**BEFORE THE**
**STATE OF NEW YORK**
**PUBLIC SERVICE COMMISSION**

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| **Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs** | **)<br>)<br>)** | **Case 15-E-0186, Case 15-E-0187, Case 15-E-0188, Case 15-E-0189, Case 15-E-0190, Case 15-E-0191** |

**COMMENTS OF NRG ENERGY, INC.**
**ON DRAFT DISTRIBUTION-LEVEL**
**DEMAND RESPONSE PROGRAMS**

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Pursuant to the New York State Public Service Commission's ("PSC's") April 15, 2015 notices in the New York State Register, Notice Nos. PSC-15-15-00009-P - 00013-P, NRG Energy, Inc. ("NRG") respectfully submits these comments in response to the tariffs filed in the above-captioned docket by Niagara Mohawk Power Corporation ("National Grid"), New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas & Electric ("RG&E"), Central Hudson Gas & Electric Corporation ("Central Hudson"), and Orange & Rockland Utilities, Inc. ("Orange & Rockland") (collectively, "Draft Tariffs").[1]

## I. Background and Summary

The PSC in its December 15 Order directed all utilities without distribution-level demand response programs to develop dynamic load management program tariffs that included such programs within 90 days of the order. Recognizing the significant potential gains that can be captured by developing programs in time for summer periods of high peak load, the PSC directed

[1] The Draft Tariffs were filed pursuant to the Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs, Order Instituting Proceeding Regarding Dynamic Load Management and Directing Tariff Filings, Case 14-E-0423 (Dec. 15, 2014) ("December 15 Order"); Notice of Stakeholder Meetings, Case 14-E-0423 (Jan. 2, 2015); Ruling on Extension Request, Case 14-E-0423 (Jan. 26, 2015).

stakeholders to develop distribution-level demand response programs that can be implemented for Summer 2015.

NRG on January 30, 2015 filed comments ("January 30 Comments") supporting the PSC's expansion of current programs to utility territories without such programs.[2] Such programs should accommodate broad program participation and rapid deployment across the state. As NRG underscored in its January 30 Comments, program uniformity will avoid customer confusion, ease the administrative burden of tariff implementation, and reduce overhead costs thereby maximizing the callable load reductions available to address New York's summer peaks this year. Accordingly, distribution-level demand response tariffs should be, to the maximum extent possible, uniform across all utilities.

NRG continues to support the PSC's directive in the December 15 Order to utilize in the near term Consolidated Edison Company's ("Con Edison") programs as a model for all demand response tariffs in the state. Those programs have a proven track record and, for stakeholders presently familiar with Con Edison's program rules, can be implemented on a statewide basis and on an accelerated timeframe with less disruption than would result with the introduction of new program rules.

NRG applauds the distribution utilities for designing, on an expedited basis, demand response tariffs expanding program participation across the State of New York. However, NRG offers below refinements to program rules that would further realize the potential to reduce peak loads and provide substantial benefits to customers, the electric system, and the state as a whole. In addition, while NRG is in support of each utility developing, for purposes of achieving a Summer 2015 implementation date, a phased approach based on its needs, circumstances and

[2] NRG through its affiliate, Energy Curtailment Specialists ("ECS"), manages several thousand megawatts of demand response in the organized markets and is one of the larger NYISO Special Case Resource providers.

initial capabilities, the companies should be required to follow Con Edison's lead in expanding and revising the programs as appropriate in future annual filings at the PSC.

## II. Comments

### A. Draft Tariffs Should Be Revised, Where Applicable, to Achieve Maximum Program Eligibility and Participation

#### 1. Programs should be Available to the Broadest Geographic Region Possible.

In order to realize the substantial benefits that distribution-level demand response programs provide to customers and to the electric distribution system, the geographic reach of such programs should be as broad as possible. Because Con Edison's programs are open to all networks in its service territory, those programs invite broad customer enrollment and achieve levels of distribution system load relief that capitalize on demand response's value as a system planning resource. Unlike Con Edison's programs, however, National Grid appears to restrict its program to a small area of its service territory (*i.e.*, customers in a "Company Designated Area" in Buffalo with distressed electrical equipment), with additional Company Designated Areas to be added following the Summer of 2015. Unless the program is expanded to National Grid's full service territory, however, significant program benefits such as increased system efficiency and improved system reliability and resiliency will be lost.

NYSEG and RG&E also limit the reach of their programs to Company Designated Areas without sufficiently defining such areas in their draft tariffs.[3] Accordingly, those companies should be directed to clarify whether customers throughout their entire service territories are eligible to enroll in those proposed programs. If such programs are limited in geographic scope,

[3] NYSEG and RG&E define a Company Designated Area as "An electrically defined area determined by the Company to be approaching system capacity limits during peak periods."

those companies should demonstrate why they should not be expanded across those companies' full service territories. If, because of timing the scope and scale of the programs has been limited for implementation this summer, the utilities should be required to demonstrate how the programs will be expanded over time. Likewise, National Grid should be directed to expand its programs across its full service territory, or demonstrate why additional Company Designated Areas have not been identified for Summer 2015 implementation.

### 2. Program Participants Should Not Be Precluded from Participating in Both NYISO's Special Case Resource and Distribution-Level Utility Demand Response Programs.

Because NYISO's Special Case Resource ("SCR") program and distribution-level demand response programs serve complementary, but distinctly separate, purposes Central Hudson should be required to eliminate from its proposal the restriction precluding dual enrollment in both programs. In these REV proceedings, New York State Department of Public Service Staff ("Staff") sought to coordinate and align wholesale and retail market rules relating to demand response in order to fully realize the value of distribution-level markets.[4] Because services and products offered at the wholesale and distribution system level are clearly designated for specifically different purposes, customer enrollment in both NYISO's SCR program and distribution-level programs makes sense and should be permitted. According to Staff, "[t]here will be times when resources could be called for local [distribution system program] reasons, times when they are needed by the NYISO, and times when calls by the

[4] Proceeding on Reforming the Energy Vision ("REV") Staff Report and Proposal, Case 14-M-0101 (April 24, 2014) at pp. 43-44.

[distribution system provider] and NYISO occur simultaneously."[5] Thus, the programs offer "discrete sets of benefits on the distribution and bulk power systems."[6]

Con Edison permits dual enrollment in both its peak shaving program (CSRP), distribution load relief program (DLRP), and the NYISO's SCR program, and has taken measures to minimize barriers to enrollment for customers who participate in both programs.[7] Likewise, rather than requiring customers to choose between enrolling in the SCR or a distribution-level program, Central Hudson should be required to permit dual enrollment in order to recognize demand response programs' distinct generation and transmission and distribution benefits.

### B. State-Wide Distribution-Level Demand Response Tariffs Should Achieve Program Uniformity

The PSC in its December 15 Order cautioned that "program differences across the various distribution utilities, while needed for structural reasons such as locational avoided costs and peak load periods, should be minimized to the extent possible."[8] Although the market or individual utility needs may dictate customization of some program rules, the Draft Tariffs do not go far enough in standardizing certain program features that lend themselves to uniformity across all utilities, as discussed further below. In addition, as was noted above, the companies should be required to expand and revise the programs, as uniformly as possible, in future annual filings at the PSC.

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[5] *Id.*
[6] *Id*.
[7] For example, in introducing new call windows for CSRP to more closely align test and event reductions with historical network peaking times, Con Edison noted that overlapping call windows between NYISO and Con Edison DR programs allows customers and Aggregators to maximize the benefits from concurrent program activations. Consolidated Edison Company of New York, Inc. Report on Program Performance and Effectiveness of Demand Response Programs, Case No. 09-E-0115 (filed Dec. 1, 2014) at pp. 21-22.
[8] December 15 Order at p. 7.

### 1. The Baseline Methodology Should be Uniform Across All Utilities.

All Draft Tariffs propose using the Customer Baseline Load ("CBL") baseline methodology both for measurement and for verification of the load relief provided. Con Edison's demand response programs use the CBL baseline methodology, and adopting the CBL baseline methodology state-wide across all distribution-level demand response programs would serve as an acceptable measure of load consumption. However, while all Draft Tariffs incorporate similar language adopting the CBL, they lack detail of each utility's baseline operating procedures. To realize the benefits of uniform program rules and procedures, the PSC should require that utility baseline operating procedures are as consistent as possible across companies and programs.

## III. Utility Payment Structures and Cost-Benefit Analysis

Because program payment levels will be tied to avoided costs, Staff at the January 9, 2015 stakeholder meeting underscored that utilities should carefully model avoided costs particularly with respect to the marginal cost of avoided transmission and distribution investments.[9] Staff further noted that avoided cost analyses developed in this proceeding will be carried forward into the PSC's analysis of avoided cost in the REV proceeding.

NRG underscores that the PSC should take into account the wholesale avoided costs that will be achieved under the distribution-level demand response programs. Moreover, it is unclear from the Draft Tariffs how the utilities supported their incentive payment structures, or what methodology was used to arrive at incentive payments. Accordingly, in order to provide greater

[9] December 15 Order at Appendix A, p. 2.

transparency the companies should be required to justify the payment structures utilized in the Draft Tariffs.

## IV. Conclusion

NRG respectfully requests that the PSC accept these Comments and adopt its recommendations made herein.

Respectfully submitted,

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