

Consumer Power Advocates

Continuum Health Partners
Fordham University
Luthin Associates, Inc.
Memorial Sloan Kettering Cancer Center

Mount Sinai Medical Center
New York University
NYU Medical Center
St. Vincent Catholic Medical Centers

HAND DELIVERED

March 26, 2007

Hon. Jaclyn A. Brillling
Secretary
Public Service Commission
3 Empire Plaza
Albany, New York 12223

Re: Case 08-E-0176 Tariff Filing of Consolidated Edison Company of New
York, Inc. to Modify Rider U – Distribution Load
`Relief Program

Dear Ms. Brillling:

These are the comments of Consumer Power Advocates (CPA) regarding the filing made by the Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) in the above captioned proceedings. CPA is an organization of several large non-profit medical and educational institutions in New York City, all of which purchase large amount of electricity as customers of Con Edison. As such, CPA has an interest in the above case. All communications, correspondence, and documents related to this proceeding should be directed to the following:

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CPA's responses to the first two of the four questions asked by the Commission are as follows:

- 1. What is the reasonable compensation level for the response expected by a Rider U customer and what is the basis for that level?**
- 2. If customers participate in Rider U as well as the NYISO Special Case Resources (SCR) program, should there be an upper limit on combined compensation? If yes, upon what should that upper limit be based and how should it be structured?**

CPA believes that nearly all DLRP participants are also SCR resources, and that the larger amount of compensation was provided through the SCR program. The issue of combined compensation is a difficult one, given the volatility of the NYISO ICAP markets, and necessity of assuring continued response by DLRP participants to avoid the cost of distribution network upgrades. If the current depressed ICAP spot market prices (\$1.05/kW-month) were to hold for the summer, total compensation for DLRP participants would decrease from about \$15/kW-month to \$4.05/kW-month. At that price, many participants may choose not to participate this year in either the SCR program or in DLRP. The NYISO auctions are well positioned to accommodate these decisions to withhold resources, because this withdrawal of resources only results in a higher ICAP price, without violating reliability criteria.

The situation of DLRP is more difficult. If insufficient DLRP resources are available, Con Edison can only respond with costly distribution upgrades or by reductions in reliability. The former is unlikely because of the long time frame needed to plan and complete such

projects, so the latter will occur either by mandatory curtailments or, worse, by service failures.

In order to avoid the possibility of service failures, the Summer Reservation Payment (SRP) should be set monthly for all participants, at the discretion of Con Edison and at a level sufficient to procure adequate load relief, between the current \$3/kW-month and \$12/kW-month. (The first price is the current SRP, the second is sufficient to provide the same total payment is received last year by joint SCR-DLRP participants.) While this is an imperfect solution, it will allow Con Edison to offer adequate payment to continue the success of DLRP and avoid the worst consequences of a reduction of that program.

3. If a customer participates in Rider U as well as the SCR program, how should the sequence of program activation be coordinated?

From the perspective of our members, communication between plant operators and those responsible for calling demand response events is a key concern. The network constraints addressed by Rider U are likely to occur more or less concurrently with SCR events. Response to calls under both programs require a variety of operational changes by participants, some of which require reasonable lead time and which may be irreversible for some time. Con Edison and NYISO should develop protocols to avoid confusion among participants regarding the specific event requirements. To that end, the requirements of both programs should be made as similar as possible, consistent with the purpose of each program. For example, the NYISO SCR program requires a 2-hour notice period, and that requirement should be adopted in Rider U. Similarly, NYISO allows the enrollment of SCR resources on a monthly basis in the spot market auctions, and Con Edison should allow monthly enrollment in DLRP on a monthly basis as well. Particularly this summer, with the current uncertainty about the final Rider U rules, it is important to allow this option to all potential participants.

4. Should the compensation levels and participation requirements be different for the participants who utilize generation behind the meter?

Behind-the-meter generation provides the same benefits to the grid as load curtailment, and should receive identical payment.

CPA thanks the Commission for this opportunity to comment and urges that it adopt our recommendations regarding Rider U.

Respectfully submitted,

ss//Catherine M. Luthin

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