

October 17, 2016

Hon. Ben Wiles  
Hon. Dakin Lecakes  
Administrative Law Judges  
NYS Department of Public Service  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: Case 16-E-0060 -Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service.

Case 16-G-0061 -Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

## Digital Energy Corp's Statement in Support of the Joint Proposal

Dear Judges Wiles and Lecakes:

Your Honors, Digital Energy Corp ("Digital") requests you accept this statement in support of the Joint Proposal ("JP"). As background, Digital provides support services to DER owners, specifically owners who have installed Combined Heat and Power ("CHP") plants. Most of these plants are under 1 MW of nameplate capacity. Our clients are small business owners, small to medium size condo or coop buildings, nursing homes, etc. Digital Energy joined the JP discussions, participating in the meetings as an active party as of August 9, 2016. Digital found that on several occasions, Digital's points were disregarded as having been addressed in prior meetings and thereby not given full consideration. Digital signed a statement in support of the JP noting three exceptions which are discussed later in this document.

Digital finds the JP meets the requirements of the Commission's Settlement Guidelines. The JP, having been negotiated and is in general<sup>1</sup>, a) in the public interest by balancing the interest of ratepayers, investors, and the long term viability of the utility; b) consistent with the economic, social and

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<sup>1</sup> Digital noted three exceptions on its signature page and has added one more item in this document regarding the use of a minimum measurement methodology to set the performance value for the Reliability Credit and SC-11 Bill Credit.

environmental State and Commission policies; and c) within the range of reasonable results that would likely have arisen from a Commission decision in a litigated proceeding.

Digital signed as a signatory to the JP, and did note three exceptions on its signature page which are reviewed in more detail here:

### **EXCEPTIONS**

1. The Standby Reliability Credit eligibility requirements G.6.c (ii) 1,2, & 4 require the customer to pay for the installation of PSC approved utility grade interval meters<sup>2</sup> that can communicate with Con Edison's data collection system. During the JP negotiations, Digital brought up the unfair treatment of those customers that will participate in the new Reliability Credit. Digital suggested the removal of the requirement (items G.6.c (ii) 1,2, & 4) but was denied by Con Edison. Con Edison explained that the generation data from these meters was needed to analyze DER performance and the Con Edison system. The imposition of these eligibility requirements on customers that will apply for the Reliability Credit is unjust and unfair as Con Edison will not use the data to compute the credit for these customers. The generation meter data will be used instead for Con Edison's own internal purposes and for reporting to the PSC. Given that Con Edison has stated during the JP meetings that the data from these meters is for internal purposes, and that this is confirmed in the New York State Department of Public Service Staff Statement in Support of the Joint Proposal<sup>3</sup>, it seems appropriate that Con Edison should incur the cost for the meters and the communications. Digital therefore requests that either the requirements are removed from the JP as an unjust cost imposed on a small subset of customers, or that Con Edison be required to accept the cost of these requirements and pay for the meters and the cost of communications.
2. Digital Energy does not support the setting of the new Reliability Credit performance period end date to September 30 for RY2 and RY3. This objection to the September 30 performance period end date is limited to New York City residential facilities which are required to provide heat to residential tenants by October 1. The change in the Reliability Credit performance period end dates in the JP, RY2 and RY3, could require these facilities to shut down or significantly reduce generation (thereby increasing their net load as measured by the utility meter), thus reducing their Reliability Credit. Not only would this impact the current year, but given the rules in the proposed JP which call for the use of minimum performance over two years with a minimum performance down ratchet, the effect of this conflict between NYC policy and PSC policy, are even more significant. In fact, according to data received from Con Edison, there have been no NYISO nor Con Edison events in any of their reliability programs for the last 5 years (2013 through 2016) in the Sept 15-30 period. Therefore, Digital suggests a compromise position that changes only the performance period end dates in RY2 and RY3 from September 15 to September 30 to avoid this conflict, and as one that seems reasonable. This compromise was proposed in the JP meetings but rejected by Con Edison.
3. Digital does not support the present structure of the SC-11 sell back tariff in regards to the definition of import contract demand, and export capacity contract demand. Digital submits that contract demand for DG sites should be set based primarily on import capacity provided by the utility.

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<sup>2</sup> More than one meter may be required depending on the generator configuration and the number of utility services at the facility. Each meter is estimated to cost between \$7,000-\$12,000 installed.

<sup>3</sup> NEW YORK STATE DEPARTMENT OF PUBLIC SERVICE STAFF STATEMENT IN SUPPORT OF THE JOINT PROPOSAL, paragraph G.6.c, page 39, last paragraph

Contract demand related to export capacity should be structured based on the specific local Con Edison dedicated equipment needed for a DG site to deliver such capacity to the utility system. The current rate case and tariff do not provide enough granularity to fairly price the contract demand charges for DERs. Digital suggests a process be setup so that these deficiencies may be explored and fixed in such a way as to meet the rate design principles as laid out in the commission's Track Two Order<sup>4</sup>.

#### **ADDITIONAL ITEM**

In addition to the items above, Digital wishes to point out the unusual use of minimum performance as the measurement methodology used to compute the standby Reliability Credit and the SC-11 Bill Credit. Digital deems both of these credit programs to be reliability programs. Upon surveying reliability programs from the NYISO and Con Edison, Digital cannot find another reliability program that uses a minimum performance measure as the measure upon which financial benefits of the program are determined. In fact, the NYISO SCR program uses an average to determine performance, NYISO wholesale generators are derated for availability and generator output using averaging, and Con Edison's own reliability programs, CSRP & DLRP, use averages to determine performance. Given the many examples of reliability programs that use average performance, it is inexplicable as to why the reliability programs in the JP use the minimum performance methodology as opposed to using the prior precedence of average performance. Digital requests that the use of minimum performance be designated as an unfair methodology, that undervalues the contribution of DERs. Digital suggests the use of an average performance methodology be designated to replace the minimum performance methodology in the JP.

Digital finds the overall JP acceptable, except as noted above, and submit these items for your review. Thank you for your consideration of these matters.

Respectfully Submitted,



Jonathan Lilian  
Vice President, Digital Energy Corp

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<sup>4</sup> Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016) ("Track Two Order"), APPENDIX A