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September 10, 2015

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

RE: Recovery of Certain NYISO Tariff Charges

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing with the Public Service Commission (the “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 revised Tariff Leaves, which are identified below, make changes to General Rule 25.1 – Market Supply Charge. The Tariff Leaves have an effective date of December 27, 2015:

<u>Tariff Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Revision</u>
329	3	2
330	3	2

Reason for Filing

A number of transmission projects that are approved and/or may be approved by the Commission are expected to result in charges by the New York Independent System Operator (“NYISO”) to the load serving entities in New York State, including Con Edison. The charges associated with certain of these projects are currently being considered by the Federal Energy Regulatory Commission (“FERC”) in Docket No. ER15-572. Certain other projects are still under consideration by the Commission in Case 13-E-0488, *Alternating Current Transmission Upgrades – Comparative Proceeding*, and the projects selected by the Commission in that case are then expected to be subject to a rate proceeding(s) before FERC to establish charges to be billed by the NYISO.

In accordance with the terms of the Company's electric rate plan, the Company proposes to amend its Tariff in order to provide for the recovery of these NYISO charges from the Company's full service customers.¹

Background

On November 30, 2012, the Commission commenced two new proceedings aimed at adding transmission infrastructure in New York State. These are Case 12-T-0502, *Proceeding on Motion to Examine Alternating Current Transmission Upgrades* ("AC Proceeding"),² and Case 12-E-0503, *Proceeding on Motion of the Commission to Review Generation Retirement Contingency Plan* ("IP Proceeding"). In its November 30, 2012 Order in the IP Proceeding, the Commission ordered Con Edison, with the assistance of the New York Power Authority ("NYPA"), to develop a contingency plan in the event that Indian Point shuts down at the end of its license term. On January 30, 2012, Con Edison and NYPA submitted a proposal in response to that Order, which, among other things, called for the construction of Con Edison's second Ramapo to Rock Tavern ("RRT") transmission line, Con Edison's Staten Island Unbottling ("SIU") project, and the joint NYPA/NYSEG Marcy South Series Compensation Fraser to Coopers Corner Reconductoring ("MSSC") project (collectively, the Transmission Owner Transmission Solutions or "TOTS"). In an order issued on November 4, 2013 in the IP Proceeding, the Commission stated that "[w]e agree with DPS Staff's recommendation and accept the inclusion of the three TOTS projects in the portfolio for the IPEC Reliability Contingency Plan."³ The Commission also stated that:

Con Edison and New York State Electric and Gas Corporation (NYSEG) shall, and NYPA and NYSEERDA are expected, to use their best efforts to undertake and timely complete their projects being undertaken as part of the IPEC Reliability Contingency Plan, as set forth in the body of this order.⁴

Also on November 30, 2012, the Commission issued an order in the AC Proceeding requesting proposals for new transmission projects to relieve transmission

¹ The current filing is made in accordance with the Joint Proposal set forth in Appendix A of the Commission's Order Approving Electric, Gas and Steam Rate Plans in Accord With Joint Proposal, issued and effective February 21, 2014, in Case 13-E-0030 *et al.*, as extended by the Commission's Order Adopting Terms of Joint Proposal to Extend Electric Rate Plan, issued and effective June 19, 2015, in Cases 15-E-0050 and 13-E-0030. For example, Section B.1.f. of the Joint Proposal authorizes the Company to file tariff changes to the MAC/MSR mechanism and/or comparable adjustment mechanism whenever the Company shall be subject to governmental or regional transmission organization transmission and/or generation-related charges, costs or credits not already listed in or otherwise covered by the then-effective MAC/MSR tariff language.

² This docket was given a new case number, Case 13-E-0488, on October 25, 2013.

³ Case 12-E-0503 – *Proceeding on Motion of the Commission to Review Generation Retirement Contingency Plans, Order Accepting IPEC Reliability Contingency Plans, Establishing Cost Allocation and Recovery, and Denying Requests for Rehearing* (issued November 4, 2013) ("November 2013 Order"), p.25.

⁴ November 2013 Order, p. 47.

congestion in certain parts of the State. On January 25, 2013, in response to that Order, the New York Transmission Owners (“NYTOs”)⁵ submitted a Statement of Intent to construct new AC transmission projects. This proceeding is ongoing. One of the projects submitted by the NYTOs, Edic to Pleasant Valley (“EPV”), is under active consideration by the Commission along with projects submitted by other parties.

On December 4, 2014, Con Edison/O&R, National Grid, NYSEG/RG&E, Central Hudson and the New York Transco, LLC (“NY Transco”) made a filing with the FERC in Docket No. ER15-572 to establish a transmission formula rate for the NY Transco. The formula rate is designed to include the costs for the RRT and SIU projects, the NYSEG portion of the MSSC project, and the EPV project. Upon FERC approval of the rate, the NYISO is expected to bill charges relating to these projects to load serving entities (“LSEs”) in the NYISO’s control area, including Con Edison. After NYPA’s rate is approved by the FERC, the NYISO is also expected to separately bill charges to all LSEs in the NYISO’s control area, including Con Edison, for the costs associated with NYPA’s share of the MSSC project. Further, if any non-NY Transco projects are selected by the Commission in the AC Proceeding, it is expected that the NYISO will also bill charges to all LSEs in the NYISO’s control area, including Con Edison, once the rate(s) for such transmission provider(s) is approved by FERC.

Since the costs of transmission projects that were and will be selected by the Commission in its IP and AC proceedings will be billed to Con Edison as an LSE by the NYISO, the Company is amending its Market Supply Charge as indicated herein so that the costs of these Commission-approved transmission projects that will be allocated to Con Edison as an LSE through FERC-approved NYISO charges can be billed to and collected from the Company’s full service retail customers.

It is currently estimated that the amount related to TOTS projects that will be payable in 2016 by LSEs in the NYISO’s control area is approximately \$33 million. As originally filed by the NY Transco with the FERC, the Con Edison/O&R transmission district allocation of TOTS costs is 41.7%.⁶ The resulting \$13.8 million is proposed to be charged to Con Edison’s full service customers, O&R’s full service customers, and the energy service companies providing supply to Con Edison’s and O&R’s retail access customers. Con Edison’s full service customers’ estimated share of the \$33 million would be \$5.4 million based on its 2014 full service sales to customers served under the Tariff.⁷

⁵ For purposes of the January 25, 2013 filing, the NYTOs consist of Con Edison, Orange and Rockland Utilities, Inc. (“O&R”), NYSEG, Rochester Gas and Electric (“RG&E”), Niagara Mohawk, Central Hudson, NYPA and the Long Island Power Authority (“LIPA”).

⁶ This excludes the allocation to NYPA customers in the CECONY/O&R transmission district.

⁷ The potential cost impacts and cost allocations are based on the NY Transco filed proposal in Docket No. ER15-572. The specific elements of that proposal are subject to change as part of the ongoing FERC regulatory process. In addition, the amount to be paid by Con Edison full service customers will be based on the NYISO’s calculated rate for Con Edison.

Proposed Tariff Changes

To provide for the recovery of charges associated with the IP and AC projects discussed above, the Company proposes the following changes to General Rule No. 25.1 – Market Supply Charge (“MSC”) of the Tariff:

- Components have been added to the MSC to recover charges incurred under the NYISO tariff for: (a) NY Transco Charges; (b) projects approved by the Commission in Case 12-E-0503 (“TOTS Charges”); and (c) projects approved by the Commission in Case 13-E-0488 (“AC Transmission Charges”).
- NY Transco Charges, TOTS Charges, and AC Transmission Charges will be billed in the same manner as Ancillary Services Charges and the NYPA Transmission Adjustment Charge (“NTAC”) (that is, on a per-kilowatthour basis). Similar to Ancillary Services Charges and NTAC Charges, the per-kWh rates associated with these new charges will be posted on the Company’s website prior to their effective date.

The proposed tariff provisions are designed to recognize that how the costs of the TOTS and AC projects will be billed to LSEs, including Con Edison, depends upon the outcome of the FERC proceedings that are considering, or will consider, the development of charges to recover the costs of these projects. Since the proposed tariff provisions are designed to recover only FERC-approved NYISO charges allocated to Con Edison, these tariff provisions will not result in any double- or over-recovery from Con Edison’s full service customers.

Conclusion and Notice

The Company will publish notice of the proposed tariff changes on September 18, September 25, October 2, and October 9, 2015. Enclosed is a proposed form of Notice of Proposed Rule Making for publications in the State Register pursuant to the State Administrative Procedures Act.

Copies of this filing are being sent electronically to the active party list in Cases 15-E-0050 and 13-E-0030.

Very truly yours,
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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