



Consolidated Edison Company  
of New York, Inc.  
4 Irving Place  
New York NY 10003  
www.conEd.com

July 15, 2015

Honorable Kathleen H. Burgess  
Secretary  
NYS Public Service Commission  
Empire State Plaza  
Agency Building 3  
Albany, New York 12223-1350

**RE: Steam Rider G – Customer Sited Supply Pilot Program**

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) herein submits for filing with the New York Public Service Commission (the “Commission”) proposed amendments to the Company’s Schedule for Steam Service, P.S.C. No. 4 – Steam (“Steam Tariff”), applicable to its customers in the Borough of Manhattan, New York City.

The Company proposes changes to Steam Rider G – Customer Sited Supply (“CSS”) Pilot Program. The specific Steam Tariff leaves being revised are identified below and have an effective date of October 23, 2015:

| <u>Leaf No.</u> | <u>Revision No.</u> | <u>Superseding No.</u> |
|-----------------|---------------------|------------------------|
| 49.6            | 2                   | 1                      |
| 49.7            | 2                   | 1                      |
| 49.8            | 2                   | 1                      |
| 49.9            | 1                   | 0                      |
| 49.10           | 2                   | 1                      |
| 49.11           | 2                   | 1                      |

**Reason for Filing**

Rider G was established effective December 23, 2011, pursuant to the Commission’s Order Approving Steam Demand Response and Supply Pilot Programs With Modifications, issued and effective December 16, 2011, in Case 09-S-0794<sup>1</sup> and Case 09-S-0029.<sup>2</sup> Since Rider G’s inception, the Company has attempted to attract

---

<sup>1</sup> “Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service”

<sup>2</sup> “Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Re-powering

enrollment in the program, including during presentations at various events and meetings with customers and other stakeholders. As noted in the Company's January 2, 2015 CSS report filed in Cases 09-S-0794 and 09-S-0029, notwithstanding such efforts, no customers have enrolled in this program.<sup>3</sup> The Company, therefore, asked several CHP stakeholder and customer groups for feedback, and based on that feedback, proposes tariff changes, described below, to encourage program participation.

### **Proposed Tariff Changes**

Currently, Rider G is generally structured as follows:

- Rider G is available to up to five customers for aggregated steam export of up to 50 Mlb/hr.
- The Company may terminate service under Rider G to any participant that has had a minimum term of service of five years and/or to all participants on or after December 2018, regardless of the number of years of service.
- Each Rider G customer must contract to export a uniform monthly steam quantity of no less than 2 Mlb/hr nor more than 40 Mlb/hr, year-round, at the request of the Company's Energy Dispatcher.
- Export is not allowed during a low system load condition.
- Customers are paid for their steam export for the hours directed by the Energy Dispatcher up to 110 percent of the contracted export quantity.
- The Company may terminate a customer's participation under the Rider if the maximum demand registered on the export meter exceeds the contracted export quantity more than twice.

The Company proposes various changes to Rider G, as summarized below:

- Customers advised the Company that the existing window for Rider G participation makes it difficult for them to secure sources of financing for Combined Heat and Power ("CHP") projects. As a result, the Company proposes to introduce a deadline of December 31, 2020 for accepting Rider G applications, and delay the Company's earliest right to petition to terminate the Rider until December 31, 2030, thus extending the opportunity for participation an additional twelve years.
- Customers indicated that the program's requirement that they provide a single annual steam export quantity is not flexible enough and does not align with their operating profiles. As a result, the Company proposes to permit customers to contract to export a steam quantity ("Contracted Export Quantity" or "CEQ") that differs for each calendar month and for the primary and secondary operating

---

Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc."

<sup>3</sup> To date, one application for the program was received, and it was later withdrawn.

periods in the months of April through November, provided that the aggregate export of all Rider G participants does not exceed 50 Mlb/hr in any month and any operating period.<sup>4</sup> The Company also proposes to allow customers to modify their CEQs once a year, commencing on the Anniversary Date (*i.e.*, the first day of the calendar month during which the customer first exported steam to the Company), provided that the request is received no later than 30 days before the Anniversary Date and includes the requested CEQs and documentation supporting the change(s).

- Customers advised the Company that the program provides an insufficient opportunity to export steam. The Company proposes to allow customers to export steam and receive payment for export during more hours, *i.e.*, both during the primary operating period<sup>5</sup> and during low system load conditions (the “secondary operating period”).<sup>6</sup>
  - Customer will be allowed to elect a different CEQ by month and by operating period. The proposed leaves set the Contract Demand at the customer’s highest CEQ approved for the 12 calendar months that commenced on the Anniversary Date (the “Maximum Export Quantity” or “MEQ”). The Contract Demand will not be increased if the maximum demand registered on the export meter exceeds the MEQ.
  - Due to the fact that the Contract Demand will not be increased for exceedances, the Company proposes to cap payment for the customer’s export in each operating period each month at the lower of (a) the MEQ or (b) 110 percent of the CEQ for that operating period.
  - Because steam customers should pay no more for Rider G purchases during the secondary operating period than they would otherwise pay for steam produced by the Company’s cogenerating units, the Company will apply a multiplier of 0.47 to the product of the then-current payment rate and the steam export quantity during the secondary operating period.
  - To discourage customers from producing amounts in excess of their MEQ, the Company proposes to terminate a customer’s participation in Rider G if the steam export exceeded the MEQ two or more months in the past 12 calendar months.

---

<sup>4</sup> Customer CEQs will be accepted and capacity will be reserved for the primary operating period and the secondary operating period in the order in which the application is approved by the Company, as shown in the example in Attachment A.

<sup>5</sup> The primary operating period is (a) all hours during the calendar months of December through March, plus (b) Monday through Friday, 6 am to 6 pm, during the calendar months of April through November.

<sup>6</sup> The secondary operating period is all hours during the calendar months of April through November except for Monday through Friday, 6 am to 6 pm. The Company may prohibit export during an actual or potential system minimum load condition and for other reasons specified on Leaf 49.8 during the secondary operating period.

As part of developing these proposals, the Company reviewed the tariff to see if there were any clarifications necessary. The two changes below are intended to clarify the obligations of participating customers:

- Provide the Company with the right to reduce a customer's CEQs commencing on the next Anniversary Date if the export during either the primary or secondary operating period in two or more months during the past 12 calendar months is less than 90 percent of the CEQ. By resetting CEQs based on customers' historical performance, the Company can optimize the program's Mlb/hr subscription and better anticipate the availability of resources for planning purposes.
- Clarify the basis for charging interconnection costs (i.e., charge for costs in excess of two-years' estimated revenues from the customer's payments of Customer Charge and Contract Demand Charges under Rider G) and allow customers to pay three-quarters of those costs over ten, instead of five, years. (The Company may require the customer to provide adequate security for the payment of the balance of the interconnection costs due the Company.)

Changes proposed to each of the Steam Tariff leaves are described in Attachment B.

### **Conclusion and Notice**

The Company proposes that the Rider G changes become effective on October 23, 2015.

The Company will publish notice of the proposed tariff changes on July 21 and 28 and August 4 and 11, 2015. Copies of this filing are being sent electronically to the active party list in Case 13-S-0032.

Very truly yours,  
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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