

Con Edison's 500 MW DSM TO Update

Dr. Mayer Sasson

Deidre Altobell

Con Edison's 500MW DSM Program

- Con Edison is committed to its program to obtain 500 MW of demand reduction to defer over \$1 billion in T&D capital investment
 - Con Edison has already incorporated its DSM program into its local system plans
- Con Edison's 500 MW DSM program represents a conservative effort
 - Much more is needed to achieve the State's 15 x 15 goal
 - Represents 25% to 50% of what will be needed within its territory
- PSC Electric Rate Order
 - Indicated the the Energy Efficiency Portfolio Standard (EEPS) proceeding is where the DSM program should be considered
 - Stated that it is "likely" the EEPS proceeding will result in "substantial" utility involvement in delivering efficiency programs
 - Authorized seed funding (\$2 million) for the Company's DSM program
- Con Edison filed its 500 MW DSM program with the EEPS proceeding on April 10
 - Filing outlines specific residential and commercial programs, including budgetary estimates, to be implemented over an eight year period
 - ALJs' Ruling stated that they expect the Commission will consider procedures for approval of specific energy efficiency programs

PSC Decision on the Con Edison Rate Case (March 25, 2008)

- Filed for a 3-year period, the decision was for one year only
- Excerpts:

“The RD found that the target for a new Con Edison program would be difficult to enumerate outside the context of an EEPS decision, in which the participation of other providers toward meeting the 15 x 15 goal would be determined. The RD also found that the Company’s proposed 500 MW target would not, in itself, meet the 15 x 15 goal and would not fully address the Company’s demand-driven construction needs.” (p. 150)

“Taking notice of developments in the EEPS proceeding, our assessment is that it is likely the proceeding will result in substantial utility involvement in delivering efficiency programs. In anticipation of further decisions to be made in the EEPS proceeding, we will authorize funds for hiring personnel, program development and market research. Because a lead time is needed to develop staffing and programs, it is reasonable to authorize the company to begin these activities now, without predetermining the outcome of the EEPS proceeding.” (p. 158)

Con Edison's April 10 EEPS Brief

- Excerpts:

*“The selected Energy Efficiency Programs **planned for an eight-year period for residential and commercial customers**, along with estimated energy, demand and, in some cases, therm savings and the total resource cost (“TRC”) benefit-cost ratio (the overall benefit-cost ratio is 2.46), are as follows:” (p. 6)*

*“For reasons set forth later in this brief, Con Edison must be a leader in energy efficiency if the State is to achieve the goals it has set, and the **Company is committed** to taking up that role and helping New York achieve these important goals. While the Company supports the Commission’s CO2 reduction and energy efficiency goals, **it must be emphasized that it is demand reductions from permanent energy efficiency that allow the Company to defer infrastructure projects to serve peak load.**” (p.11)*

*“The utilities’ extensive customer and service territory knowledge, including confidential, proprietary, customer data, will allow for more targeted, cost effective and successful programs. Again, Con Edison has done this, **building 500 MW of permanent efficiency into its long-term plans and as a result, projecting that it can defer over \$1 billion of capital projects.**” (p. 37)*

EEPS Proceedings

- The ALJs April 14 ruling was not a rejection but a deferment:

*“While we appreciate these parties’ [Con Edison and O&R] efforts to design new energy efficiency programs and plans for expeditious Commission approval, **these new proposals go beyond the mandate for this round of briefing** by parties.” (p. 1)*

*“We expect that the Commission will **consider establishing procedures for comments, assessment and approval of specific energy efficiency programs filed by utilities and others.**” (p. 2)*

NYISO's CRPP Tariff and Manual

- NYISO's OATT Attachment Y
 - Acknowledges TO rights to continue to plan their systems and limits the NYISO's role to procedural (not decisional) activities
 - TO Plans are to be used as inputs into the CRPP
 - If the NYISO has any disagreements it can so state in the RNA and CRP
- NYISO's CRPP Manual
 - Provides for TO non-bulk power system facilities to be included in the model

NYISO's OATT – Attachment Y

- Section 1.2: Transmission Owner Planning Process

“The Transmission Owners will continue to plan for their transmission systems, including the BPTFs and other NYS Transmission System facilities. {...} The NYISO’s role in the LTPP is limited to the procedural activities described in this Attachment Y.”

“The finalized portions of the LTPs periodically prepared by the Transmission Owners will be used as inputs to the Reliability Planning Process described in this Attachment Y.”

NYISO's OATT – Attachment Y

- Section 5.4.b, on providing data for the RNA:

*“The Transmission Owners shall submit their current LTPs referenced in Section 1.12 and Section 4.0 to the NYISO. The NYISO will **review** the Transmission Owners’ plans LTPs, as they relate to BPTFs, to determine whether they will **meet Reliability Needs, recommend an alternate means** to resolve the needs from a regional perspective, where appropriate, or **indicate that it is not in agreement** with a Transmission Owner’s proposed additions. **The NYISO shall report its determinations under this section in the RNA and in the CRP.**”*

NYISO's CRPP Manual

- Sub-item “A” under RNA Base Case Screen in Section 4.1: Develop Base Cases:

“TO projects on non-bulk power facilities will be included.”

Conclusions

- The PSC did not reject but deferred to the EEPS proceedings their decision on the Con Edison DSM program
- This program, in conjunction with \$1 Billion of deferred capital investments, is incorporated into the Local Transmission Owner Plan
- Con Edison's DSM program is implemented on the non-bulk power portion of the system
- NYISO tariff and manual indicate it will be used as inputs into the CRPP process