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April 21, 2016

Honorable Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza, 19<sup>th</sup> Floor  
Albany, New York 12223-1350

**RE: Commercial System Relief Program and  
Brooklyn Queens Demand Management Program**

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing with the Public Service Commission (the “Commission”) an amendment to its Schedule for Electricity Service, P.S.C. No. 10 – Electricity (the “Tariff”), applicable to its customers in the City of New York and the County of Westchester. The revised Tariff Leaf, which is identified below, is filed to become effective on July 18, 2016:

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding No.</u>
268	3	2

**Background**

The Commission’s Order Establishing Brooklyn/Queens Demand Management Program, issued December 12, 2014, in Case 14-E-0302 approved the Company’s petition to establish a Brooklyn Queens Demand Management (“BQDM”) program to procure 52 MW of customer-side and non-traditional utility-side solutions by 2018 so as to enable the deferral of major infrastructure upgrades, including a new substation, while continuing to provide safe and reliable service to the community. The Company anticipates obtaining Demand Response (“DR”) resources, as part of its customer-side solutions, through a competitive market acquisition process - a descending clock auction - that would enable the Company to meet its BQDM program objectives. The Company is currently designing the auction mechanism and plans to conduct the auction during 2016 to obtain solutions for summers 2017 and 2018.

Separately, the Company has a tariff-based program that allows DR resources to participate in its Network peak-shaving program, Commercial System Relief Program

(“CSRP”). The Commission’s Order Approving Tariff Amendments, issued January 27, 2016, in Case 15-E-0570, directed the Company to learn from the experience of the anticipated auction under the BQDM program to inform the viability of a potential transition of its distribution DR programs (i.e., CSRP and Distribution Load Relief Program) to an auction mechanism. The proposal described hereunder would test an auction approach in lieu of CSRP in the three electrical networks included in the BQDM program (i.e., Richmond Hill, Crown Heights and Ridgewood).

### **Reason for Filing**

The Company proposes that both existing and new DR resources in the three BQDM electrical networks be allowed to participate in a peak-shaving DR program only through the BQDM program’s auction for 2017 and 2018, and not through the existing CSRP, in order to facilitate testing of the auction mechanism.

An auction approach for DR resources in the BQDM program’s targeted areas, in lieu of participation in CSRP, will provide the following benefits:

1. During the years of the BQDM program need, DR resources are anticipated to have opportunities to earn additional compensation compared to that currently offered by CSRP, including through higher performance payments during tests and events and compensation for consistent performance above their contracted load reduction amount, while they explicitly contribute to meeting a reliability need.
2. The Company and other stakeholders will have the opportunity to learn from the experience of testing market-oriented mechanisms in the BQDM program’s target area, a limited area that currently represents approximately one percent<sup>1</sup> of the total CSRP enrollment. In the target area, the auction mechanism will not run simultaneously with CSRP (a DR program with similar requirements but different compensation levels and performance incentives<sup>2</sup>), because it would add confusion in the marketplace and could negatively impact participation in the program and the clarity of the conclusions.

The Company is committed to remaining engaged with both existing and potential new DR resources in the BQDM area to enable their participation in the planned BQDM DR auction in a robust manner.

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<sup>1</sup> CSRP in the BQDM networks represented only 1.6 MW out of 137 MW of CSRP load relief in 2015.

<sup>2</sup> The Company anticipates that penalties will be included in the auction mechanism as opposed to the Performance Factor included in CSRP.

### **Tariff Change Proposed**

Leaf No. 268 of Rider T – Commercial Demand Response Programs has been modified to indicate that service is not available under CSRP in the Richmond Hill, Ridgewood, and Crown Heights networks in 2017 and 2018 if the Company offers an alternative Network peak shaving demand response program through an auction mechanism in those networks.

### **Conclusion and Notice**

The Company is filing this Tariff Leaf to become effective on July 18, 2016. The Company will publish notice of the proposed changes on April 27 and May 4, 11 and 18, 2016. Copies of this filing are being sent electronically to the active party list in Case 15-E-0570 and to Direct Participants and Aggregators enrolled in CSRP in BQDM networks either in 2015 or in 2016 as of the date of this filing.

Sincerely,

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