



Committee on Gas: Navigating Gas Utilities to a Decarbonized and Financially Sound Future

This session will begin at 1:45 pm

Navigating Gas Utilities to a Decarbonized and Financially Sound Future

NARUC SUMMER POLICY SUMMIT

JOSH FIGUEROA

JULY 19, 2022



Disclaimer

The views and opinions expressed in this presentation are strictly those of the Author, and do not necessarily represent the views or opinions of Brattle or any of its other employees.

Building Blocks for a Successful Energy Transition



1

Is it a real risk? How big is it, and how immediate?

- Policy risk
- Business strategy risks
- Cost of capital implications

2

What strategies will enable solutions?

- Regulatory framework for transition
- New technologies and infrastructure
- Securing life of existing assets

3

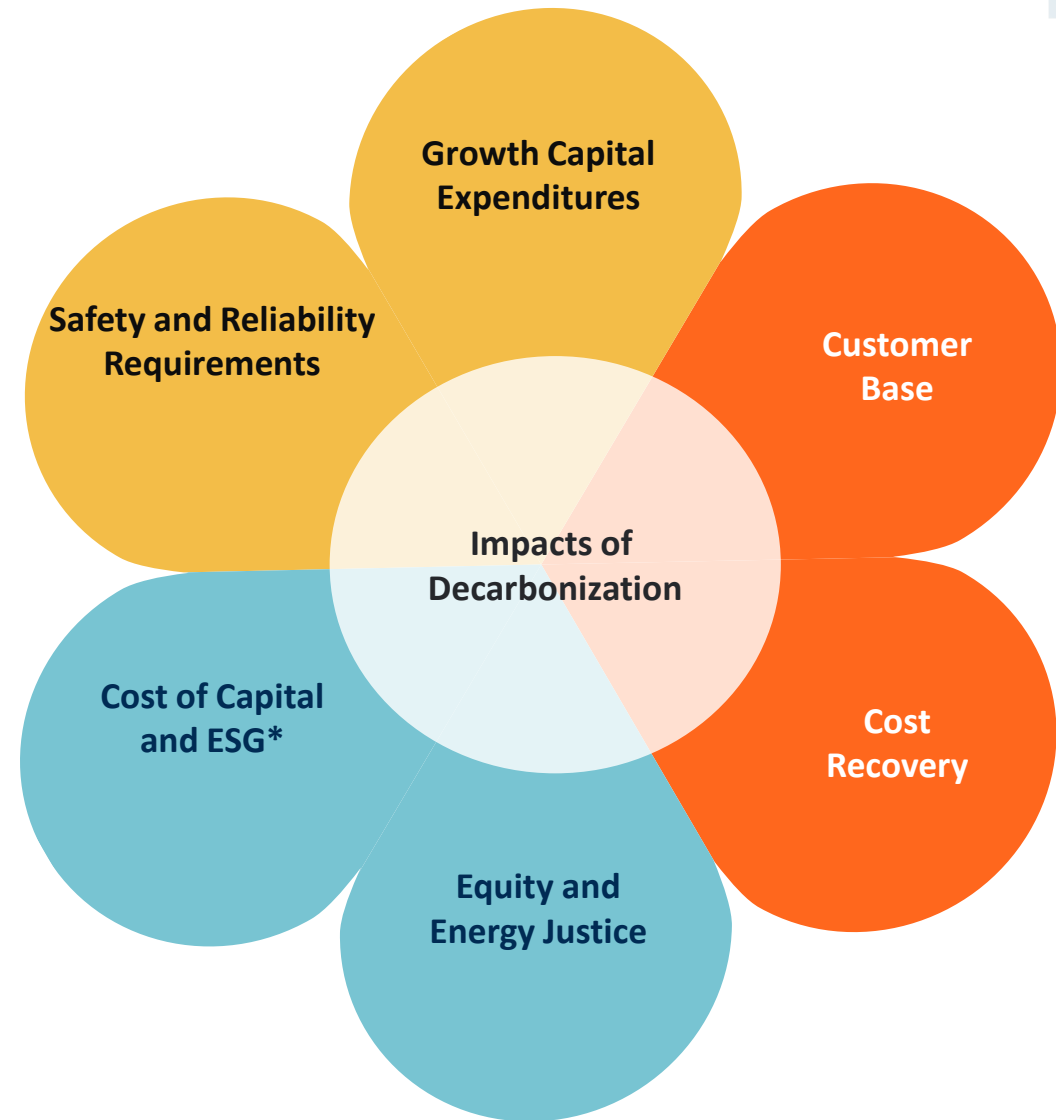
What steps can be taken to get there?

- Performance-based regulation
- Multi-year rate plan
- New programs

Is it a real risk? How big is it, and how immediate?

Without proactive adjustments, utilities face increasing cost recovery risks of capital invested to grow the gas system or to maintain safety and reliability requirements.

Gas utilities and regulators will also need to consider the risks and impact of the transition on low-income and less advantaged communities, who may experience rising bills and longer exposure to emissions.

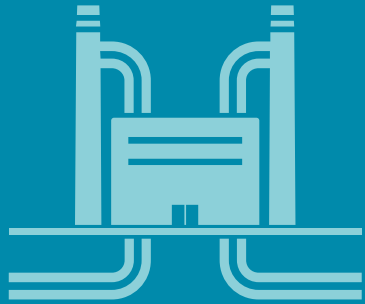


What strategies will enable solutions?

Expanded Regulatory Framework That Enables Solutions



STRATEGIES TO DECARBONIZE WHILE GROWING BUSINESS



ONE

Increase Performance of Existing Infrastructure and Reduce Stranded Asset Risk



TWO

Own and Rate Base Gas Replacement and Decarb Infrastructure



THREE

Reduce Risk and Secure Financial Lives of Infrastructure



FOUR

Decarbonize Supply for Future Gas Demand

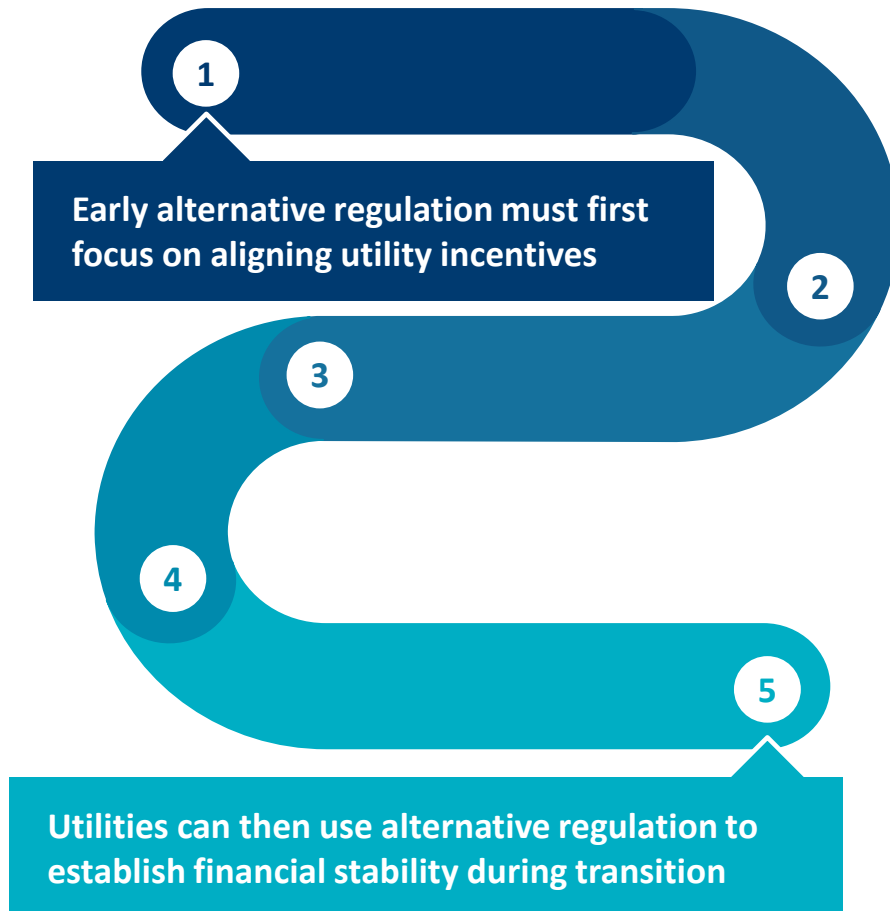


FIVE

Long-Term Business Solutions

What steps can be taken to get there?

These steps can help secure paradigm-shifting regulatory mechanisms for investing in new technologies and for taking on new roles. Utilities need to leverage that support early and proactively rather than later and defensively.



- 1 PROGRAM COST RECOVERY
- 2 DECOUPLING/LOST REVENUE ADJUSTMENT MECHANISM
- 3 RATE OF RETURN INCENTIVES
- 4 SHARED NET BENEFITS
- 5 PERFORMANCE INCENTIVE MECHANISMS (PIMS)



Committee on Gas: Navigating Gas Utilities to a Decarbonized and Financially Sound Future



Thanks for attending.
The next session begins at 3:15 pm.