

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**In the Matter of a Review of the Long-Term Gas
System Plans of Consolidated Edison Company of
New York, Inc. and Orange and Rockland Utilities, Inc.**

Case 23-G-0147

**COMMENTS OF THE CITY OF NEW YORK
ON CONSOLIDATED EDISON COMPANY OF
NEW YORK INC.'S GAS DEMAND RESPONSE PILOT
IMPLEMENTATION PLAN**

September 15, 2025

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PRELIMINARY STATEMENT

In September 2024, the New York State Public Service Commission (“Commission”) required Consolidated Edison Company of New York, Inc. (“Con Edison”) to make certain filings as supplements to its Long-Term Gas Plan, including a demand response (“DR”) program to be implemented for this winter.¹ Notably, this is not the first gas DR program that the Company has operated, having run a pilot program from November 2018 to March 2022, which included a smart thermostat Direct Load Control offering for residential customers similar to the one proposed here. That program, just like the one proposed now, was designed to test the feasibility and cost-effectiveness of incentivizing customers to reduce their gas usage during peak demand days.²

The City of New York (“City”) has long been a proponent of DR programs, generally, and it has been a long-time participant in Con Edison’s DR programs. The City recognizes the importance of managing demand during peak periods. That said, the City is concerned that Con

¹ Case 23-G-0147, In the Matter of a Review of the Long-Term Gas System Plans of Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc., Order Regarding Long-Term Natural Gas Plan and Requiring Further Actions (issued September 20, 2024) (“LTP Order”) at 47. *See also* Case 23-G-0147, *supra*, Gas Demand Response Pilot Implementation Plan, 2025 (filed January 21, 2025) (“2025 Pilot Plan”)

² *See* Case 17-G-0606, Petition of Consolidated Edison Company of New York, Inc. for Approval of the Smart Solutions for Natural Gas Customers Program, Gas Demand Response Pilot Implementation Plan 2018-2021 (filed April 26, 2018) (“2018 Pilot Plan”).

Edison has not applied lessons learned from the 2018 Pilot Plan to improve upon the proposed program here. The 2025 Pilot Plan is nearly identical to the 2018 Pilot Plan, which the Company found not to be cost-effective. The City is also concerned that there is insufficient information to properly assess the proposed “Bring Your Own Thermostat” Pilot (“BYOT Pilot”), and the information provided is unsubstantiated. The City offers the following comments and recommendations: (1) the Commission should reject the proposed BYOT Program and direct the Company to file a revised proposal, applying lessons learned from the 2018 Pilot Plan; and (2) in the revised proposal, Con Edison should include more information to show why this proposal is an improvement over the 2018 Pilot Plan.³

COMMENTS

POINT I

CON EDISON SHOULD APPLY LESSONS LEARNED FROM THE 2018 PILOT PLAN

Pilot projects are employed routinely by utilities to test whether a concept or program will be effective and feasible and should be broadly applied or deployed. Here, Con Edison is proposing a gas DR pilot that is largely similar to a gas DR pilot it operated for several years and found not to be cost-effective because sufficient levels of demand reductions were not achieved. Not only has the Company failed to apply any lessons learned from the 2018 Pilot Plan and failed to propose any improvements based on its experiences with that Plan, the Company’s approach is inconsistent with the Commission’s directive in the LTP Order to “restructure” the

³ The City’s comments herein are focused on the BYOT Pilot as that is the main subject of the 2025 Pilot Plan. Although the City reserves the right to provide comments and recommendations on any performance-based DR program Con Edison plans on proposing in the future, the City recommends that the Commission require the details and analyses needed to support gas DR project proposals discussed herein be incorporated in any future pilot proposals the Company submits.

approach taken for DR offerings.⁴ This, in itself, should be grounds to reject the 2025 Pilot Plan as proposed.

In the 2018 Pilot Plan, Con Edison launched a Direct Load Control (“DLC”) Program wherein residential and small commercial customers used controllable/smart thermostats to reduce gas usage at peak times.⁵ Interestingly, the language Con Edison used in the 2025 Pilot Plan is largely the same as that included in the 2018 Pilot Plan.⁶ While some aspects of the program design have changed (*e.g.*, the sign-up incentive for the 2018 Pilot Plan was significantly higher and it sought to enroll a much smaller number of participants, which is discussed in more detail below), the overall intent and design of the 2025 Pilot Plan is the same as the 2018 Pilot Plan. Indeed, even the cost of the 2018 Pilot Plan (\$2.9 million for incentives) is not that much lower than what the Company is proposing for a program today (\$3 million total). Overall, the 2025 Pilot Plan is not different than the 2018 Pilot Plan and there has not been any restructuring.

Con Edison states that the 2025 Pilot Plan will “build upon lessons learned from the previous iteration of the Smart Rewards for Natural Gas Customers Program that the Company piloted from 2018/2019 Winter Capability Period through 2021/22....,”⁷ but it provides no further information or explanation as to how it is doing so. On its face, the 2025 Pilot Plan appears to be repetitious of the 2025 Pilot Plan. This is troublesome because Con Edison ended the 2018 Pilot Plan because it was “not a viable option for load relief;” in doing so, Con Edison stated that it

⁴ See LTP Order at 47.

⁵ 2018 Pilot Plan at 13.

⁶ Compare 2018 Pilot Plan at 13 and 2025 Pilot Plan at 2-4.

⁷ 2025 Pilot Plan at 1.

would explore “other strategies” for future gas DR programs.⁸ Con Edison further stated that “...the load reductions observed in the [2018] pilot lacked the reliability necessary to measurably contribute toward peak day benefits...”⁹ The City submits that there is nothing in the instant proposal that demonstrates “other strategies.” The Commission should not approve Con Edison’s proposal to essentially waste ratepayer funds on a program that the Company has already determined to be a failure.

There is also no mention of any benefit/cost analysis (“BCA”) for the 2025 Pilot Plan, despite the wealth of data available from the 2018 Pilot Plan and the known cost – \$3 million according to the filing. Given the data and results from the 2018 Pilot Plan, it is questionable why the Company did not provide any BCA for this proposal.

Because of the results of the 2018 Pilot Plan, and the fact that the 2025 Pilot Plan is almost identical to it, the Commission should require Con Edison to provide a BCA before the Commission approves any use of ratepayer funds for a repeat program. Such analysis should also evaluate any greenhouse gas emissions reductions that the Company expects to result from the BYOT Pilot. The Commission also should require Con Edison to provide a comprehensive explanation as to how it is incorporating lessons learned from the 2018 Pilot Plan and how it is restructuring the program based on the prior experience.

⁸ Case 17-G-0606, *supra*, Gas Demand Response Report on Pilot Performance 2021/2022 (filed July 15, 2022) at 20 (“2022 Gas DR Report”).

⁹ See Attachment 1, Interrogatory Response NYC-1-8.

POINT II

THERE IS INSUFFICIENT INFORMATION TO ASSESS THE PROPOSED BYOT PROGRAM

Con Edison is proposing a BYOT program which is similar to its electric DR offering of the same name, but wherein DR events would last from 6:00 a.m. to 10:00 a.m. As an initial point, the City questions whether targeting peak times, as in the electric DR program, is appropriate. Whereas electric markets and pricing operate on periods of minutes and hours and peak periods are measured in hours, gas markets operate on a daily basis and peak periods are measured in days, not hours. While targeting a four-hour period may reduce demand during that time, doing so may not have any impact on the designation of a peak day or total gas usage over that 24-hour period. Con Edison stated that reducing consumption over a four-hour window would reduce overall daily consumption.¹⁰ The City questions the validity of this assertion.

The procurement process is relatively straightforward – the utility forecasts its customers' gas demand, including seasonal fluctuations and daily requirements, the gas is acquired through various supply contracts and through a diversified supply portfolio, and then the gas is distributed to customers. Whereas electricity commodity purchases can vary hourly or more frequently over the course of a day, gas quantities are determined on a daily basis and different quantities cannot be purchased on an hourly basis. Moreover, there are daily gas balancing charges, and utilities and other users can be charged for both positive and negative deviations from their schedules.

Further, Con Edison offered no data to support the assumption that reducing gas demand during a four-hour period would have a significant impact on gas usage over the day as a whole

¹⁰ See Attachment 2, Interrogatory Response NYC-1-4.

to alter the peak load. In fact, it is the City's recollection from discussions with Con Edison regarding the 2018 Pilot Plan that customers used more gas prior to 6 am to pre-heat buildings and more gas after 10 am to make up for reductions in inside temperatures. Overall, the total amount of gas used on a daily basis remained about the same.

The City also questions whether the BYOT program will be successful if customers are able to override the Company's control of their thermostats. Even if the Company turns the heat down, customers can then manually increase them back to temperatures they prefer or opt-out of participating in DR events altogether, as what occurred during the 2018 Pilot Plan.¹¹ Since the Company is proposing an initial, one-time sign-up incentive per device, there is no ongoing incentive for the customer to reduce their gas usage after the thermostat is installed. Given the issues with customer participation previously, and as noted above, the Commission should not approve this proposal at this time. Rather, the Commission should direct Con Edison to provide additional information on how lessons learned from the 2018 Pilot Plan are being applied to help ensure customers are incentivized to reduce total gas usage for the duration of a peak day.¹²

The proposal also lacks explanation as to how the incentives were determined (*i.e.*, \$15 per device or \$20 per device if located in a Disadvantaged Community) and whether the incentives will make a significant difference in encouraging customers to participate. The Company should provide information on the costs of eligible thermostats and whether \$15 or \$20

¹¹ See 2022 Gas DR Report at 12-13 (the season average opt-out rate increased from the prior year to 40%).

¹² Notably, one difference from the 2018 Pilot Plan is the lack of a proposed performance incentive here, which would have rewarded customers for participating in DR events. If anything, this omission appears to be a step backwards.

will be enough to encourage a customer to purchase such a thermostat.¹³ Particularly for members of Disadvantaged Communities, the incentive is likely not sufficient to cover the cost of the thermostat and would not induce participation.

The City asked Con Edison how the incentive levels were determined. Con Edison provided a vague response that the numbers were based on the 2018 Pilot Plan.¹⁴ For comparison, in the 2018 Pilot Plan, Con Edison offered a sign-up incentive of \$85 plus an additional \$25 for participation in DR events.¹⁵ This is 82% *higher* than the incentive being proposed here. Con Edison has not provided any explanation or justification – in its filing or in discovery responses – as to the basis for its belief that a lower incentive will be more effective in increasing customer participation.

The Company also stated that it reviewed the DR offerings of The Brooklyn Union Gas Company d/b/a National Grid and KeySpan Energy East Corp. d/b/a National Grid (collectively, “National Grid”) in developing the instant proposal. National Grid offers a \$25 incentive per device upon enrollment, an annual \$25 incentive based on participation in program events, and another \$15 annual incentive for participation in a “Full Day Bonus” option.¹⁶ Inasmuch as National Grid offers more and higher incentives, it is not clear whether or how Con Edison incorporated that information in the development of its proposal. Its deviation from both the

¹³ Though not stated in the 2025 Pilot Plan, part of the incentive to participate in the BYOT Pilot could be reduced utility bills. If the Company believes this to be a possibility, then it should provide an accounting of gas costs during DR events and show possible savings related to participation.

¹⁴ See Attachment 3, Interrogatory Response NYC-1-6.

¹⁵ 2018 Pilot Plan at 13.

¹⁶ Cases 20-G-0086, *et al.*, Tariff filing by The Brooklyn Union Gas Company d/b/a National Grid NY to Modify its Gas Tariff Schedule, P.S.C. No. 12 - Gas, to Establish a Firm Demand Response Program, Firm Gas Demand Response 2024-2025 Annual Report (filed June 15, 2025) at 36.

incentives previously offered and those offered by neighboring gas utilities is troubling and raises questions as to whether this proposal is intentionally designed to fail.

Moreover, Con Edison proposes enrolling 12,000 customers in the BYOT program, which is only 5,000 more than the number of participants in the 2018 Pilot Plan. The City is concerned that this is not a large enough pool of customers, relative to the approximate one million customers in its gas service territory, to properly gauge the success of the program.¹⁷ Con Edison also did not provide any information as to how many of these 12,000 customers will be in New York City compared to Westchester County. The two areas have different building types and average uses, and such details will be important in contextualizing and evaluating the program. If the numbers for any building type are not statistically significant, the results will not have much, if any, value.

When asked how the Company determined this number, Con Edison again responded vaguely, stating “[t]he Company determined its 12,000 customer enrollment limit to provide a budgetary estimate for program implementation.”¹⁸ This, to put it plainly, puts the cart before the horse. The Company seems to be saying that it chose a number first and came up with a budget, not a number based on projected customer participation or based on targeted demand reduction. This is inappropriate and a very poor way to develop a pilot program. Moreover, this approach prevents the Commission from evaluating whether the reduction targets are reasonable, whether the costs are appropriate, and whether the planned scope will be sufficient to provide meaningful information for possible expansion of the program.

¹⁷ According to its website, Con Edison serves 1.1 million gas customers in Manhattan, the Bronx, Queens, and Westchester County. *See* Con Edison, “Company History and Statistical Information” (updated March 2023), available at: <https://www.coned.com/en/about-us/corporate-facts>.

¹⁸ *See* Attachment 4, Interrogatory Response NYC-1-7.

Given these deficiencies in the Company's proposal, the City requests that the Commission reject the proposed Pilot program and direct Con Edison to file a new proposal with sufficient detail to allow both stakeholders and the Commission to properly assess its merits. The revised proposal should include analysis related to expected customer participation and the anticipated impacts on gas demand.

CONCLUSION

The City has long supported demand reduction strategies as a way to meet both the City's and State's climate and emissions reduction goals. While gas DR programs could potentially play a role in reducing gas demand on peak days, the City is concerned with the Company's strategy of reusing a pilot that was previously found to be ineffective and inefficient. For the reasons discussed herein, the City does not believe the BYOT Pilot proposed by Con Edison will be successful in reducing peak gas demand or usage.

For the foregoing reasons, the City respectfully requests the Commission reject Con Edison's proposed BYOT Pilot and direct the Company to file a revised proposal with more information, including a BCA, to show why this proposal is an improvement over the 2018 Pilot Plan, how the Company is seeking to overcome the problems experienced with the previous program design and performance, and why it believes its proposed incentive structure and participation level is reasonable and likely to contribute to a positive outcome.

Respectfully submitted,

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