

Consumer Power Advocates

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

Montefiore Medical Center
Mount Sinai Medical Center
New York Presbyterian Hospital
New York University

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

April 8, 2013

Honorable Jeffrey Cohen
Acting Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

RE: Case 12-E-0503- Generation Retirement Contingency Plans

Dear Acting Secretary Cohen:

Consumer Power Advocates' mission is to lower energy costs for our members through representation in energy-related regulatory and legislative proceedings. CPA is an alliance of large not-for-profit institutions in the greater New York region. Our membership is open to hospitals, universities, medical schools, and cultural institutions. CPA members include some of the largest employers and energy users in New York State. Six of our recent member hospitals are among the 15 largest regional health organizations including five of the ten largest. Six current CPA members, among hospitals, universities, and other related institutions, are among New York City's 25 largest employers according to *Crain's New York Business*.

Below is a list of our current members:

New York Presbyterian Hospital
Continuum Health Partners
Fordham University
Memorial Sloan-Kettering Cancer Center
Montefiore Medical Center
Mount Sinai Medical Center

535 Main Street, Allenhurst NJ 07711
Tel 732-774-0005 Fax 732-774-0049

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We offer these comments in response to the Commission's November 30, 2012 Order and Notice Seeking Comments in the above captioned cases.

CPA supports a balanced approach to meeting reliability needs. The Contingency Plan includes certain Transmission Owner Transmission Solutions (TOTS), a request for proposals (RFP) for other transmission and generation solutions, and a large and potentially costly energy efficiency and demand response program (EE/DR). To the extent possible, these paths should be evaluated on the same basis. We find that the Plan does not allow for such an evaluation.

First, the Plan requires approval of TOTS before the issuance of the RFP. Obviously, this prejudices the issue of which solution or combination of solutions best meets the identified needs. Perhaps more importantly, Con Edison is requesting that the Department of Public Service Staff (Staff) evaluate proposals, and that the Commission itself approve those found meritorious. These decisions are best made by those Company officials who have operational and financial responsibility for the electric system. To the extent that the Contingency Plan transfers those responsibilities to the Department and Commission, it should be seen as a simple attempt to preempt the Commission's oversight authority, and to avoid responsibility for the prudent implementation of those decisions.

The balanced approach CPA supports also includes EE/DR. Con Edison has proposed to discontinue the use of the total resource cost test (TRC) in favor of a vague "flexible portfolio design." Con Edison states that the TRC "...does not fully capture the

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environmental and societal value for permanently reducing the need for fossil generation capacity.” We agree, and support the development of new measures to evaluate EE/DR. Furthermore,; we support market pricing mechanisms for EE/DR as the best way to insure balance between demand side and supply side solutions.

The Plan includes DR costs of up to \$3000/kW, a number far higher than current DR payments. The NYISO capacity market, which allows for trading of EE/DR through its Special Case Resource program, currently prices New York City capacity at about \$13/kW-month in the Summer, and much less in the Winter. That prices out to an annual cost closer to \$200/kW than the \$3000/kW proposed in the Plan. Even allowing for the price increase caused by the need to expand the EE/DR program to more costly resources, an increase of that magnitude warrants the highest level of scrutiny. We believe a well designed bidding process for EE/DR will minimize the cost of that program. This process should allow offers for both energy and peak load reduction. At the same time, the Commission should not prejudge the prudence of these costs, nor should it approve additional incentive payments without consideration of all other costs. Con Edison has recently filed for new electric rates, and that proceeding is the proper forum to consider shareholder incentives.

Finally, we note that the Plan includes no new funding for distributed generation or combined heat and power (CHP). Considering the large increased cost of EE/DR resources expected by the Company, this omission is baffling. In the past several years, program support for CHP has decreased explicitly because this technology has developed to the point that many believe subsidies are no longer needed. The Contingency Plan, however, is a response to changed circumstances. Specifically, those changed circumstances are that Indian Point and Danskammer retirements may create a reliability

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need that cannot be addressed by market forces in a timely manner, without regulatory action. One of those regulatory actions should be to extend and increase support for proven CHP technology.

Thank you for your consideration of these comments.

Respectfully submitted,

Catherine M. Luthin

Executive Director
Consumer Power Advocates

cc: All Active Parties

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