

STATE OF NEW YORK

Public Service Commission

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PEAK ENERGY DEMANDS TO BE LOWERED IN NYC — Lower Emissions Victory for Environmental Justice Communities —

Albany, NY—10/15/09—The New York State Public Service Commission (Commission) today approved programs to help reduce peak electric demand and emissions in Consolidated Edison Company of New York, Inc.'s (Con Edison) service territory, which in turn will help lower long-term utility costs borne by ratepayers and emissions in communities where certain power plants exist.

“Reducing Con Edison’s peak load could potentially lead to lower emissions and prices by helping to defer the need to build new infrastructure,” said Commission Chairman Garry Brown. “Our approval of these demand response programs will help improve the air quality of certain metro areas communities that have long been burdened by a concentration of power plants.”

The Commission’s approval of the demand response program specifically targets at least 50 megawatts in the Greenwood, Brooklyn area, considered to be an environmental justice community. In addition, as a result of the Commission’s decision, no diesel-fired generation will be allowed within one-half mile of the generating stations located in environmental justice communities to participate in the program.

Environmental justice is defined as the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental law, regulations, and policies. Environmental justice efforts focus on improving the environment in communities, specifically

minority and low-income communities, and addressing disproportionate adverse environmental impacts that may exist in those communities.

The Commission noted that Con Edison's system experiences peak demand for only a small number of hours a year and only during the summer months. By decreasing the highest peaks, the infrastructure needed and therefore, the expense of meeting peak demand could be significantly reduced. In response, Con Edison proposed four new demand response pilot programs:

- Commercial System Relief Program for large commercial or industrial customers that can curtail load or bring emergency generation to reduce demand by a minimum of 50 kW on an individual customer basis, or 100 kW through aggregations. Customers able to curtail load when called upon will receive capacity reserve payment, and conversely if a customer is called and does not respond, the customer will be assessed a penalty. The program will target at least 50 megawatts in the Greenwood load packet, with a total program cap of 200 megawatts in the company's service territory. Outside of environmental justice communities, caps on how much distributed generation can participate in the program will depend on the specific distributed generation technology employed.
- Residential Smart Appliance Program for residential customers allows Con Edison to control a participating customer's electric appliances (if equipped with curtail-able technology) through the use of open communication devices. Customers will have the ability to override the company's control of their appliances when events are called. The program is aimed at reducing load by 240 kW. Customers will receive a \$200 rebate for each Smart Appliance or Home Area Network and may receive additional payments of \$10-\$25 based on their response to tests and actual events.
- Critical Peak Rebate Program is a 3.8 megawatt pilot program for all customer classes. Participants who reduce their usage by at least 1 kW and up to 24 kW will receive a monthly payment of \$1/kW-hr for reductions made during events. Participants who reduce 25 kW or more will receive an end of year payment of \$1.50/kW-hr for reductions during events.
- Network Relief Program is targeted at specific networks in need of system relief. Requests for proposals and an open enrollment process will be used for relief in certain hours, in specific networks, over a specific number of years, in an attempt to defer the need to build additional transmission and distribution infrastructure in particular networks. The company proposes to initially enroll 5 megawatts in this program.

The experience gained by Con Edison from implementing these programs would enable demand response reductions to be used in company planning after gaining an understanding of customer behavior in the pilots. If the pilots are successful at reducing peak demand, Con Edison would then reduce its load forecast and, eventually, adjust its infrastructure needs in subsequent years.

The Commission initiated a proceeding in early 2009 to separate demand response from the Energy Efficiency Portfolio Standards proceeding to give more emphasis to peak demand reduction activities. Given the significant benefits in pursuing demand response, Con Edison was asked to file a plan with cost-effective demand response initiatives in its service territory, including programs to reduce system coincident peak, network peaks, and to reduce operation of generating units in environmental justice areas in order to help reduce emissions. The company filed its proposal on June 1, 2009. A technical conference and four collaborative meetings were conducted with interested parties to seek comments on the proposed programs.

The Commission's decision today, when issued, may be obtained by going to the Commission's www.dps.state.ny.us Web site, entering the Documents section and inputting Case 09-E-0115 in the box labeled "Search for Case/Matter Number." Many public libraries offer free Internet access. Commission orders may also be obtained from the Commission's File Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).