

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on May 18, 2017

COMMISSIONERS PRESENT:

Gregg C. Sayre, Interim Chairman  
Diane X. Burman

CASE 17-E-0104 - Tariff filing by Consolidated Edison Company of New York, Inc. to revise P.S.C. No. 10 - Electricity, General Rule 8.3 - Generating Facilities Used on an Emergency Basis for Export, to permit the export of electricity discharged by battery storage systems during demand-response events under the Brooklyn/Queens Demand Management Program.

ORDER APPROVING SUBJECT TO MODIFICATIONS TARIFF AMENDMENT  
FOR BATTERY DISCHARGE IN BROOKLYN/QUEENS DEMAND MANAGEMENT  
PROGRAM AND MAKING OTHER FINDINGS

(Issued and Effective May 18, 2017)

BY THE COMMISSION:

INTRODUCTION

On February 22, 2017, Consolidated Edison Company of New York, Inc. (Con Edison or Company) filed a tariff amendment to Schedule P.S.C. No. 10 - Electricity to revise General Rule 8.3, "Generating Facilities Used on an Emergency Basis for Export." The tariff amendment would permit the export of electricity discharged by battery storage systems for delivery to the Company's primary or secondary-voltage distribution system at the direction of the Company during demand response

(DR) events called as part of the Brooklyn/Queens Demand Management (BQDM) Program (BQDM DR program).<sup>1</sup>

This Order modifies Con Edison's proposed tariff amendments, allowing for battery export to the Company's primary and secondary distribution system as part of any Non-Wires Alternative (NWA) project. These amendments will allow the battery storage technologies anticipated to participate in the BQDM DR program for the 2017 and 2018 capability periods to export electricity onto the utility grid when there may be little or no usage at the battery owner's site during a BQDM DR program event, and provides regulatory certainty to battery storage providers that their products will be allowed to participate in future NWA projects, provided that the Company has deemed such export to be safe. In addition, this Order directs Con Edison, Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation (collectively, the utilities) to study the impacts of allowing distributed energy resources (DERs), including battery storage, participating in the respective Dynamic Load Management programs to export onto the primary and secondary distribution systems during those programs' events, and directs the utilities to report the results of such analysis as part of the Dynamic Load Management program annual reports, due on or before December 1, 2017. Finally, the Commission notes that compensation for battery storage technologies and DER other than Net Energy

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<sup>1</sup> The BQDM Program was approved by Commission Order on December 12, 2014, in Case 14-E-0302. The BQDM DR Program was implemented by Commission Order in Case 16-E-0236 on July 14, 2016.

Metering-eligible technologies will be considered in Phase Two of the Value of DER proceeding.<sup>2</sup>

TARIFF FILING

Con Edison proposes a revision to General Rule 8.3 to permit the export of electricity discharged by battery storage systems at the direction of the Company to its primary or secondary distribution system during demand response events called under the BQDM Program. The Company proposes to remove the word "primary" from "primary distribution feeders" and change "distribution feeders" to "distribution system" to permit battery storage systems to export electricity into either Con Edison's primary or secondary distribution system. Con Edison also proposes to rename General Rule 8.3 to "Generating Facilities Used Under Special Circumstances for Export" to reflect the expanded scope of the rule in permitting the export of electricity discharged by battery storage systems for the BQDM demand response program.

The Company states that the proposed change is consistent with a similar modification made to General Rule 8.2 in 2016, permitting the use of emergency generating facilities for self-supply when directed by Con Edison under the BQDM demand response program.<sup>3</sup> The Company asserts that this change to General Rule 8.3 will allow the BQDM Program to be more responsive to developing market needs and customer expectations.

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<sup>2</sup> Case 15-E-0751, Value of Distributed Energy Resources, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017).

<sup>3</sup> Case 16-E-0236, Brooklyn/Queens Demand Response Program, Order Adopting Tariff Amendment (issued July 14, 2016).

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on March 15, 2017 [SAPA No. 17-E-0104SP1]. The time for submission of comments pursuant to the Notice expired on May 1, 2017. The comments received are addressed below.

COMMENTS

Comments were received from Tesla, Inc. (Tesla) on May 2, 2017.<sup>4</sup> Tesla states that it supports Con Edison's proposed tariff amendment; however, Tesla also expressed concern that battery storage systems are not treated equally to other types of Distributed Energy Resources (DERs) under the Company's tariff. Tesla notes that currently battery storage systems are not eligible to receive compensation from Con Edison through the Service Classification 11 - Buyback Service tariff (SC 11 tariff) in the same way as other DER, such as, Combined Heat and Power (CHP) and fuel cells. Tesla requests that the proposed tariff amendments apply more broadly, beyond only allowing battery storage systems to participate in the BQDM DR Program.

Specifically, Tesla requests that General Rule 8.3 be expanded to allow batteries to export to both the Company's primary and secondary distribution feeders throughout the Con Edison service territory. This would be done at the direction of the New York Independent System Operator (NYISO) for participation in the Special Case Resources (SCR) program and Emergency Demand Response Program (EDRP), and at the direction of Con Edison under Rider O - Curtailable Electric Service

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<sup>4</sup> Tesla filed its comments one day after the SAPA comment period expired. The comments will be accepted as they tend to improve the record before the Commission.

(Rider O). Tesla further recommends that the Commission review Con Edison's tariff to ensure consistency between battery storage systems and other DER in regard to rules and programs that relate to compensation, including the Company's Rider T commercial demand response programs, the Standby rates offset tariff, and the Value of DER tariff.

#### DISCUSSION

As noted in Con Edison's 4<sup>th</sup> Quarter 2016 BQDM Progress Report, more than half of the BQDM DR Program auction awardees plan to use new technologies, including battery storage, as their primary means of providing demand response.<sup>5</sup> Use of battery storage projects in the BQDM DR Program, hosted at large commercial customer locations, presents a unique situation since there is a mismatch between the peak need hour in the BQDM area, 10:00 PM, and the usual usage patterns of the larger commercial customers, many of which use electricity during the day and experience low load conditions at night. Due to this mismatch, it is likely that these battery storage units will export power onto Con Edison's distribution system during BQDM DR Program events instead of offsetting a portion of the customer's load. Under the current tariff, export of electricity to the Company's primary and secondary distribution system is prohibited except under specific circumstances: (1) when generating equipment is operated at the direction of the NYISO to participate in its SCR program or EDRP; and, (2) at the direction of the Company under Rider O. It is the Commission's understanding that the Rider O

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<sup>5</sup> Case 14-E-0302, Brooklyn/Queens Demand Management Program, Q4 2016 BQDM Quarterly Report (filed February 28, 2017) (4<sup>th</sup> Quarter 2016 BQDM Progress Report).

program has not been used since its inception in 2003,<sup>6</sup> and has become obsolete since overlapping demand response programs are available through Rider T.

Since battery storage assets are not currently allowed to provide export to the distribution system, and the BQDM DR Program is set to begin operations during the summer of 2017, it is imperative that the Company allow for export of battery storage assets in the BQDM DR Program as soon as possible. Adoption of the Company's proposed tariff amendment regarding limited exceptions to General Rule 8.3 for battery storage assets in the BQDM DR Program will remove a major barrier to optimal operation of that program. To eliminate uncertainty in regard to the ability of battery storage systems to participate in other NWA solicitations,<sup>7</sup> Con Edison is directed to revise its proposed tariff amendment to broaden its applicability to allow battery storage to export to the primary or secondary distribution systems as part of any NWA project-related procurement, provided that such export is determined to be safe. Since this tariff modification is being required to comply with this Order, the newspaper publication requirement for such tariff modifications is waived.

Tesla raises a salient concern that battery storage systems are currently receiving disparate treatment when compared with other forms of DER. While it is the Commission's policy goal that all DER should be treated on equal footing,

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<sup>6</sup> Case 03-E-0112, Con Edison Rider O, Order Approving Tariff Amendments with Modification (issued April 23, 2003).

<sup>7</sup> The Commission is aware that Con Edison recently released Requests for Proposals for two other potential NWA projects, Hudson and Columbus Circle, see Case 16-E-0060, Con Edison - Electric Rates, Hudson and Columbus Circle - Non Wires Alternatives Project Solicitation (filed April 26, 2017).

only battery storage participation in demand response programs and NWA projects are addressed by this Order, since the Commission is considering proposals regarding SC 11 and standby service rates<sup>8</sup> and compensation for DER other than Net Energy Metering-eligible technologies through the Value of DER proceeding, in other proceedings. It is clear, however, that customers should be allowed to use battery storage technologies to participate under the same rules as other types of DER in the NYISO SCR program and EDRP, as well as the New York electric utilities' respective Dynamic Load Management programs, provided it is deemed safe to do so.

Therefore, Con Edison should consider whether the exemption from General Rule 8.3 for the battery storage systems participating in the BQDM DR Program and other NWA projects should similarly apply to the Rider T Commercial System Relief Program (CSRP) and Distribution Load Relief Program (DLRP) system-wide commercial demand response programs, and to customers participating in the NYISO SCR program and EDRP. The Commission finds that this is an issue that impacts the other New York electric utilities as well, therefore, Con Edison, Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation are directed to study the impacts of allowing distributed energy resources (DERs), including battery storage, participating in their respective CSRP or DLRP to export onto the primary and secondary distribution systems during those programs' events, and report the results of this analysis as part of their Dynamic Load Management program annual reports, due on or before December 1,

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<sup>8</sup> Case 16-M-0430, Rate Design Reforms, Standby Rate Matrix Study and Recommendations (filed October 7, 2016).

2017. In the event that each utility determines that allowing export of such DER onto its primary or secondary distribution systems is safe and reasonable, it should propose in a petition to the Commission necessary tariff amendments to allow customers to do so, and to be effective prior to the beginning of the 2018 summer capability period applicable to those programs. In the event that a utility determines that it is not safe or reasonable to allow battery systems to export to its primary or secondary distribution systems during CSRP or DLRP events, it shall provide a detailed explanation underlying its determination, and shall describe the future actions such utility may take to allow for safe operation and export of battery storage systems during CSRP and DLRP events.

The Commission orders:

1. The tariff amendments listed in the Appendix are approved, provided that the modifications as described in the body of this Order are filed by Consolidated Edison Company of New York, Inc. on not less than one day's notice, to become effective on May 23, 2017.

2. The requirements of Public Service §66(12)(b) and 16 NYCRR §720-8.1 as to newspaper publication for the tariff amendments directed in Ordering Clause No. 2 are waived.

3. Consolidated Edison Company of New York, Inc., Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall report on the reasonableness of allowing participants in the New York State Independent System Operator's Special Case Resources and Emergency Demand Response Programs, as well as each utility's respective Dynamic Load Management programs, to export to the



primary or secondary distribution system as described in the body of this Order in their December 1, 2017 Dynamic Load Management program annual reports.

4. In the Secretary's sole discretion, the deadlines set forth in this order may be extended. 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 the affected deadline.

5. This proceeding is closed.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS  
Secretary

SUBJECT: Filing by CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Amendments to Schedule P.S.C. No. 10 - Electricity

Fourth Revised Leaf No. 79

Fifth Revised Leaf No. 3

Issued: February 22, 2017      Effective: May 23, 2017

SAPA: 17-E-0104SP1 - STATE REGISTER - March 15, 2017

NEWSPAPER PUBLICATION: March 7, 14, 21 and 27, 2017