public notice of this filing by means of newspaper publication once a week for four consecutive weeks prior to the effective date of the proposed tariff changes.

Sincerely,

/s/ William A. Atzl, Jr.
Director
Rate Engineering Department