STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission to
Consider Demand Response Initiatives

Case 09-E-0115

Comments of
The New York State Energy Research and Development Authority on
Consolidated Edison Petition for Approval of Changes to Demand Response Programs

The New York State Energy Research and Development Authority (NYSERDA) submits its comments in response to a Notice of Proposed Rulemaking published in the New York State Register on January 16, 2013. The Notice is in response to a Revised Petition filed by the Consolidated Edison Company of New York, Inc. (“Consolidated Edison”) on December 14, 2012, that proposes revisions to its demand response (DR) programs.

Over the past several years, Consolidated Edison has shown valued leadership in its DR offerings and has continued to adjust and improve programs for its customers. The requested program revisions in the Company’s filing generally represent a continuation of its strong slate of DR programs. However, NYSERDA believes that certain aspects of proposed program revisions merit further consideration.

In its Revised Petition, Consolidated Edison proposes a number of changes to its DR programs intended to support customer-oriented DR solutions and increase program participation. Changes would apply to several of the Consolidated Edison’s DR programs (“DLC” or Rider L; “CSRP” or Rider S; and “DLRP” or Rider U) and involve a number of changes, including: moving its central air-conditioning customers away from participation in the New York State Independent System Operator (“NYISO”) Special Case Resource (SCR) Program; changing the call times that determine the basis for program activation; evaluating new technologies for Direct Load Control (DLC), developing an operative procedure for baseline calculations to be made available on the Company’s website, expanding incentive awards for certain participants, and DLC budget consolidation.

NYSERDA’s comments focus on those aspects of Consolidated Edison’s Petition related to certain technical options, transparency of program design, and market and ratepayer issues. NYSERDA believes that the following principles and factors merit further consideration prior to DR program modification.
NYSERDA applauds Consolidated Edison’s intent to expand the range of eligible technical options encompassed in its DR efforts. However, NYSERDA suggests further diversifying the range of options to communicate and deliver customer-sited or demand-side resources to also include additional technical solutions that integrate energy efficiency (EE) and DR. For example, non-proprietary, readily-available platforms for direct load control (DLC) offer significant long-term advantages to participants, program administrators, and to the market. This could include new energy-efficient equipment with integrated DR capability (examples include such new products as smart grid capable air conditioning units, controllable ballasts, and platforms for thermostat-based DLC).\(^1\) Expanding the range of options will serve to expand and deepen the technology market and encourage further opportunities for the innovation of new technologies with advanced communication capabilities – resulting in a more robust and successful effort for Consolidated Edison and its ratepayers.

NYSERDA also commends Consolidated Edison’s investigation of a replacement for its pager-based central air conditioning system, the use of the Internet as a means to transport curtailment notifications, and adjustments to DLC appropriate for room air conditions prevalent in New York City homes and businesses. NYSERDA believes, however, that certain technical barriers (i.e. home area networking) and programmatic risks (consumer uptake) warrant further pilot scale development in these areas.

In its Revised Petition, Consolidated Edison does not explain the level or extent of savings expected by its proposal to discontinue enrolling central air conditioning customers in the NYISO SCR. The Petition also does not explain if, or how, such savings will flow back to customers. Current enrollments in SCR provide revenues that flow back to customers through the Market Adjustment Clause (MAC). This provides positive feedback to ratepayers and a clear signal to the broader market of the value of the load reductions. This information increases the opportunities to develop both relationships and projects that lead to least-cost efforts to meet program requirements. In order to adequately assess longer-term market development and increase program transparency, NYSERDA believes that additional information as to whether savings will flow back to customers and how the broader market would continue to be informed by the value of the load should be provided so that the impact on the State’s overall DR effort can be further analyzed.

With regard to market issues, DR providers and customers face challenges tracking and understanding the wide range of DR programs offered by the NYISO and transmission owners. NYSERDA cautions that some aspects of the Revised Petition, such as the proposed change to Riders S and U baseline calculations, may unnecessarily add to this challenge. Consolidated Edison proposes to move away from the NYISO Emergency Demand Response Program (EDRP) Customer base Line (CBL) to a yet-to-be-designed operating procedure regarding baseline calculations. NYSERDA urges caution in development of additional baselines and strongly encourages the engagement of DR providers and others in the development of any proposed alternatives.

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\(^1\) There are a number of technologies that appear to have great potential for small and medium business customers including room air conditioner fleet controls, advanced thermostatic controls, and HVAC control retrofits that integrate energy-efficiency, peak load reduction, demand response automation, and response to hourly pricing tariffs.
NYSERDA recognizes that ratepayers benefit by the Company’s continual improvement of its DR Programs. However, assessing the extent to which such benefits and opportunities are effective is difficult without greater transparency of program design and adopting approaches that diversify and broaden the market. NYSERDA urges the Commission to carefully consider the full range of programmatic options in order to encourage and enable robust, market-based solutions that minimize ratepayer impacts.

NYSERDA appreciates the opportunity to submit additional comments and looks forward to continuing its work with the stakeholders on these issues.

Dated: March 4, 2013

Respectfully submitted,

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