

Initial Comments to NYISO Price Responsive Working Group

One of the goals of the Price Responsive Working Group should be to identify and work to resolve any barriers to customers that wish to react to market prices.

As active participants in both the wholesale and retail markets in New York State, Con Edison Energy and Con Edison Solutions have identified three potential barriers that we believe the working group should consider and attempt to resolve:

- **Delayed implementation of Price Capped Load Bids in NYC.** Currently, the ISO is not allowing any Load Serving Entities (LSEs) to submit Price Capped Load Bids in NYC. This bidding feature permits an LSE to reduce its energy purchases from the Day Ahead Market (DAM) if the price exceeds a specific level. This functionality is essential for the NYC LSEs to reduce their purchases if their customers are able to reduce electricity usage at specific price levels.
- **Utility tariff restrictions on the operation of on-site generation.** Many of the NYS utilities have specific tariff provisions that impose standby or backup charges on customers that operate on-site generation in response to price signals. Because of the lead time to develop and implement other price responsive strategies, the use of customer owned generation has the most promise for developing price responsive behavior in the near term. The working group should investigate whether modifications to the existing backup / standby tariff provisions could be made to allow customers to react to the wholesale prices. These modifications should be designed to be revenue neutral to the utility from a non-commodity perspective – i.e. the customer should continue to pay the same for the utility's delivery service they would have incurred had they not operated their generators. In this fashion, the customer can reduce energy costs (based on reducing usage during high priced hours in the wholesale market) without impacting delivery service payments to the utility.
- **Use of Load Shapes for Monthly Metered Customers.** Under the current settlement rules, utilities apply average load shapes to impute the hourly load associated with a monthly-metered customer. This process means that an LSE can not benefit from the price responsiveness of its monthly-metered customers. The working group should investigate funding sources to upgrade the metering of customers with price responsive capabilities. Upgrading these customers to hourly meters would enable the ISO to capture their actual usage and convey the economic benefits associated with their price responsive behavior

Respectfully Submitted

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