

# Consumer Power Advocates

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February 20, 2018

## VIA ELECTRONIC FILING

Honorable Kathleen H. Burgess  
Secretary  
New York Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

RE: Case 17-E-0741 – Petition of Consolidated Edison Company of New York, Inc. for Approval of Changes to Commercial Demand Response Programs

Dear Secretary Burgess,

Pursuant to the December 20, 2017 notice in the State Register in the above-captioned proceeding, the Consumer Power Advocates (CPA) hereby submits these letter comments regarding Consolidated Edison's proposed changes to its commercial demand response program.

Consumer Power Advocates (CPA) is a coalition of not-for-profit commercial health care and educational customers in the Consolidated Edison service territory that advocates on behalf of consumer interests before the Commission, NYISO and elsewhere. CPA's members both fund and are active participants in the Company's demand response programs.

On November 30, 2017, the Company proposed a number of changes to its Rider T commercial demand response programs. Con Edison proposes to: 1) extend the maximum period for its Distribution Load Relief Program (DLRP) and Commercial System Relief Program Test Events to four hours, versus the current one-hour limit; 2) require a minimum Performance Factor for Rider T reservation payments; 3) amend the definition of Customer Baseline Load (CBL) to allow for additional CBL options; 4) provide that the first reservation payment will not occur until after performance is demonstrated; 5) base DLRP Tier 2 Networks upon the most recent list of Network Reliability Index (NRI) scores instead of an average of NRI scores for the previous

five years; and 6) waive, for the 2018 Capability Period, the requirement to provide meter data access during demand response events to customers participating in Rider T via an Advanced Metering Infrastructure meter and supporting systems.

CPA's comments are limited to the aspects of the proposal related to the expansion of the Test Events to four hours. CPA takes no position regarding the other aspects of the proposed changes.

**Moving from One-Hour to Four-Hour Maximum Test Event Duration is an Extreme Change that will Adversely Impact Participation**

Con Edison identifies a concern that the existing one-hour test regime overestimates expected performance in the DLRP and CSRP programs, claiming that actual performance in DLRP was only 77% of test event performance in 2015 and only 33% in 2016 (with there being insufficient data to provide a comparison in 2017.) For CSRP, the value for 2015 and 2017 was 86%. The Company hypothesizes, though without any firm evidence, that the reason for the difference between test and actual event performance is the duration of the events, suggesting that aligning the durations would result in a closer alignment in performance. Exacerbating this difficulty in the Company's view is the fact that actual events are seldom called, and when they are, it is for only a small subset of the existing networks.

The Company is concerned that the difference between test and event performance may be an indication that participants are being overcompensated for load reductions that cannot be delivered in practice. It is also concerned that system operators may be relying upon load reduction capability that may not be there when called upon in an emergency or when needed to meet system peaks.

As large Con Edison customers, CPA members bear a significant portion of the costs associated with Rider T. They have an abiding interest, therefore, in ensuring that participants actually deliver the load reductions they are being paid for. However, CPA members are also active participants in both the DLRP and CSRP programs and thus have an interest in ensuring that the program continues to be attractive to participants. These perspectives need to be balanced.

Like other participants, CPA members are willing to reduce their loads when called upon, not only because of the remuneration they receive, but because they recognize the value of helping to keep the lights on when the system is stressed. Like other participants, they also recognize that the programs are infrequently activated and thus need to be tested periodically.

Nevertheless, CPA members and other customers' primary business is not providing load reduction services to the Company. Doing so is disruptive to their businesses, even when the load reductions result from the activation on on-site generation and not operational changes. Minimizing this disruption is key to attracting and retaining DR participants. Testing is at best a necessary evil and one that needs to be kept to the minimum level needed.

One-hour tests for participants that have not otherwise been called upon in earnest are considered necessary and acceptable<sup>1</sup>. Quadrupling that effort, especially when it has not been shown to address the concerns identified by the Company, will not be viewed as necessary, nor will it be considered acceptable. Participation in the programs will suffer as a result.

The Company might argue that less participation would be acceptable if the resources that did participate would be more reliable. However, there is no guarantee at all that this will be the case. It is just as likely that fewer customers will choose to enroll but that performance issues will remain because test duration is not, in fact, the problem.

The author has extensive familiarity with demand response programs throughout the United States, as well as internationally, including audit or testing requirements that are a key feature of every such program. The four-hour testing regime proposed by the Company would be unique in the United States if adopted. Virtually all DR programs, worldwide, have a one-hour test/audit requirement.

Even internationally, we are aware of only two programs that have or had a four hour requirement (Taiwan and Ontario) and in both cases, the requirement acted as a significant barrier to entry and significantly increased costs. Con Edison is hardly the first system operator to think of aligning event and test response durations. Such has been considered in the case of virtually every program. However, the concept has been uniformly rejected because of the negative impacts it would have on participant uptake.

CPA is sympathetic to the Company's goals, but cannot support the specific proposal being advanced. It is simply too extreme and too likely to overburden participants. Demand response is the first and longest extant DER program in the state. At a time when Commission policy strongly favors growing DERs, it would be a mistake to enact program changes to the otherwise broadly successful DLRP and CSRP programs that can only have the effect of reducing

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<sup>1</sup> / It should go without saying that any customer that has responded to an actual call should not be subject to testing of any sort. The only reason for a test is to demonstrate the ability to respond when called upon. Having done so in earnest, no testing is needed. The Commission should direct the Company to clarify that testing will not be required of any customer that has responded to an actual event.

participation.

Instead, CPA proposes that the Commission consider a more gradual approach. Specifically, if any alteration is to be made at all, the maximum test event duration should be expanded to two hours instead of four. If there continues to be an unacceptably large difference between test and event performance following this change, the Company can propose moving to a three-hour test window.

### **Conclusion**

CPA understands and sympathizes with the Company's motivation in wanting to align test event duration with actual event requirements, but believes that quadrupling the maximum test event duration represents too big a change to make at this time. A more gradual approach should be adopted that will reduce participant impact. If any change is to be made at all, a two-hour maximum test event duration should be adopted instead. If this does not address the concerns raised by the Company, a longer maximum can be proposed at a later time.

Respectfully Submitted,

/s/

Aaron Breidenbaugh  
Director of Regulatory Affairs

cc: Active Parties