BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs	))))	**Case 14-E-0423, *et al.***
Revisions to the Dynamic Load Management Programs	))	**Case 15-E-0186, *et al.***

COMMENTS OF NRG ENERGY, INC.
ON TARIFF FILINGS PROPOSING REVISIONS TO
DYNAMIC LOAD MANAGEMENT PROGRAMS

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Pursuant to the New York State Public Service Commission's ("Commission" or "PSC") January 25, 2017 notices in the New York State Register, Notice Nos. PSC-04-17-00008-P to 00009-P and PSC-04-17-00011-P, NRG Energy, Inc. ("NRG") respectfully submits these comments in response to the December 1, 2016 tariff revisions ("December 1 Filings") filed in the above-captioned docket by Niagara Mohawk Power Corporation ("National Grid"), Central Hudson Gas & Electric Corporation ("Central Hudson"), and Orange & Rockland Utilities, Inc. ("Orange & Rockland") (collectively, the parties are "Utilities" and the filings "Tariff Revisions").

I. Background and Summary

The Commission in a December 15, 2014 Order directed all utilities without distribution-level demand response programs to develop dynamic load management[1] ("DLM") program

[1] The dynamic load management programs include the Commercial System Relief Program ("CSRP") and Distribution Load Relief Program ("DLRP").

tariffs that included such programs within 90 days of that order.[2] Recognizing the significant potential gains that can be captured by developing programs in time for summer periods of high peak load, the PSC directed stakeholders to develop distribution-level demand response programs that can be implemented for Summer 2015.

On June 18, 2015, the Commission issued an order ("June 18 Order") in Case 14-E-0423, *et al.* approving the utility programs with modifications and directing further filings. On May 23, 2016 the Commission directed the Utilities to make various changes to the DLM programs and to report on certain additional program aspects in future filings ("May 23 Order"). Among the directed further filings was the requirement that each utility "perform assessments of the performance and cost-effectiveness of their individual DLM programs after each summer capability period"[3] and file a report on or before December 1 of each year detailing such evaluation, as well as a petition effectuating tariff changes for the following summer. The Tariff Revisions discussed herein were filed in compliance with the Commission's June 18, 2015 and May 23, 2016 Orders.

The Utilities in the December 1 Filings report on results from the 2016 program season and based on those results, propose various changes to the DLM program. As in prior filings, the Utilities submitted a number of programmatic changes that NRG supports because they foster improvements to the robust DLM programs and further accommodate broader program participation. For example, Orange & Rockland proposes to increase incentive payments for customers providing load relief in Tier 2 Areas. According to Orange & Rockland, such

[2] The 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); Order Adopting Dynamic Load Management Program Changes with Modifications, Case 14-E-0423 (May 23, 2016) ("May 23 Order").

[3] June 18 Order at p. 7.

customers provide a greater benefit to the utility, and with the increase in incentives it seeks to capture those benefits and encourage more enrollments in those areas. NRG supports Orange & Rockland's proposal, as it is likely to induce new customer participation, achieve better event performance, and strengthen reliability in the targeted area.

Certain of the Utilities' other program features, however, could impede competition or erect barriers to entry. Without modification, the proposals described below could erode the DLM program value that the PSC sought to capture at this proceeding's inception, potentially jeopardizing future program success.

II. Comments on Proposed Tariff Changes

A. Central Hudson's Proposed Tariff Changes Undercut the Commission's Objective to Achieve Maximum Program Eligibility and Participation and Should be Rejected.

In its filing, Central Hudson seeks to "optimize the CSRP program's cost effectiveness by lowering certain program costs which are tied to specific rules within the program tariff."[4] Namely, Central Hudson seeks, among other changes, to modify the CSRP dispatch threshold, to exclude the month of May from program participation, and to cut program incentive payments by fifty percent.[5] While on a stand-alone basis the revision to the dispatch threshold could be beneficial, when viewed as a package with Central Hudson's other proposals, the changes could result in a substantial loss of customer participation and jeopardize program viability.[6]

[4] Central Hudson Dynamic Load Management Petition Effectuating Tariff Changes (December 1, 2016) ("Central Hudson Filing") at p. 9.
[5] Central Hudson proposes to reduce reservation payments and performance payments to $2.00/kW-month, and $0.15/kWh respectively. Central Hudson Filing at p. 13.
[6] Central Hudson states that without Commission approval to amend the dispatch threshold and remove the month of May from the capability period, it would propose further lowering program incentive payments below the amounts presented in its December 1 Filing. Central Hudson Filing at p. 13.

Accordingly, the PSC should require further modifications to Central Hudson's proposals for the reasons explained below.

Citing to program "fatigue and less than optimal performance," Central Hudson proposes to raise the CSRP dispatch trigger from 92% to 97%. Currently, CSRP events in Central Hudson's program territory are dispatched anytime the system-wide demand is forecast to reach at least 92% of the forecasted annual peak ("Dispatch Trigger"). Central Hudson asserts that the demand reduction value of a resource can be reasonably captured by evaluating its contribution during the ten highest usage hours of the year, and because its analysis of historical hourly system demand for each of the past ten years reveals that a 96.8% threshold would have coincided with the highest ten usage hours, Central Hudson reasons that the Dispatch Trigger should be raised to 97%. While NRG agrees that raising the Dispatch Trigger from 92% to 97% could protect customers from program fatigue and improve event performance, Central Hudson has not demonstrated that its proposed value represents the optimal Dispatch Trigger. Moreover, Central Hudson has failed to establish that the change to its Dispatch Trigger justifies a corresponding decrease in program payments and removal of the month of May from the capability period, as discussed further below.

Central Hudson proposes to reduce program incentives by approximately 50%. Central Hudson asserts that lowering program payments by that amount would achieve a favorable result under its Benefit-Cost Analysis ("BCA").[7] Central Hudson states that the primary benefit produced by the CSRP is avoided transmission and distribution infrastructure costs. In addition, Central Hudson accounted for avoided CO_2 emissions. However, other environmental, social, and reliability benefits appear to have been unaccounted for.

[7] Central Hudson performed a BCA analysis of the DLM programs, using the protocols outlined in Central Hudson's BCA handbook, version 1.1.

Central Hudson in its December 1 Filing also proposes to limit CSRP program participation to the months of June through September. As NRG underscored in its prior Comments filed April 25, 2016 in this proceeding,[8] if allowed to eliminate CSRP participation for the month of May, Central Hudson would be the only utility precluding such participation during that month. As NRG also stated in its June 1, 2015 filing,[9] uniformity of program rules across utilities lessens the administrative burden on aggregators, provides program consistency, and fosters broader program participation. Moreover, while Central Hudson cites to the infrequency of events called during the month of May, this observation alone is insufficient to justify removal of that month from the capability period. Instead, further Commission analysis with stakeholder input should be undertaken prior to instituting a program change of this magnitude. Accordingly, NRG respectfully requests that the Commission direct Central Hudson to allow participation for the month of May.

As NRG underscored in its April 25, 2016 filing, any marked changes to program rules must result from a reasoned analysis, supported by substantial evidence demonstrating that the reliability benefits of substantially changing program mechanics outweigh the harm to program participation. Here, the changes that Central Hudson proposes above risk the loss of a substantial number of customers for whom program participation will no longer be economic. Central Hudson concedes that "[i]t is unknown how [the proposed incentive payment reduction] will affect future participation and performance."[10] NRG believes that a substantial loss of program participation following a fifty percent incentive payment reduction is a certainty.

[8] Comments of NRG Energy, Inc. on Tariff Filings Proposing Revisions to Dynamic Load Management Programs, Case 14-E-0423 *et al.* (April 25, 2016) at p. 4.
[9] Comments of NRG Energy, Inc. on Draft Distribution-Level Demand Response Programs, Case 04-E-1423 *et al.* (June 1, 2015).
[10] Central Hudson Filing at p. 13.

Further, Central Hudson states that if participation decreases substantially, the program may no longer be viable after 2017. However, implementing program rules that will erode customer engagement and lead to the loss of a valuable load management tool will jeopardize the other utilities' DLM program success and undercut the PSC's December 15 Order instituting the instant proceedings. The Commission in that order recognized that "by enabling utilities to manage their load, [DLM] programs can provide a number of system and public policy benefits including reliability, economic, and environmental benefits."[11]

Because Central Hudson's rationale for raising the Dispatch Trigger, excluding the month of May from the capability period, and lowering incentive payments by fifty percent are insufficiently supported by substantial evidence that such changes are justified or that the proposals will not jeopardize the significant potential gains captured under the DLM programs during summer periods of high peak load, the Commission should reject, or require modification of Central Hudson's proposal.

B. National Grid Should Be Required to Expand Distribution Load Relief Program Participation to its Full Service Territory.

While currently National Grid restricts its program to a small area of its service territory in Buffalo, in its December 1 Filing National Grid proposes to expand its program to eight additional geographic areas. NRG supports this expansion. However, as NRG noted in its April 25, 2016 filing, unless it is increased to National Grid's full service territory significant program benefits such as increased system efficiency and improved system reliability and resiliency will again be lost.

[11] December 15 Order at p. 1.

In order to realize the substantial benefits that distribution-level demand response programs provide to the electric distribution system and customers, the geographic reach of such programs should be as broad as possible. Currently, most of the Utility programs are open to all networks in the service territories, which allows for broader customer enrollment and achieves levels of distribution system load relief that capitalize on demand response's value as a system planning resource. Therefore, NRG requests that the Commission direct National Grid to allow participation in its full service territory prior to the start of the Summer 2018 program period.

C. The Commission Should Direct Utilities to Improve the Enrollment and Registration Process.

Based upon its experience with the Summer 2016 enrollment period, NRG has identified opportunities for improvement in the Utilities' enrollment and registration processes. Currently aggregators in some cases are required to complete an individual application for each account that it seeks to enroll. The completed application is then emailed to a demand response drop box before proceeding further. This process could be automated or streamlined with a centralized on-line portal or pre-defined customer enrollment workbook, for example. For ease of program administration, NRG recommends that utilities align their enrollment processes. Adopting the best practices can eliminate or reduce administrative burden, confusion, inefficiencies and human error.

III. Conclusion

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

Respectfully submitted,

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