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March 5, 2018

VIA ELECTRONIC MAIL

Hon. Kathleen H. Burgess
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

RE: Case Number 14-E-0423 – Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs
Case Number 15-E-0189 – Tariff Filing by Niagara Mohawk Power Corporation to Effectuate Dynamic Load Management Programs
Case Number 15-E-0186 – Tariff Filing by Central Hudson Gas & Electric Corporation to Effectuate Dynamic Load Management Tariffs
Case Number 15-E-0188 – Tariff Filing by the New York State Electric & Gas Corporation to Effectuate Dynamic Load Management Tariffs
Case Number 15-E-0190 – Tariff Filing by Rochester Gas and Electric Corporation to Effectuate Dynamic Load Management Programs
Case Number 15-E-0191 – Tariff Filing by Orange and Rockland Utilities, Inc. to Effectuate Dynamic Load Management Programs

Dear Secretary Burgess:

Advanced Energy Management Alliance (AEMA) is commenting on the above referenced Case Number in response to demand response tariffs proposed by Central Hudson Gas & Electric, New York State Electric & Gas, Niagara Mohawk Power Corporation d/b/a National Grid, Orange & Rockland Utilities, and Rochester Gas and Electric. The attached document includes a summary and explanation of our recommendations.

We appreciate your consideration of these comments. Please do not hesitate to contact me at 202-524-8832 should you have any questions or require additional information regarding this filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Katherine Hamilton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Katherine Hamilton
Executive Director, AEMA

Cc: Parties to Case

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NEW YORK**

Case Number 14-E-0423 – Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs

Case Number 15-E-0189 – Tariff Filing by Niagara Mohawk Power Corporation to Effectuate Dynamic Load Management Programs

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Case Number 15-E-0190 – Tariff Filing by Rochester Gas and Electric Corporation to Effectuate Dynamic Load Management Programs

Case Number 15-E-0191 – Tariff Filing by Orange and Rockland Utilities, Inc. to Effectuate Dynamic Load Management Programs

Comments of Advanced Energy Management Alliance to Central Hudson Electric & Gas Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange & Rockland Utilities, Inc., and Rochester Gas & Electric Corporation’s 2017 Annual Demand Response Reports and Proposed Demand Response Tariffs

Advanced Energy Management Alliance (“AEMA”) ¹ respectfully submits the following comments in the following cases:

- Case Number 14-E-0423 – Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs²
- Case Number 15-E-0189 – Tariff Filing by Niagara Mohawk Power Corporation to Effectuate Dynamic Load Management Programs³
- Case Number 15-E-0186 – Tariff Filing by Central Hudson Gas & Electric Corporation to Effectuate Dynamic Load Management Tariffs⁴

¹ [AEMA](#) is an alliance of providers and supporters of distributed energy resources united to overcome

² DPS Case: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-E-0423>

³ DPS Case: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-E-0423>

⁴ DPS Case: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-E-0423>

- Case Number 15-E-0188 – Tariff Filing by the New York State Electric & Gas Corporation to Effectuate Dynamic Load Management Tariffs⁵
- Case Number 15-E-0190 – Tariff Filing by Rochester Gas and Electric Corporation to Effectuate Dynamic Load Management Programs⁶
- Case Number 15-E-0191 – Tariff Filing by Orange and Rockland Utilities, Inc. to Effectuate Dynamic Load Management⁷

I. Introduction

AEMA is a trade association under Section 501(c)(6) of the Federal tax code whose members include national distributed energy resource (“DER”), demand response (“DR”), and advanced energy management service and technology providers, as well as some of the nation’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. This filing represents the opinions of AEMA as an organization rather than those of any individual association members.

II. General Comments

AEMA commends New York State Electric & Gas Corporation (“NYSEG”), Rochester Gas & Electric Corporation (“RG&E”), Central Hudson Gas & Electric Corporation (“Central Hudson”), Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”), and Orange & Rockland Utilities, Inc. (“Orange & Rockland”) for their work in running successful demand response programs. AEMA member

⁵ DPS Case: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-E-0423>

⁶ DPS Case: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-E-0423>

⁷ DPS Case: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-E-0423>

companies also appreciate the New York State Public Service Commission's ("PSC") leadership in helping to implement a model for demand response participation.

The following comments reflect AEMA's views on the changes proposed by each respective utility. AEMA appreciates the PSC's consideration of these comments.

III. Comments specific to the proposed changes of NYSEG and RG&E

AEMA commends NYSEG and RG&E on the benefits that they have seen to date from their Distributed Load Relief Program ("DLRP") and Commercial System Relief Program ("CSRP") programs, and that the programs continue to be cost-effective.⁸

AEMA supports the proposed increases to both utilities' incentive rates, as the increase will stimulate additional participation, which will increase the net benefits realized by customers.

As far as the Direct Load Control ("DLC") programs are concerned, NYSEG and RG&E request flexibility in establishing incentive mechanisms and amounts at the discretion of the utilities and recommend removing specified incentive amounts and delivery mechanisms from the tariffs.⁹ They also request discretion on whether to offer programs with a utility supplied control device and how that program should be run. We agree that having this flexibility will allow NYSEG and RG&E to be able to act more quickly after evaluating the effectiveness of various approaches to provide customers

⁸ 2017 New York State Electric & Gas Corporation and Rochester Gas And Electric Corporation 2017 Annual Report on Program Performance and Cost Effectiveness of Distribution Level Demand Response Programs, at p. 2-16

⁹ 2017 New York State Electric & Gas Corporation and Rochester Gas And Electric Corporation 2017 Annual Report on Program Performance and Cost Effectiveness of Distribution Level Demand Response Programs, at p. 3-46

with the most optimal outcomes. We agree that this may also be useful to incentivize more adoption and participation in constrained load pockets.

IV. Central Hudson Gas & Electric

AEMA notes that Central Hudson's CSRP program was not cost-effective in 2017, and supports efforts to make changes to the program so that ratepayers and the utility receive adequate benefits to justify the program. AEMA remains concerned, however, with Central Hudson's proposal to remove May as part of the summer capability period.

Central Hudson cites historical data that shows that in recent years extending back to 2006, peak system load has averaged 80% of the actual peak.¹⁰ Despite this data, if recent history is any indication, weather patterns are diverging from their historic norms and a May heat wave is possible. It would be a loss if DR were not available for dispatch during such a May period. As highlighted in AEMA's comments filed in response to Central Hudson's similar request from last year, eliminating the month of May also creates inconsistency with the other utilities across the state.¹¹ For customers with sites across multiple utility territories, this creates unnecessary confusion. When the PSC first ordered utilities to create these programs across New York, they encouraged uniformity

¹⁰ Central Hudson Gas & Electric Corporation's Dynamic Load Control (DLC) and Commercial System Relief Program (CSRP) Annual Report and Petition Effectuating Tariff Changes for the Summer of 2018, with 2017 Results for the Targeted Demand Response Program a Central Hudson Non-Wires Solution, at p. 8

¹¹ Comments of Advanced Energy Management Alliance in Case 14-E-0423, filed on March 3, 2017, at p. 5

where possible.¹² While AEMA notes that Central Hudson¹³ has dropped the price for CSRP drastically, Central Hudson should keep May in the Summer Capability Period and have the reservation payment rate per program month reallocated across all five months as opposed to four. Therefore, Central Hudson's BCA would stay unchanged.

In addition, AEMA understands from the filing that the Direct Load Control program (DLC) had only three participants in 2017. The program has been open since 2016 and Central Hudson notes that this is true despite "easy avenues to enroll via www.CenHubPeakPerks.com and the CenHubStore."¹⁴ Based on this data, Central Hudson proposes to discontinue the program as they do not see a "viable path to make this program cost effective," and that additional marketing and/or increased incentives would be required. Rather than permanently ending the program, we recommend that Central Hudson solicit stakeholder feedback on improving or reforming the program that results in cost-effective consumer solutions.

V. National Grid

AEMA applauds National Grid on operating well-managed and cost-effective programs that are providing a positive benefit to customers. The benefit that CSRP

¹² CASE 14-E-0423 – Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs. Order Instituting Proceeding Regarding Dynamic Load Management And Directing Tariff Filings. December 15, 2014. "Second, it will result in a suite of programs that can be implemented statewide with minimal variation, so that DER providers and large customers can easily participate across the state... We caution that program differences across the various distribution utilities, while needed for structural reasons such as locational avoided costs and peak load periods, should be minimized to the extent possible."

¹³ Central Hudson 2017 Annual Report at p. 9

¹⁴ Central Hudson 2017 Annual Report p.6

provides of \$1.37 for each \$1.00 spent on the program shows that program is strong and providing real benefits to the grid.¹⁵

However, we do note that National Grid's intent for DLRP diverges from the Commission's April 21, 2017 Order in this docket stating "While Niagara Mohawk will be allowed to continue to operate its DLRP in this manner for the 2017 summer Capability Period, **the Commission expects Niagara Mohawk to expand the DLRP to its entire service territory for 2018.**"¹⁶ Instead of limiting the DLRP only to specific NWA areas, Niagara Mohawk should offer different values in NWA areas for both the CSRP and the DLRP, depending upon whether the need for the NWA is based on load growth, reliability issues, or both." There are currently 0 MW of participation in National Grid's DLRP program, which is isolated to a single network.¹⁷ It appears that National Grid is unsure of the value of DLRP throughout its entire territory. As such, AEMA recommends that the PSC direct National Grid to file for approval of a DLRP program by September 1, 2018, and include a price that would provide net benefits to customers. By filing in September, customer recruitment could be done well in advance of DLRP starting in the summer of 2019. As the PSC suggested in their 2017 Order, the DLRP programs can complement Non-Wires Alternatives ("NWA"), and not replace them. For areas where there is limited value, prices can reflect that limited value.

In the requested program changes from National Grid's 2017 report, National Grid proposed changes to their CSRP program to increase incentive payments for

¹⁵ Niagara Mohawk Power Corporation d/b/a National Grid – Revised Dynamic Load Management Programs Annual Report for 2017 Capability Period, at p. 9

¹⁶ State of New York Public Service Commission Order Modifying Dynamic Load Management Filings and Making Other Findings, Issued April 21, 2017, at p. 22

¹⁷ National Grid 2017 Annual Report, at p. 3

performance during both planned and unplanned events.¹⁸ National Grid also proposed to limit the cost recovery to those customers that enjoy the benefits of the DLRP.¹⁹ AEMA supports both requests for modification of their tariff and appreciates the efforts to increase the participation benefits of those customers that are able to participate, and equitably allocating costs to those that directly benefit from the programs.

As per the DLC recommended changes, we commend National Grid's proposals to expand these programs by taking advantage of gas rebates, investigating other residential devices/manufacturers, and integrating demand response into energy efficiency offerings, such as the Ecommerce platform.²⁰

VI. Orange & Rockland Utilities

AEMA is pleased to see that Orange & Rockland's DLRP and CSRP programs continue to be successful, and deliver benefits to the system and ratepayers alike. In Orange & Rockland's 2017 Annual Report on DR Programs, they report that the Benefit Cost Ratios of the Societal Cost Test, Utility Cost Test, and Ratepayer Impact Measure all have increased to 2.94, 2.23, and 2.16 respectively, each showing a positive increase from 2016 values.²¹ AEMA members look forward to providing reliable demand response resources to help grow Orange & Rockland's DLM programs in 2018.

AEMA expresses concern over the proposed changes that Orange & Rockland has proposed for the 2018 program year. In their 2017 Annual Report, Orange & Rockland

¹⁸ National Grid 2017 Annual Report, at p. 16

¹⁹ National Grid 2017 Annual Report, at p. 14

²⁰ National Grid 2017 Annual Report, at p. 29

²¹ Orange & Rockland Utilities, Inc. Annual Report on Program Performance and Cost Effectiveness of Dynamic Load Management Programs - 2017, at p. 16

states the proposed tariff revisions, “reduce barriers to entry, entice customer and Aggregators to participate, provide the Company with more assurance that customers and Aggregators will achieve their load curtailment pledges if called upon, and move toward consistency among DLM programs across the state.”²² The proposed changes to both the DLRP and CSRP programs include increasing the duration of Test Events from one- to four-hours, require minimum Performance Factors in order to receive reservation payments, and adjusting the definition of the Customer Baseline Load (“CBL”) to allow for additional CBL methodologies without requiring future tariff changes.²³ AEMA supported the last two changes in its February 20 comments responding to Con Edison’s proposed changes for 2018 and agree that those changes support the stated goals that Orange & Rockland expressed. Conversely, increasing the Test Event duration will have a reverse effect, acting both as a barrier to entry and to enticing participation in these programs.

In Orange & Rockland’s filing, there are no data supporting the requested change for the Test Event duration increase. Orange & Rockland’s historical performance during both tests and contingency events provides no reason to suggest that the enrollment values committed to each program by participants and aggregators cannot be counted on by their system planning and operations teams. In Orange & Rockland’s 2016 Annual Report filing, CSRP program test performance was reported to be 109% across the one-

²² Orange & Rockland 2017 Annual Report, at pp. 17-18

²³ As described in AEMA’s Con Edison comments²³, we request that if the Public Service Commission decides to rule in favor of the minimum performance factor, that Aggregators be allowed to create sub-aggregations within their portfolios to limit the risk of under-performance of larger customers from impacting payments to smaller customers that perform as expected.

hour duration, while performance was observed at 126% across the four-hour event.²⁴ For DLRP that year, while an event was not called, test performance for one-hour was 110%.²⁵ Orange & Rockland's request seems to be rooted in an effort to create consistency with Con Edison programs. While AEMA does support program consistency where appropriate, we do not support implementing changes that we anticipate will create additional burden on participants without reasonable cause and that will likely lead to reduced enrollments. AEMA's comments to Con Edison's proposal noted several flaws in the statistical significance of the data sets used to arrive at the determination that a change in the test duration is necessary. To the extent Con Edison is basing their proposed changes to the O&R programs off that same data, AEMA's February 20, 2018 comments in 09-E-115 are also relevant here.

In regards to the DLC program, Orange & Rockland note that they are exploring offering the sign-up incentive with the energy efficiency rebate through their online store, which will provide a \$100 instant rebate upon point of sale.²⁶ We agree that this is an effective way to encourage participation in the territory and reduce administrative burden.

VII. Conclusion

AEMA thanks the Commission for consideration of these comments, and for its continued leadership in establishing New York as an international model for successful DR programs. We welcome any discussion or questions, and encourage you to contact

²⁴ Orange & Rockland 2017 Annual Report, at p.10

²⁵ Orange & Rockland 2017 Annual Report, at p. 16

²⁶ Orange & Rockland 2017 Annual Report, at p.20

Katherine Hamilton, Executive Director of AEMA, at 202-524-8832 or Katherine@aem-alliance.org should you wish to meet with AEMA.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Katherine Hamilton", with a stylized, cursive script.

Katherine Hamilton

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