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April 4, 2016

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

**RE: Case 13-E-0030, Con Edison's Electric Rate Case – Standby Service Multi-Party Offset**

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. ("Con Edison") is filing with the Public Service Commission (the "Commission") amendments to its Schedule for Electricity Service, P.S.C. No. 10 – Electricity (the "Electric Tariff"), applicable to its customers in the City of New York and the County of Westchester. The Company is also filing amendments to its Schedule for New York Power Authority ("NYPA" or "PASNY") Delivery Service, P.S.C. No. 12 – Electricity (the "PASNY Tariff),[1] applicable to delivery by the Company of power and associated energy to Authority Public Customers under the PASNY Tariff.

The Company proposes changes to its Electric Tariff and PASNY Tariff related to Standby Service to become effective on July 21, 2016. The specific Electric Tariff Leaves and PASNY Tariff Leaves being revised are identified in Appendix A.

## <u>Background and Reason for Filing</u>

General Rule 20 of the Electric Tariff describes rules related to Standby Service. Under the current "single-account offset" provision of General Rule 20 (General Rule 20.2.1(B)(7) of the Electric Tariff), a customer can interconnect its combined heat and power ("CHP") private generating facility, rated over 2 MW but not more than 20 MW,

[1] The PASNY Tariff is titled, "Delivery Service Rate Schedule Implementing and Part of the Service Agreement Between the Power Authority of the State of New York (PASNY) and the Consolidated Edison Company of New York, Inc. (the Company) dated March 10, 1989."

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to the high-tension side of the Company's distribution system to serve a single low-tension account, which is billed under Standby Service rates in that customer's name. Under the current "multiple-account offset" provision of General Rule 20 (General Rule 20.2.1(B)(8) of the Electric Tariff), a customer can interconnect its CHP private generating facility, rated over 2 MW but not more than 20 MW, to the high-tension side of the Company's distribution system to serve two or more accounts at a single premises, each billed under Standby Service rates in that single customer's name, provided at least one of the accounts is connected to the low-tension distribution system. "Premises" is defined under General Rule 20.2.1(B)(8) as a "a parcel of land; or more than one building and/or parcel of land proximate to each other if there is common use, whether or not such buildings or parcels are separated by public or private roads." Each account and the generation facility must be separately metered, and each must have interval metering with telecommunications, which must be provided and maintained by the Customer.[2] In addition, the accounts billed under the Electric Tariff must all be either full-service or retail access, with all retail access accounts supplied by a single ESCO. As-used Generator Demand is allocated to each account supplied by the generating facility's output based on the demand ("kilowatts" or "kW") registered on the account's meter(s) multiplied by the lower of: (a) 1 or (b) the ratio of the demand registered on the high-tension meter(s) measuring the generating facility's output to the sum of kW registered on the meters of all Standby Service accounts supplied by the generating facility's output; Generator Supply is allocated based on the total kilowatthours ("kWh") registered on the account's meter(s) multiplied by the lower of: (a) 1 or (b) the ratio of the total kWh registered on the high-tension meter(s) measuring the generating facility's output to the sum of the kWh registered on the meters of all Standby Service accounts supplied by the generating facility's output.

General Rule 20 is also applicable under the PASNY Tariff with a few modifications and exceptions.[3] For instance, bills are issued to NYPA, the Company's customer under the PASNY Tariff, and NYPA has responsibility for providing and maintaining the communications service. Also, the Company provides kW credits for As-used Generator Demand, but not kWh credits for Generator Supply.[4]

Page 97 of the Joint Proposal adopted by 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 required that a collaborative be held to "consider whether the single customer limitation in the offset tariff should be eliminated in order to expand the offset tariff to multiple customers seeking to offset the output of a DG [distributed generation] facility against the customers' usage." Meetings were held with interested parties on June 12, July 21 and October 22, 2015. At the October 22, 2015

[2] If the Company would have otherwise been required to maintain the communications service pursuant to General Rule 6.5, a monthly communications credit for maintaining the communications service is provided, as applicable, to the customer (under the Electric Tariff) or NYPA (under the PASNY Tariff).
[3] PASNY Tariff Leaf 17 through Leaf 17.2 specify modifications and exceptions to General Rule 20 as they apply to PASNY Customers.
[4] The PASNY Tariff is a delivery service tariff under which most accounts are billed on a kW basis only.

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meeting, the Company presented a proposal to expand General Rule 20.2.1(B)(8) to allow a customer to use its generating facility to serve its own account(s) and one or more other customers' accounts located in the same building. Although some parties wanted this to apply to more than a single building, the Company stated at the conclusion of that meeting that it would draft tariff changes based on the proposal outlined by the Company. In an email to parties dated January 5, 2016, the Company stated that it planned to request Commission approval.

## Tariff Changes

The Company will continue to permit a customer to use the output of its CHP private generating facility to offset usage on two or more of its own accounts at the premises ("Single Party Offset") under General 20.2.1(B)(8). In addition, the Company proposes to allow a customer that owns or operates a private generating facility ("Sponsor") to use the output of its generating facility to offset usage on its own account(s) and one or more other customers' accounts located in the same building (commonly referred to as "Recipient Accounts") under the new "Multi-Party Offset" provision of General Rule 20.2.1(B)(8).

### Changes Proposed to the Electric Tariff

The general provisions of the Single Party Offset will apply to the Multi-Party Offset. Major exceptions are described below:

- The generating facility and the Recipient Accounts must be located in a single building. At least one of the Standby Service accounts must be in the same Customer name as the Sponsor and have a Contract Demand equal to 10 percent or more of the nameplate rating of the generating facility.[5]

- The Sponsor will be required to submit signed Multi-Party Offset Recipient Forms for all Recipient Accounts. The form will require the Con Edison customers for all Recipient Accounts to affirm by their signature either that they are the Sponsor or have a written agreement with the Sponsor to receive a percentage of the generating facility's output, that they understand they will be billed under Standby Service rates, and that they indemnify the Company from disputes among the parties related to use of the generating facility.

- The Sponsor will be required to submit a signed Multi-Party Offset Percentage Allocation Form, designating a percentage of the output of its generating facility to each Recipient Account.[6] Percentage Allocations must total 100 percent of the

[5] If the Sponsor uses less of the output for its own use, one might argue that the Sponsor is using the Multi-party Offset as a way to avoid the requirements of Community DG, including the requirement for net-metering approved technologies, or as a way to operate a merchant plant.

[6] Unlike the allocations made under the Single Party Offset, the Company proposes to use percentage allocations under the Multi-party Offset Tariff to allow the Sponsor flexibility to determine how much of

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output, of which at least 10 percent must be allocated to a single Recipient Account in the Sponsor's name[7] and at least 5 percent must be allocated to each remaining Recipient Account.[8] Percentage Allocations will be used for allocating both the As-used Generator Demand and the As-used Generator Supply. No credit will be provided for Allocated As-used Generator Demand in excess of the demand registered on the Recipient Account. No credits will be applied if the Sponsor ceases to have a Recipient Account or ceases to own or operate the generating facility. If a Recipient Account is closed, its credits will be forfeited unless the Company receives a new Multi-Party Offset Percentage Form within 30 days of the account's closure.

- If the Sponsor requests Standby Performance Credits, those credits will be determined based on the lesser of the lowest kW on the meter registering the generation facility's output ("Output Meter") during the Measurement Period or the aggregated Contract Demands of the Recipient accounts as of October 1. Credits will be applied to the Recipient Account in the Sponsor's name based on the Contract Demand Charge per kW that is in effect on that Recipient Account on October 1 of the year in which the credit is determined. If the Sponsor has more than one Recipient Account in its name, the credit will be applied to the Sponsor's account having the highest Contract Demand.

The Company proposes to change Form G – Application for Net Metering or Standby Service and/or Buy-back Service to offer the Multi-party Offset option to customers requesting Standby Service. The Company also proposes a housekeeping change to the application to correct text stating that the Contract Demand is subject to final approval unless the standby service commences at an existing premises. As specified in the Joint Proposal (p. 76) of the Commission's Order of February 21, 2014, in Case 13-E-0030 et al., Order Approving Electric, Gas and Steam Rate Plans in Accord With Joint Proposal, the Company has final approval of the Contract Demands set for all offset customers. (This is correctly stated on Leaf 164 of the Electric Tariff.)

The Company proposes the following changes ancillary to the expansion to the Multi-party Offset, which will be applicable to both the Single Party Offset and Multi-party Offset provisions of General Rule 20.2.1(B)(8), as described below:

- The current tariff states that service may be taken under SC 11 if the kWh export of the generating facility exceeds the total kWh usage on the Standby Service accounts.[9] The Company has revised that provision to state that service must be taken under SC 11 if the export of the generating facility exceeds the aggregate

its generating facility's output should be allocated to each Recipient Account.

[7] See Footnote 5.

[8] Smaller percentage distributions would be difficult to credit and administer.

[9] The Commission's Order Approving Tariff Amendments with Modifications and Granting Petition for Rehearing, issued and effective October 18, 2012, in Case 11-E-0299 Order of October 18, 2012, directed that standby offset customers be allowed to export under SC 11.

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registered kWh usage on the Standby Service accounts. Otherwise, at the Company's discretion, the Company will terminate service under General Rule 20.2.1(B)(8) or make no payments for the export.

- The Standby Service accounts supplied by the output of the generating facility shall have no other source of generation located on the premises, except as permitted under General Rule 8.2 - Emergency Generating Facilities Used for Self Supply, and shall not participate under Rider R – Net Metering for Customer-Generators. This is consistent with Rider R tariff provisions for community DG.

- The current tariff states that the export of the generating facility must be separately metered. It also requires that the communications service for the generating facility's account and the Standby Service accounts be provided and maintained at Customer expense and be made operational before service commences under General Rule 20.2.1(B)(8). The Company proposes that this provision continue to apply to service under this General Rule. Text has been added to clarify that the Output Meter must be Commission-approved, revenue grade, interval metering; if the Output Meter is provided by the Company, the cost will be recovered as part of the Interconnection Charge.[10]

<u>Changes Proposed to the PASNY Tariff</u>

Consistent with the current requirements for Single Party Offset under the PASNY Tariff, the Multi-party Offset proposes the following: responsibility for coordinating the interconnection and operation of the generating facility with the Company belongs to NYPA; the Output Meter must be furnished and installed at NYPA's expense; and NYPA must arrange for the provision and maintenance of the communications service. Consistent with both the single-account offset and the Single Party Offset under the PASNY Tariff, the Company will provide kW credits for the generator's output, but not kWh credits.

The Company proposes that other requirements of the Electric Tariff's Multi-party Offset be applicable under the PASNY Tariff. However, under the Multi-party Offset, NYPA, instead of the Sponsor, will be required to submit a signed PASNY Multi-Party Offset Percentage Allocation Form. In addition, NYPA will not be required to submit signed Multi-Party Offset Recipient Forms for Recipient Accounts, because NYPA is the Company's customer and the recipients of the generator's output are customers of NYPA.

[10] The New York State Standardized Interconnection Requirements and Application Process for New Distributed Generators ("SIR") states, "Any incremental metering costs are included in interconnection costs that may be required of an applicant." In addition, General Rule 20.2.1(A) of the Company's Electric Tariff, which is applicable to accounts not subject to the SIR, states that interconnection costs recover costs in excess of the corresponding costs which the Company would have incurred had the Customer not taken Standby Service.

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## Conclusion and Notice

The Company proposes these changes assuming that standby offset accounts will continue to be billed under Standby Service rates.[11] If this were not to be the case, the Multi-party Offset would result in non-participants subsidizing an expansion of net metering without the requirement for environmentally-friendly generation, to which the Company would object.

The proposed tariff changes have an effective date of July 21, 2016. The Company will publish notice of the proposed tariff changes on April 12, 19, and 26, and May 3, 2016. Copies of this filing are being sent electronically to the active party list in Cases 13-E-0030 and 16-E-0060.

Sincerely,

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

[11] A Petition objecting to this requirement is pending in Case 16-E-0138.

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**Appendix A**

# List of Tariff Leaves Filed

P.S.C. No. 10 – Electricity

| Leaf No. | Revision No. | Superseding No. |
|---|---|---|
| 157.1 | 2 | 1 |
| 157.1.1 | 0 | |
| 157.2 | 3 | 2 |
| 157.3 | 3 | 2 |
| 157.4 | 7 | 5* |
| 167.1 | 1 | 0 |
| 385 | 4 | 3 |

P.S.C. No. 12 – Electricity

| Leaf No. | Revision No. | Superseding No. |
|---|---|---|
| 17.1 | 2 | 1 |
| 17.1.1 | 0 | |

*Revision No. 6 is pending in Case 16-E-0060.