

Consumer Power Advocates

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

Montefiore Medical Center
Mount Sinai Medical Center
New York University
NYU Hospitals Center

Via e-mail: secretary@dps.ny.gov

February 3, 2011

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

Re: Case 09-E-0115: Consolidated Edison Demand Response Tariff Revisions

Dear Ms. Brillling,

Consumer Power Advocates is an association of large, non-profit universities and medical institutions that collectively employ over 115,000 people with over \$13 billion in annual operating expenditures, whose primary goal is to decrease the cost of energy to consumers through regulatory intervention, advocacy before governmental officials, and the development of energy efficiency, economic development, and other programs and initiatives targeted to large energy consumers in New York City. Eight of CPA's recent member hospitals are among the 15 largest regional health organizations, including five of the six biggest, and seven are among New York City's 18 largest employers. Many of our members participate in either the Con Ed Demand Response (DR) programs or the NYISO programs. Member organizations include Continuum Health Partners, Fordham University, Memorial Sloan Kettering Cancer Center, NYU Medical Centers, Mount Sinai Medical Center, Montefiore Medical Center, and New York University.

CPA is an active party in the above captioned case, and we offer these comments in response to the Con Ed's recent November 17, 2011 tariff filing modifying its demand response (DR) programs.

The Commission should continue to support Distributed Generation Development in New York.

CPA supports Distributed Generation ("DG") and is particularly concerned with maintaining and enhancing the viability of DG in New York City. The benefits of DG are well known. New York's energy policy recognizes the important contribution of DG systems to "energy and cost reductions, improved energy

security and reliability and reductions in air emissions.”¹ Moreover, the New York Energy Research and Development Authority (“NYSERDA”) recently was tasked by the Commission to continue its successful CHP Demonstration Programs to be administered under the fourth phase of the system benefits Charge.²

Given the recognized benefits above, the Commission must diligently guard against the introduction of new barriers and disincentives that undermine existing plants or discourage investment in new DG plants. The Con Edison Tariff filing includes the imposition of such barriers and disincentives and thus presents an opportunity for the Commission to emphasize the importance of DG by rejecting these barriers and disincentives.

In the past, Con Ed has requested and received support from our members who operate DGs, without compensation. With the innovation of Contract Demand charges (CD), Con Ed will not only expect RA-SC14 customers to continue that voluntary support, it would be unable to provide the standby service that SC14 customers are entitled to during high load periods..

The Con Edison Customer Base Load (CBL) method should not be used for base loaded distributed generators (DGs).

The CBL method effectively prevents reliable, secure, clean base loaded DGs from receiving payments under Riders U and S. CBL estimates demand reduction by deducting metered load during an event from an average of the metered load in a number of preceding days. It is obvious that a reliable, secure and clean base loaded plant that continues to run at the same level before and during a load relief event provides no incremental load relief on the local network. It is equally obvious that these reliable, secure and clean DGs would exacerbate the high load emergency condition by shutting down during those events.

DG owners have no obligation to run at any time, and in fact pay a separate contract demand charge specifically for the assurance that their loads can be served all hours of the year by Con Ed under RA SC14. Con Ed must maintain adequate capacity at every level to support that. To the extent that a local network requires load relief, the Company should pay all local resources that provide that relief, and pay all participating DGs an equivalent payment to require them to continue operating. Alternately, if the Commission determines that DGs cannot effectively participate in Riders U or S, it should recognize that, on those networks for which Riders U and/or S apply, Con Edison cannot meet its obligation to provide

¹ 2009 State Energy Plan, Volume 1 (December, 2009) at 28

² Cases 10-M-0457 and 05-M-0090

standby service in some hours. In that circumstance the Company is not meeting its service obligation, so it should forgive the SC14 contract demand charge for customers on those networks that have a need for relief.

This treatment of DG is the correct economic solution. By requiring Rider U or Rider S payments to DGs that are subject to CD charges, network relief will be priced correctly on networks that have a potential stress from customers with large standby requirements. By making it more costly for Con Ed to purchase network relief on those networks, it sends the correct price signal to Con Ed in its evaluation of network upgrade projects.

The participation of SC 11 customers should be allowed.

Con Ed has filed revisions excluding participation of Riders U and S load relief programs by DGs that export energy to the grid and all SC11 customers. This should be rejected.

Rider U events are called when part(s) of the Con Ed system are approaching Condition Yellow or Voltage Reduction of at least 5%. Load relief evaluation solely based on immediate grid load reduction appears myopic. We are not aware of any local network failures of any magnitude that did not involve the failure of multiple feeders to the network. Typically, networks fail as feeders become overloaded and each feeder's failure increases the load on the remaining feeders. Approved synchronous and Inverter based DG's do not negatively impact loading on circuits. Synchronous and inverter based DG's that export directly to the local network perform the same function as feeders and the loss of export from those DG's increases the load on the system feeders in the same way as any other supply failure. The company has provided no basis to exclude these resources. Therefore, we suggest that Con Edison include those customers who have the ability to export power as eligible for Riders U.

Rider S events are called when the day-ahead forecasted load level is at least 96 percent of the forecasted summer system-wide peak. There is considerable value to adding additional power to the grid under such conditions. Approved synchronous and Inverter based DG's do not negatively impact loading on circuits. Synchronous and inverter based DG's that export directly to the local network perform the same function as feeders and the availability of export from those DG' customers provide a benefit to the system. The Company has provided no basis to exclude these resources. Although export was not included in 2011's Rider S provisions, we believe that it should be included in the 2012 Tariff.

In both Rider U and S, it appears that the Company has not considered a customer that both imports and exports power depending upon time of day, availability of DG resources, and incentives. The Commission should encourage those customers that have an SC 11 connection to be eligible to be compensated to reduce

load in the Rider U and S programs. We suggest that all SC 11 customers be eligible for participation in Rider U and Rider S.

Thank you for the opportunity to offer these comments.

Very truly yours,

Catherine M. Luthin

Executive Director