June 22, 2020

VIA ELECTRONIC FILING

Hon. Michelle L. Phillips
Acting Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 18-E-0130 – In the Matter of Energy Storage Deployment Program – **Comments of Multiple Intervenors**

Dear Secretary Phillips:

Pursuant to the notices published in the April 22, 2020 edition of the New York State Register (I.D. Nos. PSC-16-20-00003-P, PSC-16-20-00006-P, PSC-16-20-00007-P, and PSC-16-20-00009-P), and the *Notice Seeking Comments* issued by the New York State Public Service Commission ("Commission") in the above-referenced proceeding on May 29, 2020, 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 these Letter Comments in response to the Upstate Utilities' January 29, 2020 dynamic load management ("DLM") proposals.[1]

In their respective filings, each of the Upstate Utilities propose to competitively solicit DLM resources for three-year terms ("Procurements"). According to the Upstate Utilities, resources would be procured for "standard" and premium "Auto-DLM" resource categories, with the Auto-DLM resources subject to more stringent participation requirements (*e.g.,* higher performance factors, stringent availability, visibility, and reliability criteria). These resources also would be incremental to the utilities' existing DLM portfolios.

Initially, Multiple Intervenors notes that it is supportive of DLM programs in general. For years, Multiple Intervenors has participated actively in the design and the administration of the wholesale demand response programs administered by the New York Independent System Operator, Inc. Multiple Intervenors members also have been long-time supporters of retail DLM programs that adhere to cost allocation and cost recovery methodologies that are fair and equitable,

[1] As utilized herein, "Upstate Utilities" refers to Central Hudson Gas & Electric Corporation ("Central Hudson"), New York State Electric & Gas Corporation ("NYSEG"), Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk"), and Rochester Gas and Electric Corporation ("RG&E").

and consistent with cost-of-service principles. Well-designed DLM programs can benefit all customers by moderating electricity costs (particularly during peak periods) and helping to maintain grid reliability. In the instant case, procuring DLM resources on multi-year terms could provide additional benefits to customers and the reliable operation of the grid.

That notwithstanding, Multiple Intervenors hereby emphasizes the importance of resolving outstanding cost allocation and cost recovery issues in an equitable, cost-based manner. Here, while some of the Upstate Utilities have included proposals on cost allocation and cost recovery as part of their Procurement proposals, other Upstate Utilities have not addressed these fundamental issues. For example, Niagara Mohawk has proposed recovering costs associated with its Procurements through the utility's existing DLM Surcharge, and allocating those costs to all delivery customers in the same way that its Commercial System Relief Program is allocated. NYSEG and RG&E initially did not include any discussion of cost recovery in their original Procurement proposal, but later noted in their May 29, 2020 Technical Conference presentation that the Procurements would be funded through their own DLM Surcharges. Central Hudson did not include any cost allocation or cost recovery discussion in its proposal.

Given the present economic climate in New York State, and in light of the myriad of other Commission-approved clean energy programs that collectively cost customers billions of dollars, it is crucial that the Upstate Utilities ensure that cost allocation and cost recovery issues are adequately and equitably resolved at the outset of any new program. To that end, the Commission should direct each of the Upstate Utilities to include, as part of their final Procurement plans, details about how their Procurement costs would be equitably allocated to and collected from customers (to the extent that such details previously were not provided). At a minimum, each utility should provide details similar to what Niagara Mohawk proposed, *e.g.*, the surcharge mechanism to be used to collect Procurement costs.

Cost allocation and cost recovery associated with the Procurements also should operate in a manner consistent with cost-of-service principles. For example, the Procurements are anticipated to reduce peak demand, maintain reliability, and defer future infrastructure investments.[2] The costs of such efforts typically would be recovered on a demand basis (*e.g.*, in accordance with class contribution to peak demand), and it therefore is reasonable for Procurement costs to similarly be allocated to customer classes in whole (or in material part) on the basis of demand. Moreover, while all customer classes should contribute to efforts to defer and/or reduce transmission-related investments, only customers served off of a utility's distribution system should be responsible for efforts to defer and/or reduce distribution-related investments. Finally, to the extent surcharges are utilized to recover costs related to the Procurements, such surcharges should be assessed on a demand (*i.e.*, per kW) basis, at least for classes with demand meters.

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[2] Both Niagara Mohawk and NYSEG/RG&E have proposed limiting participation in their Procurements to customers located in specific, load-constrained areas.

Multiple Intervenors looks forward to working with the Upstate Utilities, the Commission, and other stakeholders to ensure the ongoing success of utility DLM programs in New York State.

Respectfully submitted,

MULTIPLE INTERVENORS

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