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September 26, 2016

VIA ELECTRONIC FILING

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

Re: Case 16-M-0430 – In the Matter of Rate Design Reforms Supporting the Commission's Reforming the Energy Vision

Dear Secretary Burgess:

In accordance with the *Notice of the New Case Number and Soliciting Comments on Rate Design Reforms* issued by the New York State Public Service Commission on August 9, 2016 in Cases 14-M-0101 and 16-M-0430, attached are the Comments of Multiple Intervenors for filing in Case 16-M-0430. Copies of the attached Comments are being served herewith on the active parties in Case 16-M-0430.

Respectfully submitted,

COUCH WHITE, LLP

Michael B. Mager

Michael B. Mager

MBM/srg
Attachment

cc: Active Parties (via E-Mail; w/Attachment)
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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of Rate Design Reforms Supporting the Commission's Reforming the Energy Vision	**Case 16-M-0430**

COMMENTS OF MULTIPLE INTERVENORS

Dated: September 26, 2016

MULTIPLE INTERVENORS
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PRELIMINARY STATEMENT

Multiple Intervenors, an unincorporated association of approximately 60 large industrial, commercial and institutional energy consumers with manufacturing and other facilities located throughout New York State, hereby submits its Comments to the New York State Public Service Commission ("Commission") on the tariff filings by certain of the State's electric utilities in conjunction with Cases 14-M-0101 and 16-M-0430.[1] Multiple Intervenors' Comments are submitted in Case 16-M-0430 in accordance with the *Notice of the New Case Number and Soliciting Comments on Rate Design Reforms* issued by the Commission on August 9, 2016 in these proceedings.

The Commission's "Track Two Order," issued on May 19, 2016 in the REV proceeding, directed New York's electric utilities to file tariff revisions to their standby service rates to implement an offset tariff and a reliability credit for standby customers whose actual demand consistently falls below their contract demand.[2] Multiple Intervenors' Comments respond to the tariff filings of Central Hudson Gas & Electric Corporation ("Central Hudson"), Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk"), and, jointly, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation ("NYSEG/RG&E"). These Comments advocate no positions with respect to tariff filings filed by other New York electric utilities.[3]

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[1] Case 14-M-0101, *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision*, and Case 16-M-0411, *In the Matter of Distributed System Implementation Plans*. Case 14-M-0101 hereinafter will be referred to as the "REV" proceeding.

[2] Case 14-M-0101, *supra*, Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016) (hereinafter, "Track Two Order") at 157.

[3] For purposes of these Comments, Central Hudson, Niagara Mohawk and NYSEG/RG&E collectively are referred to herein as the "Upstate Utilities."

In Point I, Multiple Intervenors addresses concerns with the Upstate Utilities' tariff filings as they relate to calculation of the reliability credit for distributed generation ("DG") units that are included as part of a multi-customer "campus-style" offset configuration. In particular, Multiple Intervenors urges the Commission to clarify that, in all configurations, the calculation of the reliability credit takes into account not just the performance of the DG unit or units, but all other means of responsive demand reduction. In Point II, Multiple Intervenors addresses errors in the tariff filings of Central Hudson and Niagara Mohawk that, if not corrected, could result in material inaccuracies in the proper calculation of the reliability credit.

ARGUMENT

POINT I

CALCULATION OF THE RELIABILITY CREDIT MUST TAKE INTO ACCOUNT ALL MEANS OF RESPONSIVE DEMAND REDUCTION

In the Track Two Order, the Commission rejected an argument advanced by New York's electric utilities that the reliability credit should take into account only the performance of the DG unit. According to the Commission, the utilities' argument "ignore[d] a central tenant of REV, which is that a variety of DER resources and customer activities should be encouraged, to produce desired outcomes. A customer with a distributed generator that is combined with storage, demand-reducing technology, or any other means of responsive demand reduction, produces reliability just as well as a 100% reliable generation unit."[4] In rejecting this argument, the Commission made no distinction between single-party and multi-party offset configurations with respect to proper calculation of the reliability credit.

[4] Track Two Order at 130.

In its tariff filing, Central Hudson included two separate calculations for the reliability credit that depend on whether service is taken under its "Single Party Offset" tariff (where the standby and generator accounts all are established in a single customer's name) or its "Multi-Party Offset" tariff (where the standby and generator accounts are established in two or more customer names). Except for minor typographical errors highlighted in Point II, *infra*, Central Hudson's proposed calculation for the Single Party Offset reliability credit appropriately accounts for all means of responsive demand reduction, not just the performance of the DG unit.

On the other hand, Central Hudson's proposed calculation of the reliability credit for Multi-Party Offset customers would base the credit on the lesser of the lowest kW recorded on the export meter for the DG unit or the aggregated Contract Demands of the "Recipient Accounts" (*i.e.*, the standby service accounts that are allocated the output of the DG unit).[5] By calculating the Multi-Party Offset in this manner, Central Hudson would (for purposes of the reliability credit) ignore combined demand reductions that a customer may achieve by, for example, pairing its share of a DG unit with other means of responsive demand reduction at the customer's individual building(s). This disparate treatment of Multi-Party Offset customers directly contradicts the Commission's clear ruling in the Track Two Order that the reliability credit must not be limited to just the performance of the DG unit.

Importantly, Central Hudson (indeed, all of the Upstate Utilities) will have the billing and metering information needed to perform the appropriate credit calculations as directed by the Track Two Order. Each standby service account included as part of a Multi-Party Offset arrangement "must be separately metered using Commission-approved, revenue grade, interval

[5] Case 16-M-0430, supra, Central Hudson Campus Offset and Reliability Credit Tariff Filing (filed August 1, 2016) at Leaf No. 272.17.7.

metering with telecommunications capability."[6] This ensures that Central Hudson will be able to accurately measure all means of responsive demand reduction that the customer may incorporate at individual customer buildings. Furthermore, Central Hudson's Multi-Party Offset tariff will require a "Sponsor" of each Multi-Party Offset arrangement to submit forms to the utility designating all recipients of the DG unit's output and the percentage allocation to each such recipient.[7] Utilizing individual building demand data, generator output data, and the percentage allocation forms, Central Hudson should be able to calculate a reliability credit that factors in both performance of the DG unit and all other measures of responsive demand reduction implemented by each participant within a Multi-Party Offset arrangement.[8]

The Commission has made clear that the reliability credit must capture more than just the performance of the DG unit itself, and it did not distinguish the credit calculation for applications that are located in offset arrangements involving two or more customers. As a result, the Commission should reject Central Hudson's proposal to treat Multi-Party Offset customers differently for reliability credit purposes and clarify that, for all configurations, the reliability credit must take into account all means of responsive demand reduction.[9]

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[6] *Id.* at Leaf No. 272.17.2.

[7] *Id.* at Leaf No. 272.17.1.

[8] Multiple Intervenors acknowledges the Commission's holding that, in campus-style settings, "contract demand charges should apply to the customer's maximum annual demand of each individual building on the campus." Track Two Order at 131. Multiple Intervenors' proposed clarification would not alter this holding. Rather, Multiple Intervenors' clarification is focused solely on the reliability credit, which is distinct from the contract demand assigned to individual buildings within a campus. Even with the clarification requested herein, the contract demand charges for Multi-Party Offset customers would continue to be based upon maximum annual demand of each individual building.

[9] To its credit, Central Hudson is the only Upstate Utility proposing a "Multi-Party Offset" tariff that allows two or more customers to participate in a campus-style offset arrangement. All

POINT II

THE COMMISSION SHOULD DIRECT CENTRAL HUDSON AND NIAGARA MOHAWK TO FIX MATERIAL ERRORS IN THEIR TARIFF FILINGS

Central Hudson and Niagara Mohawk submitted proposed tariff language that contains material errors with respect to calculation of the reliability credit. The Commission should direct those utilities to submit revised tariff language addressing such errors.

On Leaf No. 272.17.7, Central Hudson proposed the following language: "The Credit will be equal to the difference between the Standby Customer's Contract Demand in kW, and their highest kW demand recorded on the Customer's interval meter (net of generation) during the previous two consecutive full Summer Periods, multiplied by the Contract Demand Delivery Charge per kW that is in effect on October 1 of the year in which the credit is determined." The phrase "two consecutive full Summer Periods" should be replaced with "Measurement Period." The Track Two Order specifically directed each utility to allow the customer to exclude up to three outage events during each summer period, regardless of cause, comprised of no more than five 24-hour weekday periods. Central Hudson's proposed tariff ignores this directive; the modification requested herein would correct it.

Moreover, on Leaf No. 272.17.8, Central Hudson proposed to define "Measurement Period" as "weekdays from 10 a.m. to 10 p.m. during the previous two consecutive full Summer Periods. The measurement period would exclude Outage Events, regardless of cause,

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other Upstate Utilities limit their campus-style offset arrangements to single customers. The Commission nevertheless should issue a generic ruling applicable to all of New York's utilities, in the event that other utilities expand their campus-style tariffs in the future to allow two or more customers to participate. Alternatively, and preferably, the Commission should direct other utilities to allow two or more customers to participate in a campus-style offset arrangement, similar to Central Hudson.

as selected by the Customer, as well as holidays (*i.e.*, Independence Day (observed) if it falls on a weekday and Labor Day)." The following proviso should be added to the end of the first sentence: "provided, however, that the first year in which a Customer seeks a Credit, the Measurement Period is weekdays from 10 a.m. to 10 p.m. during the previous full Summer Period only." This clarification would ensure that Central Hudson customers are not forced to wait for two years before becoming eligible for the reliability credit. Importantly, every other New York electric utility includes the proviso requested herein and Central Hudson did not provide any justification for excluding it.

With respect to Niagara Mohawk, on Leaf No. 440, the utility proposed the following language: "The Credit for any Defined Measurement Period will be equal to the difference between the Customer's contract demand in kW, and the Customer's highest kW demand recorded on the Customer's output meter (net of generation)…." The phrase "output meter" should be replaced with "interval meter(s)." The "output meter" is the meter that records output from the generating unit. As explained in Point I, *supra*, the Track Two Order makes clear that the reliability credit is based not just on generating unit output but also includes all responsive demand reductions. As a result, the credit should be based on the difference between the customer's contract demand and the highest kW demand recorded on each interval meter associated with the standby service account(s) eligible for the credit (net of generation). The modification requested herein clarifies the appropriate meters to be used as part of the reliability credit calculation, and would render Niagara Mohawk's tariff consistent with the tariffs of the other Upstate Utilities.

CONCLUSION

For all the foregoing reasons, the Commission should rule on the Upstate Utilities' tariff filings in a manner consistent with Multiple Intervenors' Comments herein.

Dated: September 26, 2016
Albany, New York

Respectfully submitted,

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