

EEI ESG/Sustainability Template Version 2 – Qualitative Con Edison

Con Edison is dedicated to making a transformational impact on the environment, our region, and the lives of the people we serve. We have a governance structure and strategy in place to harness the skills and intellect of our employees consistent with sound, sustainable principles.

Governance: Setting Priorities and Strategy

To help guide and oversee our sustainability strategy, we have developed a governance structure that extends from our board of directors all the way to volunteers at the employee level. Our structure includes:

- Board of Directors
- Safety, Environment, Operations, and Sustainability Committee of the Board
- Officer-level Environment, Social, and Governance Committee
- Volunteer sustainability ambassadors

We engaged BSR, a leading sustainability consulting firm, to assist us in developing our sustainability materiality assessment and determine our key sustainability priorities, and in 2019 we worked with New York University in refreshing that assessment and resulting priorities.

We have integrated our sustainability priorities, including our Climate Change Implementation Plan, into our long-range planning. Our 20-year plan for our electric and gas businesses is designed to help us navigate today's challenges while preparing for changes in the energy landscape. The plans are available on our website at the following links:

<https://www.coned.com/-/media/files/coned/documents/our-energy-future/our-energy-projects/electric-long-range-plan.pdf>

<https://www.coned.com/-/media/files/coned/documents/our-energy-future/our-energy-projects/gas-long-range-plan.pdf>

Con Edison's energy infrastructure is vulnerable to the effects of climate change, and the company recognizes the global scientific consensus that these changes are accelerating. Accordingly, in December 2020, the company released our Climate Change Implementation Plan, a follow-up to our landmark 2019 Climate Change Vulnerability Study. The 36-month study, performed in conjunction with ICF International and Columbia University's Lamont-Doherty Earth Observatory, evaluated our present-day infrastructure, design specifications and procedures under a range of potential climate futures.

The plan reflects not only the experience of experts throughout Con Edison, but also the feedback, input, and experience of more than 50 stakeholders, including New York State Department of Public Service staff, municipal representatives, and environmental advocacy organizations.

The company's announced pathways prepare for the upper end of adverse potential climate change, preparing for the possibility that the goals set out in the Paris Agreement are not met. The plan addresses mitigation measures in response to identified company-specific climate-driven impacts:

- * Sea level rise
- * Coastal storm surge
- * Inland flooding from intense rainfall
- * Hurricane-strength winds, and
- * Extreme heat

The study estimates that we may need to invest between \$1.8 billion and \$5.2 billion by 2050 on targeted programs to protect our electric, gas and steam delivery systems from the impacts of climate change so that we can maintain current service quality for our customers.

Con Edison is already using its climate change projections for decisions in areas such as power supply forecasting. We will integrate climate considerations into other processes beginning in 2021. In addition, the company formed a new executive-level committee focused on climate risk and resilience.

While the Climate Change Implementation Plan provides a strong foundation for action, Con Edison will adjust its plans to incorporate new science and changing customer needs. It will review its climate projections annually and update them at least every five years. The company will provide regular public reporting on its progress through its annual Sustainability Report and other disclosures.

Our Clean Energy Commitment

While the company prepares for the potential for adverse impact from climate change, our broader efforts are directed toward reducing adverse climate impact. We are the 2nd largest owner and operator of solar electricity production facilities in North America with a portfolio of 3,600 MW of utility-scale solar- and wind-powered generation in 21 states. And in early 2021, we announced a contract for a landmark 100-MW battery storage development in New York City. These efforts are part of the company's commitment to lead and deliver the transition to the clean energy future that our customers deserve and expect.

We are working together with government, our customers, industry, and stakeholders to help reduce the use of fossil fuels. This is our vision for a clean, smart, and reliable energy future—for all our customers, our children, and future generations.

Tripling Energy Efficiency by 2030

- Cleanest technology because it is energy use avoided
- Plan to invest \$1.5 billion in energy efficiency by 2025 to meet statewide targets

100% Clean Electricity in New York State by 2040

- We want to use our expertise in developing, owning, and operating renewable generation outside of New York to benefit our customers. To do so, we are seeking governmental authorization to add thousands of megawatts of medium- and large-scale renewable generation in our State
- As the second largest solar producer in the U.S. and the seventh largest in the world, we look to expand our development of renewable projects nationally
- We will continue investing in new transmission and energy storage to support the increased use of clean energy resources
- We are working to increase access to clean energy in all our communities, particularly in underserved neighborhoods.

All-in Support for Electric Vehicles

- We will accelerate the necessary transition to electric cars, trucks, and buses by connecting thousands of new public and customer-owned charging stations
- Light-duty electric vehicle “make-ready” program approved by the New York State Public Service Commission (NYSPSC) in July 2020 includes \$290 million investment for Con Edison Company of New York (CECONY) and \$24 million investment for Orange and Rockland Utilities (O&R) through 2025
- CECONY's current rate plan includes \$52 million in electric vehicle programs (\$30 million included in July 2020 “make-ready” order)

Accelerating Reduction of Fossil Fuels for Heating

- We will expand efforts to reduce the use of fossil fuels for heating through energy efficiency, investing in emerging technologies, and our innovative clean-energy technologies, including our Smart Solutions program

Our Clean Energy Commitment is available on our website at the following link:

<https://www.coned.com/en/our-energy-future/our-energy-vision/our-energy-future-commitment>

Our Guiding Principles

Our Clean Energy Commitment and our Climate Change Implementation Plan are consistent with three guiding principles we have adopted for protecting the environment, maintaining our best-in-class reliability, and managing customer costs — safety, operational excellence, and enhancing the customer experience.

Our strategy stems from these three priorities and embraces the growing concern globally over the impacts of climate change and the desire of customers and the public to have increasing say over how their energy is produced and used.

Accordingly, our strategy involves three areas where we can positively impact society and our planet while building value for our stakeholders:

- Strengthen our core utility business
- Pursue additional regulated growth opportunities to add value in the evolving industry
- Grow existing clean energy businesses and pursue additional clean energy growth opportunities consistent with our risk appetite

Customer Focused	Value Oriented	Strategic
Provide safe and reliable service	Provide steady, predictable earnings	Strengthen core utility delivery business
Enhance the customer experience	Maintain balance sheet stability	Pursue additional regulated growth opportunities to add value in the evolving industry
Achieve operational excellence and cost optimization	Pay attractive, growing dividends	Grow existing clean energy businesses and pursue additional clean energy growth opportunities consistent with our risk appetite

Core Utility Guiding Principle: Safety

Safety is the cornerstone of all that we do at Con Edison. We continue to strive for a zero-harm work environment for our employees and the public we serve.

We have been aggressive in upgrading our systems to better protect them against severe weather, having invested \$1 billion over four years following Super Storm Sandy. We coordinated with Westchester County in New York to invest an additional \$100 million to fortify our electric system following a pair of successive severe storms in 2018.

In our gas systems, we have focused on safety as well as reducing harmful methane emissions through our priority pipe replacement. Orange & Rockland (O&R) completed its priority pipe replacement program

and retired its low-pressure gas system. CECONY replaced 97 miles of priority pipe in 2019 and 67 miles during the pandemic-restrained 2020. CECONY is on track to complete its program in 2036.

Con Edison was the first utility in the country to install natural-gas detectors that monitor the air at the point where our gas service pipes enter buildings, and in 2020 we completed more than 10,766 installations.

Going far beyond industry standards, CECONY surveys its electric and gas distribution systems monthly for stray voltage and leaks respectively.

Core Utility Guiding Principle: Enhancing the customer experience

Our customers want more access to renewables, energy efficiency, demand response, storage, and information to help them manage their energy usage and bills.

As part of our \$1.4 billion, multi-year, smart meter investment, we have installed more than 3 million state-of-the-art meters to date and will install the remaining 1.5 million customer meters by 2022. Smart meters are the cornerstone of our efforts to provide customers with greater insights into their energy use through near real-time data—a truly transformational technology.

We are already seeing customer benefits from our smart meter investment. For example, we have shortened customer restoration times following storms by integrating smart meter information into our outage management system, as we have done at O&R. Net cost savings from smart meters are expected to accumulate to \$1 billion over the life of the assets.

The environmental benefits are substantial as well: we expect to be able to reduce distribution voltage by as much as 3%, resulting in a one-and-a-half percent reduction in electricity usage and therefore electricity production. Smart meters also make possible more interactive rate designs that send the right signals to customers to be efficient in their electricity consumption.

Sequenced with our smart meter rollout are two other customer-focused investments:

- A new \$421 million customer service system that will further enhance our energy efficiency and demand response programs, and
- A \$68 million next-generation customer experience program that will advance our digital customer experience.

Our energy efficiency programs have helped more than one million customers and prevented 7 million metric tons of carbon emissions, equal to taking more than one million cars off the road.

Our utilities also have key roles in the 2nd largest State-authorized electric vehicle make-ready initiative in the U.S. CECONY and O&R will be investing more than \$350 million by 2025 to develop EV charging stations in our service areas with targets as follows:

- CECONY - targeting 18,539 Level 2 (L2) plugs and 457 direct current fast charge (DCFC) plugs
- O&R - targeting 2,845 Level 2 (L2) plugs and 71 direct current fast charge (DCFC) plugs

Core Utility Guiding Principle: Operational Excellence and Cost Optimization

Con Edison's electric system has historically been the most reliable electric system in the country by a sizeable margin. Nevertheless, we recognize that we can do better. We are deploying sensors, using robotics to monitor our systems, adding analytics, and using other technologies to achieve the operational excellence that our customers demand.

Minimizing intentional malfeasance is key to operational excellence. We continue to invest in and enhance our cyber and physical security. Last year, we participated in multiple large-scale drills with the government and other major utilities to prepare for cyber and physical threats to the U.S. power grid and to develop technology to speed up restoration.

When it comes to a cleaner, more efficient future, our strategy involves reducing harmful emissions and expanding our portfolio of renewable energy production.

Con Edison Clean Energy Businesses

The Clean Energy Businesses (CEBs) are forecasted to grow over time, as state-level clean energy targets and advancements in renewable technologies present opportunities for investment. On December 31, 2020, the CEBs had 3,240 MW (AC) of utility-scale renewable energy production projects in service (2,809 MW) or in construction (431 MW) and 70 MW (AC) of behind-the-meter renewable energy production projects in service (59 MW) or in construction (11 MW). The nameplate capacity of our assets is 85% solar and 15% wind. We have projects in 21 states in the U.S. and are the second largest owner and producer of solar electricity production facilities in North America.

The pursuit of our strategic objectives should enable us to continue to provide steady, predictable earnings, maintain balance sheet stability, and pay attractive, growing dividends for our shareholders.

Additional Opportunities in Electric Transmission

To connect new renewable energy projects to customers, Con Edison seeks to develop and own electric transmission. New York State, our principle state regulatory jurisdiction, has a goal of 70% renewable electricity by 2030.

During the 4th quarter of 2020, CECONY filed with the NYSPSC to build three electric transmission projects at an estimated cost of \$780 million to provide relief from the anticipated closure of third-party electric generating peaking plants that do not meet NOx emission standards and to enable delivery of renewable generation – both from offshore and from upstate. One project would need to be in service by 2023 and the other two by 2025.

CECONY, O&R and other state utilities filed with the NYSPSC a request to construct additional electric transmission that supports the State's climate mandates of the CLCPA and the Accelerated Renewable Energy Growth and Community Benefit Act.

Con Edison Transmission, the company's subsidiary regulated by the Federal Energy Regulatory Commission (FERC), is a 45.7% owner of NY Transco. NY Transco is constructing a \$600 million electric transmission line that will enhance the grid's reliability and bring renewable energy to customers. The line is scheduled to be in service in December 2023. Along with another segment under construction, it will increase by 1,850 MW.