

# ENERGY SUPPLY PRICES

## WHY IS CENTRAL HUDSON RAISING RATES?

Central Hudson is not raising rates. The increase you are seeing is the result of an increase in energy supply costs. These prices are determined by energy markets and Central Hudson and other utilities do not mark up or profit on these costs. Customers pay the same energy costs as Central Hudson.

## WHAT IS CAUSING THE INCREASE IN PRICES?

There are several factors that are causing the recent spike in energy supply prices:

- Increased domestic demand due to colder weather this year as compared to last year.
- Constrained domestic pipeline capacity, which curtails gas supplies.
- Lower electric production by renewable generators in the winter, which shifts power production to generators using natural gas.
- Regionally, an increased reliance on natural gas for power generation following the closure of Indian Point.
- Increased global demand for natural gas, as the United States is now a primary exporter of liquefied natural gas to Europe due to shortages there.
- Increased domestic demand for electricity and natural gas as the economy recovers from closures prompted by the COVID-19 pandemic.

## WHAT ARE THE COMPONENTS OF THE BILL?

The three main components on utility bills are taxes, delivery charges and supply charges. Delivery charges are set by state regulators and pay for the energy infrastructure and utility operations – these rates have not increased for this billing period and in fact slightly decreased in August. Supply charges are for the electricity and natural gas provided by independent generators and suppliers.

## HOW DO I LOWER MY BILL?

You can help manage energy costs in various ways, such as implementing energy efficiency measures. These include lowering thermostat settings, weatherizing and insulating, using LED bulbs and other measures. Central Hudson offers discounts, rebates and incentives on many energy saving products and services. To learn more, visit [CentralHudson.com](http://CentralHudson.com) and click on My Energy, Save Energy & Money.

## WHAT ELSE CAN CUSTOMERS DO?

To avoid seasonal variations in energy bills, Central Hudson customers may enroll in the Budget Billing program, which divides a household's average annual energy bill into 11 even

monthly payments, with the 12th month's payment adjusted up or down to reflect actual usage and market prices. The amount may also be adjusted in the sixth month based on your usage.

Customers may also wish to investigate fixed rate options for electric and natural gas supply offered by Energy Service Companies. This option can serve as protection against market volatility and price spikes.

## ARE ASSISTANCE PROGRAMS OFFERED?

Yes. Home Energy Assistant Program (HEAP) grants are available for income-qualified residents. HEAP grant recipients also qualify for Central Hudson's Bill Discount program.

Central Hudson's Good Neighbor Fund also provides "last resort" grants to help pay the energy bills of local residents in need who have exhausted all other forms of public and private utility assistance.

## WHAT DID CENTRAL HUDSON DO TO PREPARE?

As it does every year, Central Hudson has taken steps to reduce the impact of higher market prices and reduce price volatility by hedging energy supply to the extent allowed by state regulators. This means contracting for a portion of energy at fixed prices and purchasing natural gas in the summer when prices are lower and putting it into storage, to be drawn when prices rise. In February, for example, these hedging measures are saving customers millions of dollars by reducing the impact of higher market prices for electricity by approximately 28% and natural gas by 30%.

## WHAT IS CENTRAL HUDSON DOING NOW?

To assist customers with higher-than-normal bills, Central Hudson is offering extended payments that fit with customers' budgets at no-cost and without interest. Since March 2020, Central Hudson has voluntarily waived late fees and has not terminated utility services.

## WHAT CAN POLICY MAKERS DO?

Looking ahead, policy makers must allow for the expansion of critical energy infrastructure of all types, both conventional and renewable, to ensure robust and diverse energy supplies at stable prices, particularly as we transition to lower carbon resources.

Allowing utilities to offer a fixed rate program would give customers a billing option that would eliminate billing fluctuations associated with the ever-changing energy supply market.

## **CENTRAL HUDSON'S NEW BILLING SYSTEM**

Central Hudson is undertaking a major initiative to replace a 40-year-old billing system with a new platform that will allow us to meet the expanding energy options available to our customers now and in the future.

The transition to the new system has come with challenges, and we know that we are not meeting expectations for many of our customers. Improvements to the system have been made and are ongoing, however a segment of our customers are experiencing issues with their utility bills.

## **ESTIMATED BILLS**

Since last fall, a subset of customer accounts received estimated bills for several consecutive months. While the meters for most of these accounts were read every other month, the billing system over-wrote the actual meter readings with estimates. Central Hudson is correcting this issue and is recalculating and re-issuing these bills with the actual meter readings on file.

With some exceptions, most of these accounts will receive a single corrected bill based on actual usage for the previously estimated periods. The supply prices for electricity and natural gas are pro-rated to reflect market prices in effect at the time the energy was used.

Other accounts, including those enrolled in Budget Billing and accounts that are demand-metered, are receiving separate corrected bills for each of the billing periods they received estimates. Each of these bills reflect the usage and electric supply charges in place during those billing periods. The bill covering the latest time period will include the cumulative charges and any payments received to date.

The bills for most of these accounts have already been corrected and re-issued; the remaining bills are expected to be re-billed over the next several weeks. Going forward, these accounts will resume the normal meter reading cycle of alternating actual readings and estimated usage every other month

## **SOLAR NET METERING**

Accounts generating a portion of their electricity with onsite solar panels and other equipment receive credit for electricity that flows back to the local grid. These accounts are billed bi-monthly with actual meter readings; however, some have not received bills consistently since last fall. Corrections are being put into place and bills are being issued to bring accounts up to date. In some cases, a single corrected summary bill based on actual usage for the previously estimated periods is issued, and in other cases several separate corrected bills for each of the estimated billing periods are issued.

## **COMMUNITY SOLAR**

Accounts enrolled in the Community Solar program had not received bills from Central Hudson since September. Bills have begun to be issued, and all affected accounts are expected to receive bills by mid-April. Residents are receiving separate bills for each of the months they did not receive a bill over a period of days. The usage and cost details are provided on each individual monthly bill, reflecting the usage and electric supply charges in those months. The most current bill will reflect the cumulative charges and any payments received. A communication has been sent to affected accounts explaining this process, available here: <https://www.cenhud.com/globalassets/pdf/my-energy/cdg-customer-letter.pdf>. Following this catch-up period, these bills will be issued at their normal schedule. The New York State Public Service Commission has recognized that billing under the Community Solar program is highly complex and has opened a statewide proceeding involving all state utilities to address and resolve these complexities.

## **BUDGET BILLING**

The Budget Billing program offers levelized bill payments by dividing an account's annual usage by 12 months. The payments are fixed for 11 months, with a reconciliation on the 12th month, up or down, to reflect actual usage and energy prices. With the new billing system, the budget bill amount may also be automatically adjusted in the sixth month, to reflect mid-year changes in usage or prices. The sixth month change occurs if there is an upward adjustment of \$10 or more, or a downward adjustment of 25 percent or more.

## **ENERGY SERVICE COMPANIES**

Third party energy suppliers, also called Energy Service Companies (ESCOs), provide an alternative resource for residents to purchase their electricity and natural gas supply. Some accounts using ESCOs have not been billed consistently but are now receiving separate corrected bills for each of the billing periods they received estimates. Corrections are being put into place and bills are being issued to bring accounts up to date. For these accounts, several separate corrected bills for each of the estimated billing periods are issued. Each of these bills reflect the usage and electric supply charges in place during those billing periods. The bill covering the latest time period will include the cumulative charges and any payments received to date.

## **ENERGY SERVICE COMPANIES AND BUDGET BILLING**

Customers who are on Budget Billing and enroll with, drop or switch third-party energy suppliers (ESCOs) must re-enroll in Budget Billing if they wish to remain on the levelized billing program. Budget Billing accounts also enrolled in Community Choice Aggregation (CCA) through their municipality must re-enroll in Budget Billing if the CCA supplier is changed.