

THE E CUBED COMPANY, L.L.C.

E3

Providers of
Strategic Energy
Services At
The Exponential
Interface Among

- Energy
- Economics and
- Environment

Ruben S. Brown,
M.A., M.A.L.D.,
President

Arthur W. Pearson,
CEM
Director, Project
Operations

January 20, 2006

Hon. Jaclyn A. Brillig
Secretary
State of New York Public Service Commission
Three Empire Plaza
Albany, NY 12223

Re: Case 03-E-0641 – Proceeding on Motion of the Commission Regarding
Expedited Implementation of Mandatory Hourly Pricing for Commodity
Service

Dear Secretary Brillig:

Enclosed please find the comments of the Joint Supporters and The E Cubed
Company, LLC in regards to the Consolidated Edison Company's compliance filing
in the above referenced matter.

Very Truly Yours,



Ruben S. Brown, M.A.L.D.
President, The E Cubed Company,
L.L.C.

Encl:

cc. Arthur Pearson

Comments of the Joint Supporters and The E Cubed Company, LLC Regarding the Consolidated Edison Company's Compliance Filing in Case 03-E-0641 – Proceeding on Motion of the Commission Regarding Expedited Implementation of Mandatory Hourly Pricing for Commodity Service

On September 23, 2005 the Commission issued an Order (Order Instituting Further Proceedings and Requiring the Filing of Draft Tariffs) that required Con Edison along with other New York utilities to file draft tariff leaves that provide for mandatory hourly pricing (“MHP”) “for their largest customer classifications that provide for service at mandatory time-of-use rates”. Consolidated Edison was also required to expand its already existing outreach and education efforts that were in place for their voluntary hourly pricing rate.

On November 21, 2005 Consolidated Edison (“Company”) submitted their compliance filing to the Commission. In doing so the Company stated they already have a voluntary program in place that meets the requirements of the Commission. As a result, they say the only real change the Company needs to make is to change the wording from “voluntary” to “mandatory” in the appropriate locations in its rates. They further state the recovery of the costs involved in the voluntary program has already been approved by the Commission and therefore, by extension, the same is true with respect to the costs involved with the mandatory one. Finally, they state that they will expand the marketing program they Commission approved in its August 1 Order to include outreach and education efforts dedicated to the MHP customers.

The Joint Supporters (“JS”) is, in general, pleased by the actions of both the Commission and Con Edison with regards to this matter. However, there are a few areas of concern that we believe require further clarification and review.

With respect to the tariffs the Company has filed we note that the only difference between the MHP tariff and the equivalent non-MHP tariff is the calculation of the energy charge. As a result while the Non-MHP customer pays the Company's forecasted market supply charge (“MSC”) plus any adjustment, the MHP customer will pay the NYISO zonal day ahead hourly price applicable to its consumption each hour, *adjusted for losses*, (emphasis added).

Our concern is that given that the nature of these losses is such that the percentage of loss increases with the load on the system, that the loss factor used in this calculation should be the loss experienced in the hour in question and not simply an “average” factor of some sort. The location should be factored in as well. It should be based on the actual locational loss and not the average because this loss calculation will have a significant impact on the final charges experienced by the Company's customers and so, the figure used should be as accurate as possible. It is unclear from the material presented by the Company, however, how they will calculate this factor. Given importance in the calculation of the final charges experienced by the customer, we urge that it be based on the locational loss experienced during the hour in question.

Concerning the marketing outreach and education program that the Company describes we note they state that with respect to the seminars they are planning to hold for MHP customers that they plan to also invite ESCO's as well. We applaud the efforts the Company has described with respect to this program but are concerned that the Company may be too narrowly defining ESCO's. Given the impact these MHP rates will potentially have on the Company's customers and the impact energy efficiency and related activities could have in mitigating their impact we respectfully request that the term ESCO be defined to include more than simply energy providers/marketers, but also demand response providers, equipment manufacturers (distributed generation, HVAC, etc.), installers, engineering firms, and entities such as the New York Energy Consumers Council and the Joint Supporters.

We thank the Commission for the opportunity to comment on this Case and look forward to working with it, the Company and the other interested parties in ensuring the final result achieves the Commission's objectives.