

## News from New York State Department of Public Services

### Con Edison Enhances Demand Response Program

#### Program Changes in Response to Department of Public Service Recommendation

ALBANY, NY (06/20/07; 1600)(readMedia)-- The New York State Public Service Commission today authorized Consolidated Edison Company of New York, Inc.'s (Con Edison) demand response (Rider U) tariff amendments, with modifications, and ordered the company to file further tariff amendments, to become effective on not less than one day's notice on July 1, 2007 on a temporary basis. In addition, Con Edison is required to perform an independent assessment of the revised Rider U demand response program and report the results of the assessment to the Commission by January 1, 2008.

Con Edison's tariff filing was made in response to recommendations to increase participation in the company's demand response programs and to dispatch demand response resources on a network by network basis as contained in the Department of Public Service Staff Report on its Investigation of the July 2006 Equipment Failures and Power Outages in Con Edison's Long Island City Network in Queens County, New York (Staff LIC Report), issued February 9, 2007.

"During the summer of 2006 there were multiple operational events which could have benefited from the presence of additional demand resources within the Con Edison system," said Commission Chairwoman Patricia L. Acampora. "Under Con Edison's previous Rider U program, the company last summer was only able to achieve 1.1 megawatts (MW) of voluntary load reduction from customers in the Long Island City Network. This response was insufficient to mitigate a considerable amount of damage to the network. In addition, failures of the company's 345 kilovolt (kV) transmission cables, like those that occurred during last summer, can increase the risk that subsequent routine failures within the distribution system, may result in significant network level service disruptions above certain system peak load levels. In these situations, the presence of more demand response resources could quickly mitigate system damage or provide a greater margin of protection against major customer service interruptions."

Currently under the Rider U demand response program, enrolled customers in the program will receive payments of \$0.50 per kilowatt hour (kWh) of measured load reductions from Con Edison, if they voluntarily reduce demand on 30 minutes notice. In order to increase program participation, Con Edison in its March 29, 2007 filing with the Commission, proposed several amendments to improve the Rider U demand response program, including: the allowance of demand response service providers or aggregators to receive payments directly from the company; payment of a reservation fee of \$1.50 per kW for the period June through September to customers or demand service providers willing to commit to firm capacity reductions when called; the continuation of program participants receiving a minimum payment of \$0.50 per kWh for load reduced during the load reduction period; and, a non-performance penalty provision, that in addition to the forfeiture of reservation payments, would disqualify a customer from future program participation.

The Commission today authorized the amendments to the company's Rider U tariff with the

following modifications to establish:

- A Tier 1 reservation payment of \$3.00 per kW-month with a mandatory performance element consisting of a maximum of six calls to reduce load for a period of four hours each during the summer capability period of May through October.
- Incremental dollar(s) per kW-month payments (ranging from \$1.00 to \$1.50) for customers voluntarily responding to more than six calls and/or reduce load longer than four hours in duration in the summer capability period.
- Tier 2 reservation payments of 1.5 times the Tier 1 payments for enrolled demand response participation in designated “priority (distribution) networks.” The LIC network is designated as a Tier 1 network until the network can be electrically separated by the completion of a new distribution substation currently scheduled for 2011.
- A penalty provision forfeiting 150 percent of the reservation payment for any amount of contracted load reduction not provided by a customer when called.

Con Edison is required to file revised tariff leaves that reflect the Commission’s modifications to become effective on not less than one day’s notice on July 1, 2007 on a temporary basis. Also, the company is required to submit an evaluation of the 2007 program year experience and propose any needed programmatic changes by January 21, 2008.