

# New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation

## Demand Charge Rebate Program Implementation Plan

Filed March 20, 2023

Case 22-E-0236

Pursuant to New York Public Service Commission's January 19, 2023,  
*Order Establishing Framework for Alternatives to Traditional Demand-  
Based Rate Structures*

## Contents

0. Version Control.....	3
1. Introduction.....	4
1.0 Background and Summary of Order.....	4
2. Demand Charge Rebate.....	4
2.1 Demand Charge Rebate Implementation .....	4
2.1.1 Eligibility Criteria.....	4
2.1.2 Use Case .....	5
2.1.3 Incentive Structure .....	5
2.1.4 Participation Requirements.....	5
2.1.5 IT .....	5
2.1.6 Program Timeline .....	5
2.2 Marketing and Outreach .....	6
2.2.1 Marketing, Outreach and Education .....	6
2.3 Program Budget .....	6
2.3.1 Cost Estimate.....	6
2.3.2 Incentive Cost Estimate Methodology .....	7
2.3.3 Cost Recovery .....	7
2.4 Evaluation and Reporting.....	8
2.5 Tariff Leaves .....	8
2.5.1 Demand Charge Rebate.....	8
2.5.2 Standby Exemptions .....	8
3. Appendices .....	8
Appendix 1: NYSEG Incentive Cost Estimate Methodology .....	9
Appendix 2: RG&E Incentive Cost Estimate Methodology .....	9
Appendix 3: Demand Charge Rebate Tariff Leaves .....	9
Appendix 4: Standby Exemption Tariff Leaves .....	9

## 0. Version Control

Revision Effective Date	Changes

# 1. Introduction

## 1.0 Background and Summary of Order

The New York Public Service Commission (“Commission”), in its January 19, 2023, Order Establishing Framework for Alternatives to Traditional Demand-Based Rate Structures (“Demand Rate Order”), directed New York State Electric & Gas Corporation (“NYSEG”) and Rochester Gas and Electric Corporation (“RG&E” and collectively with NYSEG, the “Companies”) to file an Implementation Plan no later than March 20, 2023. The Implementation Plan is to include necessary draft tariff leaves, detailing how the 50 percent Demand Charge Rebate. The Commission further directed that the Implementation Plan is to be filed as part of the broader, 60-day filing that the Joint Utilities (Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation) will submit no later than March 20, 2023.

This document presents the Demand Charge Rebate as proposed by NYSEG and RG&E.

# 2. Demand Charge Rebate

## 2.1 Demand Charge Rebate Implementation

The Companies will deliver the Demand Charge Rebate to all eligible, commercial customers who have installed Electric Vehicle (“EV”) Charging equipment, hereafter referred to as a Charging Customer. The Demand Charge Rebate will serve as an immediate solution against traditional demand charges until the near-term solution, EV Phase-In Rate, is implemented. The Companies will calculate the Demand Charge Rebate for each Charging Customer and provide such rebate through an off-bill process.

### 2.1.1 Eligibility Criteria

The Companies will establish eligibility for the Demand Charge Rebate through the calculation of a Charging Customer’s Charging Ratio (“CR”), which must be 50 percent or greater. The CR is calculated as the ratio of a customer’s EV charging capacity (sum of nameplate or actual maximum charging capability if less) to the customer’s maximum demand from all onsite loads, including EV charging. The Charging Customer’s maximum onsite load will be defined by the Electrical Load Form generated as part of the new service or service upgrade process.

If a new Electrical Load Form is needed, the Charging Customer may be required to provide such form to establish eligibility for the program. The CR computation should be updated when a customer expands charging capabilities and/or non-charging load. For Charging Customers that separately meter the chargers, the load ratio will be considered 100 percent.

### 2.1.2 Use Case

The Demand Charge Rebate is available to all EV Charging Customer use cases.

### 2.1.3 Incentive Structure

The Demand Charge Rebate will be calculated as the product of: (1) the actual kW demand for the billing period; (2) the CR; (3) the 50% rebate level; and (4) the applicable demand rate. The Companies propose to provide this rebate to each Charging Customer in a manner that allows the Charging Customer to clearly see that they are receiving a rebate and easily identify the amount of the rebate they are receiving each month. The Companies will pay each Charging Customer on a quarterly basis. Demand Charge Rebates will be paid within 30 days of the end of each calendar quarter.

### 2.1.4 Participation Requirements

Charging Customers receiving a Demand Charge Rebate and who also participate in the Companies Electric Vehicle (“EV”) Make-Ready Program as authorized by the Commission in its July 16, 2020, Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs in Case 18-E-0138 will continue to participate under the requirements of that program. Receiving a Demand Charge Rebate does not relieve or otherwise supersede the participation requirements of the EV Make-Ready Program.

Charging Customers electing to continue to participate in DCFC per Plug Incentive Program (“DCFC PPI”) as authorized by the Commission in its March 19, 2020, Order Providing Clarification and Modifying Direct Current Fast Charging Program in Case 18-E-0138 may not receive a Demand Charge Rebate. Charging Customers participating in DCFC PPI will continue to participate under the requirements of that Program.

### 2.1.5 IT

The Companies do not currently anticipate any incremental IT resource requirements to support the delivery of the Demand Charge Rebate but will continue to monitor requirements and respond accordingly.

### 2.1.6 Program Timeline

The Companies will begin delivery of the Demand Charge Rebate immediately upon the effective date of the Commission order approving this Implementation Plan. The Companies will begin calculating the Demand Charge Rebate for each Charging Customer in the preceding first full calendar month after the effective date of such an Order.

## 2.2 Marketing and Outreach

### 2.2.1 Marketing, Outreach and Education

The Companies will calculate the CR for each of its Charging Customers with an existing Load Letter on file who currently participate in the Companies' EV Make-Ready Program to determine Demand Charge Rebate eligibility. Upon the Commission's approval of this Implementation Plan, the Companies will begin communicating with eligible Charging Customers to inform them of the Demand Charge Rebate and solicit their participation.

For new Charging Customers participating in the Companies' EV Make-Ready Program, the Companies will modify its "all-in-one" EV Make Ready Program Application, and Application Portal, to remove requests for participation in the DCFC PPI Program and replace them with requests to participate in the Demand Charge Rebate.

For Charging Customers who do not participate in the Companies' EV Make-Ready Program, the Companies will proactively communicate the Demand Charge Rebate to Electric Vehicle Supply Equipment ("EVSE") developers and trade allies. The Companies will prominently display the Demand Charge Rebate on their websites and provide links to those websites in its communications Charging Customers. The Companies will provide informational aides to its Customer Service staff regarding the Demand Charge Rebate with related EV Program Staff contacts.

## 2.3 Program Budget

### 2.3.1 Cost Estimate

There are significant challenges to estimating program costs related to the Demand Charge Rebate due to several unknown variables. These variables include:

- the number of eligible Charging Customers based on their Charging Ratios;
- the number of pre-existing, non-EV Make-Ready Program Charging Customers who may be eligible;
- the actual calculated Charging Ratios of eligible Charging Customers;
- the actual demand charges of all potential Charging Customers eligible for the Demand Charge Rebate; and
- the time to implement the EV Phase-in Rate.

The Companies have used known L2 and DCFC EV Make-Ready Program participants as a proxy to estimate the potential range of incentives that eligible Charging Customers could accrue over a period of 12 – 18 months. The methodology for estimating Demand Charge Rebate incentives is discussed further in Section 2.3.2.

In addition to Demand Charge Rebate incentive costs, the Companies have also provided estimated costs for Program Administration including incremental staffing, evaluation, and marketing in Tables 1 and 2 below.

<b>NYSEG Demand Charge Rebate Cost Estimates</b>		
Description	Low	High
Rebate Costs	\$547,448	\$1,965,093
Staffing	\$60,000	\$120,000
Evaluation	\$100,000	\$200,000
Marketing	\$50,000	\$100,000
<b>Total</b>	<b>\$757,448</b>	<b>\$2,385,093</b>

Table 1: NYSEG Demand Charge Rebates Cost Estimates

<b>RG&amp;E Demand Charge Rebate Cost Estimates</b>		
Description	Low	High
Rebate Costs	\$159,446	\$968,055
Staffing	\$24,000	\$48,000
Evaluation	\$50,000	\$100,000
Marketing	\$25,000	\$50,000
<b>Total</b>	<b>\$258,446</b>	<b>\$1,166,055</b>

Table 1: RG&E Demand Charge Rebates Cost Estimates

### 2.3.2 Incentive Cost Estimate Methodology

The Companies based the estimated Demand Charge Rebate incentive costs on existing EV Make-Ready Program sites. These sites are comprised of both L2 and DCFC sites and are further delineated by separately metered and co-mingled load sites. The total nameplate of EV charging load for all sites within each category are used as the basis for estimated demand.

The estimated demand for separately metered sites (low estimate) and all sites collectively (high estimate) are then factored by an estimated percentage of total eligible nameplate site demand as a representation of the potential actual site demand to which the 50% Demand Charge Rebate would be applied. The Low and High estimates also consider the number of months Charging Customers continue to receive the Demand Charge Rebate and an estimated monthly growth rate in new eligible Charging Customers. The Companies Incentive Estimate Methodology worksheets are included as Appendix 1 and Appendix 2.

### 2.3.3 Cost Recovery

Demand Charge Rebates paid to Charging Customers, including carrying charges calculated at the Company's currently authorized pre-tax cost of capital applied to the net-of-tax balances, will be deferred to the end of each calendar year, and recovered during the subsequent program year through the EV Make-Ready Surcharge.

## 2.4 Evaluation and Reporting

In the Demand Charge Rate Order, the Commission directed the Companies to report on the following data semi-annually, on a per-participant basis if feasible: (1) the number of accounts participating in the immediate and near-term solutions; (2) participants' average peak demand kW; (3) participants average monthly kWh consumption; (4) participants' average annual load factor on a year-to-date basis; and (5) the number and type of each charger participating.

The Commission further directed the Companies to collect and report the following data annually: (1) the year-over-year growth rate in number of accounts participating in Solutions; (2) an assessment of whether incremental EV charging load has resulted in local grid impacts; (3) an assessment of the extent to which incremental EV charging load has resulted in upward or downward rate pressure on non-participating customer rates; and (4) an assessment on the impacts of Solutions on low- and moderate-income customers and Disadvantaged Community residents.

While much of the reporting data requested by the Commission is directly available to the Companies such as participation and consumption data, several annual reporting requirements will require deeper analysis of unique distribution system, rate classes and demographics. To report on these requirements the Companies will need to procure the services of an Evaluation, Measurement and Verification services provider. The Companies have provided the estimated costs for these services in Section 2.3.1.

## 2.5 Tariff Leaves

### 2.5.1 Demand Charge Rebate

The Companies Tariff Leaves for the Demand Charge Rebate are included as Appendix 3.

### 2.5.2 Standby Exemptions

The Companies Tariff Leaves for Standby Exemptions are included as Appendix 4.

## 3. Appendices



Appendix 1: NYSEG Incentive Cost Estimate Methodology

Appendix 2: RG&E Incentive Cost Estimate Methodology

Appendix 3: Demand Charge Rebate Tariff Leaves

Appendix 4: Standby Exemption Tariff Leaves