

STATE OF NEW YORK

Public Service Commission

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NEW EFFORT UNDERWAY TO REDUCE PEAK LOADS

— Demand Response Can Alleviate Tight Electricity Supplies —

Albany, NY—2/12/09—The New York State Public Service Commission (Commission) today initiated a new proceeding to consider demand response measures to be implemented during peak electricity demand periods. The new proceeding seeks to enhance existing programs and develop new demand response programs using a more integrated approach to delivery of these programs among the various program providers.

Demand response refers to actions taken to help reduce electric demand or consumption during peak periods to reduce peak loads. Peak load refers to the maximum power requirement of a system at a given time, or the amount of power required to supply customers at times when need is greatest.

“The Commission has initiated a proceeding to examine potential initiatives to promote demand response in the parts of the state where peak load reduction would provide the greatest benefits,” said Commission Chairman Garry Brown. “The reduction of peak loads, especially in densely populated areas, such as New York City, can help reduce the need to operate more expensive, inefficient, and higher emitting generation, thus helping reduce emissions, peak prices and electricity price volatility. It can help reduce the strain on the electric system.”

The initial focus of the proceeding will be on demand response measures in the New York Independent System Operator (NYISO) Zone J or Consolidated Edison Company of New York, Inc.’s (Con Edison) service territory where demand response is expected to be the most cost-effective. The NYISO’s Zone J experiences the greatest rate of peak load growth and the highest wholesale energy and capacity costs in the state. The NYISO’s Zone J also relies on

numerous peaking generation units, some of which are relatively inefficient and produce high emissions.

Several demand response programs are already in place in Zone J, including programs administered by the NYISO, the New York Power Authority (NYPA), and Con Edison. The new proceeding will examine the possibility of enhancing existing utility-administered programs or initiating new peak load reduction programs. The potential use of competitive providers within the context of utility-administered programs will also be examined.

The Commission noted that to the extent that it is cost-effective, demand response programs should be designed to integrate the program delivery functions with the program delivery functions of energy efficiency programs. Likewise, a cooperative approach with NYPA programs may enable a utility or NYPA to take advantage of more cost-effective demand response measures. To effectuate the initial focus of the Commission's proceeding; Con Edison was directed to file a report within 90 days of the Commission's Order. In the report, Con Edison is required to identify and describe proposed cost-effective demand response programs that could be targeted to reduce system coincident peak, individual network peaks, and operation of generating units and the resultant emissions in environmental justice areas as further described in the Commission's Order.

Previously, in the Commission's May 2007 Order instituting an Energy Efficiency Portfolio Standard (EEPS) proceeding, an examination of demand response technology was required. The Commission, however, determined that demand response programs will no longer be within the purview of the EEPS proceeding. The new proceeding instituted will focus more precisely on demand response initiatives to promote demand response in the parts of the state where peak load reduction would provide the greatest benefit.

A copy of the Commission's written decision today in Case 09-E-0115 when issued, will be available on the Commission's www.dps.state.ny.us Web site by accessing the Documents section of the homepage. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).