



Orange and Rockland Utilities, Inc.
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February 16, 2016

Kathleen H. Burgess
Secretary
New York State Department of Public Service
3 Empire State Plaza, 19th Floor
Albany, New York 12223

RE: Cases 14-E-0423 and 15-E-0191, Order Adopting Dynamic Load Management Filings with Modifications

Dear Secretary Burgess:

Orange and Rockland Utilities, Inc. (the "Company") hereby submits for electronic filing with the Public Service Commission (the "Commission") revisions to its Schedule for Electric Service, P.S.C. No. 3 – Electricity (the "Tariff"). Tariff leaves to effectuate changes to the Company's three distribution-level demand response programs effective with the summer of 2016 are set forth in Appendix A. These leaves are issued February 16, 2016, with an effective date of June 1, 2016.

Background

The Commission's Order Instituting Proceeding Regarding Dynamic Load Management and Directing Tariff Filings (the "December Order"), issued and effective December 15, 2014, in Case No. 14-E-0423, directed electric distribution utilities to develop dynamic load management programs, including distribution-level demand response programs. All electric distribution utilities not having distribution-level demand response programs were ordered to file tariffs to implement such programs within 90 days of the date of the December Order. The December Order also noted that implementation of the distribution-level demand response programs should commence by Summer 2015.

To comply with the December Order, on March 23, 2015, the Company submitted draft tariff leaves that proposed three new distribution-level demand response programs: the Direct Load Control Program ("DLCP"), the Commercial System Relief Program ("CSR"), and the Distribution Load Relief Program ("DLRP"). The programs were proposed to be added as Riders D, E and F, respectively, to the Company's Tariff.

In the Commission's Order Adopting Dynamic Load Management Filings with Modifications (the "June Order"), issued and effective June 18, 2015, in Case Nos. 14-E-0423 and 15-E-0191, the Commission directed electric distribution utilities to file the leaves originally submitted in draft form to the Commission on March 23, 2015, with certain modifications.

To comply with the June Order, the Company filed the three new distribution-level demand response programs: the DLCP, the CSR, and the DLRP that were previously

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submitted in draft format. The programs were added as Riders D, E and F, respectively, to the Company's Tariff.

Reason for Filing

The June Order required the Company to file, by January 7, 2016, tariff revisions to effectuate any necessary program changes for the summer of 2016. The Commission's Notice Extending Deadline to File, issued December 31, 2015, granted the Company's request to extend the deadline of the filing to February 16, 2016. The Company hereby files revisions to its three existing distribution-level demand response programs: the DLCP, the CSRCP, and the DLRP. These revisions are consistent with the program changes approved for Consolidated Edison Company of New York, Inc. by the Commission in its Order Approving Tariff Amendments, issued and effective January 27, 2016 in Case 15-E-0570.

Tariff Changes

The Company has proposed the following changes to the Tariff.

Rider D - DLCP

- The definition of Event has been revised to match the DLRP event that triggers a Load Relief Period so that DLCP can be used to provide relief during contingencies and emergencies in order to maintain system reliability.
- Language was added to the Bring Your Own Thermostat Option section to add credit card refunds to the list of how customers can receive sign-up payments. This will expedite the sign-up payment process if the participant purchases its enrolled control device on O&R's new marketplace as defined in the Company's Reforming the Energy Vision Demonstration Project¹ filed on July 1, 2015.
- The Restrictions section, which currently states that DLCP is available to DLRP participants, but not CSRCP participants, has been revised to state that DLCP is also not available to DLRP participants. For consistency, DLCP participants will not be permitted to enroll in either DLRP or CSRCP.

Rider E - CSRCP

- The Applicability section was revised to state that CSRCP is not available to DLCP customers as is currently stated in DLCP.
- Aggregators will now be required to contract to provide at least 50 kW of Load Relief under the Voluntary Participation Option and/or the Reservation Payment Option. Currently, Aggregators must contract to provide at least 100 kW, while Direct Participants must provide at least 50 kW. This proposed change will enable more Aggregators to participate.
- The definition of CBL has been revised to state the Company will advise Aggregators and Commission Staff of any changes to the Company's Customer Baseline Load

¹ The name of the project is the Distributed Energy Resources Residential Offering Platform.

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methodology by December 1 of each year, and hold meetings regarding those changes with any concerned parties by January 1 of the following year.

- Penalties and Performance Adjusted KW were eliminated to promote growth and provide consistency with DLRP, which currently has no penalty. Having a penalty requires a complex mechanism within CSRP to avoid over-penalizing customers for participation in multiple events. The use of a Performance Factor, which impacts monthly Reservation Payment amounts and is carried year-over-year, holds customers and Aggregators accountable for performance.
- A Planned Event will now be called under CSRP when the Company's day-ahead forecasted load level is at least 92 percent of the forecasted summer system-wide peak. Currently, a Planned Event is triggered at 94 percent. There were no Events at the 94 percent threshold in 2015. Making this change will allow the Company to increase the benefits of CSRP to the Company and its customers.
- Language was added to the Contracting for Commercial System Relief Program Service section which limits, to one hour, each period of load relief a customer must provide under the Reservation Payment Option should the Company call one or more Test Events.
- Under the Application and Terms of Service section, the Company deleted language that only applied to the summer of 2015. The Company has also added language to allow participants that are not billed monthly using interval metering at the time of application an additional 29 calendar days to have meter communications operational. Participation can commence under the Reservation Payment Option: (a) on May 1, if a completed application is received by April 1, interval metering is installed by April 1, and meter communications are operational by April 30; or (b) on June 1, if a completed application is received by May 1, interval metering is installed by May 2, and meter communications are operational by May 31. If the application is received by May 1, but the above deadlines for installation of interval metering and meter communications are not met, service may commence on July 1, provided the interval metering is installed by June 1 and meter communications are operational by June 30. Currently, the Company requires both the metering and communications to be operational at least 30 days in advance of service commencement, and service may commence on July 1 for participants not billed monthly using interval metering only if the application is received by April 1. Extending the deadline for the meter communications to be operational will increase enrollment and facilitate more immediate participation.
- Applications under the Voluntary Participation Option will now be accepted at any time, provided the required metering and meter communications are operational. Currently, participation under both the Voluntary and Reservation Participation Option commence under the same time schedule, i.e., no later than June 1, or, if interval metering was not used for billing at the time of application, July 1. Because Voluntary Participation Option customers are not paid monthly Reservation Payments, there is no reason to limit enrollment for these customers to certain months. Rather, enrolling voluntary customers on an ongoing basis can enhance the Company's operational flexibility to respond to system conditions.

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- In the Application and Terms of Service section, an Aggregator will be permitted to increase its kW of pledged Load Relief during a Capability Period if it enrolls customers whose Aggregator either exited the program or is suspended from enrollment in the program for noncompliance with Aggregator eligibility requirements or the Company's operating procedures. In such case, the Aggregator enrolling the customers may increase its kW of pledged Load Relief up to the amount of the transferred customers' existing kW pledges.
- The Metering Section was revised to further clarify customer and Company obligations regarding the installation and maintenance of the interval metering necessary to participate in the program. Language that only applied to the summer of 2015 was also deleted.
- The section Data Review has been renamed Administrative Review, because the review may include a review of records and/or operations to verify enrollment information and performance.
- The Voluntary Payment Option section was revised and consolidated to add clarity to this payment option. The Company has also clarified that payments will be made after the end of the Capability Period, but no later than the end of the calendar year.
- The Reservation Payment Option section has also been revised and consolidated to add clarity to this payment option as follows: (a) identification of the different types of payments (i.e., Reservation Payments and Performance Payments); (b) listing of when payments shall be made; and (c) listing all the Payment Rates in one section.
- Currently, each Direct Participant and Aggregator, for its respective portfolio, has a Performance Factor under the Reservation Payment Option. The Company proposes to set the Performance Factor at 0.5 during the current Capability Period, where it will remain until the first month in which a Load Relief Period or Test Event is called. The Performance factor determined for that month will be applied retroactively, starting with the enrollment month, to calculate true-up Reservation Payments for the prior month(s). In the past, the Performance Factor was assumed to be 1.0 until the first month in which a Planned Event or Test Event was called, resulting in potential overpayments for performance.
- The section Payments Made Under Both Options has been renamed to Restrictions on Performance Payments and moved to the end of the Rider. Also, language was added which precludes customers from receiving Performance Payments if they take service under Rider N.
- Analysis conducted by the Company using the Freeman Sullivan Model necessitated a reduction in the Reservation Payment Rate to \$3.00 per kW for four or fewer cumulative events and \$4.00 per kW for five or more events and elimination of the targeted area Reservation Payment Rate. The Company will continue to evaluate incentive levels annually and adjust as necessary to ensure the programs are cost effective and deliver the most benefit.

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Rider F - DLRP

- The Applicability section was revised to state that DLRP is not available to DLCP customers. No DLCP participants are currently enrolled in DLRP.
- Aggregators will now be required to contract to provide at least 50 kW of Load Relief under the Voluntary Participation Option and/or the Reservation Payment Option. Currently, Aggregators must contract to provide at least 100 kW, while Direct Participants must provide at least 50 kW. This proposed change will enable more Aggregators to participate.
- The definition of CBL has been revised to state the Company will advise Aggregators and Staff of any changes to the Company's Customer Baseline Load methodology by December 1 of each year, and hold meetings with any concerned parties by January 1 of the following year.
- The definition for Load Relief Period was revised to further clarify criteria for the Company to call an event.
- Performance Factor was added as a definition to be consistent with CSR. The Company added Tier 1 and Tier 2 Areas for the Reservation Payment Option in order to offer a higher Payment Rate to customers enrolled in targeted areas.
- Language was added to the Contracting for Distribution Load Relief Program Service section which limits, to one hour, each period of load relief a customer must provide under the Reservation Payment Option should the Company call one or more Test Events.
- Under the Application and Terms of Service section, the Company deleted language that only applied to the summer of 2015. The Company has added language to allow participants that are not billed monthly using interval metering at the time of application an additional 29 calendar days to have meter communications operational. Participation can commence under the Reservation Payment Option: (a) on May 1, if a completed application is received by April 1, interval metering is installed by April 1, and meter communications are operational by April 30; or (b) on June 1, if a completed application is received by May 1, interval metering is installed by May 2, and meter communications are operational by May 31. If the application is received by May 1, but the above deadlines for installation of interval metering and meter communications are not met, service may commence on July 1, provided the interval metering is installed by June 1 and meter communications are operational by June 30. Currently, the Company requires both the metering and communications to be operational at least 30 days in advance of service commencement, and service may commence on July 1 for participants not billed monthly using interval metering only if the application is received by April 1. Extending the deadline for the meter communications to be operational will increase enrollment and facilitate more immediate participation.
- Applications under the Voluntary Participation Option will now be accepted at any time, provided the required metering and meter communications are operational. Currently, participation under both the Voluntary and Reservation Participation Option commence

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under the same time schedule, i.e., no later than June 1, or, if interval metering was not used for billing at the time of application, July 1. Because Voluntary Participation Option customers are not paid monthly Reservation Payments, there is no reason to limit enrollment for these customers to certain months. Rather, enrolling voluntary customers on an ongoing basis can enhance the Company's operational flexibility to respond to system conditions.

- In the Application and Terms of Service section, an Aggregator will be permitted to increase its kW of pledged Load Relief during a Capability Period if it enrolls customers whose Aggregator either exited the program or is suspended from enrollment in the program for noncompliance with Aggregator eligibility requirements or the Company's operating procedures. In such case, the Aggregator enrolling the customers may increase its kW of pledged Load Relief up to the amount of the transferred customers' existing kW pledges. Language was also added to specify some additional equipment specifications the customer must provide at application.
- Language was added to the Notification by the Company and Required Response section, which provides guidelines for the amount of notice the Company must provide when designating a Contingency or Immediate Event.
- The Metering Section was revised to further define customer and Company obligations regarding the installation and maintenance of the interval metering necessary to participate in the program.
- The section Data Review has been renamed Administrative Review, because the review may include a review of records and/or operations to verify enrollment information and performance.
- The Voluntary Payment Option section was revised and consolidated to add clarity to this payment option. The Company has also clarified that payments will be made after the end of the Capability Period, but no later than the end of the calendar year.
- The Reservation Payment Option section has been revised and consolidated to add clarity to this payment option as follows: (a) identification of the different types of payments (i.e., Reservation Payments and Performance Payments); (b) listing when payments shall be made; and (c) listing all the Payment Rates in one section. Also in this section, the Company eliminates the six-event cap on required performance and bonus payments, and also the provisions for Bonus Periods and Bonus Hours. The concept of Bonus Periods and Bonus Hours complicates the program rules.
- Currently, each Direct Participant and Aggregator, for its respective portfolio, has a Performance Factor under the Reservation Payment Option. The Company proposes to set the Performance Factor at 0.5 during the current Capability Period, were it will remain until the first month in which a Load Relief Period or Test Event is called. The Performance factor determined for that month will be applied retroactively, starting with the enrollment month, to calculate true-up Reservation payments for the prior month(s). In the past, the Performance Factor was assumed to be 1.0 until the first month in which a Planned Event or Test Event was called, resulting in potential overpayments for

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performance. Language was also added to this section to make the Performance Factor for DLRP be consistent with CSRP.

- Language formerly under the Voluntary Participation Option was moved to the end of the Rider and retitled under Restrictions on Performance Payments. In addition, language was added which precludes customers from receiving Performance Payments if they take service under Rider N.
- Analysis conducted by the Company using the Freeman Sullivan Model confirmed the current Reservation Payment Rate of \$3.00 per kW for four or fewer cumulative events and \$4.00 per kW for five or more events is cost effective for Tier 1 Areas. The Tier 2 Area Reservation Payment Rate is set at \$5.00 per kW for four or fewer cumulative events and \$6.00 per kW for five or more events.

Other Tariff Changes

- General Information Section 8.4, Emergency Generating Facilities, was revised to indicate that emergency generating facilities may be operated under Riders E and F.
- Rider K – Day Ahead Demand Reduction Program was revised to indicate that Rider K customers taking service under Rider E or F will be paid under Rider K for their accepted demand reduction Bid and Rider E or F, as applicable, for load deductions in excess of the Bid, expressed in kWh, during concurrent load reductions. This change is consistent with the Restrictions on Performance Payments section under both Riders E and F.
- Rider L - Orange and Rockland Emergency Demand Response Program (OREDPR) was revised to indicate that any load coincident reductions achieved under Riders E or F are ineligible for payment under Rider L. This change is consistent with the Restrictions on Performance Payments sections under both Riders E and F.

Conclusion and Notice

As directed by the June Order, the Company is filing these tariff amendments no later than February 16, 2016, to become effective June 1, 2016. Pursuant to Ordering Clause 7 of the June Order, the requirement for newspaper publication is waived.

Any questions regarding this filing can be directed to Cheryl Ruggiero at (212) 460-3189.

Very truly yours,

/s/

William A. Atzl, Jr.

Director – Rate Engineering

**Orange and Rockland Utilities, Inc.
Distribution Demand Response Programs
Proposed Tariff Leaves Effective June 1, 2016**

P.S.C. No. 3 Electricity

1st	Revised Leaf No.	114
1st	Revised Leaf No.	155.1
1st	Revised Leaf No.	155.2
2nd	Revised Leaf No.	156
1st	Revised Leaf No.	156.1
1st	Revised Leaf No.	156.2
1st	Revised Leaf No.	156.3
1st	Revised Leaf No.	156.4
1st	Revised Leaf No.	156.5
1st	Revised Leaf No.	156.6
1st	Revised Leaf No.	156.7
1st	Revised Leaf No.	156.8
1st	Revised Leaf No.	156.9
1st	Revised Leaf No.	156.10
1st	Revised Leaf No.	156.11
1st	Revised Leaf No.	156.12
1st	Revised Leaf No.	156.13
2nd	Revised Leaf No.	157
1st	Revised Leaf No.	157.1
1st	Revised Leaf No.	157.2
1st	Revised Leaf No.	157.3
1st	Revised Leaf No.	157.4
1st	Revised Leaf No.	157.5
1st	Revised Leaf No.	157.6
1st	Revised Leaf No.	157.7
1st	Revised Leaf No.	157.8
1st	Revised Leaf No.	157.9
	Original Leaf No.	157.10
3rd	Revised Leaf No.	173
1st	Revised Leaf No.	176