

# Consumer Power Advocates

Columbia University Medical Center  
Fordham University  
Memorial Sloan Kettering Cancer Center  
NYU Langone Medical Center

Mount Sinai Health System  
New York Presbyterian Hospital  
New York University

February 1, 2019

## VIA ELECTRONIC FILING

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

RE: Case 18-M-0739 – Petition of City of New York for a Declaratory Ruling Regarding Consolidated Edison Company of New York, Inc.'s Standby Rate Exemptions Under Its Steam and Electric Service Tariffs

Dear Secretary Burgess,

Luthin Associates and the Consumer Power Advocates (CPA) hereby submits these letter comments regarding the above-captioned Petition (the Bellvue Petition.) 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 use significant quantities of natural gas and have been at the forefront of providing innovative solutions to addressing electric and gas challenges in New York City.

### **The Bellvue Petition Should Be Granted**

Luthin Associates has a number of clients, including members of CPA that are currently Con Edison steam customers and who are considering installing or upgrading combined heat and power (CHP) systems. A number have identified excessive steam standby charges as a major

obstacle to further consideration of these projects. As in the case of the Bellvue project, excessive standby charges are driving these clients to consider the installation of smaller projects than might otherwise be the case. As in the case of Bellvue, such under sizing would reduce the resiliency benefits that might otherwise obtain. As most of these clients are either hospitals or universities, resiliency is an important consideration, especially for vulnerable human needs situations.

One of the options that these rates are driving clients to consider is leaving the Con Edison steam system altogether and relying entirely upon their existing or new boilers to ensure continuity of heating service in the event that their CHP systems are forced out of service. This would obviously be a suboptimal outcome for the remaining steam customers as their revenue contributions would be lost.

Many of these projects are still in their early stages, with various sizing decisions yet to be made. Even if they were known, we would not be at liberty to disclose them for competitive reasons. As such, we cannot provide estimates or assurances as to the potential revenue impacts. It is unlikely that all or even most of these projects will proceed, but even if most did, we do not believe that the revenue impacts would be significant.

To the extent that the Commission believes that lost revenue impacts should be a determining factor in whether exemptions should be granted, we would support the adoption of a reasonable limit on future standby rate exemptions.

As is discussed in the Bellvue petition, the Commission has often recognized that standby and backup rates have a long and problematic history as obstacles to the development of new, clean CHP projects. The same logic that justified the adoption of the Designated Technologies Exemption (DTE) supported the Targeted Exemption on the electric side. Likewise, the logic that led the Commission to endorse the steam exemption associated with the DTE applies with equal force to the adoption of a steam exemption for projects eligible for the Targeted Exemption.

Accordingly, for the other reasons noted by Bellvue, and because there are a number of other similarly-situated projects that are adversely affected by the same issue, Luthin and CPA endorse the Petition and supporting comments submitted by Bellvue and urge the Commission to grant the relief requested.

Alternatively, the Commission should extend the deadline for projects under the DTE for three more years, along with the associated steam exemption. This would allow meritorious projects to proceed, while allowing the Company, stakeholders, and the Commission the

opportunity to address the issues more comprehensively, as part of the generic investigation of standby rates, the Company's upcoming general rate case, or elsewhere.

Respectfully Submitted,

/s/

Aaron Breidenbaugh

Director of Regulatory Affairs