

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on June 17, 2015

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair  
Patricia L. Acampora  
Gregg C. Sayre  
Diane X. Burman, concurring in part and dissenting in part

CASE 14-E-0423 - Proceeding on Motion of the Commission to  
Develop Dynamic Load Management Programs.

CASE 15-E-0186 - Central Hudson Gas & Electric Corporation  
CASE 15-E-0188 - New York State Electric & Gas Corporation  
CASE 15-E-0189 - Niagara Mohawk Power Corporation d/b/a National  
Grid  
CASE 15-E-0190 - Rochester Gas and Electric Corporation  
CASE 15-E-0191 - Orange and Rockland Utilities, Inc.

Petitions to Effectuate Dynamic Load Management  
Programs.

ORDER ADOPTING DYNAMIC LOAD MANAGEMENT FILINGS  
WITH MODIFICATIONS

(Issued and Effective June 18, 2015)

BY THE COMMISSION:

INTRODUCTION

In the Reforming the Energy Vision (REV) proceeding,<sup>1</sup> a process has been adopted for transitioning the electric system to new paradigm focused on harnessing new technology and markets in a customer-centered manner while continuing to ensure safe and adequate service at just and reasonable rates. As part of

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<sup>1</sup> Case 14-M-0101, Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015).

this process, the proceeding on Dynamic Load Management (DLM) was initiated on December 15, 2014 in the DLM Order.<sup>2</sup> There, it was explained that DLM strategies, including Demand Response (DR), can provide a number of system and public policy benefits consistent with the REV objectives, including reliability, economic, and environmental benefits. These benefits also include deferral or avoidance of distribution or bulk power infrastructure spending, improvement of overall system efficiency, and furtherance of system reliability and resiliency.

In the DLM Order, the Commission recognized that Consolidated Edison of New York, Inc. (Con Edison) had implemented and developed distribution-level DR programs in response to Commission directives and was deriving substantial benefits from those programs. Based on this existing experience, it was determined that distribution-level DR programs are proven "no regrets" cost effective programs, for which immediate implementation was appropriate.

For these reasons all electric distribution utilities without dynamic load management (DLM programs) were directed to develop DLM programs and file draft tariffs for such programs for implementation for the summer of 2015.<sup>3</sup> Draft tariff filings were received from Central Hudson Gas & Electric Corporation (Central Hudson), New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk), Rochester Gas and Electric Corporation (RG&E),

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<sup>2</sup> Case 14-E-0423, Dynamic Load Management Programs, Order Instituting Proceeding Regarding Dynamic Load Management and Directing Tariff Filings (issued December 15, 2014).

<sup>3</sup> Case 14-E-0423, supra, Order Instituting Proceeding Regarding Dynamic Load Management and Directing Tariff Filings (issued December 15, 2014).

and Orange and Rockland Utilities, Inc. (O&R) (jointly, the utilities), on March 23, 2015.

In this order, those draft tariffs are approved with modifications and each utility is directed to submit final tariffs as a compliance filing with an effective date of July 1, 2015. This will allow the DLM programs to begin operation this summer. Since significant expansion of several of the programs for the summer 2016 period is expected, each utility shall make a filing before January 7, 2016 proposing those changes and such other changes as are deemed appropriate. Each utility shall also file an annual report on DLM programs.

The DLM programs adopted today will be instrumental in the delivery of longer term benefits to New Yorkers, including avoiding or delaying transmission and distribution system investment, promoting energy efficiency, and improving the reliability and resiliency of electricity delivery systems. These programs, however, are only a first step to addressing the development of DLM. It is expected that Department of Public Service Staff (Staff) will continue to facilitate stakeholder discussions on developing innovative programs to address market needs, leveraging the resources that these programs will produce, and complementing other third-party product and service offerings. Demonstration projects developed through REV will also reveal opportunities for integration of dynamic load management into utility systems. These developments will continue in parallel as the REV proceeding moves forward. DLM programs will ultimately be integrated into utility system planning and operations and be accomplished by market mechanisms.

BACKGROUND

In the DLM Order, the utilities were directed to work with Staff and other stakeholders to develop DLM programs using the guidelines in the appendix attached to that order. The guidelines included three types of DLM programs: (1) a peak shaving program that can be called on a day-ahead basis when next-day forecast load approaches the forecast summer system peak load; (2) a local distribution reliability program that can be called in order to address local reliability issues in specific defined electrical or geographic areas; and (3) a direct load control (DLC) program allowing customers to install a device that can be controlled remotely by the utility (control device) to directly switch load on and off. Those DLM programs should be designed to reflect the value of system reliability, system efficiency, integration of renewable resources, avoidable costs, customer bill management, and should reflect the marginal cost of avoided transmission and distribution investments on as granular a basis as possible. The utilities were cautioned that, while program differences such as locational avoided costs, payments, and load reduction periods might differ from area to area and program to program, differences between DLM programs throughout the State should be minimized.

The utilities were also directed to consider a number of different DLM program payment options, including: (1) reservation payments; (2) performance payments; and (3) sign-up or participation payments. Reservation payments are those payments made to participants on at a set dollar per kilowatt (kW) per month of the summer capability period basis, regardless of whether or not the utility calls its demand response programs. These reservation payments compensate DLM program participants for standing ready to supply demand response when called upon by the utility.

Performance payments are those payments made to customers on a dollar per kilowatt-hour (kWh) basis only during called demand response events. Performance payments compensate customers for actually reducing load on the utility's system during the called event or test hours, and can also be used to induce participants to voluntarily continue to reduce load during called hours after the mandatory load reduction obligations have expired.

Sign-up or participation payments are those payments made upon enrolling in a DLM program and installing any necessary equipment (in the case of sign-up payments), or to induce customers to participate in called demand response events. Sign-up payments are generally made on a dollar per device enrolled in DLC programs basis once the control device is installed and the utility is able to confirm communications with the control device. Sign-up payments compensate participants for enrolling control devices in the utility's DLC program and for surrendering some control over the operation of the load device during called demand response events.

Participation payments are generally made on a dollar per year at the end of a summer capability period basis when the DLM program participant has met a minimum threshold of participation in called demand response events. The participation payment is used as a financial incentive that encourages participants to forgo overriding utility control of their enrolled control devices during called demand response events.

In the DLM guidelines, distribution level demand response programs already in effect in the Con Edison service territory were identified as models that could serve as a guide and example to other utilities. Specifically, these programs

include the Commercial System Relief Program (CSRP), the Distribution Load Relief Program (DLRP), and the DLC program.<sup>4</sup>

NOTICE OF PROPOSED RULE MAKING

Notices of Proposed Rulemaking concerning each of the utilities' proposed dynamic load management tariffs were published in the State Register on April 15, 2015 (SAPA 15-E-0186SP1, 15-E-0188SP1, 15-E-0189SP1, 15-E-0190SP1, and 15-E-0191SP1). The minimum time period for the receipt of comments pursuant to the State Administrative Procedure Act (SAPA) in response to the notice expired on June 1, 2015. Comments were received on May 13, 2015 from the Advanced Energy Management Alliance (AEMA), and on June 1, 2015 from Comverge, Inc. (Comverge), and NRG Energy, Inc (NRG). Comments were also received from the New York Battery Energy Storage Technology Consortium (NYBEST) on June 5, 2015.<sup>5</sup> A detailed summary of the comments has been attached to this order as Appendix B.

DISCUSSION

Implementing distribution-level demand response programs throughout the State represents a major step forward toward the ultimate goal of our Reforming the Energy Vision (REV) Proceeding:<sup>6</sup> enabling two-way transactive markets for energy and capacity on the distribution system between customers

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<sup>4</sup> A detailed summary of the tariff filings by the utilities has been attached to this order as Appendix A.

<sup>5</sup> While NYBEST filed its comment several days late, it is accepted since it is not prejudicial and further develops the record in this proceeding.

<sup>6</sup> Case 14-M-0101, supra, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015).

and their utility or Distributed System Platform provider (DSP). While distribution-level demand response programs have been available in the Con Edison service territory for over a decade, opening the remainder of the State to participation in such programs represents the next step in the REV initiatives. While the DLM programs proposed by the utilities are not perfect, as discussed below, they represent a solid first step and learning experience.

The utilities have cooperated in developing and implementing these important programs on an expedited basis for the summer of 2015. Therefore, with the exception of the provisions discussed below, the utilities' proposed DLM programs and tariff provisions are approved. The utilities are directed to submit tariff leaves in compliance with this Order to become effective on July 1, 2015, on not less than one day's notice.

Reporting Requirements

The utilities are directed to perform assessments of the performance and cost-effectiveness of their individual DLM programs after each summer capability period. Each utility is directed to file a report on or before December 1 of each year detailing its evaluation of its DLM programs. These reports shall contain, at a minimum: (1) recommendations that each utility would propose to their DLM program tariff provisions to be implemented for the following summer capability period; (2) a detailed breakdown of DLM program costs, by program, including incentives payments made to customers, program operation costs for both the utility and vendors engaged in these programs, equipment costs including software and any equipment provided to customers (such as control devices), measurement and verification costs, and DLM program marketing costs; (3) total and new program enrollment for the summer capability period; (4) a summary of demand response program performance during each

called event; and (5) evaluation of the cost-effectiveness of each program using the Total Resource Cost (TRC) test, Utility Cost Test (UCT), and Ratepayer Impact Measure (RIM).

The utilities should consider using the most recent report submitted by Con Edison as a template for their own reports.<sup>7</sup> The utilities are directed to conform their cost-effectiveness calculations to the guidelines for Benefit-Cost Analysis which will be promulgated in the REV Proceeding. Each of the utilities is also directed to submit a petition seeking to implement its proposed DLM program changes, as well as those directed herein, to become effective for the summer 2016 capability period on or before January 7, 2016.

#### Development of Incentives and Payments

Many of the utilities did not monetize or plan to compensate DLM program participants for the full range of benefits that were envisioned and anticipated in the DLM Order. For example, the incentive payment structures of the peak shaving programs developed by Central Hudson, NYSEG, and RG&E are all predicated solely upon the avoided cost of wholesale capacity market obligations.

In contrast, the development and adoption of a benefit cost analysis (BCA) framework in the REV proceeding will examine all the potential benefits and costs such as avoided wholesale capacity and energy obligation costs, avoided environmental externalities, avoided line losses, and any avoided load growth or reliability-driven avoided transmission and distribution infrastructure costs including avoided O&M. Monetizing these benefits may require utilities to develop and file marginal

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<sup>7</sup> Case 09-E-0115, Proceeding on Motion of the Commission to Consider Demand Response Initiatives (2014 Consolidated Edison Demand Response Evaluation) (filed December 1, 2014).



distribution cost studies granular to the substation level. The concerns AEMA and NRG express regarding the transparency of the DLM program pricing that will result from these studies, is ameliorated because the stakeholder process that will be undertaken in the REV Proceeding will identify and quantify the various costs and benefits included and compensated for in the utilities DLM programs. In the interim, the utilities are expected to determine the most efficacious application of the BCA framework to proposed DLM program changes going forward while also taking into account impacts on program enrollment and third party provider business continuity.

In proposing an Asset Utilization Tariff, NYBEST furnishes an example of an innovative program that might be used to address future market needs and complement third-party product and service offerings. When further developing their DLM programs in the future, the utilities should consider the value to the electric system of assets that are simultaneously flexible and yield multiple value streams. NYBEST's request for more geographically and temporally-specific data will be resolved when the utilities file their Distributed System Implementation Plans as required in the REV proceeding.

Comverge presents proposed changes to the utilities' DLC program payments worth considering. As it points out, benefits can be realized from incentives that spur investment in the highest value load control devices, locating control devices in the highest value areas of the utilities' service territories, discouraging mid-event opt-outs, and settling payments for demand response performance on an individual basis rather than on a program-wide basis. While we are accepting the utilities' proposed payment structures for the summer of 2015, these concepts advanced by Comverge should be considered more thoroughly by the utilities when developing their proposed

program changes to be effective for the summer of 2016. Therefore, the utilities are directed to address, in their DLM program reports and proposed tariff changes, whether these revisions would be feasible and beneficial in their individual programs.

Customer Eligibility and Participation

As AEMA and NRG maintain, DLM programs should be broadly available to all customers willing and able to participate in all portions of the various utility service territories in New York. State-wide DLM programs available to all customers will yield greater benefits to participants, ratepayers, and society, and will also serve as important learning opportunities for every utility. In general, all customers willing to meet metering and other eligibility requirements, regardless of rate class, hourly pricing status, or participation in the NYISO's SCR program, should be allowed to participate in the valuable distribution-level DLM programs.

As AEMA and NRG state, only offering DLM programs in certain areas of the utilities' service territories leaves substantial benefits unrealized throughout the State. In the limited timeframe remaining to implement these DLM programs for the summer of 2015, however, the utilities' proposals create demand response opportunities in the areas where they are needed most by identifying and targeting demand response in the highest value areas of their service territories. While the specified designated areas that the utilities proposed in their tariffs for the purposes of effectuating these programs for the summer of 2015 are therefore accepted, the utilities are directed to expand their DLM program offerings service-territory wide for 2016, with appropriate pricing signals to spur participation where it is needed most. Petitions to effectuate the needed

tariff changes for summer 2016 shall be filed on or before January 7, 2016.

One modification, however, to the locational provisions is needed for 2015. The tariff leaves NYSEG and RG&E submitted do not clearly identify the participation areas for their respective CSRPs and DLRPs programs. NYSEG and RG&E are directed to amend their filings to precisely designate the areas where the CSRPs and DLRPs programs will be available, if limited to designated areas, under the applicability section of their tariffs.

NYSEG, RG&E, and Central Hudson seem to believe that the primary benefit of CSRPs is reducing the need to purchase capacity in the wholesale market. Since customers that both participate in CSRPs and are on hourly pricing are individually assigned capacity tags in the market and will therefore directly benefit from their own reduced usage during peak periods, NYSEG, RG&E, and Central Hudson determined that also providing such customers with a payment for the same value stream would constitute a double-payment. Central Hudson cites this argument as its reasoning for precluding dual DLM and SCR program participation.

In the specific scenarios presented by NYSEG, RG&E, and Central Hudson where the only assumed benefit of their CSRPs is avoided wholesale capacity costs, paying hourly pricing customers for reducing their demand during the New York Control Area system peak when those customers are already realizing a benefit from that reduction would be an inappropriate cross-subsidization from all customers to hourly pricing participants. However, as described above, peak load reduction creates other benefits that were not captured in the filings of NYSEG, RG&E, and Central Hudson and serve as justification for additional compensation to the participants. The primary objective of

distribution-level demand response programs is to reduce load during distribution system peaks in order to avoid expensive distribution infrastructure upgrades otherwise needed to meet those peaks. To that end, the value of avoided wholesale market capacity costs should not be included when setting distribution-level demand response program payments when such values are provided through other programs such as the NYISO SCR program. Therefore, Central Hudson, NYSEG, and RG&E shall make any necessary tariff changes to allow Mandatory Hourly Pricing and Voluntary Hourly Pricing customers to fully participate in both the Reservation and Voluntary options of their respective CSRPs programs in summer 2015.

NYSEG, RG&E, and Central Hudson are directed to redesign their proposed CSRPs payments based on the guidance above coupled with the best cost information currently available, whether it be a recent marginal cost study or the latest embedded cost of service study, for summer 2015 as part of their respective compliance filings to be effective on July 1. NYSEG, RG&E, and Central Hudson are directed to develop and submit, within 90 days of the date of this order, detailed marginal distribution cost studies for the purposes of designing their respective DLM program payment structures for the summer of 2016. NYSEG, RG&E, and Central Hudson are directed to make use of such marginal cost studies when developing their DLM program payment structures for the summer of 2016 as part of their respective petitions to be filed with the Secretary to the Commission on or before January 7, 2016.

As suggested in AEMA's comments, customers shall be permitted to enroll in both the SCR program conducted by the New York Independent System Operator, Inc. (NYISO) and utility CSRPs. NYISO SCR program participants benefit wholesale market reliability, whereas the demand response CSRPs participants

furnish serves different purposes with different value streams, as described above. As a result, individual customers shall be permitted to enroll and fully participate in both programs. To accomplish this result, Central Hudson shall revise its tariffs to allow its CSRP participants to simultaneously enroll in the NYISO SCR program. The utility shall include in those revisions provisions mirroring those currently in place under Con Edison's CSRP for performance payments it will make to customers who enroll in both programs and respond to simultaneous CSRP and NYISO SCR program events.

As AEMA contends, customers with demands between 100 kW and 250 kW should not be precluded from participating in Niagara Mohawk's demand response programs. All customers, regardless of rate class, should be able to participate in any DLM program offering provided that the customer is willing to meet the metering and other program eligibility requirements. Small customers that are unable to support large load reductions by themselves are still valuable to the system as demand response assets and shall be allowed to participate through an aggregator, and Niagara Mohawk is directed to revise its tariffs accordingly.

#### Generator Requirements and Dispatch Criteria

An important category of demand response program benefits is reductions to emissions from electric generation facilities. In general, to the extent that generating units support load reductions during demand response events, their use should not result in a net increase in air pollution. While most of the utilities included provisions precluding older, less efficient, and dirtier generating units from being used to provide load reductions within peak shaving programs, Central Hudson's tariffs lack these provisions. Therefore, Central Hudson is directed to adopt the requisite provisions that limit

diesel-fired generating unit participation in its CSRPs to only those units of vintage year 2000 or newer and limiting the total kW enrollment of these units to 20% of the total kW enrolled in its CSRPs.

AEMA states that the DLRP dispatch criteria defined by the various utilities should mirror those used by Con Edison in order to ensure that emergency generation units can be used to provide load reduction during DLRP events. Conforming to the precedent set by Con Edison will ensure that emergency generation units are available for use during system emergencies and in compliance with the EPA's applicable regulations. Furthermore, conforming all utility dispatch criteria to a single standard will help minimize variation in the operation of demand response programs throughout the State. Therefore, NYSEG, RG&E, and Niagara Mohawk are directed to revise their DLRP dispatch criteria to conform to those in effect at Con Edison.

#### Application Deadlines and Commencement Dates

According to AEMA, the normal month-ahead deadline for applications to participate in DLM programs should be shortened. If that timeframe were imposed for summer 2015, the earliest most customers would be able to participate in these programs would be the months of August and September. Instead, since the need for demand response is often greatest in July, the time between receiving an accepted application should be reduced for summer 2015 in order to open participation in these programs when it is needed most.

There are, however, operational constraints on the administration of these programs. To limit enrollment to customers whose participation can be incorporated rapidly, the utilities are directed to allow customers who already have installed interval metering and associated communications, and

who meet the other eligibility requirements, to participate in their DLM programs as of July 1, 2015 if such customers submit a completed application on or before June 24, 2015. The utilities are directed to accept completed applications from all customers, regardless of whether such customers already have interval metering or not, submitted by July 1, 2015 for an August 1, 2015 commencement date, to be effective for the summer of 2015 only. The utilities shall make the necessary revisions to their tariffs to effectuate these revised application deadlines and commencement dates.

In general, the utilities conformed to the application deadlines in place at Con Edison allowing customers to submit a completed application by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date, for years after 2015. Moreover, NYSEG and RG&E did not tariff for their respective DLRP programs the option for customers to apply by May 1 for a June 1 commencement date. NYSEG and RG&E shall amend their DLRP tariffs to provide for that option.

#### DLM Program Cost Recovery

The filings by NYSEG, RG&E, and O&R follow Con Edison's method of recovering DLM program costs through a non-bypassable delivery charge collected from all customers on a dollar per kWh usage basis. That approach is accepted. Central Hudson proposed deferring its incurred DLM program costs until a non-bypassable delivery charge can be promulgated. Accordingly, it shall develop and submit a proposal to institute a non-bypassable delivery charge for recovery of these costs within 90 days.

On its part, Niagara Mohawk proposed to allocate costs to customers in its various service classes and recover those costs on the basis of both dollar per kW demand, where applicable, and dollar per kWh usage. Niagara Mohawk also

proposed to institute a new Demand Response surcharge line item that would appear directly on customer bills. While Niagara Mohawk's service class allocation on the basis of both demand and usage reflects the REV vision for the future, its proposal to implement a new surcharge line item on customer bills is unnecessary since it has an existing rate mechanism that can be used for this purpose. Allocating DLM program costs in the same way that other utility costs are allocated represents a step forward to seamlessly integrating DLM programs into regular utility operations. Therefore Niagara Mohawk is directed to recover the costs for its DLM programs within the existing Service Delivery Charge on each Customer's bill based on the Customer's respective service class similarly to how other usual utility costs, as allocated to the demand and energy components of that Charge, are recovered. Niagara Mohawk is directed to file monthly statements reporting the DLM program cost portion of the delivery bill.

Finally, Niagara Mohawk proposed that it collect an incentive equal to 10% of the deferred capital costs of its Kenmore distribution project where its DLM programs are targeted. We defer decision on this issue to Track II of the REV proceeding, where the issue of utility incentives will be explored in greater detail.

#### Other Modifications to Improve DLM Program Uniformity

As stated in the DLM Order, and as NRG and AEMA emphasized, DLM program uniformity across the State should be maintained to the greatest extent possible. Uniformity of DLM programs among utilities eases learning curves for customers and aggregators, who may participate in similar programs in different utility service territories. To that end, we direct a number of modifications to the utilities' DLM program tariffs.



First, Niagara Mohawk shall change the name of its the Peak Shaving Load Relief program to the Commercial System Relief Program to maintain a single nomenclature for peak shaving programs across the State. Niagara Mohawk shall implement this change as part of its compliance filing.

Second, NYSEG and RG&E will be the only utilities that lack Bring Your Own Thermostat (BYOT) options in their respective DLC programs. Since the BYOT option has been popular, and is generally more cost-effective than the direct install option, NYSEG and RG&E are directed to develop BYOT options for their respective DLC programs effective for the summer of 2016, for inclusion with their summer 2016 DLM program changes to be filed on or before January 7, 2016.

Third, most of the utilities proposed 21-day deadlines for the installation of interval metering, following customer payment, when that metering is needed participate in the DLRP and CSRP programs. Utilities that miss this deadline must make lost reservation payments to affected customers who are unable to participate in DLM programs because of a delay in installing an interval meter. Instead of 21 days, Central Hudson proposed a 30-day installation deadline, whereas Niagara Mohawk did not propose any interval meter installation deadline, nor did they propose to make any lost reservation payments to affected customers. In order to maintain uniformity of tariff provisions related to the important topic of interval metering, Central Hudson and Niagara Mohawk are directed to adopt tariff language specifying a 21-day deadline and providing for lost reservation payments funded by shareholders to customers who are precluded from participating because the utility missed its deadline.

Fourth, while AEMA correctly contends that Con Edison's 96% threshold for calling a CSRP demand response event is optimal, there may be strong reasons for the utilities to

propose different thresholds. Therefore we direct O&R, Central Hudson, and Niagara Mohawk to consider whether their program would benefit from conforming to the 96% threshold, and evaluate use of the threshold in their annual reports for their respective programs.

Fifth, as NRG states, each of the utilities should use a standardized method for measurement and verification (M&V). Therefore, the utilities are directed to adopt the customer baseline (CBL) operating procedures currently in place at Con Edison, and to post such procedures on their respective websites, for the purposes of establishing a consistent and uniform M&V methodology. Finally, we direct the utilities to post day-ahead and summer peak forecast information to their respective websites for the use of DLM participants and aggregators in anticipating DLM program events.

#### DLM Program Costs

The estimated cost of the DLM programs for 2015, as proposed by the utilities, is approximately \$4.0 million in total among all of the utilities. Central Hudson estimates that its programs will cost approximately \$2.0 million, in part due to its service territory-wide implementation of its DLC program. NYSEG estimates that its DLM programs will cost approximately \$280,000; Niagara Mohawk's estimate is approximately \$520,000; RG&E's estimate is approximately \$170,000; and, O&R's estimate is approximately \$940,000. Actual costs of the utilities' DLM programs will vary due to the modifications we have required in this order and the actual participation and performance rates in the DLM programs.

#### CONCLUSION

Implementing DLM programs in each utility service territory represents a major step forward toward meeting energy,

capacity, and reliability goals in a cost effective and environmentally friendly way. It is anticipated that the utilities' DLM programs will continue to evolve and improve in the coming years. Furthermore, as envisioned in the REV Proceeding, DLM programs will eventually become commonplace features of the utility business model in New York as the utilities incorporate demand response into their everyday operations.

The Commission orders:

1. Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Rochester Gas and Electric Corporation, and Orange and Rockland Utilities Inc. are directed to file, with an effective date of July 1, 2015 and on not less than one day's notice, their draft tariffs as tariff amendments, with the changes required in the body of this Order.

2. Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Rochester Gas and Electric Corporation, and Orange and Rockland Utilities Inc. shall each file an annual report with the Secretary to the Commission on or before December 1 of each year as described in the body of this Order.

3. Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Rochester Gas and Electric Corporation, and Orange and Rockland Utilities Inc. shall file petitions to effectuate tariff changes for the summer of 2016 with the Secretary to the Commission on or before January 7, 2016 as described in the body of this Order.

4. Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, and Rochester Gas and Electric Corporation shall file detailed marginal distribution cost studies within 90 days from the effective date of this Order.

5. Central Hudson Gas & Electric Corporation shall file a petition to implement a non-bypassable delivery charge for recovery of DLM program costs within 90 days from the effective date of this Order.

6. The Secretary in her sole discretion may extend the deadlines set forth in this Order. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to any affected deadline.

7. The requirements of Public Service §66(12)(b) as to newspaper publication for the tariff amendments directed in Ordering Clause No. 1 are waived.

8. These proceedings are continued.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS  
Secretary

CASE 14-E-0423, et al.

Commissioner Diane X. Burman, concurring in part and dissenting  
in part:

As reflected in my comments made at the public session  
on June 17, 2015, I concur in part and dissent in part.

APPENDIX A  
SUMMARY OF DRAFT TARIFFS

This appendix contains a summary of the draft tariffs filed by each utility.

Central Hudson Gas & Electric Corporation  
Direct Load Control Program

The DLC program is available to customers throughout the entire service territory with Control Devices attached to electric equipment such as air conditioning units. The Company may control such devices during the Summer Capability period (May 1 through September 30 of each year). Customers may participate through a Company Direct-Install (DI) option or a Bring Your Own Thermostat (BYOT) option.

Customers who choose the DI option are provided a control device free of cost by the Company, which becomes the customer's property after the Company installs it in their premises. Customers who choose this option are also given an annual \$50 performance incentive beginning in the second summer provided that such customer allows the Company to control their equipment for 80% of called hours during each summer period.

Customers who choose the BYOT option are provided with a \$100 one-time sign-up incentive to help offset the cost of the customer-purchased control device. Customers who choose this option are also given an annual \$50 performance incentive beginning in the second summer provided that such customer allows the Company to control their equipment for 80% of called hours during each summer period.

Commercial System Relief Program

The purpose of the Commercial System Relief Program (CSRP) is for reducing the electric peak of the Company's system as a whole and/or for individual areas. The CSRP is available to customers throughout the Company's service territory who take service under Service Classification Nos. 1, 2, and 6 whether

receiving the electricity supply from the RG&E or an ESCO, as well as customers taking Standby Service, and any Aggregator that meets the requirements of this Program. This program is not available to customers who take service under the Hourly Pricing Provision tariff. A Direct Participant must contract to provide at least 50 kW of load relief and an Aggregator must contract at least 100 kW of load relief during periods designated by the Company from May 1st through September 30th when the forecasted load level is at least 94% of the forecasted summer system-wide peak. Participation under this program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Customers may apply to participate in the program by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date. Customers who participate in other demand response programs, either through the Company or through the NYISO are not eligible to participate in the CSRP.

The CSRP offers the customers contracts for load relief through either a Voluntary Participation Option or a Reservation Payment Option. Customers will be given at least 21 hours advance notice for Planned Events and less than 21 hours advance notice for Unplanned Events. Customers that participate in the Reservation Payment Option will receive \$4.00 per kW per month in the months in which there have been four or fewer cumulative planned events called since the beginning of the capability period and \$5.00 per kW per month in months in which there have been five or more cumulative planned events called since the beginning of the capability period. The Reservation Payment shall be calculated equal to the applicable reservation

payment rate multiplied by the kW of contracted load relief, multiplied by the Performance Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of contracted load relief. The Company will make Performance Payments of \$0.50 per kWh to customers who provide load relief during a planned event or test event, and \$1.00 per kWh to customers who provide load relief during an unplanned event. The performance payment will be calculated to equal the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

If the average kW of load relief provided for planned events in the current month is lower than the prior month's average kW of load relief for planned events or the contracted kW, the participant will be subject to a penalty. The penalty is equal to the Reservation Payment rate times the difference between the prior months' average kW or the contracted kW, and the current lower average kW performed. If the current average kW is negative, 0 kW will be set at the current average performance. The participant may apply, in writing, to reduce its pledged amount of kW after it has incurred such a penalty.

For the Voluntary Participation Option, the payment rate is \$1.00 per kWh for load relief provided during a planned event, and \$2.00 for load relief provided during an unplanned event. The performance payment will be calculated to equal the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.



Cost Recovery

A cost recovery mechanism for demand response program costs is not identified. Central Hudson plans to defer such costs until a non-bypassable delivery charge is promulgated.

New York State Electric and Gas CorporationDirect Load Control Program

The DLC program is available to customers in specific parts of NYSEG's service territory who agree to have Control Devices attached to electric equipment such as air conditioning units. The Company may control such devices during the Summer Capability period (May 1 through September 30 of each year), and will call the program when load is greater than or equal to 96% of the forecast summer peak load, the Company forecasts a network or system peak, the NYSIO activates its SCR program or declares an emergency. Customers may only participate through a Company Direct-Install (DI) option.

Participating customers are provided a control device free of cost by the Company, which becomes the customer's property after the Company installs it in their premises, as well as a one-time \$25 sign-up incentive. Customers are also given an annual \$25 performance incentive beginning in the second summer provided that such customer allows the Company to control their equipment for 80% of called hours during each summer period.

Customers in the DLC program may participate in other demand response programs only during unplanned events called under the Company's DLRP.

Commercial System Relief Program

The purpose of the Commercial System Relief Program (CSRP) is for reducing the electric peak of the Company's system as a whole and/or for individual areas. The CSRP is available

to customers throughout the Company's service territory who take service under Service Classification Nos. 1, 2, 3, 6, 7, 8, 9, 10, 11, and 12 whether receiving the electricity supply from NYSEG or an ESCO, as well as customers taking Standby Service, and any Aggregator that meets the requirements of this Program. This program is not available to customers who take service under the Hourly Pricing Provision tariff. A Direct Participant must contract to provide at least 50 kW of load relief and an Aggregator must contract at least 100 kW of load relief during periods designated by the Company from May 1st through September 30th when the forecasted load level is at least 94% of the forecasted summer system-wide peak. Participation under this program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Customers may apply to participate in the program by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date. Customers who participate in other demand response programs, either through the Company or through the NYISO, are also eligible to participate in the CSR. Customers who participate in this program in the Company's Lower Hudson Valley (LHV) portion of its service territory are granted enhanced payments for participation in this program compared to customers located in the NYSEG East and West (E/W) areas.

The CSR offers the customers contracts for load relief through either a Voluntary Participation Option or a Reservation Payment Option. Customers will be given at least 21 hours advance notice for Planned Events and less than 21 hours advance notice for Unplanned Events. Customers that participate in the Reservation Payment Option will receive \$1.50 per kW per

month (E/W) or \$3.50 per kW per month (LHV) in the months in which there have been four or fewer cumulative planned events called since the beginning of the capability period and \$1.75 per kW per month (E/W) or \$3.75 per kW per month (LHV) in months in which there have been five or more cumulative planned events called since the beginning of the capability period. The Reservation Payment shall be calculated equal to the applicable reservation payment rate multiplied by the kW of contracted load relief, multiplied by the Performance Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of contracted load relief. The Company will make Performance Payments of \$0.10 per kWh (E/W) or \$0.15 per kWh (LHV) to customers who provide load relief during any planned or unplanned event. The performance payment will be calculated to equal the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

If the average kW of load relief provided for planned events in the current month is lower than the prior month's average kW of load relief for planned events or the contracted kW, the participant will be subject to a penalty. The penalty is equal to the Reservation Payment rate times the difference between the prior months' average kW or the contracted kW, and the current lower average kW performed. If the current average kW is negative, 0 kW will be set at the current average performance. The participant may apply, in writing, to reduce its pledged amount of kW after it has incurred such a penalty.

For the Voluntary Participation Option, the payment rate is \$0.10 per kWh (E/W) or \$0.15 per kWh (LHV) for any planned or unplanned event. The performance payment will be calculated to equal the amount paid per event multiplied by the

average hourly kWh of load relief provided during the event multiplied by the number of event hours.

Distribution Load Relief Program

The purpose of the Distribution Load Relief Program (DLRP) is to relieve the Company's distribution system during contingencies and emergencies in order to maintain reliability. The DLRP is available to customers taking service under Service Classification Nos. 1, 2, 3, 6, 7, 8, 9, 10, 11, and 12 whether receiving electricity supply from the Company or an ESCO, including NYPA Customers and any Aggregator that meets the requirements of this Program and is able to provide load relief in specific areas designated by NYSEG. The DLRP is available from May 1st to September 30th, and an event may be called when the Company's control center declares an emergency or if any step in the Company's load relief procedures has been invoked. Direct Participants must contract to provide at least 50 kW of load relief and Aggregators must contract to provide at least 100 kW of load relief. Participation under this program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Applications for service in the DLRP must be made electronically and the Company will accept an application by April 1 for a May 1 commencement date. However, if the application is received by April 1 and the Company does not bill the participant monthly using interval metering at the time of the application, participation may commence on July 1st. Customers who take service pursuant to a net metering option are not eligible to participate in this Program.

Customers may participate in either the Reservation Payment Option or the Voluntary Participation Option. Customers will be given at least two hours advance notice for contingency events and less than two hours advance notice for immediate events. Customers who enroll in the Reservation option agree to provide load relief for no less than four consecutive hours during each designated event, and agree to do so for up to six cumulative events since the beginning of the capability period. Immediate events last for six hours and do not require reservation payment option participants to respond, however participants are encouraged to provide load relief as soon as they are able. Reservation payments will be made to customers who elect to enroll in the Reservation Payment Option of \$2.75 per kW per month. The Reservation Payment shall be calculated equal to the applicable reservation payment rate multiplied by the kW of contracted load relief, multiplied by the Performance Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of contracted load relief. Performance payments will be made to reservation option participants of \$0.15 for each kWh that is reduced during the first four hours of an event. In addition participating customers will receive a bonus payment of \$0.30 for each kWh starting in the fifth hour of consecutive load relief during an event. Reservation option participants will be paid for performance in the seventh or greater designated event at the Voluntary Option performance payment rate, described below.

For the Voluntary Participation Option, the payment rate is \$0.15 per kWh for load relief provided during an event and the performance payment is equal to the amount paid per event multiplied by the average hourly kWh of load relief

provided during the event multiplied by the number of event hours.

#### Cost Recovery

The Company plans to recover demand response program costs through a new line item of the existing Non-Bypassable Charge.

#### Niagara Mohawk Power Corporation d/b/a National Grid Direct Load Control Program

The DLC program is available to only to customers in specific sections of the Company's service territory, using Control Devices attached to electric equipment such as air conditioning units. The Company may control such devices during the Summer Capability period (May 1 through September 30 of each year). Customers may participate through a Company Direct-Install (DI) option or a Bring Your Own Thermostat (BYOT) option.

Customers who choose the DI option are provided a control device free of cost by the Company, which becomes the customer's property after the Company installs it in their premises. Customers who choose this option are also given a \$30 one-time sign up incentive.

Customers who choose the BYOT option are provided with a \$30 one-time sign-up incentive to help offset the cost of the customer-purchased control device. Customers who choose this option are also given an annual \$20 performance incentive beginning in the second summer provided that such customer allows the Company to control their equipment for 80% of called hours during each summer period.

#### Peak Shaving Load Relief Program

The Peak Shaving Load Relief (PSLR) Program is available only to customers in specific areas designated by the

Company (currently only the Kenmore area of Buffalo) who take service under Service Classification Nos. 2 (special provision P), 3 (special provision L), 3A, 4, 7, and 12, and any Aggregator that meets the requirements of this Program. This program is available to customers who take service under the Hourly Pricing Provision tariff, New York Power Authority customers, Standby Service customers, and customers taking service at a special negotiated rate. A Direct Participant must contract to provide at least 50 kW of load relief and an Aggregator must contract at least 100 kW of load relief during periods designated by the Company from May 1st through September 30th when the forecasted load level is at least 97% of the forecasted summer system-wide peak. Participation under this program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Customers may apply to participate in the program by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date. Customers who participate in other demand response programs, either through the Company or through the NYISO are not eligible to participate in the PSLR Program.

The PSLR Program offers the customers contracts for load relief through either a Voluntary Participation Option or a Reservation Payment Option. Customers will be given at least 21 hours advance notice for Planned Events and less than 21 hours advance notice for Unplanned Events. Customers that participate in the Reservation Payment Option will receive \$3.00 per kW per month in the months in which there have been four or fewer cumulative planned events called since the beginning of the capability period and \$3.50 per kW per month in months in which

there have been five or more cumulative planned events called since the beginning of the capability period. The Reservation Payment shall be calculated equal to the applicable reservation payment rate multiplied by the kW of contracted load relief, multiplied by the Performance Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of contracted load relief. The Company will make Performance Payments of \$0.10 per kWh to customers who provide load relief during a planned event or test event, and \$0.30 per kWh to customers who provide load relief during an unplanned event. The performance payment will be calculated to equal the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

If the average kW of load relief provided for planned events in the current month is lower than the prior month's average kW of load relief for planned events or the contracted kW, the participant will be subject to a penalty. The penalty is equal to the Reservation Payment rate times the difference between the prior months' average kW or the contracted kW, and the current lower average kW performed. If the current average kW is negative, 0 kW will be set at the current average performance. The participant may apply, in writing, to reduce its pledged amount of kW after it has incurred such a penalty.

For the Voluntary Participation Option, the payment rate is \$0.25 per kWh for load relief provided during a planned event, and \$0.45 for load relief provided during an unplanned event. The performance payment will be calculated to equal the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.



Distribution Load Relief Program

The purpose of the Distribution Load Relief Program (DLRP) is to relieve the Company's distribution system during contingencies and emergencies in order to maintain reliability. The DLRP is available only in Company-designated areas (currently only the Kenmore area of Buffalo) to customers taking service under Service Classification Nos. 2 (special provision P), 3 (special provision L), 3A, 4, 7, and 12, and any Aggregator that meets the requirements of this Program. The DLRP is available from May 1st to September 30th, and an event may be called when the Company's control center declares an emergency or if any step in the Company's load relief procedures has been invoked. Direct Participants must contract to provide at least 50 kW of load relief and Aggregators must contract to provide at least 100 kW of load relief. Participation under this program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Applications for service in the DLRP must be made electronically and the Company will accept applications by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date. Customers who take service pursuant to a net metering option are not eligible to participate in this Program.

Customers may participate in either the Reservation Payment Option or the Voluntary Participation Option. Customers will be given at least two hours advance notice for contingency events and less than two hours advance notice for immediate events. Customers who enroll in the Reservation option agree to provide load relief for no less than four consecutive hours during each contingency event, and agree to do so for up to six

cumulative events since the beginning of the capability period. Immediate events last for six hours and do not require reservation payment option participants to respond, however participants are encouraged to provide load relief as soon as they are able. Reservation Payments will be made to customers who elect to enroll in the Reservation Payment Option of \$4.25 per kW per month. The Reservation Payment shall be calculated equal to the applicable reservation payment rate multiplied by the kW of contracted load relief, multiplied by the Performance Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of contracted load relief. Performance payments will be made to reservation option participants of \$0.25 for each kWh that is reduced during the first four hours of an event. In addition, reservation option participants will receive a bonus payment of \$0.75 for each kWh starting in the fifth hour of consecutive load relief during an event.

For the Voluntary Participation Option, the payment rate is \$0.60 per kWh for load relief provided during an event and the performance payment is equal to the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

#### Cost Recovery

The Company proposes a new surcharge mechanism specific to Demand Response to be included as a new line-item on customer bills, the "Demand Response Program Surcharge". Charges will be allocated to each service classification, and recovered from customers either on an energy-only basis (for non-demand metered customers) or on a demand-only basis (for demand-metered customers).

Rochester Gas and Electric CorporationDirect Load Control Program

The DLC program is available to customers in specific parts of RG&E's service territory who agree to have Control Devices attached to electric equipment such as air conditioning units. The Company may control such devices during the Summer Capability period (May 1 through September 30 of each year), and will call the program when load is greater than or equal to 96% of the forecast summer peak load, the Company forecasts a network or system peak, the NYSIO activates its SCR program or declares an emergency. Customers may only participate through a Company Direct-Install (DI) option.

Participating customers are provided a control device free of cost by the Company, which becomes the customer's property after the Company installs it in their premises, as well as a one-time \$25 sign-up incentive. Customers are also given an annual \$25 performance incentive beginning in the second summer provided that such customer allows the Company to control their equipment for 80% of called hours during each summer period.

Customers in the DLC program may participate in other demand response programs only during unplanned events called under the Company's DLRP.

Commercial System Relief Program

The Commercial System Relief (CSR) Program is available in all parts of the Company's service territory to customers taking service under Service Classification Nos. 1, 2, 3, 4, 5, 7, 9, 10, 11, and 14 whether receiving the electricity supply from the RG&E or an ESCO, as well as customers taking Standby Service and NYPA Customers who are billed under one of the listed Service Classifications, and any Aggregator that

meets the requirements of this Program. A Direct Participant must contract to provide at least 50 kW of load relief and an Aggregator must contract at least 100 kW of load relief during periods designated by RG&E from May 1st through September 30th when the forecasted load level is at least 96% of the forecasted summer system-wide peak. Participation under this program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Customers may apply to participate in the program by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date. Customers who participate in other demand response programs, either through the Company or through the NYISO are also eligible to participate in the CSR Program.

The CSR Program offers the Customers contracts for load relief through either a Voluntary Participation Option or a Reservation Payment Option. Customers will be given at least 21 hours advance notice for Planned Events and less than 21 hours advance notice for Unplanned Events. Customers that participate in the Reservation Payment Option will receive \$1.25 per kW per month during months in which there have been four or fewer cumulative planned events since the beginning of the capability period and \$1.50 per kW per month during months in which there have been five or more cumulative planned events called since the beginning of the capability period. The Reservation Payment shall be calculated equal to the applicable reservation payment rate multiplied by the kW of contracted load relief, multiplied by the Performance Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of

contracted load relief. RG&E will make a Performance Payment to Customers who provide load relief during a planned event or test event. For unplanned events, the payment rate is equal to the \$0.10 per kWh multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours. This payment is not available to Distribution Load Relief Program participants who receive payment for energy during concurrent Load relief hours. The Performance Payment amount paid per event is equal to the Performance Payment rate of \$0.10 per kWh multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

If the average kW of load relief provided for planned events in the current month is lower than the prior month's average kW of load relief for planned events or the contracted kW, the participant will be subject to a penalty. The penalty is equal to the Reservation Payment rate times the difference between the prior months' average kW or the contracted kW, and the current lower average kW performed. If the current average kW is negative, 0 kW will be set at the current average performance.

For the Voluntary Participation Option, the payment rate is \$0.10 per kWh for load relief provided during an event and the performance payment is equal to the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

#### Distribution Load Relief Program

The purpose of the Distribution Load Relief Program (DLRP) is to relieve the Company's distribution system during contingencies and emergencies in order to maintain reliability. The DLRP is available to customers taking service under Service

Classification Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, and 14 whether receiving electricity supply from the Company or an ESCO, including NYPA Customers and any Aggregator that meets the requirements of this Program and is able to provide load relief in specific areas as designated by RG&E. The DLRP is available from May 1st to September 30th, and an event may be called when the Company's control center declares an emergency or if any step in the Company's load relief procedures has been invoked. Direct Participants must contract to provide at least 50 kW of load relief and Aggregators must contract to provide at least 100 kW of load relief. Participation under this program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Applications for service in the DLRP must be made electronically and the Company will accept an application by April 1 for a May 1 commencement date. However, if the application is received by April 1 and the Company does not bill the participant monthly using interval metering at the time of the application, participation may commence on July 1st. Customers who take service pursuant to a net metering option are not eligible to participate in this Program.

Customers may participate in either the Reservation Payment Option or the Voluntary Participation Option. Customers will be given at least two hours advance notice for contingency events and less than two hours advance notice for immediate events. Customers who enroll in the Reservation option agree to provide load relief for no less than four consecutive hours during each designated event, and agree to do so for up to six cumulative events since the beginning of the capability period.

Immediate events last for six hours and do not require reservation payment option participants to respond, however participants are encouraged to provide load relief as soon as they are able. Reservation payments will be made to customers who elect to enroll in the Reservation Payment Option of \$2.50 per kW per month. The Reservation Payment shall be calculated equal to the applicable reservation payment rate multiplied by the kW of contracted load relief, multiplied by the Performance Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of contracted load relief. Performance payments will be made to reservation option participants of \$0.10 for each kWh that is reduced during the first four hours of an event. In addition participating customers will receive a bonus payment of \$0.20 for each kWh starting in the fifth hour of consecutive load relief during an event. Reservation option participants will be paid for performance in the seventh or greater designated event at the Voluntary Option performance payment rate, described below.

For the Voluntary Participation Option, the payment rate is \$0.10 per kWh for load relief provided during an event and the performance payment is equal to the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

#### Cost Recovery

The Company plans to recover demand response program costs through a new line item of the existing Non-Bypassable Charge.

Orange and Rockland Utilities, Inc.Direct Load Control Program

The DLC program is available to customers throughout the entire service territory with Control Devices attached to electric equipment such as air conditioning units. The Company may control such devices during the Summer Capability period (May 1 through September 30 of each year). Customers may participate through a Company Direct-Install (DI) option or a Bring Your Own Thermostat (BYOT) option.

Customers who choose the DI option are provided a control device free of cost by the Company, which becomes the customer's property after the Company installs it in their premises.

Customers who choose the BYOT option are provided with an \$85 one-time sign-up incentive to help offset the cost of the customer-purchased control device. Customers who choose this option are also given an annual \$25 performance incentive beginning in the second summer provided that such customer allows the Company to control their equipment for 80% of called hours during each summer period.

Commercial System Relief Program

The purpose of the Commercial System Relief Program (CSRP) is to reduce both bulk-system and individual network area peak load. The CSRP is available service territory-wide to customers taking service under Service Classification Nos. 1, 2, 3, 9, 15, 19, 20, 21, 22, or 25 and any Aggregator that meets the requirements of this Program. A Direct Participant must contract to provide at least 50 kW of load relief and an Aggregator must contract at least 100 kW of load relief during periods designated by the Company from May 1st through September 30th when the forecasted load level is at least 94% of the forecasted summer system-wide peak. Participation under this



program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Customers may apply to participate in the program by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date. Customers who participate in other demand response programs, either through the Company or through the NYISO are also eligible to participate in the CSRP. The Company offers enhanced payments to participants who are able to provide load relief in specific Company-designated targeted areas.

The CSRP offers the Customers contracts for load relief through either a Voluntary Participation Option or a Reservation Payment Option. Customers will be given at least 21 hours advance notice for Planned Events and less than 21 hours advance notice for Unplanned Events. Customers that participate in the Reservation Payment Option will receive \$4.00 per kW per month (\$5.00 per kW per month in targeted areas) in the months with four or fewer cumulative planned events called since the beginning of the capability period and \$5.00 per kW per month (\$6.00 per kW per month in targeted areas) in months in which there have been five or more cumulative planned events called since the beginning of the capability period. The Reservation Payment shall be calculated equal to the applicable reservation payment rate multiplied by the kW of contracted load relief, multiplied by the Performance Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of contracted load relief. The Company will make Performance Payments of \$0.50 per kWh to all customers (including those in targeted areas) who provide load relief during a planned event

or test event, and \$1.00 per kWh to all customers (including those in targeted areas) who provide load relief during an unplanned event. The performance payment will be calculated to equal the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours. Performance payments will not be made to customers who participate in the Company's Distribution Load Relief Program during concurrent hours when participants are required to reduce load by both programs.

If the average kW of load relief provided for planned events in the current month is lower than the prior month's average kW of load relief for planned events or the contracted kW, the participant will be subject to a penalty. The penalty is equal to the Reservation Payment rate times the difference between the prior months' average kW or the contracted kW, and the current lower average kW performed. If the current average kW is negative, 0 kW will be set at the current average performance.

For the Voluntary Participation Option, the payment rate is \$1.00 per kWh for load relief provided during a planned event and \$1.50 per kWh for load relief provided during an unplanned event. The performance payment will be calculated to equal the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

#### Distribution Load Relief Program

The purpose of the Distribution Load Relief Program (DLRP) is to relieve the Company's distribution system during contingencies and emergencies in order to maintain reliability. The DLRP is available to all customers taking service under Service Classification Nos. 1, 2, 3, 9, 15, 19, 20, 21, 22, or 25 and any Aggregator that meets the requirements of this

Program. The DLRP is available from May 1st to September 30th, and an event may be called when the Company's control center declares an emergency or if a voltage reduction of 5% or greater has been ordered. Direct Participants must contract to provide at least 50 kW of load relief and Aggregators must contract to provide at least 100 kW of load relief. Participation under this program requires that the participant's entire service be measured by interval metering with telecommunications capability with monthly billing. If an Aggregator takes service under this Program, all customers of the Aggregator must meet the metering and telecommunications requirements. Applications for service in the DLRP must be made electronically and the Company will accept applications by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date. Customers who take service pursuant to a net metering option are not eligible to participate in this Program.

Customers may participate in either the Reservation Payment Option or the Voluntary Participation Option. Customers will be given at least two hours advance notice for contingency events and less than two hours advance notice for immediate events. Customers who enroll in the Reservation option agree to provide load relief for no less than four consecutive hours during each designated event, and agree to do so for up to six cumulative events since the beginning of the capability period. Immediate events last for six hours and do not require reservation payment option participants to respond, however participants are encouraged to provide load relief as soon as they are able. Reservation Payments will be made to customers who elect to enroll in the Reservation Payment Option of \$3.00 per kW per month. The Reservation Payment shall be calculated equal to the applicable reservation payment rate multiplied by the kW of contracted load relief, multiplied by the Performance

Factor. The performance factor is generally calculated to be equal to the average amount of kW load relief actually supplied during an event divided by the kW of contracted load relief. Performance payments will be made to reservation option participants of \$0.50 for each kWh that is reduced during the first four hours of an event. In addition, reservation option participants will receive a bonus payment of \$1.00 for each kWh starting in the fifth hour of consecutive load relief during an event. Reservation option participants will be paid for performance in the seventh or greater designated event at the Voluntary Option performance payment rate, described below.

For the Voluntary Participation Option, the payment rate is \$1.00 per kWh for load relief provided during an event and the performance payment is equal to the amount paid per event multiplied by the average hourly kWh of load relief provided during the event multiplied by the number of event hours.

#### Cost Recovery

The Company plans to recover demand response program costs through a new line item of the existing Energy Cost Adjustment non-bypassable delivery charge.

<b>DIRECT LOAD CONTROL PROGRAMS - AS FILED</b>					
	<b>O&amp;R</b>	<b>NiMo</b>	<b>NYSEG</b>	<b>RG&amp;E</b>	<b>CHGE</b>
Specific Areas?	Specific Areas	Specific Areas	Specific Areas	Specific Areas	Service Territory
Capability Period	May 1 - Sept 30	May 1 - Sept 30	May 1 - Sept 30	May 1 - Sept 30	May 1 - Sept 30
Trigger	NYISO SCR, state emergency, system or area peak	NYISO SCR, state emergency, Co. discretion	NYISO SCR, state emergency, System or Network Peak, load >= 96% of peak forecast	NYISO SCR, state emergency, System or Network Peak, load >= 96% of peak forecast	NYISO SCR, state emergency, System or Network Peak
<b>Direct Install?</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Sign-up Incentive	\$0	\$30	\$25	\$25	\$0
Annual Incentive	\$0	n/a	\$25	\$25	\$50
Annual Incentive trigger	n/a	80% of called hours	80% of called hours	80% of called hours	80% of called hours
<b>BYOT?</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>Yes</b>
Sign-up Incentive	\$85	\$30	n/a	n/a	\$100
Annual Incentive	\$25	\$20	n/a	n/a	\$50
Annual Incentive trigger	80% of called hours	80% of called hours	n/a	n/a	80% of called hours
<b>Other Requirements</b>					
Participate in other DR Programs?	DLRP only	No	DLRP unplanned events only	DLRP unplanned events only	No
<b>Cost Recovery</b>	Line-item of existing ECA	New Statement of DR Program Costs Surcharge	Line-item of existing NBC	Line-item of existing NBC	Defer until CH develops a cost-recovery mechanism

<b>COMMERCIAL SYSTEM RELIEF PROGRAMS - AS FILED</b>					
	<b>O&amp;R</b>	<b>Niagara Mohawk</b>	<b>NYSEG</b>	<b>RG&amp;E</b>	<b>CHGE</b>
Specific Areas?	Service Territory, enhanced in some areas	Specific Areas	Service Territory, Enhanced in Lower Hudson Valley	Service Territory	Service Territory
Capability Period	May 1 - Sept 30	May 1 - Sept 30	May 1 - Sept 30	May 1 - Sept 30	May 1 - Sept 30
Trigger	Forecast load >= 94%	Forecast load >= 97%	Forecast load >= 96%	Forecast load >= 96%	Forecast load >= 94%
Planned Event Call	21 hours	21 hours	21 hours	21 hours	21 hours
Direct Participant minimum	50 kW	50 kW	50 kW	50 kW	50 kW
Aggregator minimum	100 kW	100 kW	100 kW	100 kW	100 kW
<b>Reservation Option</b>					
Reservation Payment (< 5 cumulative events)	\$4.00/kW/month	n/a	\$1.50/kW/month	\$1.25/kW/month	\$4.00/kW/month
Reservation Payment (5+ cumulative events)	\$5.00/kW/month	n/a	\$1.75/kW/month	\$1.50/kW/month	\$5.00/kW/month
Reservation Payment (targeted areas, < 5 cumulative planned events)	\$5.00/kW/month	\$3.00/kW/month	\$3.50/kW/month	n/a	n/a
Reservation Payment (targeted areas, 5+ cumulative planned events)	\$6.00/kW/month	\$3.50/kW/month	\$3.75/kW/month	n/a	n/a
Performance Payment, planned event	\$0.50/kWh	n/a	\$0.10/kWh	\$0.10/kWh	\$0.50/kWh
Performance Payment, unplanned event	\$1.00/kWh	n/a	\$0.10/kWh	\$0.10/kWh	\$1.00/kWh
Targeted Area Performance Payment, planned event	n/a	\$0.10	\$0.15/kWh	n/a	n/a
Targeted Area Performance Payment, unplanned event	n/a	\$0.30	\$0.15/kWh	n/a	n/a
Penalty	Reservation rate * kW shortfall	Reservation rate * kW shortfall	Reservation rate * kW shortfall	Reservation rate * kW shortfall	Reservation rate * kW shortfall
<b>Voluntary Option</b>					
Performance Payment, planned event	\$1.00/kWh	n/a	\$0.10/kWh	\$0.10/kWh	\$1.00/kWh
Performance Payment, unplanned event	\$1.50/kWh	n/a	\$0.10/kWh	\$0.10/kWh	\$2.00/kWh
Performance Payment, planned event, targeted area	n/a	\$0.25/kWh	\$0.15/kWh	n/a	n/a
Performance Payment, unplanned event, targeted area	n/a	\$0.45/kWh	\$0.15/kWh	n/a	n/a
<b>Other Requirements</b>					
Participate in other DR Programs?	Yes	Yes	Yes	Yes	No
Generating Equipment Restrictions	Yes	Yes	Yes	Yes	No
Interval Metering Required	Yes	Yes	Yes	Yes	Yes
<b>Cost Recovery</b>	Line-item of existing ECA	New Statement of DR Program Costs Surcharge	Line-item of existing NBC	Line-item of existing NBC	Defer until CH develops a cost-recovery mechanism

<b>DISTRIBUTION LOAD RELIEF PROGRAMS - AS FILED</b>					
	<b>O&amp;R</b>	<b>Niagara Mohawk</b>	<b>NYSEG</b>	<b>RG&amp;E</b>	<b>Central Hudson</b>
Specific Areas?	Service Territory	Specific Areas	Specific Areas	Specific Areas	Central Hudson did not submit a Distribution Load Relief Program
Capability Period	May 1 - Sept 30	May 1 - Sept 30	May 1 - Sept 30	May 1 - Sept 30	
Trigger	Emergency, 5% voltage reduction	Emergency, Load Relief Procedures Started	Emergency, Load Relief Procedures Started	Emergency, Load Relief Procedures Started	
Contingency Event Call	2 hours	2 hours	2 hours	2 hours	
Direct Participant minimum	50 kW	50 kW	50 kW	50 kW	
Aggregator minimum	100 kW	100 kW	100 kW	100 kW	
<b>Reservation Option</b>					
Reservation Payment	\$3.00/kW/month	\$4.25/kW/month	\$2.75/kW/month	\$2.50/kW/month	
Performance Payment, planned event	\$0.50/kWh	\$0.25/kWh	\$0.15/kWh	\$0.10/kWh	
Bonus Performance Payment during 5th+ hour of Load Relief Period	\$1.00/kWh	\$0.70/kWh	\$0.30/kWh	\$0.20/kWh	
Penalty	n/a	n/a	n/a	n/a	
<b>Voluntary Option</b>					
Performance Payment	\$1.00/kWh	\$0.60/kWh	\$0.15/kWh	\$0.10/kWh	
<b>Other Requirements</b>					
Participate in other DR Programs?	Yes	Yes	Yes	Yes	
Generating Equipment Restrictions	No	No	No	No	
Interval Metering Required	Yes	Yes	Yes	Yes	
<b>Cost Recovery</b>	Line-item of existing ECA	New Statement of DR Program Costs Surcharge	Line-item of existing NBC	Line-item of existing NBC	

APPENDIX B  
SUMMARY OF COMMENTS

This appendix contains a summary of comments.

The Advanced Energy Management Alliance

The comments submitted by Advanced Energy Management Alliance (AEMA) described four main areas of improvement for the utilities' draft tariffs in general and also contained specific recommendations related to each utility filing. AEMA's four general proposed improvements were: (1) increase customer engagement and provide every customer in each utility's service territory the opportunity to participate in the DLM programs by creating peak shaving and local distribution reliability programs available across the entire utility service territory, allowing customers to participate in both wholesale and distribution-level demand response programs, and allowing any customer to who meets program requirements to participate in any DLM program; (2) use the criteria from Con Edison's DLRP for dispatching local distribution reliability program events, to ensure that emergency generators are able participate in these events while maintaining compliance with the regulations established by the United States Environmental Protection Agency (EPA); (3) establish a more transparent process for developing incentive payment structures; and (4) shorten the normal month-ahead application deadline for DLM programs for the summer of 2015 to allow DLM programs to begin on July 1.

AEMA offered three recommendations regarding Niagara Mohawk's proposed DLM programs: (1) expand the DLRP and PSLR to be available service territory-wide; (2) align DLRP event criteria with Con Edison's criteria; and (3) permit participation from all customers who meet program requirements. First, AEMA urged the Commission to direct Niagara Mohawk to expand its DLRP and PSLR program across its entire service



territory for the summer of 2015, stating that distribution-level demand response programs can be used for other purposes than only relieving isolated distribution constraints, and that Niagara Mohawk will lose out on a number of other benefits of distribution-level demand response if these programs are not expanded. AEMA cites a number reasons to expand demand response: (1) similar programs in Con Edison's service territory and Pennsylvania have been shown to be cost effective; (2) additional participation in peak capacity-reducing demand response can reduce capacity prices, provide a stable pricing signal and encourage additional participation, and put New York in a better position to comply with EPA air pollution regulations; (3) the program will reduce wear and tear on existing transmission and distribution infrastructure, deferring infrastructure costs; and (4) territory-wide roll out will increase customer engagement and satisfaction with their utility. Second, AEMA expresses concern that the dispatch criteria proposed by Niagara Mohawk may not conform to those required to ensure that emergency generation assets may operate during DLRP events. AEMA recommends that Niagara Mohawk mirror the Con Edison DLRP dispatch criteria, or otherwise adopt language proposed by AEMA. Third, AEMA expresses concern that the Niagara Mohawk DLM programs appear to exclude participation by customers with demand between 100 kW and 250 kW. AEMA proposes that such customers should be allowed to participate in Niagara Mohawk's DLM programs provided that they incur the necessary interval meter installation and communications costs.

AEMA offers three recommendations regarding Central Hudson's proposed DLM programs: (1) AEMA urges Central Hudson to allow dual participation in both its demand response programs and the NYISO Special Case Resources (SCR) program, (2) that Central Hudson should explain why it selected the 94% of

forecast summer peak load threshold for its CSRP instead of the 96% of summer peak load threshold in place in Con Edison's CSRP, and (3) that Central Hudson should explain why it did not choose to pursue a local distribution reliability program. First, AEMA cites a variety of reasons why dual participation in DLM programs and the NYISO's SCR program is reasonable. AEMA notes that the NYISO SCR program and utility DLM programs have different purposes and value streams which are incremental to each other, and that forcing customers to choose whether to participate in either the SCR or utility DLM programs will likely result in customers choosing the SCR program due to its higher payments. AEMA argues that if customers only participate in the SCR program then the DLM programs will achieve none of the anticipated benefits. Furthermore, AEMA argues that the SCR program is generally dispatched less frequently than the utility DLM programs would be, resulting in few hours of valuable utility peak load relief and incurring significant costs that could have been avoided if participation in both programs were allowed.

AEMA offers three recommendations regarding NYSEG and RG&E's proposed DLM programs: (1) NYSEG and RG&E should clarify whether customers throughout their service territories are eligible to enroll in their respective DLRP and CSRP programs, and if such programs are limited to certain areas then the Commission should order NYSEG and RG&E to expand these programs across the entire service territories; (2) that NYSEG and RG&E align their respective DLRP event criteria with Con Edison's criteria to ensure that emergency generators are eligible to provide load relief under these programs; and (3) that NYSEG and RG&E should allow customers on mandatory hourly pricing or voluntary hourly pricing to participate in their respective DLM programs, or at a minimum such customers should be allowed to

choose to switch between hourly pricing and participation in the DLM programs.

AEMA offers only one recommendation regarding O&R's proposed DLM programs: that O&R explain why it selected its 94% of forecast summer peak load as the threshold for calling CSRP events. AEMA argues that the 96% threshold used by Con Edison and other demand response programs in Pennsylvania is a more appropriate threshold since it would ensure that the cost-effectiveness of the CSRP is maximized by only calling the program during the highest periods of summer demand and minimizing customer participation fatigue.

NRG Energy, Inc.

The comments submitted by NRG Energy Inc. (NRG) were generally supportive of the Commission's Order to structure the various utility DLM filings off of the example of those already in place at Con Edison. NRG offered a number of specific comments broadly falling into three categories: (1) the draft tariffs should be revised to achieve maximum program eligibility and participation, (2) the state-wide DLM tariffs should achieve program uniformity, and (3) DLM program payment structures and benefit cost analysis.

NRG advances two positions to argue that the draft tariffs should be revised to achieve maximum program eligibility and participation: (1) DLM programs should be available to the broadest geographic region possible, and (2) that DLM program participants should not be precluded from participating in both the New York Independent System Operator's (NYISO) Special Case Resources (SCR) program. First, NRG notes that the DLM programs proposed by Niagara Mohawk are restricted to a small area of its service territory, with additional areas to be added after the summer of 2015. NRG states that Niagara Mohawk's proposal loses significant benefits such as increased system efficiency and

improved system reliability and resiliency, and requests that the Commission direct Niagara Mohawk to expand its DLM programs across its full service territory or explain why additional Company Designated Areas have not been identified. NRG also argues that the draft tariffs submitted by NYSEG and RG&E also limit the availability of certain programs to Company Designated Areas without sufficiently defining such areas in their draft tariffs, and requests that the Commission direct NYSEG and RG&E to clarify whether customers throughout their entire service territory are eligible to enroll in those proposed programs. NRG requests that, to the extent that these DLM programs are limited in scope, the utilities should demonstrate why such programs should not be expanded across the companies' full service territories. NRG also requests that, to the extent that the scope of the proposed DLM programs has been limited for the purposes of implementation during the summer of 2015, the utilities should be required to demonstrate how DLM programs will be expanded over time. Second, NRG argues that DLM program participants should also be allowed to participate in the NYISO's SCR program because the products and services offered at wholesale and distribution levels are designated for different purposes. NRG requests that the Commission direct Central Hudson to allow its DLM program participants to also participate in the NYISO SCR program as well.

NRG argues that the draft tariffs do not go far enough in standardizing certain program features. Specifically, NRG states that, while each of the draft tariffs incorporate similar language adopting the Customer Baseline Load (CBL) methodology for measurement and verification of load relief provided during demand response events, the draft tariffs lack detail about each utility's operating procedures for using the CBL methodology. NRG requests that the Commission require that utility baseline

operating procedures be as consistent as possible across utilities and DLM programs. NRG further requests that the Commission require the utilities to expand and revise their respective DLM programs as uniformly as possible in future annual filings to the Commission.

NRG argues that the Commission should take into account the avoided wholesale market costs which will be achieved by the various DLM programs. NRG also states that it is unclear from the draft tariffs how the utilities supported their incentive payment structures and which methodology was used to arrive at incentive payments. NRG requests that the utilities be required to justify the payment structures proposed in their draft DLM program tariffs.

Comverge, Inc.

The comments submitted by Comverge, Inc. (Comverge) were focused on the Direct Load Control programs and can be generally be placed into two categories: (1) discussion of the value of demand response as a resource, and (2) identifying specific shortcomings and improvements which could be made to the utilities' proposed DLC programs. First, Comverge urges the Commission to consider the value of demand response as a function of five characteristics: (1) how predictably a resource provide load relief, (2) how reliable a resource is to respond when called upon, (3) how quickly a resource can respond when called upon, (4) how long a resource can sustain a steady amount of load relief, and (5) how much capacity a resource can provide. Comverge states that those resources which perform strongly in all five categories are more useful to system operators than those whose performance is worse, and that the Commission should consider tariff designs which incentivize high performance in those categories. Comverge notes that there can be substantial differences in performance characteristics of

control devices used for residential DLC programs, especially among central air conditioners, and that incentivizing customers to install and use high-value devices is particularly important in these programs. Comverge also notes the value of two-way data exchange between control devices and the system operator to increase visibility into the operation of the control devices, ensuring anticipated levels of program participation, and more accurate payment settlement with customers for performance during demand response events.

Comverge goes on to identify four shortcomings of the tariffs proposed by the utilities. First, Comverge states that the utilities draft tariff leaves do not recognize any difference in device characteristics in the incentive payments made to participants using disparate devices. Second, Comverge notes the tariffs fail to sufficiently discourage mid-event opt-outs by program participants since customers are paid the participation incentive based on the fraction of number of total event hours during the course of the capability period. Third, Comverge argues that the all-or-nothing nature of the annual participation payment creates perverse incentives for opting-out of further events for customers who know that they have either met the minimum requirements already or those who know that they cannot reach the minimum requirement at all. Finally, Comverge states that the draft tariffs fail to recognize that the benefits of demand response capacity will vary by location.

Finally, Comverge proposes a number of modifications that it believes will address the problems with the draft tariffs which it identified. First, Comverge proposes that tiers of control devices be developed based on the five characteristics identified and performance levels. Comverge suggests that different incentive levels could be paid to participants depending upon the tier of device they install.

Comverge further suggests that the utilities should maintain a list of approved devices and their applicable tiers on their websites. Second, Comverge proposes to structure participation payments made to customers based on the number of events in which a customer fully participated throughout the entire event. Comverge notes that the utilities could develop a per-event payment rate equal to the utilities' proposed annual participation payment divided by the number of forecast DLC events called per year. Third, Comverge proposes that the utilities should include an option to provide additional financial incentives to spur participation in areas of distribution relief need. Finally, Comverge proposes that, if sufficient metering infrastructure is in place in the future, the Commission should consider linking incentive payments to actual kWh load reductions at individual premises during called events. Comverge states that the revisions it proposes to the utilities' tariffs would yield a more operationally valuable demand response resource by discouraging mid-event opt-outs and incentivizing control device installations in areas where they are most valuable to the system. Comverge states that its proposal to vary the incentive level based on performance and characteristics of the control devices incentivizes customers to select higher-value control devices, while the tiered incentive payment system ensures that the values of these devices are easy for customers to understand.

New York Battery and Energy Storage Technology Consortium, Inc.

The comments submitted by the New York Battery and Energy Technology Consortium, Inc. (NYBEST), were generally supportive of the Commission's goals in instituting the DLM tariffs. NYBEST agrees with the Commission that distribution-level demand response programs provide a number of system and public policy benefits. NYBEST cautions that the DLM tariffs

should include energy storage and other new technologies as eligible resources with incentives that are appropriate for the quality and certainty of dispatch, and that the Commission should expand the scope of the DLM program tariffs to include both behind-the-meter and in-front-of-the-meter technologies as eligible for incentives or other changes to fully value participating resources. NYBEST goes on to extoll the benefits of energy storage, but states that there are a number of hurdles which must be overcome: (1) current market design precludes energy storage from providing multiple benefits from the same storage device; (2) maximizing benefits of energy storage requires complex planning, operations, and modeling to optimize multiple competing value streams; and (3) it is exceedingly difficult to obtain location-specific data to help develop energy storage where it is most beneficial.

NYBEST proposes an Asset Utilization Tariff in the short term to focus on peak reduction in congested areas and improving system utilization through demand response. As its reasoning for why a new type of tariff is necessary, NYBEST states that it is concerned that the tariffs proposed by the Utilities are too limited to achieve the transformational changes envisioned in the REV proceeding. NYBEST states that tariffs established to achieve REV goals should: (1) be standardized across utilities and technologies, (2) unbundle costs to end users to allow multiple benefit streams to energy storage and other technologies, (3) provide for locational and temporal granularity, (4) allow flexibility to respond to market and load conditions, (5) address current tariff structures which hinder deployment of Distributed Energy Resources (DER), and (6) provide medium to long-term visibility to tariffs that would allow DERs to sign long-term contracts. NYBEST argues that utilities should include cost-effective incentives for energy



storage and other technologies through its proposed Asset Utilization Tariff framework. NYBEST proposes that such a tariff should be technology neutral, designed to improve grid utilization rates, and be based on cost savings to each utility from reduced wholesale market capacity obligations, T&D infrastructure deferral, distribution system peak load management, and energy savings. NYBEST further states that its proposed Asset Utilization Tariff could be structured similarly to the current demand management tariff in place at Con Edison.

NYBEST continues by communicating the need for more system data from the utilities in order to best develop energy storage and other DER, and recommends as a near term action that all utilities should map the grid at all levels to identify areas of congestion and areas of DER development opportunities. NYBEST further extolls the need for sub-hourly usage data to be provided for the use of DER developers, and suggests that the Commission should require that aggregated smart meter and power quality data be made available to DER providers.