

Comments

05-S-1376



PACE LAW SCHOOL
P A C E U N I V E R S I T Y

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June 19, 2006

By Overnight Mail

Jaclyn A. Brillling
Secretary to the Commission
Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350


Re: Case 05-S-1376 – Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of Consolidated Edison Company of New York,
Inc. For Steam Service.

Dear Secretary Brillling:

Please find enclosed an original and five copies of the Pace Energy Project's
Statement in Support of the Joint Proposal in the above referenced proceeding. If
necessary, Chris Young will be available to sponsor the statement as his testimony and
will be available for cross-examination.

Please advise if you have any questions. Thank you.

Very truly yours,


Daniel W. Rosenblum

Enclosure

cc: Administrative Law Judge Rafael Epstein (By Overnight Mail)
Active Parties List (By E-mail only)

PACE ENERGY PROJECT'S
STATEMENT IN SUPPORT OF THE JOINT PROPOSAL

The Pace Energy Project (Pace) supports the Joint Proposal ("JP") because it is in the public interest overall and incorporates a number of beneficial elements that would not likely have resulted from a litigation process. Pace participated in this proceeding primarily to address certain unwarranted barriers to Combined Heat and Power systems ("CHP") and has focused its attention primarily on issues related to CHP. The JP adequately addresses several issues important to the CHP community, including interconnection procedures and technical requirements, reporting of interconnection activities, and backup/standby rates, and in our judgment the JP offers a constructive settlement of these issues.

Backup/Standby SC 4 Rate Design: Pace supports the establishment of a new, open process to discuss and analyze the underlying costs of the existing SC 4 backup/supplementary service and to consider the appropriate design for backup/supplementary rates based upon cost causation characteristics and principles of revenue neutrality. The process should result in standby rates that reflect actual costs and that will not unduly burden either CHP developers and customers, or the Company. This process is detailed in §C(6) of the JP. Reform of the existing SC 4 tariff is important both to customers who hope to capture the efficiency and cost advantages of CHP without being forced off of the Company's steam system, and to the development of a vibrant and competitive CHP industry in accordance with New York State policy goals. The opportunity to cooperatively examine and address backup/standby rates is valuable and an equitable resolution of issues in this case. Such a process affords the opportunity for interested stakeholders to address these rate issues in a rational process separated from other steam issues that may have complicated negotiations within the instant proceeding.

Interconnection Standards: The development of formal, written technical specifications for CHP facilities on or before the dates stated in §G(10)(f) will help solve a vexing problem. Without clear standards some CHP developers have encountered difficulty finalizing critical aspects of their project designs to the detriment of the project and other ratepayers. Establishing interconnection standards is an appropriate solution to this problem.

CHP Interconnection Reporting: Pace supports the CHP interconnection reporting provisions in § J (5). Such reporting will help ensure transparency and accountability regarding interconnections to the Company's steam system, and are similar to interconnection reporting requirements already in effect for Con Edison's electric business.