



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

March 19, 2012

Honorable Jaclyn A. Brilling  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223

Re: Standby Service Rates, Case 11-E-0299

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing with the Public Service Commission (the “Commission” or “PSC”) proposed changes to its Schedule for Electricity, 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 proposed changes to its Schedule for PASNY Delivery Service, P.S.C. No. 12 – Electricity (the “PASNY Tariff”), applicable to delivery of power and associated energy to customers of the New York Power Authority (“PASNY” or “NYPA”).<sup>1</sup>

The tariff leaves reflecting the proposed changes to the Electric Tariff and the PASNY Tariff are identified in Appendices A and B, respectively. The leaves bear an effective date of June 22, 2012.

### **Reason for Filing**

This filing is being made in compliance with the Commission’s Order Approving Tariff Amendments With Modifications (the “November Order”), issued and effective November 17, 2011, in Case 11-E-0299, *Tariff filing by Consolidated Edison Company of New York, Inc. to Revise Service Classification No. 14-RA – Standby Service*. Ordering Clause 2 of the November Order directed the expansion of Special Provision E of Service Classification No. (“SC”) 14-RA of the Company’s Schedule for Retail Access, P.S.C. No. 2 – Retail Access<sup>2</sup> to Customers that

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<sup>1</sup> This is the Delivery Service Rate Schedule implementing and part of the Service Agreement between PASNY and the Company, dated March 10, 1989.

<sup>2</sup> P.S.C. No. 2 – Retail Access and P.S.C. No. 9 – Electricity were merged into and superseded by P.S.C. No. 10 – Electricity as of February 20, 2012. Special Provision E of SC 14-RA of P.S.C. No. 2 – Retail Access is now General Rule 20.2.1(B)(7), a sub-rule of General Rule 20 – Standby Service, under P.S.C. No. 10.

have multiple buildings or campus-style settings. Ordering Clause 2 of the November Order also directed the Company to expand the provisions of Special Provision E, both as originally developed and as expanded, to Customers taking service under the PASNY Tariff.<sup>3</sup>

### **Proposed Tariff Changes**

The changes proposed to the Electric Tariff and the PASNY Tariff are outlined below.

#### **Electric Tariff**

The Company proposes the following changes to the Electric Tariff: minor formatting changes to General Rule 20.2.1(B)(7); new General Rule 20.2.1(B)(8), applicable to Customers that have private generating facilities sized greater than 2 MW and up to 20 MW that are connected to the high tension distribution system, and use the output of the generating facility to supply two or more of the Customer's accounts billed under Standby Service rates; and a change to General Rule 6.5 – Meters with Communications Capabilities to require that Customers served under General Rule 20.2.1(B)(8) provide and maintain the communications service. The specific changes are summarized below:

##### **General Rule 20.2.1(B)(7)**

For clarity, the Company divided the single paragraph of this General Rule into three paragraphs and numbered the sentences in the second paragraph. No substantive changes are proposed.

##### **General Rule 20.2.1(B)(8)**

This new General Rule addresses the Commission's directive that former Special Provision E (now General Rule 20.1.2(B)(7)) be expanded to Customers that have premises with multiple buildings or campus-style settings. Consistent with General Rule 20.2.1(B)(7), new General Rule 20.2.1(B)(8) requires that the generating facility meet eligibility criteria for designation as an efficient "combined heat and power" generating facility pursuant to the PSC Order, dated January 23, 2004, in Case 02-E-0781, and that the generating facility be connected to the Company's high-tension distribution system. The generating facility (which may be one

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<sup>3</sup> The November Order directed that the Company make its filing within 60 days, i.e., by January 18, 2012. At the Company's request, the Commission granted a postponement to February 16, 2012, and, later, to March 19, 2012.

Subsequent to issuance of the November Order, on December 19, 2011, the Company petitioned for rehearing on the issue of whether a Customer served under Special Provision E should be permitted to subtract its generator's output from the low-tension As-used Demand to determine Contract Demand exceedance. The Company reserves the ability to seek further modification of General Rule 20.2.1(B)(7) depending upon the relief granted by the Commission.

or more generation units) must have a total nameplate rating of over 2 MW but no more than 20 MW.<sup>4</sup>

To be eligible for General Rule 20.2.1(B)(8), the Customer can have Standby Service accounts in more than one building or on more than one parcel of land, provided all the accounts and the generation facility are located within a single premises.<sup>5</sup> The Standby Service accounts and the account associated with the generating facility's export must all be established in a single Customer's name. Each Standby Service account must be separately metered and will be billed at the Standby Service rate applicable to that account. The export of the generating facility must also be separately metered.

The interconnection must be technically and economically practicable,<sup>6</sup> and the connection and operation of such facility shall not jeopardize the safety or operation of the Company's system, facilities, or other Customers. Under General Rule 20.2.1(B)(8), the kW export of the generating facility should not exceed the aggregated load on the Standby Service accounts that will be served by the generating facility's output. Consistent with General Rule 20.2.1(B)(7), the Customer will not be credited for power and energy produced by the generating facility that is in excess of the aggregate registered kW and kWh on its Standby Service accounts.

Consistent with principles enunciated by the Commission in developing Standby Service guidelines, the Contract Demand on each Standby Service account will be based on the Customer's maximum potential demand on the Company's system inclusive of the delivery of the generator's output to that account.<sup>7</sup> Because the generator's output does not reduce the Customer's use of local facilities, such output will not be netted against the Customer's peak demand as registered by the Customer's standby service meters.

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<sup>4</sup> November Order at p. 10.

<sup>5</sup> For purposes of this General Rule, "premises" is defined as "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."

<sup>6</sup> November Order at p. 10.

<sup>7</sup> As specified in Appendix A of the Commission's Opinion No. 01-4, Opinion and Order Approving Guidelines for the Design of Standby Service Rates ("Guidelines Order"), issued and effective October 26, 2001, in Case 99-E-1470, at p. 4: "Contract (Fixed) Demand Charges should apply to the customer's maximum potential annual metered demand or connected load."

The treatment of Contract Demand under General Rule 20.2.1(B)(8) differs from that under General Rule 20.2.1(B)(7). Pursuant to the November Order in Case 11-E-0299, Contract Demand exceedances under General Rule 20.2.1(B)(7) are measured based on the difference between the Customer's low tension registered demand and the demand registered on the high-tension meter measuring the generator's output (adjusted for losses). As noted in Footnote 3 above, the Company's petition for rehearing on this issue is pending.

Like the procedure for setting Contract Demand for other Standby Service accounts, each account's Contract Demand can be set by either the Company or by the Customer. However, to ensure that the Contract Demand is established based on the maximum potential demand under General Rule 20.2.1(B)(8), the Company will have the final authority to approve or modify a Customer-set Contract Demand based on the principles used by the Company to establish Contract Demand under General Rule 20.4.3(B). Like the consequences for other Standby Service accounts, the Contract Demand will be ratcheted up for exceedances of either a Customer-set or Company-set Contract Demand. However, because the Company will have final approval of Customer-set Contract Demands, no surcharges will be applied for Contract Demand exceedances under this General Rule.

Customers will pay an additional monthly customer charge of \$150.00 per Standby Service account to cover incremental billing and administrative costs.<sup>8</sup> Any kWhr charges assessed under General Rule 26 (e.g., for the Adjustment Factor - MAC, System Benefits Charge, and Charge for the Renewable Portfolio Standard Charge) will be applied to the kWhr registered on the Standby Service meter. As-used Daily Demand Delivery Charges and As-used Daily Demand MACs will be based on the registered kW net of the kW Allocated Generator Demand. If the Customer purchases supply from the Company, the kWhr supply charges and adjustments will be based on the registered kWhr net of the Allocated Generator Supply.<sup>9</sup>

As noted in the Commission's November Order at p. 9, "A multiple building or campus style setting with multiple accounts presents a very unique type of billing arrangement." Because of this billing complexity, a Customer's accounts supplied by its generator's output under General Rule 20.2.1(B)(8) must be either all full service or all retail access. None of the accounts may be served under General Rule 11, the PASNY Tariff, or the Schedule for Economic Development Delivery Service ("EDDS"), P.S.C. No. 11 – Electricity.<sup>10</sup>

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<sup>8</sup> As directed in the Guidelines Order, Appendix A at p. 3, "Fixed monthly access charges for each service class should be established to fully recover all customer-related costs (to the extent not recovered through interconnection charges)." The additional monthly customer charge is based on the cost of three hours of incremental labor, exclusive of overheads. If participation under General Rule 20.2.1(B)(8) grows to more than a handful of Customers, the Company may need to implement an automated billing system, for which the Company should have the right to defer costs pending Commission determination of the Customers from whom the costs should be recovered.

<sup>9</sup> Under General Rule 20.2.1(B)(8), for each account supplied by the generating facility's output, "Allocated As-used Generator Demand" means the demand 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 demands registered on the meters of all accounts supplied by the generating facility's output; and "Allocated Generator Supply" means the total kilowatthours registered on the account's meter(s) multiplied by the lower of: (a) 1 or (b) the ratio of the total kilowatthours registered on the high-tension meter(s) measuring the generation facility's output to the sum of the kilowatthours registered on the meters of all accounts supplied by the generation generating facility's output. Allocated As-used Generator Demand and Allocated Generator Supply will be determined for each 15-minute interval. Adjustments will be made for transformation losses as applicable.

<sup>10</sup> Service under the PASNY Tariff is addressed separately in this filing letter.

As specified below, the Company is proposing that Customers served under General Rule 20.2.1(B)(8) own and maintain the communications service through which the Company will obtain meter readings for the Standby Service accounts and the generating facility's export account. If the Company would have otherwise maintained the communications service, the Company will provide each Standby Service account a credit of \$47.28 per month to reimburse the Customer for the Company's avoidance of the communications cost.

The Customer will be subject to reactive demand charges for the export by the generation facility, because the Customer would otherwise have been subject to these charges if it were taking service under SC 11.<sup>11</sup> In addition, in the interest of full disclosure, and subject to further analysis (e.g., regarding rate design), please be advised that the Company believes that the generation facility's export account should be subject to an additional charge for use of the Company's primary distribution system and reserves the right to propose such a charge in the future.<sup>12</sup>

### General Rule 6.5

Because of the billing complexity in providing generation offsets against multiple accounts under General Rule 20.2.1(B)(8), regular and consistent communication of interval data from the meters to the Company is required so that the Company can issue billing in a timely and accurate fashion. Customers served under General Rule 20.2.1(B)(8) may have some Standby Service accounts for which the Company is customarily required to provide and maintain the communications service and others on which it is not (e.g., accounts not subject to reactive power demand charges). Because it would be unreasonable for the Company to manage communications problems for the multiple accounts of a Customer for purposes of General Rule 20.2.1(B)(8), and it is in a Customer's best interest to have any inoperable communications equipment promptly repaired, Customers will be required to provide and maintain the communications service for all Standby Service accounts served under General Rule 20.2.1(B)(8), including meters associated with the generating facility.<sup>13</sup>

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<sup>11</sup> As directed by the Commission's Order Adopting Reactive Power Tariffs With Modifications, issued and effective September 22, 2009, in Case 08-E-0751, at p. 14, the Company's incremental costs and revenues associated with its reactive power tariffs are recorded for possible future rate treatment.

<sup>12</sup> For example, the Company may propose in a future filing a Shared Primary Distribution Charge under General Rules 20.2.1(B)(7) and 20.2.1(B)(8) on export accounts to capture the otherwise unrecovered direct cost of the Customer's use of the Company's primary distribution system to deliver output to the Standby Service account or accounts. Based on currently effective rates, the Company estimates its proposed charge would be a daily as-used demand charge of about \$0.15 per kW for the summer months (June through September) and \$0.08 per kW for all other months.

<sup>13</sup> If the Company is required to conduct an on-site visit to collect billing data, the Customer will be assessed the charge specified in General Rule 16.4. There will be no kW and kWh credits applied for time periods during which there is insufficient interval data available to ascertain that the generator supplied output to a Standby Service account.

## **PASNY Tariff**

Customers served under the PASNY Tariff are subject to the General Rules of the Electric Tariff unless expressly stated otherwise in either the PASNY Tariff or an agreement between PASNY and the Company. The current PASNY Tariff explicitly states that General Rule 20.2.1(B)(7) is not applicable to service under the PASNY Tariff. Because the November Order directed the Company to file tariff amendments to extend the offset tariff provisions to its PASNY Tariff, the Company proposes the following changes to the General Provisions Section of the PASNY Tariff:

### **Standby Service**

#### **(a) Application of General Rule 20.2.1(B)(7) of the Electric Tariff**

The Company has eliminated the inapplicability of General Rule 20.2.1(B)(7) to the PASNY Tariff and indicated that that Rule is applicable except as modified under the PASNY Tariff. Specifically, the second paragraph of Rule 20.2.1(B)(7), regarding billing, is replaced by text in the PASNY Tariff, consistent with the billing of accounts under the Electric Tariff. Under the PASNY tariff, the Company will assess an additional \$50 Customer Charge per account per billing period, bill As-Used Daily Delivery Service Demand Charges net of the generator's kW, and measure Contract Demand exceedances net of the generator's output.<sup>14</sup> There are no kWhr charges applicable under PASNY Standby Service rates (*i.e.*, Rates III and IV). The Company will not provide kWhr credits under the PASNY tariff for the generation facility's output.

#### **(b) Application of General Rule 20.2.1(B)(8) of the Electric Tariff**

General Rule 20.2.1(B)(8) will apply to service under the PASNY Tariff, except as modified thereunder. For example, the reactive power demand charge stated under the PASNY Tariff may differ from those under the Electric Tariff. Furthermore, as with General Rule 20.2.1(B)(7), the Company will not provide kWhr credits for the generation facility's output.

The additional Customer Charge under the PASNY Tariff will be the same as that billed under the Electric Tariff (*i.e.*, \$150). Because of billing complexity, all of the accounts supplied by the generator's output must be billed under PASNY Rate III or Rate IV for their full requirements.

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<sup>14</sup> Unlike Customers served under the Electric Tariff, PASNY Customers are not subject to the Adjustment Factor - MAC, As-used Daily Demand MACs, the System Benefits Charge, and the Renewable Portfolio Standard Charge. "As-used Daily Demand Delivery Charges" under the Electric Tariff are called "As-used Daily Delivery Service Demand Charges" under the PASNY Tariff.

### Meters with Communications Capabilities

The Company proposes to require PASNY to arrange for provision and maintenance of the communications service for PASNY Customers who take service under General Rule 20.2.1 (B)(8), similar to the requirement for Customers served under the Electric Tariff.

### Metering Services

If the Company would have otherwise maintained the communications service, the Company will provide PASNY with the same \$47.28 Monthly Communications Service Credit that is being provided to Con Edison customers taking service under General Rule 20.2(B)(8) as reimbursement for the Company's avoidance of the communications cost.

### Notice

The Company will publish newspaper notice of this filing on March 28 and April 4, 11, and 18, 2012.

Copies of this filing are being mailed electronically to Commenting Parties in Case 11-E-0229. The Company will also conduct a Webinar within the next few weeks with distributed generation stakeholders including, but not limited to, Commenting Parties.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

/s/ Christine Colletti  
Director  
Rate Engineering

Appendix A

PSC No. 10 - Electricity  
List of Tariff Changes

<u>Leaf Number</u>	<u>Revision Number</u>
61	1
157	2
157.1	0
157.2	0
157.3	0
157.4	0
157.5	0



Appendix B

PSC No. 12 - Electricity  
List of Tariff Changes

<u>Leaf Number</u>	<u>Revision Number</u>
13	2
14	2*
17	1
17.1	0
17.2	0

\* First Revised Leaf No. 14 is pending. It was issued in Case 09-E-0428 and has a proposed effective date of April 1, 2012.