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December 18, 2013

Honorable Kathleen H. Burgess
Secretary
New York State
Public Service Commission
Three Empire State Plaza, 19th Floor
Albany, New York 12223

RE: CECONY Riders P, S, U, V and W

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing with the Public Service Commission (“Commission”) amendments to its Schedule for Electricity Service, P.S.C. No. 10 – Electricity (the “Tariff”), applicable to its customers in the City of New York and the County of Westchester. The Tariff leaves, which are identified in Appendix A, have a proposed effective date of April 1, 2014.

Reason for Filing

The Company is proposing changes to two of its tariffed Demand Response programs: the Commercial System Relief Program (“Rider S” or “CSRP”) and the Distribution Load Relief Program (“Rider U” or “DLRP”). The Company is also proposing minor changes to programs that it activates at the request of the New York Independent System Operator (“NYISO”): the Purchases of Installed Capacity Program (“Rider P” or “ICAP”) and the Emergency Demand Response Program (“Rider V” or “EDRP”). The Company is further proposing a housekeeping change to the Day-Ahead Demand Reduction Program (“Rider W” or “DADRP”), under which aggregated load is bid into the NYISO.

In the current filing, the Company is proposing changes to Rider S and Rider U to:

- clarify and/or streamline tariff language;
- make Rider S language consistent with similar provisions in Rider U;
- change program definitions affecting the terms of service; and

- modify program rules to increase customer participation and encourage improved customer performance during demand response events.

The Company also proposes changes to clarify and streamline tariff language in Riders P, V and W.

Tariff Changes Proposed

Major changes to the Riders are described below. Additional changes are described in Appendix B.

Rider S - CSRP

Rider S is available to Direct Participants (i.e., Customers who enroll under this Rider directly with the Company for a single Con Edison account and agree to provide at least 50 kW of Load Relief) and to Aggregators (i.e., parties other than the Company that represent and aggregate the load of Customers who collectively have a Load Relief potential of 100 kW or greater and are responsible for the actions of the Customers they represent) in the NYISO Zone J. Rider S includes a Summer Reservation System Relief Program (renamed the “Reservation Payment Option”) and a Voluntary System Relief Program (renamed the “Voluntary Participation Option”).

In order to foster enrollment and higher participation, the Company is proposing to increase the incentive rates available to Direct Participants and Aggregators and, in conjunction, reduce the criteria that limit participation. Under the Reservation Payment Option, the Company proposes to increase the capacity payment rate for Planned Events from \$5.00 to \$20.00 per kW per month for four or fewer events and from \$10.00 to \$25.00 per kW per month starting in a month with five or more events and continuing in the remaining months. The payment rate for participation during Unplanned Events is proposed to be changed from \$5.00 per kW to \$6.00 per actual kWh of Load Relief in each event hour. Unlike the current per-kW payment for Unplanned Events, payment made on a per-kWh basis will reimburse Direct Participants and Aggregators for participation during each additional event hour and encourage their participation for as many hours as requested by the Company. The Energy Payment (renamed the “Performance Payment”¹) under the Reservation Payment Option is proposed to be increased from \$0.50 to \$1.00 per kWh.

Under the Voluntary Participation Option, the Company proposes to increase the payment rate from \$1.50 to \$6.00 per kWh for Load Relief during a Planned Event and from \$5.00 to \$20.00 per kWh for Load Relief during an Unplanned Event. In addition, the Company has eliminated the minimum payment threshold for Voluntary Performance payments, so as to reward Direct Participants and Aggregators for their efforts to reduce load when requested.

¹ The payment name was revised to more closely align this payment structure with the fact that it rewards customers for actual performance, without considering a customer’s kW of contracted Load Relief.

In conjunction with increases to the payment rates, the Company is proposing revisions to reduce the penalty for non-performance under the Reservation Payment Option from two times the Reservation Payment Rate to one times the Reservation Payment Rate. Based on Aggregator survey results and the Company's discussions with Aggregators, reducing the penalty will help to increase customer enrollment.

In addition, the Company is introducing a Three-Year Incentive Payment under the Reservation Payment Program for both Direct Participants and Aggregators, for their customers, payable after they have successfully participated for three consecutive Capability Periods. Under the Three-Year Incentive Payment, Direct Participants and Aggregators, per customer, will receive a payment of \$2.00 per kW per month, in addition to the Reservation Payment, applied to the kW levels that were used to calculate the monthly Reservation Payments during the applicable Three-Year Incentive Period. This incentive payment is intended to encourage customer re-enrollment from year to year and customer performance during events, which is expected to improve the accuracy of demand response capability forecasting by the Company.

As part of the Company's effort to align this Rider with the experience gained from program operation, the Company is proposing that the Capability Period under this Rider (which commences May 1) end on September 30, rather than October 31. There have historically been no CSRP events in October, and shortening the duration of the Capability Period allows the Company to raise the monthly Reservation Payment while maintaining the cost effectiveness of the program.

Additionally, the Company is proposing to redefine the term "Contracted Hours" from a five-hour period to a four-hour period to allow for better customer performance, lower the barrier to program participation, and help leverage the use of technology (such as batteries) that can supply four hours of load relief where five hours are not possible. This change is supported by the Company's findings from the Aggregator survey and from interactions with industry participants. For Customer planning purposes, the Company will post to its website by January 1, instead of February 1, the Contracted Hours applicable to specific networks for the upcoming Capability Period. Also, the Contracted Hours for Planned Events for SC 11 customers who export power to the Company will be the hours of 2:00 PM to 6:00 PM. Because the Company considers participating SC 11 customers to be a supply resource instead of a demand resource, the Company will utilize SC 11 customers' Load Relief to help relieve stress on the system during system-wide peaks, irrespective of the specific network peak time.

To ease administration of the program by facilitating the notification process, tariff language was added to allow the Company to provide notification by machine-readable electronic signal. Language was also added to allow for data review of any Capability Period, thereby allowing the Company to review data from previous Capability Periods and adjust for payment if necessary.

Finally, because the benefits to customers, benefits to the reliability of electric service, and benefit-to-cost ratio of the program increase with increased participation, the Company is proposing to eliminate the 200,000 kW participation limit under this Rider.

Rider U - DLRP

Rider U is available to Direct Participants who contract to provide at least 50 kW of Load Relief and to Aggregators who contract to provide at least 100 kW of Load Relief. Rider U has a Summer Reservation Payments Program (renamed the “Reservation Payment Option”) and a Voluntary Load Relief Program (renamed the “Voluntary Participation Option”).

In order to foster enrollment and higher participation, the Company is proposing to increase incentive rates available to customers and, in conjunction, reduce the criteria that limit participation. Under the Voluntary Participation Option, the Company proposes to increase the performance payment rate from \$0.50 to \$6.00 per kWh for Load Relief to align with the performance rate in Rider S. To prevent duplicate payments, the Company will not make payment under this program to Customers who receive payment for energy under another demand response program for concurrent Load Relief hours in the same network(s) (e.g., customers asked to respond to simultaneous events called under Rider S and Rider U). The Company proposes to make Voluntary Performance payments at the end of the Capability Period, rather than on a quarterly basis, to facilitate program administration and minimize participant confusion. Under the Reservation Payment Option, the Company proposes to increase the performance payment rate from \$3.00 to \$10.00 per kW per month in Tier 1 Networks and from \$6.00 to \$25.00 per kW per month in Tier 2 Networks.

Under the Reservation Payment Option, the Company is introducing a Three-Year Incentive Payment of \$2.00 per kW per month (comparable to that proposed under Rider S, as discussed above), in addition to the Reservation Payment. The Company is proposing to redefine the term “Contingency Event” from a five-hour period to a four-hour period to allow for better customer performance, lower the barrier to program participation, and help leverage the use of technology (such as batteries) that can supply four hours of Load Relief. The Company is also proposing to shorten the period for an “Immediate Event” from seven hours to six hours, which is the sum of two hours of notification and a standard four-hour event period. This change is supported by the Company’s findings from the Aggregator survey and from interactions with industry participants. The hours when a Load Relief Period can occur have been extended from 6:00 AM – 11:00 PM to 6:00 AM – 12:00 AM. Analysis of network load profiles indicates that most evening-peaking networks experience high loads into the midnight hour before loads subside. This modification will help improve network reliability.

In supporting the increases to the incentive rates to foster enrollment and performance, the Company proposes changes to Bonus Payments under the Reservation Payment Option. Bonus Periods are applicable if seven or more Load Relief Periods are designated by the Company in a specific network during the Capability Period. The Company proposes to increase the Bonus Period payment rate from \$1.00 to \$3.00 per kW per month for Load Relief provided in response to at least seven, but less than ten, Load Relief Period requests in a network and from \$1.50 to \$5.00 per kW per month for

Load Relief provided in response to ten or more Load Relief Period requests in a network. These increases are proportional to the proposed increases to the Reservation Payment rates and yield positive Total Resource Cost Test results. Bonus Hours are currently applicable for Load Relief Periods lasting six or more hours. The Company proposes to reduce the six hours to five, as a result of the shortened period for a Contingency or Immediate Event. The current Bonus Hours payment rate, of \$1.00 per kW for Load Relief provided for up to two hours and \$1.50 per kW for Load Relief for three or more hours, starts subsequent to the five consecutive hours that were used to calculate the Performance Factor for the Load Relief Period. The Company proposes to change the Bonus Hours payment to \$6.00 per kWh for each hour of Load Relief starting in the fifth hour for Load Relief provided for five or more consecutive hours. The change to a kWh basis should encourage customers to participate for as many hours as requested by the Company, especially if there are more than three Bonus Hours in an event.

As with Rider S, the Company proposes that the Capability Period end September 30, instead of October 31. There have historically been no DLRP events in October, and shortening the duration of the Capability Period allows the Company to raise the monthly Reservation Payment while maintaining the cost effectiveness of the program. Also as with Rider S, the Company added tariff language to allow it to make notification by machine-readable electronic signal. Language was also added to allow for data review of any Capability Period, thereby allowing the Company to review data from previous Capability Periods and adjust for payment if necessary.

The Company proposes to change the Rider U application deadline from June 1 to May 1, to provide a better understanding of enrolled demand response resources for the coming Capability Period so that Company operating groups can plan accordingly.

Finally, because the benefits to customers, benefits to the reliability of electric service, and benefit-to-cost ratio of the program increase with increased participation, the Company is proposing to eliminate the 400 MW participation limit under the Reservation Payment Option in this Rider.

Rider P - ICAP

Rider P is available to customers who contract with the Company to provide no less than 100 kW of Installed Capacity through load delivery and/or load curtailment at the direction of and for the hours specified by the NYISO under NYISO Special Case Resources procedures.

The Company proposes to clarify that Rider P is available to customers who enroll in the NYISO's program through Con Edison. The Company is also proposing to specify that the price it pays per kW of capacity is shown on the NYISO website under "Installed Capacity: View Strip Auction Summary" for the applicable winter or summer capability period. Separate capacity rates apply for New York City (i.e., capacity located within the New York City electrical boundaries) and for the balance of the Company's service territory (shown on the NYISO website as "ROS" or "rest of state").

Because customers can access this information directly from the NYISO website, the Company proposes to discontinue filing ICAP Statements for each capability period with the Commission.

Rider V - EDRP

Rider V is available to customers who elect to provide load reduction or delivery of at least 100 kW during periods when the NYISO declares an emergency due to a forecast or actual operating reserve deficiency or, at the NYISO's discretion, to relieve system or zonal emergencies.

The Company proposes to clarify that Rider V is available to customers who enroll in the NYISO's program through Con Edison. The Company is also proposing to delete references to the section numbers of the NYISO Emergency Operations Manual that define "operating reserve peak forecast shortage" and "major state of emergency," as these section numbers may change from time to time.

Rider W - DADRP

Rider W implements the NYISO's Incentivized Day-Ahead Economic Load Curtailment Program. Customers make bids in 100 kW increments, which are aggregated by the Company and submitted in 1 MW increments to the NYISO.

The Company proposes to clarify that Rider W is available to customers who enroll in the NYISO's program through Con Edison.

Conclusion and Notice

The Company is filing these changes to become effective on April 1, 2014. Newspaper publication of the proposed tariff changes will be made on December 30, and January 6, 13, and 20, 2014. Copies of this filing are being sent electronically to the active party list in Case 09-E-0115, with hard copies sent to those parties that have not consented to electronic service.

Sincerely,

/s/ William A. Atzl, Jr.
Director
Rate Engineering Department

PSC No. 10 – Electricity: List of Tariff Changes

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Revision No.</u>
234	2	1
236	1	0
254	3	2
255	4	3
255.1	0	-
256	3	2
257	3	2
258	4	3
259	3	2
260	2	1
261	2	1
262	4	3
263	3	2
263.1	0	-
264	3	2
265	2	1
266	2	1
267	3	2
277	4	3
278	4	3
279	3	2
280	2	1
281	2	1
282	2	1
283	2	1
284	2	1
285	4	3
286	3	2
287	2	1
288	1	0
289	1	0
290	2	1
291	2	1
292	2	1
297	1	0

List of Additional Tariff Changes

The Company is proposing the following tariff changes in addition to those noted in the body of the filing letter. Where changes are made in program names or section numbers, conforming changes that were made to other tariff leaves are not further described hereunder.

Rider S

Leaf 254, Applicability: Reference to participation by customers of NYPA, NYCPUS, or COWPUSA has been eliminated because there are no customers currently enrolled under the Schedule for Economic Development Delivery Service, P.S.C. No. 11 – Electricity. Text has been replaced with reference to “PASNY Customers,” i.e., customers of NYPA under the Schedule for Schedule for PASNY Delivery Service – P.S.C. No. 12 – Electricity.

Leaf 254: (a) Section “B. Contracting for Commercial System Relief Program Service” has been added to be consistent with section formats in Rider U. This new section contains language previously included in section “A” and has been clarified to specify that customers can voluntarily provide Load Relief if an Unplanned Event is called in a specific network. (b) The “Voluntary System Relief Program” has been renamed the “Voluntary Participation Option” to clarify that this is a participation option rather than a separate program. (c) The “Summer Reservation System Relief Program” has been renamed the “Reservation Payment Option” to clarify that this is a participation option rather than a separate program.

Leaves 255, 255.1, and 256, Definitions: (a) The term “Capability Period” has been introduced to replace “Summer Period,” because program events are called in one period, namely the summer, only. (b) Language under the term “CBL” has been edited to be consistent with the same term in Rider U and to condition the holding of a meeting with concerned parties to discuss CBL changes on the Company having first advised parties of potential changes. (c) The term “Direct Participant” has been defined to refer to a customer who enrolls an account directly with the Company instead of through an Aggregator. This new term is meant to facilitate the description of rules for the newly proposed Three-Year Incentive Payment. This new term does not introduce any new concepts. (d) The term “Test Event” has been edited for simplicity; the functionality of this term remains the same.

Leaf 257, Applications and Term of Service: (a) Unnecessary language has been removed from D.1. to improve clarity; the functionality of this section remains the same. (b) Language has been added to D.2. to specify the criteria to increase the kW of contracted Load Relief. Customers can only increase pledge load amounts if their performance factor is over one. (c) Language has been added to D.3 to clarify how the

CBL Verification Methodology is applied when the Company deems the weather to be atypical.

Leaves 260 and 261, Metering: (a) Language has been changed in F.3. to align the Reservation Payment Option meter and telecommunications installation requirements with those for the Voluntary Participation Option. As revised, the Tariff now requires that prior to submitting an application, the meter and telecommunications services must be installed by May 1 under both Reservation and Voluntary Options. Also, a participation commencement deadline of June 1 has been added for consistency with Rider U as well as to align with the changes to the application due date and shortened Capability Period. (b) Language has been added to F.4 to make it clear that this section is applicable to Reservation Payment Option participants only.

Leaf 261: (a) Former section “G. Measurement” has been incorporated into the “Application and Term of Service” section. (b) Section “H. Aggregation” has been added to be consistent with section formats in Rider U. This new section contains language matching a comparable section in Rider U and describes the compliance requirements of Aggregators under CSRP Service.

Leaf 262, Payments Made: (a) The term “energy payment” has been replaced with the term “Performance Payment” to clarify the purpose of the incentive. As opposed to the Reservation Payment, which is capped at the contracted kW level even if a customer performs better than the contracted kW level, the Performance Payment is paid based on total kWh reduced, regardless of the pledged amount. Therefore, the Performance Payment encourages customers to exceed their pledged performance. (b) Changes to the payment process description for both the Voluntary Participation Option and the Reservation Payment Option have been made for consistency with DLRP.

Leaf 263, Reservation Payments: Language has been simplified to describe the step increase in the reservation payment rate after five events have been called. The functionality of this term remains the same.

Leaf 264, 265, and 266, Penalties and Adjustments for Nonperformance: (a) The definition of the term “Performance Adjusted kW” has been simplified by eliminating unnecessarily complex language, and the term has been moved to the “Definitions” section. (b) The definition of “Performance Factor” has been edited for simplicity, and the term has been moved to “Definitions.” (c) Language addressing penalties has been edited for simplicity, and text has been added to clarify the calculation of the penalty. The functionality of this section remains the same. (d) Language addressing the prevailing Performance Factor to be used has been added to clarify the process for adjustments. (e) New section “3. Application of Payments” describes how payments for the Reservation Payment Option are made. This language matches a comparable separate

section in Rider U. (f) Language setting the criteria for payment during Test Events has been clarified; the functionality of this section remains the same.

Leaf 267: (a) The “Security Requirements” section has been deleted. With the addition of the Three-Year Incentive Period and an incentive at the end of the Period, there is no longer a need for security for a penalty payment. (b) Language describing the Voluntary Participation Option has been edited for simplicity; the functionality of this section remains the same. (c) New section “Application of Payments” describes how payments for the Voluntary Participation Option are made.

Rider U

Leaf 277, Applicability: As with Riders S, P, and V, reference to participation by customers of NYPA, NYCPUS, or COWPUSA has been eliminated and replaced with text referencing “PASNY Customers.”

Leaf 277: (a) “Contracting for Distribution Load Relief Service” has been renamed “Contracting for Distribution Load Relief Program Service” to be more consistent with the language in Rider S. (b) The “Voluntary Load Relief Program” has been renamed the “Voluntary Participation Option” to clarify that this is a participation option rather than a separate program. (c) The “Summer Reservation Payment Program” has been renamed the “Reservation Payment Option” to clarify that this is a participation option rather than a separate program. (d) Language describing the minimum Load Relief requirement has been edited to improve clarity; the functionality of this section remains the same. (e) Language describing Electric Generating Equipment has been moved to section “F. Applications and Term of Service” to maintain consistency in formatting with Rider S.

Leaves 278 and 279, Definitions: (a) The definition of the term “Aggregator” has been modified to refer to a party who represents and aggregates the loads of customers as opposed to a party who simply aggregates customer loads. (b) Language under the term “CBL” has been edited to maintain consistency with the same term in Rider S, to change the term “enroll” to “participate” for clarity, to condition the holding of a meeting with concerned parties to discuss CBL changes on the Company having first advised parties of potential changes, and to indicate that the Company will hold a meeting to obtain feedback from parties on changes by January 1. (c) Language has been added to clarify how the CBL Verification Methodology is applied when the Company deems the weather to be atypical. (d) The term “Direct Participant” has been defined to refer to a customer who enrolls an account directly with the Company instead of through an Aggregator. This new term is meant to clarify the existing distinction between the two types of customers in the DLRP.

Leaf 280, Load Relief Period Criteria and Notice: This section has been changed to also include event notification during a Test Event. In addition, clarification has been added to specify that Aggregators are only expected to notify those customers in networks where a DLRP Load Relief Period is called by the Company.

Leaf 281, Metering: (a) Language has been changed to align the Reservation Payment Option meter and telecommunications installation requirements with those for the Voluntary Participation Option. As revised, the Tariff now requires that the meter and telecommunications services be installed under both Reservation and Voluntary options prior to submitting an application. (b) The Company is proposing to provide the status of meter installation to all applicants (both under the Voluntary Participation Option and the Reservation Payment Option) as opposed to only under the Reservation Payment Option. This modification provides consistency with a similar provision in Rider S. (c) Language has been changed for “lost” Reservation Payments to specify that these payments will only be made to Direct Participants and Aggregators under the Reservation Payment Option. (d) A deadline has been added requiring that metering and telecommunications equipment be operational for at least 30 days, by June 1, to maintain consistency with Rider S and to align with the Rider S application date and Capability Period.

Leaf 282: New section “F. Applications and Term of Service” has been added for both the Reservation Payment Option and Voluntary Participation Option. Previously, the Applications and Terms for each Option were described separately.

Leaf 283: Language that was already covered in the “Notice of a Load Relief Period” section has been deleted from the “Aggregation” section.

Leaves 284 and 285, Voluntary Participation Option: (a) Language in I.1 that duplicated information in the combined “Application and Term of Service” section has been deleted. (b) Language in I.2 that duplicated information in the “CBL Verification Methodology” definition has been deleted. (c) The term “energy payment” has been replaced with the term “Performance Payment” to clarify the purpose of the incentive.

Leaf 286, Reservation Payment Option: Duplicative language, already included in the combined “Application and Term of Service” section, has been deleted from this section.

Leaf 290, Reservation Payment Option: The ratios for “Performance Factor” have been edited for simplicity. The functionality of this term remains the same.

Leaf 291, Application of Payment: The Company has clarified that Reservation Payments will be made by bill credit, check or wire transfer.

Leaf 291, Testing: Language regarding testing requirements has been simplified to align with current processes and to reduce customer confusion.

Rider P

Leaf 234, Applicability: As with Riders S, U and V, reference to participation by customers of NYPA, NYCPUS, or COWPUSA has been eliminated and replaced with reference to “PASNY Customers.”

Leaf 236, Capacity Payment Rate: The Company has deleted reference to “in-city capacity” and used the definition of the term to explain the New York City capacity rate on the NYISO website.

Rider V

Leaf 292, Applicability: As with Rider P, S, and U, reference to participation by customers of NYPA, NYCPUS, or COWPUSA has been eliminated and replaced with reference to “PASNY Customers.”