

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Consolidated Edison Company of New York, Inc.

Case 07-E-0523

September 2007

Prepared Exhibits of:

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William Saxonis - Demand Side Management

Exhibits___(WS-1)

List of Information Requests

<u>Information Request</u>	<u>Exhibit page</u>
DPS-102	1
DPS-104	2
DPS-106	3
DPS-111	4
DPS-113	5
DPS-114	6
NYC-244	7

Company Name: Con Edison
Case Description: Electric Rate Filing
Case: 07-E-0523

Response to DPS Interrogatories – Set Staff6
Date of Response: 07/12/2007
Responding Witness: Craft

Question No. :102

Subject: Energy Efficiency According to Rebecca Craft's testimony, the majority of the company's 500 MW goal (350 MW by 2016), will be achieved by programs based on the Enlightened Energy Program of the 1990's. a) The company's Enlightened Energy programs were at their peak approximately 15 years ago. What is the rationale for depending on such legacy programs to provide the blueprint for programs to serve Con Edison customers over the next several years? Considering the recent changes in the energy environment (e.g., rising energy prices, dramatic increases in peak demand, increased focus on global warming), why is such reliance an effective strategy? Please explain. b) What specific Enlightened Energy programs does the company plan to implement? What are the company's program priorities (e.g., target low-income sector, peak demand programs)? c) How will the company determine the final make up of the program portfolio (e.g., company judgment, collaborative process, market potential study)?

Response:

- a) It is not the Company's intention to use such legacy programs "to provide the blueprint to serve Con Edison's customers over the next several years." The Company cited the Enlightened Energy program as precedent that the Company has demonstrated its ability to successfully implement energy efficiency programs and that a future program could use that model for implementation of certain programs going forward.
- b) See response to a). With respect to priorities, the Company will conduct market research and analysis to determine appropriate market sectors to target and programs that will yield persistent demand, and thus CO₂ reduction for their cost. The Company will also consult with Staff and the other interested parties, including the City, State and local governments, on program priorities.
- c) See response to b).

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Response to DPS Interrogatories – Set Staff6
Date of Response: 07/12/2007
Responding Witness: Craft

Question No. :104

Subject: Energy Efficiency In her testimony, Rebecca Craft discusses new energy program initiatives with specific mention of advanced metering infrastructure and green buildings. For these new initiatives, there is no energy savings goals described. It appears that the company has low expectations because the 500 MW goal is assigned to the target initiative (150 MW) and the programs based on the Enlightened Energy programs (350 MW). Describe these new initiatives, including their estimated energy savings potential.

Response:

The Company, on May 2, 2007, filed with the Commission; “Verified Petition of Consolidated Edison Company of New York, Inc. To Authorize Commencement of an Expanded Demand Side Management Program.” In that petition, the Company states on page 3 it intends to develop new initiatives, including taking full advantage of advanced metering and green buildings as part of its plan for energy efficiency.

As these methods have not yet been finalized, the expected energy savings potential cannot be quantified at this time.

Response to DPS Interrogatories – Set Staff6
Date of Response: 07/12/2007
Responding Witness: Craft

Question No. :106

Subject: Energy Efficiency On pages 17-19 of Rebecca Craft’s testimony, the witness refers to “net resource benefits.” Define “net resource benefits.” How does the company propose that such “net resource benefits” would be calculated? Provide a sample calculation.

Response:

Net resource benefits is the present value of the estimated avoided costs, including energy and capacity costs, over the service lives of DSM measures installed each year pursuant to Con Edison’s DSM programs, less Con Edison’s DSM program costs (i.e., customer incentives, marketing, customer outreach, labor, mailing, measurement & verification, etc.) associated with the installation of these measures.

Avoided costs would be determined as discussed in the Commission’s March 16, 2006 approval of the Demand Management Action Plan. (Case No. 04-E-0572).

As shown in the sample calculation on the attached spreadsheet, the net present value of the avoided costs from the installation of a typical DSM measure installed in 2008 and having an average measure life of 12 years would be approximately \$4,060/kw. Using, for illustrative purposes only, a program cost of \$1,000/kw, the total net resource benefits would be \$3,060/kw.

Company Name: Con Edison
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Response to DPS Interrogatories – Set Staff 6
Date of Response: 07/12/2007
Responding Witness: Craft

Question No. :111

Subject: Energy Efficiency On pages 18-19 of Rebecca Craft’s testimony, the company recommends the continuation of the incentive adopted under the current rate plan \$22,500 per MW (adjusted upward for inflation) for assisting NYSERDA in obtaining commitments under the System Benefits Charge III (SBC III) program, encouraging enrollment in Con Edison and NYISO demand programs and implementation of Con Edison’s Targeted Program. A justification for the current incentive was that Con Edison provided additional energy efficiency related training for customer service representatives and established a DSM “hotline,” however, this type of activity will also likely be included as part of Con Edison’s new and expanded DSM effort. Considering Con Edison has increased its focus on energy efficiency, and new incentive proposals, what is the justification for continuing, and increasing, the current incentive? Provide specific detail in your response.

Response:

The current incentive has a specific focus, i.e., to provide the Company with a particular incentive to increase enrollment in NYSERDA and NYISO and Con Edison demand response programs (the Company does not propose an enrollment incentive for any new targeted initiatives). These programs would continue under the Company’s proposal and the Company would have to devote resources to further increase enrollment that would be in addition to planned work under the proposed DSM program. Accordingly, the incentive adopted under the last rate plan remains applicable for program support when Con Edison does not administer programs.

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Response to DPS Interrogatories – Set Staff6
Date of Response: 07/12/2007
Responding Witness: Craft

Question No. :113

Subject: Energy Efficiency The Company proposes that the new DSM program be offered to, and costs recovered from, New York Power Authority (NYPA) customers. NYPA already has an aggressive and well regarded energy efficiency program. How does the company propose coordinating the two company's proposed DSM efforts with NYPA's existing energy efficiency program?

Response:

Upon Commission approval of this rate plan, Con Edison will enter into discussions with NYPA management to develop and implement a coordination process for all DSM initiatives. This is similar to the effort Con Edison has employed with NYSERDA under its present electric rate plan. The Company has worked with NYPA on many issues and is confident that an effective process will be developed.

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Response to DPS Interrogatories – Set Staff6
Date of Response: 07/12/2007
Responding Witness: Craft

Question No. :114

Subject: Energy Efficiency Explain the impact of including the NYPA customers in the company's DSM program, including number of customers, DSM potential and funding effects. Be specific.

Response:

NYPA customers typically represent approximately 15 percent of Con Edison's total system peak demand and accordingly comprise a significant portion of the MWs available for DSM programs. To capture this significant potential, the Company believes that both the Company and NYPA must work closely together to achieve the maximum amount of permanent demand reduction from these customers. Such joint efforts are the most likely to achieve the State's energy efficiency goals. At this time, prior to any work with NYPA, we cannot predict the DSM potential from including the NYPA customers. However, we currently do not expect any funding effects during the term of the rate plan.

Company Name: Con Edison
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Response to NYC Interrogatories – Set NYC 11
Date of Response: 08/15/2007
Responding Witness: Craft

Question No. :244

Please provide Con Edison's estimate of the "net resource benefits" that would result from each year's program as provided in Exhibit RC-1, and the incentives Con Edison would claim for those benefits.

Response:

Using the assumptions discussed in Staff 106 & 107:

Example - RY1: $\$4,056.65/\text{kW} \times 22,000\text{kw} = \$89.2 \text{ million} - \$16.4 \text{ million in Program Funding} = \$72.8 \text{ million in Net Resource Benefits} \times 20\% = \$14.6 \text{ million Rate Incentive}$

Example – RY2: $\$4,056.65/\text{kW} \times 54,000\text{kw} = \$219.1 \text{ million} - \$40.3 \text{ million in Program Funding} = \$178.8 \text{ million in Net Resource Benefits} \times 20\% = \$35.8 \text{ million Rate Incentive}$

Example – RY3: $\$4,056.65/\text{kW} \times 62,000\text{kw} = \$251.5 \text{ million} - \$46.3 \text{ million in Program Funding} = \$205.2 \text{ million in Net Resource Benefits} \times 20\% = \$41.0 \text{ million Rate Incentive}$