

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

CASE 14-M-0101

Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision.

**REPLY COMMENTS OF
CONSOLIDATED EDISON SOLUTIONS, INC.**

In accordance with the *Ruling Modifying Process for Filing Comments on Track One Staff Straw Proposal*, issued on August 25, 2014, by Hon. Julia Smead Bielawski and Hon. Eleanor Stein, Administrative Law Judges (“Ruling”), Consolidated Edison Solutions, Inc. (“ConEdison Solutions”) submits these reply comments in response to the initial comments filed by Multiple Intervenors in connection with the *Developing The REV Market In New York: DPS Staff Straw Proposal On Track One Issues* dated August 22, 2014.

ConEdison Solutions is an energy services company (“ESCO”) that sells retail electricity to customers in every utility territory in New York, including within the service territory of its utility affiliates, Con Edison Company of New York and Orange and Rockland. In addition to retail electricity sales, ConEdison Solutions also provides customers with a variety of energy service products, including energy efficiency and demand response products, as well as renewable and conventional on-site generation.

VI. MITIGATING MARKET POWER

A. Utility Engagement in Distributed Energy Resources and Vertical Market Power Concerns

3. Discussion and Recommendation

In its initial comments, Multiple Intervenors suggests that affiliates of utilities should be precluded from owning Distributed Energy Resources (“DER”) based upon the single and unsubstantiated statement that “market power concerns identified with respect to direct utility

engagement in DER also exist, and arguably are amplified, with respect to unregulated utility affiliates.”¹

The State of New York Public Service Commission (“Commission”) has established Codes of Conduct that address the relationship between utilities and their competitive affiliates, like ConEdison Solutions, which provide customers with retail gas and electricity as well as competitive energy products like efficiency services, demand response measures, and both conventional and renewable on-site generation. These competitive energy products, which ConEdison Solutions has been offering to customers for nearly 20 years, are precisely the kind of DER products that the Commission is expecting to participate in REV initiatives.

The Commission recently approved a request to not apply its Vertical Market Power (“VMP”) Policy for installations of up to 100 MW of renewable generating facilities by ConEdison Solutions and ConEdison Development in each of the affiliated utility service territories. The Commission, in approving the request, added an additional reporting requirement when affiliates request utility interconnections for such projects and concluded that “[t]he VMP Policy presumption -- that utility affiliation with generation ownership creates the incentive for the exercise of market power in pursuit of higher market prices for that generation - is overcome under these circumstances”².

The Commission should reject the request of Multiple Intervenors to restrict the ability for utility affiliates to own and operate DER facilities within their affiliated utility’s service territory. Such a restriction is unwarranted, would be inconsistent with the long-standing practice of ConEdison Solutions in providing such services, and, further, would undermine the

¹ Multiple Intervenors comments at page 32

² See Commission Order in Case 10-E-0497 (issued February 17, 2011), page 8.

ability of customers in the Con Edison and Orange and Rockland service territories, including potential clients of Multiple Intervenors, from continuing to work with an existing service supplier to install DER equipment and implement demand response and other operational strategies.

Respectfully submitted,

/s/ Stephen B. Wemple

Stephen B. Wemple
Vice President, Regulatory Affairs for
Consolidated Edison Solutions, Inc.
100 Summit Lake Drive, Suite 410
Valhalla, NY 10595

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