February 20, 2018

VIA ELECTRONIC MAIL

Hon. Kathleen H. Burgess
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

RE: Case Number 09-E-0115, Con Edison Proceeding on Motion of the Commission to Consider Demand Response Initiatives; and Case Number 17-E-0741, Petition of Consolidated Edison Company of New York, Inc. for Approval of Changes to Commercial Demand Response Programs with Associated Tariff Amendments

Dear Secretary Burgess:

Advanced Energy Management Alliance (AEMA), Innoventive Power and Energy Spectrum, are together (as “DR Parties”) commenting on the above referenced Cases in response to demand response tariffs proposed by Con Edison. The attached document includes a summary and explanation of our recommendations.

We appreciate your consideration of these comments. Please do not hesitate to contact me at 202-524-8832 should you have any questions or require additional information regarding this filing.

Respectfully submitted,

Katherine Hamilton
Executive Director, AEMA

Cc: Parties to Case
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NEW YORK

Case Number 09-E-0115
Proceeding on Motion of the Commission to Consider Demand Response Initiatives

and

Case Number 17-E-0741
Petition of Consolidated Edison Company of New York, Inc. for Approval of Changes to Commercial Demand Response Programs with Associated Tariff Amendments

Comments of Advanced Energy Management Alliance, Innoven Power, and Energy Spectrum

Advanced Energy Management Alliance (“AEMA”) ¹, together with Innovative Power and Energy Spectrum, respectfully submit the following comments in Case Number 09-E-0115, Con Edison Proceeding on Motion of the Commission to Consider Demand Response Initiatives² and Case Number 17-E-0741, Petition of Consolidated Edison Company of New York, Inc. for Approval of Changes to Commercial Demand Response Programs with Associated Tariff Amendments.³

¹ AEMA is an alliance of providers and supporters of distributed energy resources united to overcome barriers to nationwide use of distributed energy resources, including demand response and advanced energy
I. Introduction

AEMA is a trade association under Section 501(c)(6) of the Federal tax code whose members include national distributed energy resource (“DER”), demand response (“DR”), and advanced energy management service and technology providers, as well as some of the nation’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. This filing represents the opinions of AEMA as an organization rather than those of any individual association members. In this filing, Innoventive Power, and Energy Spectrum join AEMA; this group will be referenced as the “DR Parties”.

II. General Comments

The DR Parties commend Con Edison for its work in running successful DR programs. The DR Parties consistently find Con Edison’s DR team to be responsive and professional, continually striving to run a cost-effective, reliable DR program. The DR Parties share Con Edison’s objectives, as it is in all parties’ long-term interest to have a program that is operationally useful, is attractive to end-use customers, compensates aggregators and customers fairly for the value they deliver to the grid, and saves all Con Edison ratepayers money. We are pleased that the programs continue to deliver a positive ROI for ratepayers, with the 2017 annual report highlighting $1.27 in benefits for every $1.00 spent.4

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4 DPS Case No. 09-E-0015, Consolidated Edison Company of New York, Inc. Report on Program Performance and Cost Effectiveness of Demand Response Programs – 2017, at p.21
The following comments have those objectives in mind. Specifically, the DR Parties provide comment on the following three tariff changes from Con Edison:

1) Extending the maximum period for Distributed Load Relief Program ("DLRP") and Commercial System Relief Program ("CSRP") Test Events to four hours instead of the current one-hour limit;

2) Requiring a minimum Performance Factor for Rider T reservation payments; and

3) Amending the definition of Customer Baseline Load ("CBL") to allow for additional CBL options.

We address each of these proposed changes in more depth below.

III. Extending the maximum period for DLRP and CSRP Test Events to four hours instead of the current one-hour limit

The DR Parties would support moving from a one-hour to a four-hour test event if there were sufficient evidence that such a change would increase the operational effectiveness, awareness, and reliability of the program. At this point, however, sufficient evidence does not exist. In making the decision to lengthen the test event from one hour to four hours, Con Edison is relying on a small sample size of data from tests and events in 2015 and 2016, while excluding events in 2017 that contradict Con Edison’s assertion that lengthening tests is necessary.5 The DR Parties fully support efforts to understand and address the root cause of underperformance so that Con Edison can have confidence in program response. However, based on the limited evidence, one

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5 DPS Case No. 17-E-0741, Petition of Consolidated Edison Company of New York, Inc. for Approval of Changes to Commercial Demand Response Programs with Associated Tariff Amendments, at pp.2-3
cannot conclude that lengthening the test would more accurately capture megawatts ("MW") capable of delivery (which seems to be Con Edison’s concern) or improve event performance.

In 2017, Con Edison did not appear to include data from the six DLRP events in their analysis. In five of the six events, performance ranged between 85% and 130%. There was 16% performance in the Williamsburg network during the third dispatch in that Network, but the first two performances in that network were at 99% and 100%. In fact, the performance during the one-hour test in Williamsburg was only 82%, which is lower than what it was during two of the three four-hour events.6 Clearly moving to a four-hour audit would not have overinflated the capability in this network. In the Prospect Park network, performance during the three four-hour events averaged at 113%, and during the one-hour audit was 95%.7 Again, moving to a four-hour audit would not have overinflated the capability in this network. These data contradict Con Edison’s premise.

In 2016, Con Edison dispatched 8.4 total MW in weekday afternoon DLRP events, out of 236 MW enrolled. This translates to a mere 3.5% of total program enrollment, a very small sample size for reaching conclusions. Even for those 8.4 MW, it’s difficult to reach conclusions. For instance, the Fresh Kills network of 2.6 MW was dispatched three separate times, performing at 149%, 100%, and 70% respectively.8 Clearly the four-hour length of the event was not an issue for this network, as each event was dispatched for four hours. The Brooklyn Queens Demand Management ("BQDM")

7 Ibid.
areas of Crown Heights, Ridgewood, and Richmond Hill were 4.9 MW of the 8.4 MW.

Customer fatigue may have been an issue, as performance was at 61% early in the week, and as low as 9% later in the week after the fourth consecutive day of dispatch. The 61% is not an acceptable number for performance, but it is unclear that having a one-hour test event instead of a four-hour test event is the root cause for the underperformance. For instance, in Crown Heights, performance was under 50% during the one-hour test event. Any aggregator that enrolled customers in BQDM in 2016 knew that the likelihood of an event was high, and should have prepared customers that several four-hour dispatches were possible. Indeed, in 2017, performance in BQDM improved, especially in the 8 p.m.-12 p.m. window at 109%. Clearly performing for four straight hours was not an issue for these customers.

In 2015, it appears that approximately 25 MW were dispatched in weekday afternoon DLRP events, which is still a small sample size (just over 10%) for drawing meaningful conclusions. For instance, Fresh Kills performed poorly in 2015, but well in 2016. The length of tests and events were the same in both years, so there is no clear indication that the four-hour length of the event is responsible for the poor 2015 performance.

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9 Ibid.
10 DPS Case No. 09-E-0015, Consolidated Edison Company of New York, Inc. Report on Program Performance and Cost Effectiveness of Demand Response Programs – 2016, at p.70
13 DPS Case No. 09-E-0015, Consolidated Edison Company of New York, Inc. Report on Program Performance and Cost Effectiveness of Demand Response Programs – 2016, at p.70
It is also notable that none of the U.S. Independent System Operators have audit or test periods that exceed one hour. They have the same interest in having a clear indication of the number of MW that can be relied upon to be delivered as Con Edison.

Again, we share Con Edison’s objective of a program that is as operationally useful as possible. However, sufficient evidence should be the foundation for such a significant program change, when customers will react negatively to testing for four hours instead of one hour. This statement is based both on extensive experience in other markets and interactions with New York customers, who are willing to participate for as long as necessary when reliability is threatened, but will have minimal tolerance for four-hour interruptions for a test event when one hour is the standard. It would be unfortunate if the test events were extended to four hours without an improvement in program reliability and customers chose to exit the program, running contrary to the customer engagement objectives of the Reforming the Energy Vision (“REV”).

Once again, the DR Parties want DLRP and CSRP to be as reliable as possible. If there is subpar performance that limits the operational effectiveness of the program, then the root cause needs to be identified, and addressed. We therefore recommend the following path forward:

- Given that a Public Service Commission (“PSC”) decision is not expected before April, and the program starts in May, no changes should be made for the summer of 2018 that radically alter the nature of customer participation. There is simply
inadequate time to prepare customers, and many customers were enrolled in the program believing that test events were one hour in length.

- Use the next several months for figuring out how to diagnose the root cause of event underperformance, and develop potential solutions for the 2019 program year. One potential way to diagnose whether a four-hour test event would more accurately capture customer capability is for randomly selected half of DLRP networks to receive a one-hour test, and the other half of networks to receive a four-hour test. No advance warning would be given beside the regular two-hour notice. This could be done just in 2019, and produce enough data to assess whether extending the test event length would more accurately capture customer capability and induce higher event performance. Depending on what the data reveal, tests would either remain as one-hour or change to four-hours.

- Once the data are analyzed and root causes are identified, then appropriate solutions could be developed. For instance, if performance from new customers is consistently worse than performance from existing customers, then financial assurance could be explored to discourage over-enrollment of new customers. Also, an optimal test duration that is fully vetted and supported with substantial evidence could be recommended.

### IV. Requiring a minimum Performance Factor for Rider T reservation payments

The DR Parties are supportive of Con Edison’s proposal to have a minimum performance factor of 25% in order to receive reservation payments in both DLRP and
In line with our earlier comments that customers should be compensated fairly for the value they deliver to the grid, performing below 25% does not provide value to the grid. Therefore, we agree with Con Edison that such performance should not receive any compensation.

However, we offer one modification for which Con Edison has indicated support. In networks where a DR Provider has enrolled multiple customers, the DR Provider should have the option to disaggregate its portfolio of customers and create sub-aggregations within each network. That way, if the DR Provider has two customers in a network, with one large customer and one small customer, underperformance from the large customer will not prevent the small customer from receiving payment if they perform at their expected level. It would not be in any parties’ interest to have the smaller customer perform as expected but not receive compensation.

V. Amending the definition of Customer Baseline Load (“CBL”) to allow for additional CBL option

The DR Parties enthusiastically support Con Edison’s proposal to allow for an additional CBL option, and would recommend that Con Edison convene stakeholders to add this baseline option as soon as possible. Adding a baseline option is especially important for customers who plan to deploy energy storage. Several markets, including the New York Independent System Operator (“NYISO”), allow for distributed generation to be separately metered, with performance assessed based on the metering of that asset. This ensures that variations in load that may be occurring at the customer site do not impact the performance of the DG or storage asset. Con Edison does not currently have
such a baseline, which serves as a barrier to storage deployment and runs contradictory to REV goals.

VI. Conclusion

The DR Parties thank the Commission for consideration of these comments, and for the continued leadership in establishing New York as an international model for successful DR programs. We welcome any discussion or questions, and encourage you to contact Katherine Hamilton, Executive Director of AEMA, at 202-524-8832 or Katherine@aem-alliance.org should you wish further discussion with AEMA.

Respectfully Submitted,

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