February 6, 2012

Via Electronic Mail

Honorable Jaclyn A. Brilling
Secretary
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223

Re: Case 09-E-0115 – Petition of Consolidated Edison Company of New York, Inc. for Approval of Changes to Demand Response Programs

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc (“Con Edison” or the “Company”) submits this supplemental engineering statement in response to the New York State Public Service Commission’s (“Commission”) notice of proposed rulemaking regarding Demand Response Programs (“NOPR”), SAPA No.: 09-E-0115SP9 (December 21, 2011). The Commission issued the NOPR in response to the November 17, 2011 Petition of Consolidated Edison Company of New York for Approval of Changes to Demand Response Programs (“Petition”). As described in the NOPR, the Petition seeks:

approval of changes to demand response programs to improve the design of its Commercial System Relief Program (“CSRP” or “Rider S”), Distribution Load Relief Program (“DLRP” or “Rider U”), Direct Load Control Program (“DLC” or “Rider L”) and retire the Critical Peak Rebate Program (“CPRP” or “Rider T”). This petition also provides supplemental support for revised tariffs Rider S, Rider U and Rider L. In addition, this petition proposes changes to improve the economic and operational potential of the non-tariffed Network Relief Program (“NRP”) and the Residential Smart Appliance Program (“RSAP”). NOPR, p. 24.

The Company proposes revisions to Rider S and Rider U to clarify that the riders are not designed to incent customers to export electricity from on-site generation. The Petition describes the reason for the proposed clarification as follows:

1 Case 09-E-0115, Proceeding on Motion of the Commission to Consider Demand Response Initiatives, Petition of Consolidated Edison Company of New York for Approval of Changes to Demand Response Programs, November 17, 2011 (“Petition”).

2 See Case 09-E-0115, Proceeding on Motion of the Commission to Consider Demand Response Initiatives, Letter from Christine Colletti to Secretary Brilling, November 17, 2011 (“Filing Letter”), pp. 2-3.
The program was not intended or designed to be a supply side program incenting customers to export electricity from on-site generation, especially at a time when distribution infrastructure is under some constraint. The Company electric tariff includes other programs under which customers may be compensated for exporting electricity and defines the circumstances under which such exports are appropriate. The Company proposes tariff language changes to provide greater clarity of the purpose and operation of the program, so that there is less potential for confusion in the future.³

This engineering statement specifically discusses why Rider S and Rider U were not intended to and should not include the exporting of electricity by Demand Response customers.

Con Edison’s DR programs were designed to improve network reliability under contingency situations and mitigate the costs associated with peak energy demand. Contingency situations can exist through either multiple transformer failures at a Con Edison distribution substation or multiple distribution feeder failures supplying a secondary network. The Company’s efforts to respond to contingency situations are generally focused on reducing the loading on in-service primary feeders where multiple primary feeders are out of service. In this scenario, the constraint in the system is not in the availability of power, but rather, the availability to deliver the power from the substation to the customer site. In these cases the Company’s objective is to reduce the amount of power that is carried by the feeders, thereby reducing the probability of additional feeder failures that could lead to the shutdown of an entire network. To minimize the amount of loading that the remaining operating primary feeders would have to support, the DLRP and CSRP programs allow enrolled customers to utilize on-site generation to serve their own demand, therefore reducing the amount of power that primary feeders must deliver to the customer site.

Energy export to Con Edison’s distribution system from customers’ on-site generation would generally not help alleviate contingency situations. In most situations with multiple out-of-service distribution feeders, generation export onto the remaining in-service feeders would increase the current flowing on the already stressed cables and, in those scenarios negatively impact network reliability.

While there may be rare circumstances where the localized export of generation to the distribution system may have some benefit, the uncertainty and case specific nature of such circumstance makes the economic benefit problematic to calculate and present in a tariff based program with costs socialized to the broader customer base. A capacity payment model is not appropriate in light of such uncertainty. Moreover, a specific energy payment is redundant since a supply side solution already exists with the SC11 payment option.

Respectfully submitted,

Daniel W. Rosenblum

cc: Active Parties via Email

³ Petition, p. 7.