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December 30, 2013

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Energy Efficiency and Conservation Plan
Docket Nos. M-2012-2289411; M-2008-2069887

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Joint Comments of Demand Response Providers: Comverge, Inc., EnerNOC, Inc., and Johnson Controls, Inc., to Pennsylvania PUC Tentative Order of November 30, 2013 with regard to the above-referenced matter.

Sincerely,



Daniel Clearfield

DC/lww
Enclosure

cc: Megan Good at megagood@pa.gov
Kriss Brown at kribrown@pa.gov

distribution company (“EDC”) to meet by May 31, 2016.¹ In the Phase II Implementation Order, the Commission stated that it could not set additional peak demand reduction targets at that time since it did not have sufficient information regarding cost-effectiveness of the current or another peak demand reduction program.² The Commission directed the SWE to conduct a Demand Response Study to fully assess the costs and benefits of the current peak demand reduction programs.³ On May 17, 2013, the Commission released the *Act 129 Demand Response Study – Final Report* (“DR Study”) and then held a Demand Response Study Stakeholders’ Meeting on June 11, 2013. The Commission directed the SWE to conduct a preliminary wholesale price suppression and prospective Total Resource Cost (“TRC”) analysis of the peak demand reduction program. On November 1, 2013, the SWE completed its analysis in an Addendum to the DR Study. On November 14, 2013, the Commission adopted and entered a Tentative Order, releasing for comment the amended Act 129 Demand Response Study which included the Preliminary Wholesale Price Suppression and Prospective TRC Analysis (“Amended DR Study”) prepared by the SWE assessing the cost-effectiveness of the Phase I peak demand reduction program.⁴ The Commission also sought comments on an alternative peak demand reduction program to be studied for inclusion in a subsequent phase of the EE&C Program.

These Comments are submitted by three of the leading DR providers: Comverge is one of the nation’s leading providers of energy management products and services. Comverge has been

¹ See *Energy Efficiency and Conservation Program*, Implementation Order at Docket Nos. M-2012-2289411 and M-2008-2069887, (*Phase II Implementation Order*) (Order entered August 3, 2012).

² *Id.* at 32-42.

³ See, *Energy Efficiency and Conservation*, Docket No. M-2008-2069887 (Secretarial Letter dated March 4, 2011).

⁴ See *Act 129 Demand Response Study – Final Report*, Prepared for the Pennsylvania Public Utility Commission, GDS Associates, *et al.*, Submitted May 13, 2013, Addendum Added November 1, 2013, available at http://www.puc.pa.gov/filing_resources/issues_laws_regulations/act_129_information/act_129_statewide_evaluator_swe.aspx.

an active Conservation Service Provider (“CSP”) in Pennsylvania⁵ and has served several EDCs who are in the Act 129 Phase I and Phase II Programs. Comverge has provided complex energy management programs and related services to small business, large commercial, and industrial customers throughout Pennsylvania. Comverge also provides utility companies with residential direct load control solutions. Comverge has a unique business model and extensive experience in providing energy management solution services to all types of customers.

EnerNOC , Inc. is the largest demand response aggregator in the world, actively integrating demand response resources, both bilaterally and into capacity, energy, and ancillary services markets across the United States, Canada, the United Kingdom, Australia, and New Zealand. EnerNOC, has been an active CSP in Pennsylvania and served several EDCs during Phase I of Act 129. In addition to demand response services, EnerNOC provides advanced energy management and supply procurement assistance to consumers around the world.

Johnson Controls, Inc. (“JCI”) is a Fortune 100 company that integrates demand response services into its energy efficiency and building management businesses through the EnergyConnect subsidiary. JCI served several EDCs during Phase I of Act 129 and is an active CSP in demand response in markets in PJM, New York, California and Texas. EnergyConnect’s award winning GridConnect platform is used by customers to provide improved and efficient grid services.

II. NOTICE OF SERVICE

All notices and services should be made on the following representatives listed below.

⁵ Comverge is registered as a CSP on the PUC’s Registry of CSPs. *Petition of Comverge, Inc.*, Docket No. A-2009-2113604, Secretarial Letter dated Nov. 3, 2011 approving application to re-register as a Conservation Service Provider. Comverge’s wholly owned subsidiary, Enerwise Global Technologies, is also registered as a CSP. *Petition of Enerwise Global Technologies, Inc.*, Docket No. A-2012-2297625, Secretarial Letter dated April 11, 2012 approving the company’s application to register as a Conservation Service Provider.

For JCI:

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III. DR PROVIDERS' JOINT COMMENTS

A. Proposed Amendments to the Residential Direct Load Control Programs

1. The Useful Life Of The Measure Equipment

In its Tentative Order, the Commission stated that, when performing TRC calculations, the useful life of the Direct Load Control (“DLC”) measure equipment should be changed to the actual useful life of such equipment, which ranges from between eight (8) and ten (10) years.⁶ The Commission added, “Increasing the measure life of the equipment would allow the Commission the flexibility to prescribe a DLC program over a number of years, which could increase the cost-effectiveness of these programs.”⁷

It is the DR Providers’ experience that the useful life of the relevant measure equipment is at least ten (10) years. The DR Providers agree the DLC measure equipment should be changed to the actual life of such equipment for the reasons stated by the Commission.

2. A Full Load Reduction Scenario Should Be Implemented To Determine Demand Savings

In Phase I, the demand savings for DLC programs were determined by averaging impacts from all hours within the top 100 hours of system demand, even if no curtailment event occurred. In a Full Load Reduction implementation, demand savings would be determined by multiplying the number of DLC devices by the average kW savings per device. The SWE concluded that this would be an appropriate savings calculation methodology because the value of the DR program is the EDC’s ability to have load under control when needed.⁸ Since the top 100 hours methodology leads to DR resources being called regardless of whether or not they would be cost-

⁶ *Energy Efficiency and Conservation Program*, Docket Nos. M-2012-2289411 and M-2008-2069887 at 29 (Tentative Order entered November 14, 2013) (“*Tentative Order*”).

⁷ *Id.*

⁸ *Id.* (citing pages 41 and 42 of the Amended DR Study).

effective during those hours, the SWE recommended that this methodology should be discontinued for any future phases of Act 129 as it leads to predictive difficulties and low TRC ratios.⁹

The DR Providers agree with the SWE that a Full Load Reduction is the more appropriate evaluation approach for residential direct load control programs and that the 100 hours methodology applied in Phase I is not appropriate.

3. EDC-Purchased Phase I DLC Infrastructure Expenditures Should Be Considered Sunk Costs In Phase II

In Phase I, some EDCs, like PECO, purchased, and now own, the DLC devices installed in its territory. The SWE recommended that such an investment could be considered as a sunk cost for any future DLC programs before determining the cost-effectiveness of such programs.¹⁰ Other EDCs, like PPL, leased the installed DLC devices so the costs would not be considered sunk and those EDCs would again have device purchase (or lease) and installation costs during any future DLC program.¹¹ The EDC can then try to achieve a net benefit relative to ongoing program costs for any future DLC program by excluding the sunk costs from the respective TRC calculations.¹²

The DR Providers do not see much of a distinction between purchased and leased DLC devices. DR Providers believe that the leasing model and the purchasing model lead to very similar cost structures over the long term. The analogy is similar to a person owning a car. It is not materially less or more expensive to purchase rather than lease a car. The procurement models have benefits for different buyers. The fundamental difference is that the leasing model shifts the economic, performance and market risk from the EDC to the CSP, much like leasing a

⁹ *Id.* at 8.

¹⁰ *Id.* at 30; *See* page 56 of the Amended DR Study.

¹¹ *See* page 44 of the Amended DR Study.

¹² *See* page 43 of the Amended DR Study.

car puts all of the repair risk (because warranty periods typically align with lease terms) on the supplier of the leased vehicle (the car dealer).

In any financial evaluation, it is always important to recognize sunk costs when they exist. In the current Pennsylvania examples, if PECO were to conduct a TRC on extending its residential direct load control program, it would be inappropriate to include the capital cost of the existing control equipment because those “sunk” costs are irrelevant to a forward-looking analysis. Using the same line of reasoning, PPL may not need to consider the costs of the existing control equipment in its service territory because the capital cost is “sunk” to the lessors of the devices. PPL might have other start-up costs to consider in its TRC analysis and those would be appropriate for inclusion. While the dollars paid out over time may be similar under both models, the leasing model places more risks with the CSPs or providers of the leased equipment. Ultimately, therefore, the leased model is likely a better model for consumers in Pennsylvania.

4. Incentives Should Be Reduced For Any Future DLC Programs

The SWE reported that incentives paid by some of the EDCs in Phase I were higher than seen in other jurisdictions. The SWE suggested that by reducing incentives for any future DLC programs, such programs would be more cost-effective.¹³ The DLC programs could become more cost-effective if administrative and incentive costs per kW are kept below the avoided generation and avoided transmission and distribution (“T&D”) benefits per kW. The DLC programs could return a net benefit and potentially be continued.¹⁴

As a policy matter, the DR Providers do not object to reducing incentives. However, the DR Providers are compelled to point out that reducing incentives will likely decrease customer

¹³ *Tentative Order* at 30; *See* pages 44 and 45 of the Amended DR Study.

¹⁴ *Id.*

participation, and possibly, the overall peak demand reductions attained. Comverge can aver that it has first-hand knowledge of what customers are willing to do from a demand response perspective based on certain incentives. While the SWE has stated that incentives vary from EDC to EDC, it has not performed any type of analysis on customers' receptivity to each level of incentive.

The DR Providers recommend, however, that any reevaluation of the level of incentive levels include consideration of a “pay-for-performance” incentive structure. The DR Providers note that with Advanced Metering Infrastructure (“AMI”), electrical meters can measure more refined levels of consumption and allow CSPs to calculate more precise levels of customers' load reduction. AMI also provides an advanced communication network to report the measurements in a much more timely manner. With full implementation of AMI, the DR Providers recommend a move from a fixed incentive model to a pay-for-performance model to make sure incentives are aligned with customers' performance and thus Act 129 programs can be more cost effective.

5. The Peak Demand Reductions From Any Future DLC Programs Should Be Bid Into The BRA And The Revenue Received Should Count As A Benefit In The TRC Test

The SWE recommends that, unlike in Phase I, the EDCs should be required to bid the peak demand reductions from their DLC programs into the PJM Base Residual Auction (“BRA”) and the revenue received should count as a benefit in the TRC Test, effectively increasing the TRC ratio for those programs.¹⁵

The DR Providers do not object to the SWE's recommendation and look forward to collaborating with the EDCs in this regard in future DR Programs. However, the DR Providers offer two refinements to this suggestion. First, in order to maximize cost efficiency, the DR Providers recommend that the Commission move forward with approving Phase III DR

¹⁵ *Tentative Order* at 30-31; See page 56 of the Amended DR Study.

programs and set attainable goals for each of the EDCs in relatively short order. PJM's annual BRA occurs in May every year and is for the PJM delivery year three years into the future. In other words, for the load reduction from the first year of a Phase III DR program to be offered into the BRA (reductions required by May 31, 2017), that capacity would have to have been offered to PJM in May 2013 in the BRA for the 2016/17 Plan Year. That capacity can be offered in future Incremental Auctions, but those Incremental Auctions have historically cleared at a lower price than the BRAs. The sooner that the Commission can mandate appropriate DR goals, the sooner the value recognized by the SWE can be captured for the ratepayers of Pennsylvania.

The DR Providers also recommend that the DLC Program offers should be made by the CSPs, and not the EDCs, in accordance with Act 129¹⁶ and be a function of the market. Offering capacity into the PJM BRA imposes costs and risks on suppliers that should not have to be borne by EDCs or Pennsylvania ratepayers. For example, if the EDC DR programs were under-subscribed, the EDC might be penalized by PJM for failing to deliver the requisite amount of load drop. CSPs, who typically have larger portfolios of demand response obligations are better positioned to manage and hedge procurement risks. As noted, this approach is consistent with the mandates in Act 129 and is also consistent with other policies related to EDCs' participation in energy markets.

¹⁶ Act 129, Section 2806.1 requires the EE&C Program to include: "Procedures to require that Electric Distribution Companies competitively bid all contracts with Conservation Service Providers." Also, Act 129, Section 2806.1 requires each EDC to develop an EE&C Plan whereby "The Plan shall include a contract with one of more Conservation Service Providers selected by competitive bid to implement the Plan or a portion of the Plan as approved by the Commission." 66 Pa. Cons. Stat. Ann. §§ 2806.1(a)(7) and 2806.1(b)(1)(i)(E) (West 2013). Thus, since the actual DR program is to be conducted by CSPs the offering of the DR Resource into the BRA should also be done by the CSPs.

B. Proposed Amendments to Commercial and Industrial Load Curtailment (“LC”) Programs

1. Further Research Should Be Conducted To Determine Avoided T&D Costs In Each EDC Territory And That These Costs Be Included In The Cost-Benefit Determinations Of Future LC Programs

The SWE did not include avoided T&D costs in its cost-benefit TRC calculations for the Phase I LC programs in each EDC territory due to difficulties in estimating such costs. As a result, the SWE recommended further research to develop better estimates.¹⁷

Avoided T&D costs are an important aspect in the cost-benefit analysis and cannot be ignored since they can provide real benefits to ratepayers and EDCs. The DR Providers agree that more research is needed to determine the appropriate level of avoided T&D costs. Inclusion of such costs will only improve the cost-effectiveness of any future Act 129 DR program.

2. The Commission Should Consider Dual Participation In The Act 129 DR Programs, As Well As PJM’s Emergency Load Response Program (“ELRP”), When Implementing Any Future LC Programs

The SWE recommended that the Commission should consider dual participation in the Act 129 DR programs, as well as PJM’s ELRP, when implementing any future LC programs. Specifically, the SWE suggested that the Commission should ensure that such future LC programs provide incremental value to the competitive markets already in place.¹⁸ The SWE recognized that, in Phase I, many commercial and industrial customers participated in the Act 129 DR programs, as well as PJM’s ELRP.¹⁹ The SWE noted that if PJM has already secured capacity from a customer, that customer’s participation in an EDC’s Act 129 LC program may offer little or no additional value. The SWE noted, however, that it is possible that a customer

¹⁷ *Tentative Order* at 31-32.

¹⁸ *Tentative Order* at 32; *See* page 56 of the Amended DR Study.

¹⁹ *Tentative Order* at 31.

may not have enrolled in the PJM program if the revenue stream from the Act 129 LC program was not available.²⁰

The DR Providers submit that the Act 129 DR programs and the PJM's ELRP are distinct and independent, and should not be subject to an either/or decision. Accordingly, the DR Providers recommend that both programs should be offered to customers independently. The PJM Demand Response program was designed to help PJM reduce demand during system constraints. The Act 129 programs were designed to help Pennsylvania EDCs reduce consumption during peak hours to remediate high energy prices for consumers. The PJM program is essentially a federal program while the Act 129 Program is a state program.

Moreover, there is not a perfect correlation between PJM emergency DR event days and either customer-specific or coincident system peak hours. This should be unsurprising, as the programs are intended, as noted above, to target different things. PJM system emergencies can occur during peak periods, but they can also occur during shoulder peak periods, as indeed occurred in September 2013. Meanwhile, PJM economic activity can also take place during peak periods, but that correlation is not perfect either. In addition, as EnerNOC and others noted in previous comments, much of the economic DR activity that occurred in conjunction with Phase I took place *because* of the PJM economic activity. CSPs were forced to offer reductions into the PJM economic program concurrent with Act 129 reductions or face erosion of the customers' peak load contributions ("PLCs") that would impair their ability to participate in PJM emergency DR during the summer of 2013. In effect, absent overlapping participation in economic DR, CSPs would have been faced with the same "either/or" choice that DR Providers counsel against here.

²⁰ *Tentative Order* at 31-32; *See* page 48 of the Amended DR Study.

There are numerous analogous situations in which consumers can receive simultaneous benefits with dual incentive programs. For example, in certain circumstances, a consumer can receive a federal income tax deduction while at the same time receiving a state income tax deduction for the same item. Over the past several years, certain renewable energy and energy efficiency programs have permitted customers to receive incentives from multiple sources including federal grants, state grants, utility rebates, accelerated depreciation and no interest loans. Such incentives work together and can be the determining factor for a customer. If there is a financial incentive offered, it follows that new customer participation increases. There is no reason why the Commonwealth should put any constraints on dual participation, because there are dual benefits and it could never be known with certainty what ultimately motivated a customer to participate in either or both programs.

DR Providers are sensitive to the concern that customers only pay once for each service, but the Commission needs to recognize that when two services are being provided, and there is no way to be sure ahead of time that both will overlap, it is appropriate to pay for those services separately.²¹

C. Potential Demand Response Methodology

1. The Use Of Day-Ahead Forecasting

As an alternative to the top 100 hours program, the SWE suggested two potential models for requiring demand reductions. The first methodology was a cost-based model that suggests that whenever energy prices reach a certain threshold, that load curtailments be called. The

²¹ DR Providers commend to the Commission the recent filing by the Consolidated Edison Company to greatly enhance its payments to CSPs for DR used to avoid network emergencies and to reduce system peaks. Payments under these programs are not only additive between each other (because they obligate participants to provide ConEd with two different services), they are also additive to the NYISO Special Case Resources emergency DR program, because that program seeks yet different services. The ConEd approach should be the model for treatment of overlapping program participation, just as it is for the mechanism for dispatching DR under Act 129. A copy of the recent ConEd filing is provided for the Commission's consideration as Attachment 1.

second methodology was a model that compared the EDC's day-ahead load forecasts with the EDC's annual peak load forecasts. If the day-ahead forecast was a certain percentage of its peak, then load reductions would be called. The DR Providers strongly support the second of these two approaches.

The cost-based approach has many flaws from a market and a reliability perspective. Similar to the top 100 hours approach, the DR Providers believes that a price-based approach will result in needless and ineffective demand response curtailments. Costs can rise for many reasons – only one of which is constrained capacity. It may or may not be appropriate to call curtailments because prices reach certain levels. Electricity prices could rise in the winter in response to a crisis or conflict in some part of the world that affects world energy prices. In this scenario, demand response would neither be appropriate nor effective (if even available). Historically, prices are typically “highest” in the summer. They can be “high” any time of the year. Also, depending upon where the price threshold is set, the system could be constrained and prices may not reach that mark set by this regulatory process. In that scenario, the state would not be getting the curtailments it needs, but will be paying for.

The DR Providers are strong advocates of the SWE's recommended methodology of comparing the day-ahead forecast to the EDCs forecasted summer peak. If the day-ahead forecast reaches some percentage (to be determined) of that peak, then the EDCs would call for load curtailments. The statutory goal for peak load reductions for Phase III is a reduction of some percentage (the level still to be determined) from the peak from the 2011/12 Plan Year.²² The DR Providers suggest that the Commission incorporate those requirements when developing a set of curtailment parameters.

²² 66 Pa. Cons. Stat. Ann. § 2806.1(d)(2) (West 2013).

The objectives of Act 129 were primarily to give customers tools to control energy expenses. The DR Providers believe that the Demand Response programs put in place in the Phase I implementation were appropriate, but the top 100 hours requirement was a flawed approach (albeit statutorily required). Now, however, the Commission has full flexibility to develop the curtailment requirements for future Demand Response programs. The DR providers strongly urge the Commission to choose a methodology that is based on peak load and load reduction requirements rather than one based on nothing other than costs. High electricity prices can be caused by many factors. On the other hand, constrained capacity nearly always results in appropriate price signals. Act 129 Programs should be targeted at reducing the impact to consumers from capacity constraints.

2. The Treatment Of C&I Customers Potentially Enrolling In Both The Act 129 DR Program And PJM's ELRP Or Similar Program

In the SWE's proposed DR model, C&I customers enrolled in the PJM's ELRP would not be eligible to participate in the Act 129 DR programs.²³ The DR Providers disagree with the SWE's position. As discussed more fully above, the programs are distinct and independent of each other.

Additionally, for residential programs, the SWE has suggested that the load drop be offered into the BRA; as stated above, this recommendation is totally appropriate and will increase the TRC benefits to customers significantly. What that means, however, is that the residential customers would be participating in both the PJM ELRP program and the Act 129 load reduction programs. It is not reasonable to suggest that it is appropriate for residential customers to benefit from both programs but at the same time suggest that C&I customers cannot do the same. The SWE should evaluate the program as if it were a stand-alone program. If a

²³ *Tentative Order* at 32.

customer also participates in the PJM program, then incremental benefit should be ascribed to the program, just as is suggested for the residential programs.

The SWE's proposal appears to be that (1) dual participation in the PJM Emergency Load Response Program and Act 129 Peak Load Reduction initiatives would not be allowed; and (2) that Act 129 would be designed to pay less than the PJM ELRP. The necessary consequence of such a formulation, particularly in the face of expected dispatches in ELRP that are less frequent than is likely to be the case under Act 129, is that no rational customer capable of participating in both programs would choose to participate in Act 129. This is a recipe for failure.

3. The Treatment Of Certain Phase I DLC Costs As Sunk Costs

The SWE proposes to have purchased DLC equipment be considered sunk costs and excluded from TRC calculations.²⁴ As discussed above, the DR Providers do not object to treating certain Phase I DLC capital expenditures as sunk costs; however, they do not see much of a distinction between purchased and leased DLC devices, as stated earlier for the residential customers.

D. Demand Response Potential and Wholesale Price Suppression Studies

1. Demand Response Potential Study

The Phase II SWE contract includes an optional Demand Response Potential Study work plan. The Commission stated, "this study will provide more definitive cost-effectiveness information regarding the proposed DR methodology ..., as well as information regarding any potential peak demand reduction targets."²⁵

The DR Providers support the SWE's recommendation to conduct such a DR Study and to do so on an expedited basis.

²⁴ *Tentative Order* at 33.

²⁵ *Tentative Order* at 34.

2. Wholesale Price Suppression Study

The SWE's wholesale price suppression information is in its preliminary stages as it has provided only preliminary estimates of wholesale price suppression resulting from Phase I and from potential future DR programs. For a more definitive approach, the Commission proposes that the SWE perform a full wholesale price suppression study which would provide in-depth supply curve modeling to determine the benefits to wholesale prices from Act 129 DR programs.²⁶

The DR Providers support the SWE's recommendation to conduct such a wholesale price suppression study. The DR Providers suggest that the study should look at both wholesale capacity and energy price suppression. The Commission has the authority to request all of the requisite data needed to conduct such a study from both PJM and the Independent Market Monitor (under an appropriate protective agreement) and it should do so without delay.

²⁶ *Tentative Order* at 34.

IV. CONCLUSION

The DR Providers appreciate the opportunity to offer comments to the Statewide Evaluator's Amended Demand Response Study, the proposed demand response program methodology for future phases of Act 129 and the potential implementation of demand response potential and wholesale price suppression studies. The SWE has generally done a thorough and thoughtful analysis of the issues relevant to procuring additional load reductions through Act 129 in the future. With a couple of exceptions, the DR Providers support the recommendations of the SWE. The DR Providers look forward to working cooperatively with the Commission, the EDCs and other interested stakeholders in this proceeding to develop a new load reduction program that provides cost-effective load reductions to consumers in the Commonwealth.

Respectfully submitted,



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Attachment 1



Consolidated Edison Company
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December 18, 2013

Honorable Kathleen H. Burgess
Secretary
New York State
Public Service Commission
Three Empire State Plaza, 19th Floor
Albany, New York 12223

RE: CECONY Riders P, S, U, V and W

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing with the Public Service Commission (“Commission”) amendments to its Schedule for Electricity Service, P.S.C. No. 10 – Electricity (the “Tariff”), applicable to its customers in the City of New York and the County of Westchester. The Tariff leaves, which are identified in Appendix A, have a proposed effective date of April 1, 2014.

Reason for Filing

The Company is proposing changes to two of its tariffed Demand Response programs: the Commercial System Relief Program (“Rider S” or “CSRP”) and the Distribution Load Relief Program (“Rider U” or “DLRP”). The Company is also proposing minor changes to programs that it activates at the request of the New York Independent System Operator (“NYISO”): the Purchases of Installed Capacity Program (“Rider P” or “ICAP”) and the Emergency Demand Response Program (“Rider V” or “EDRP”). The Company is further proposing a housekeeping change to the Day-Ahead Demand Reduction Program (“Rider W” or “DADRP”), under which aggregated load is bid into the NYISO.

In the current filing, the Company is proposing changes to Rider S and Rider U to:

- clarify and/or streamline tariff language;
- make Rider S language consistent with similar provisions in Rider U;
- change program definitions affecting the terms of service; and

- modify program rules to increase customer participation and encourage improved customer performance during demand response events.

The Company also proposes changes to clarify and streamline tariff language in Riders P, V and W.

Tariff Changes Proposed

Major changes to the Riders are described below. Additional changes are described in Appendix B.

Rider S - CSRP

Rider S is available to Direct Participants (i.e., Customers who enroll under this Rider directly with the Company for a single Con Edison account and agree to provide at least 50 kW of Load Relief) and to Aggregators (i.e., parties other than the Company that represent and aggregate the load of Customers who collectively have a Load Relief potential of 100 kW or greater and are responsible for the actions of the Customers they represent) in the NYISO Zone J. Rider S includes a Summer Reservation System Relief Program (renamed the “Reservation Payment Option”) and a Voluntary System Relief Program (renamed the “Voluntary Participation Option”).

In order to foster enrollment and higher participation, the Company is proposing to increase the incentive rates available to Direct Participants and Aggregators and, in conjunction, reduce the criteria that limit participation. Under the Reservation Payment Option, the Company proposes to increase the capacity payment rate for Planned Events from \$5.00 to \$20.00 per kW per month for four or fewer events and from \$10.00 to \$25.00 per kW per month starting in a month with five or more events and continuing in the remaining months. The payment rate for participation during Unplanned Events is proposed to be changed from \$5.00 per kW to \$6.00 per actual kWh of Load Relief in each event hour. Unlike the current per-kW payment for Unplanned Events, payment made on a per-kWh basis will reimburse Direct Participants and Aggregators for participation during each additional event hour and encourage their participation for as many hours as requested by the Company. The Energy Payment (renamed the “Performance Payment”¹) under the Reservation Payment Option is proposed to be increased from \$0.50 to \$1.00 per kWh.

Under the Voluntary Participation Option, the Company proposes to increase the payment rate from \$1.50 to \$6.00 per kWh for Load Relief during a Planned Event and from \$5.00 to \$20.00 per kWh for Load Relief during an Unplanned Event. In addition, the Company has eliminated the minimum payment threshold for Voluntary Performance payments, so as to reward Direct Participants and Aggregators for their efforts to reduce load when requested.

¹ The payment name was revised to more closely align this payment structure with the fact that it rewards customers for actual performance, without considering a customer’s kW of contracted Load Relief.

In conjunction with increases to the payment rates, the Company is proposing revisions to reduce the penalty for non-performance under the Reservation Payment Option from two times the Reservation Payment Rate to one times the Reservation Payment Rate. Based on Aggregator survey results and the Company's discussions with Aggregators, reducing the penalty will help to increase customer enrollment.

In addition, the Company is introducing a Three-Year Incentive Payment under the Reservation Payment Program for both Direct Participants and Aggregators, for their customers, payable after they have successfully participated for three consecutive Capability Periods. Under the Three-Year Incentive Payment, Direct Participants and Aggregators, per customer, will receive a payment of \$2.00 per kW per month, in addition to the Reservation Payment, applied to the kW levels that were used to calculate the monthly Reservation Payments during the applicable Three-Year Incentive Period. This incentive payment is intended to encourage customer re-enrollment from year to year and customer performance during events, which is expected to improve the accuracy of demand response capability forecasting by the Company.

As part of the Company's effort to align this Rider with the experience gained from program operation, the Company is proposing that the Capability Period under this Rider (which commences May 1) end on September 30, rather than October 31. There have historically been no CSRP events in October, and shortening the duration of the Capability Period allows the Company to raise the monthly Reservation Payment while maintaining the cost effectiveness of the program.

Additionally, the Company is proposing to redefine the term "Contracted Hours" from a five-hour period to a four-hour period to allow for better customer performance, lower the barrier to program participation, and help leverage the use of technology (such as batteries) that can supply four hours of load relief where five hours are not possible. This change is supported by the Company's findings from the Aggregator survey and from interactions with industry participants. For Customer planning purposes, the Company will post to its website by January 1, instead of February 1, the Contracted Hours applicable to specific networks for the upcoming Capability Period. Also, the Contracted Hours for Planned Events for SC 11 customers who export power to the Company will be the hours of 2:00 PM to 6:00 PM. Because the Company considers participating SC 11 customers to be a supply resource instead of a demand resource, the Company will utilize SC 11 customers' Load Relief to help relieve stress on the system during system-wide peaks, irrespective of the specific network peak time.

To ease administration of the program by facilitating the notification process, tariff language was added to allow the Company to provide notification by machine-readable electronic signal. Language was also added to allow for data review of any Capability Period, thereby allowing the Company to review data from previous Capability Periods and adjust for payment if necessary.

Finally, because the benefits to customers, benefits to the reliability of electric service, and benefit-to-cost ratio of the program increase with increased participation, the Company is proposing to eliminate the 200,000 kW participation limit under this Rider.

Rider U - DLRP

Rider U is available to Direct Participants who contract to provide at least 50 kW of Load Relief and to Aggregators who contract to provide at least 100 kW of Load Relief. Rider U has a Summer Reservation Payments Program (renamed the “Reservation Payment Option”) and a Voluntary Load Relief Program (renamed the “Voluntary Participation Option”).

In order to foster enrollment and higher participation, the Company is proposing to increase incentive rates available to customers and, in conjunction, reduce the criteria that limit participation. Under the Voluntary Participation Option, the Company proposes to increase the performance payment rate from \$0.50 to \$6.00 per kWh for Load Relief to align with the performance rate in Rider S. To prevent duplicate payments, the Company will not make payment under this program to Customers who receive payment for energy under another demand response program for concurrent Load Relief hours in the same network(s) (e.g., customers asked to respond to simultaneous events called under Rider S and Rider U). The Company proposes to make Voluntary Performance payments at the end of the Capability Period, rather than on a quarterly basis, to facilitate program administration and minimize participant confusion. Under the Reservation Payment Option, the Company proposes to increase the performance payment rate from \$3.00 to \$10.00 per kW per month in Tier 1 Networks and from \$6.00 to \$25.00 per kW per month in Tier 2 Networks.

Under the Reservation Payment Option, the Company is introducing a Three-Year Incentive Payment of \$2.00 per kW per month (comparable to that proposed under Rider S, as discussed above), in addition to the Reservation Payment. The Company is proposing to redefine the term “Contingency Event” from a five-hour period to a four-hour period to allow for better customer performance, lower the barrier to program participation, and help leverage the use of technology (such as batteries) that can supply four hours of Load Relief. The Company is also proposing to shorten the period for an “Immediate Event” from seven hours to six hours, which is the sum of two hours of notification and a standard four-hour event period. This change is supported by the Company’s findings from the Aggregator survey and from interactions with industry participants. The hours when a Load Relief Period can occur have been extended from 6:00 AM – 11:00 PM to 6:00 AM – 12:00 AM. Analysis of network load profiles indicates that most evening-peaking networks experience high loads into the midnight hour before loads subside. This modification will help improve network reliability.

In supporting the increases to the incentive rates to foster enrollment and performance, the Company proposes changes to Bonus Payments under the Reservation Payment Option. Bonus Periods are applicable if seven or more Load Relief Periods are designated by the Company in a specific network during the Capability Period. The Company proposes to increase the Bonus Period payment rate from \$1.00 to \$3.00 per kW per month for Load Relief provided in response to at least seven, but less than ten, Load Relief Period requests in a network and from \$1.50 to \$5.00 per kW per month for

Load Relief provided in response to ten or more Load Relief Period requests in a network. These increases are proportional to the proposed increases to the Reservation Payment rates and yield positive Total Resource Cost Test results. Bonus Hours are currently applicable for Load Relief Periods lasting six or more hours. The Company proposes to reduce the six hours to five, as a result of the shortened period for a Contingency or Immediate Event. The current Bonus Hours payment rate, of \$1.00 per kW for Load Relief provided for up to two hours and \$1.50 per kW for Load Relief for three or more hours, starts subsequent to the five consecutive hours that were used to calculate the Performance Factor for the Load Relief Period. The Company proposes to change the Bonus Hours payment to \$6.00 per kWh for each hour of Load Relief starting in the fifth hour for Load Relief provided for five or more consecutive hours. The change to a kWh basis should encourage customers to participate for as many hours as requested by the Company, especially if there are more than three Bonus Hours in an event.

As with Rider S, the Company proposes that the Capability Period end September 30, instead of October 31. There have historically been no DLRP events in October, and shortening the duration of the Capability Period allows the Company to raise the monthly Reservation Payment while maintaining the cost effectiveness of the program. Also as with Rider S, the Company added tariff language to allow it to make notification by machine-readable electronic signal. Language was also added to allow for data review of any Capability Period, thereby allowing the Company to review data from previous Capability Periods and adjust for payment if necessary.

The Company proposes to change the Rider U application deadline from June 1 to May 1, to provide a better understanding of enrolled demand response resources for the coming Capability Period so that Company operating groups can plan accordingly.

Finally, because the benefits to customers, benefits to the reliability of electric service, and benefit-to-cost ratio of the program increase with increased participation, the Company is proposing to eliminate the 400 MW participation limit under the Reservation Payment Option in this Rider.

Rider P - ICAP

Rider P is available to customers who contract with the Company to provide no less than 100 kW of Installed Capacity through load delivery and/or load curtailment at the direction of and for the hours specified by the NYISO under NYISO Special Case Resources procedures.

The Company proposes to clarify that Rider P is available to customers who enroll in the NYISO's program through Con Edison. The Company is also proposing to specify that the price it pays per kW of capacity is shown on the NYISO website under "Installed Capacity: View Strip Auction Summary" for the applicable winter or summer capability period. Separate capacity rates apply for New York City (i.e., capacity located within the New York City electrical boundaries) and for the balance of the Company's service territory (shown on the NYISO website as "ROS" or "rest of state").

Because customers can access this information directly from the NYISO website, the Company proposes to discontinue filing ICAP Statements for each capability period with the Commission.

Rider V - EDRP

Rider V is available to customers who elect to provide load reduction or delivery of at least 100 kW during periods when the NYISO declares an emergency due to a forecast or actual operating reserve deficiency or, at the NYISO's discretion, to relieve system or zonal emergencies.

The Company proposes to clarify that Rider V is available to customers who enroll in the NYISO's program through Con Edison. The Company is also proposing to delete references to the section numbers of the NYISO Emergency Operations Manual that define "operating reserve peak forecast shortage" and "major state of emergency," as these section numbers may change from time to time.

Rider W - DADRP

Rider W implements the NYISO's Incentivized Day-Ahead Economic Load Curtailment Program. Customers make bids in 100 kW increments, which are aggregated by the Company and submitted in 1 MW increments to the NYISO.

The Company proposes to clarify that Rider W is available to customers who enroll in the NYISO's program through Con Edison.

Conclusion and Notice

The Company is filing these changes to become effective on April 1, 2014. Newspaper publication of the proposed tariff changes will be made on December 30, and January 6, 13, and 20, 2014. Copies of this filing are being sent electronically to the active party list in Case 09-E-0115, with hard copies sent to those parties that have not consented to electronic service.

Sincerely,

/s/ William A. Atzl, Jr.
Director
Rate Engineering Department

Appendix A

PSC No. 10 – Electricity: List of Tariff Changes

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Revision No.</u>
234	2	1
236	1	0
254	3	2
255	4	3
255.1	0	-
256	3	2
257	3	2
258	4	3
259	3	2
260	2	1
261	2	1
262	4	3
263	3	2
263.1	0	-
264	3	2
265	2	1
266	2	1
267	3	2
277	4	3
278	4	3
279	3	2
280	2	1
281	2	1
282	2	1
283	2	1
284	2	1
285	4	3
286	3	2
287	2	1
288	1	0
289	1	0
290	2	1
291	2	1
292	2	1
297	1	0

List of Additional Tariff Changes

The Company is proposing the following tariff changes in addition to those noted in the body of the filing letter. Where changes are made in program names or section numbers, conforming changes that were made to other tariff leaves are not further described hereunder.

Rider S

Leaf 254, Applicability: Reference to participation by customers of NYPA, NYCPUS, or COWPUSA has been eliminated because there are no customers currently enrolled under the Schedule for Economic Development Delivery Service, P.S.C. No. 11 – Electricity. Text has been replaced with reference to “PASNY Customers,” i.e., customers of NYPA under the Schedule for PASNY Delivery Service – P.S.C. No. 12 – Electricity.

Leaf 254: (a) Section “B. Contracting for Commercial System Relief Program Service” has been added to be consistent with section formats in Rider U. This new section contains language previously included in section “A” and has been clarified to specify that customers can voluntarily provide Load Relief if an Unplanned Event is called in a specific network. (b) The “Voluntary System Relief Program” has been renamed the “Voluntary Participation Option” to clarify that this is a participation option rather than a separate program. (c) The “Summer Reservation System Relief Program” has been renamed the “Reservation Payment Option” to clarify that this is a participation option rather than a separate program.

Leaves 255, 255.1, and 256, Definitions: (a) The term “Capability Period” has been introduced to replace “Summer Period,” because program events are called in one period, namely the summer, only. (b) Language under the term “CBL” has been edited to be consistent with the same term in Rider U and to condition the holding of a meeting with concerned parties to discuss CBL changes on the Company having first advised parties of potential changes. (c) The term “Direct Participant” has been defined to refer to a customer who enrolls an account directly with the Company instead of through an Aggregator. This new term is meant to facilitate the description of rules for the newly proposed Three-Year Incentive Payment. This new term does not introduce any new concepts. (d) The term “Test Event” has been edited for simplicity; the functionality of this term remains the same.

Leaf 257, Applications and Term of Service: (a) Unnecessary language has been removed from D.1. to improve clarity; the functionality of this section remains the same. (b) Language has been added to D.2. to specify the criteria to increase the kW of contracted Load Relief. Customers can only increase pledge load amounts if their performance factor is over one. (c) Language has been added to D.3 to clarify how the

CBL Verification Methodology is applied when the Company deems the weather to be atypical.

Leaves 260 and 261, Metering: (a) Language has been changed in F.3. to align the Reservation Payment Option meter and telecommunications installation requirements with those for the Voluntary Participation Option. As revised, the Tariff now requires that prior to submitting an application, the meter and telecommunications services must be installed by May 1 under both Reservation and Voluntary Options. Also, a participation commencement deadline of June 1 has been added for consistency with Rider U as well as to align with the changes to the application due date and shortened Capability Period. (b) Language has been added to F.4 to make it clear that this section is applicable to Reservation Payment Option participants only.

Leaf 261: (a) Former section “G. Measurement” has been incorporated into the “Application and Term of Service” section. (b) Section “H. Aggregation” has been added to be consistent with section formats in Rider U. This new section contains language matching a comparable section in Rider U and describes the compliance requirements of Aggregators under CSRP Service.

Leaf 262, Payments Made: (a) The term “energy payment” has been replaced with the term “Performance Payment” to clarify the purpose of the incentive. As opposed to the Reservation Payment, which is capped at the contracted kW level even if a customer performs better than the contracted kW level, the Performance Payment is paid based on total kWh reduced, regardless of the pledged amount. Therefore, the Performance Payment encourages customers to exceed their pledged performance. (b) Changes to the payment process description for both the Voluntary Participation Option and the Reservation Payment Option have been made for consistency with DLRP.

Leaf 263, Reservation Payments: Language has been simplified to describe the step increase in the reservation payment rate after five events have been called. The functionality of this term remains the same.

Leaf 264, 265, and 266, Penalties and Adjustments for Nonperformance: (a) The definition of the term “Performance Adjusted kW” has been simplified by eliminating unnecessarily complex language, and the term has been moved to the “Definitions” section. (b) The definition of “Performance Factor” has been edited for simplicity, and the term has been moved to “Definitions.” (c) Language addressing penalties has been edited for simplicity, and text has been added to clarify the calculation of the penalty. The functionality of this section remains the same. (d) Language addressing the prevailing Performance Factor to be used has been added to clarify the process for adjustments. (e) New section “3. Application of Payments” describes how payments for the Reservation Payment Option are made. This language matches a comparable separate

section in Rider U. (f) Language setting the criteria for payment during Test Events has been clarified; the functionality of this section remains the same.

Leaf 267: (a) The “Security Requirements” section has been deleted. With the addition of the Three-Year Incentive Period and an incentive at the end of the Period, there is no longer a need for security for a penalty payment. (b) Language describing the Voluntary Participation Option has been edited for simplicity; the functionality of this section remains the same. (c) New section “Application of Payments” describes how payments for the Voluntary Participation Option are made.

Rider U

Leaf 277, Applicability: As with Riders S, P, and V, reference to participation by customers of NYPA, NYCPUS, or COWPUSA has been eliminated and replaced with text referencing “PASNY Customers.”

Leaf 277: (a) “Contracting for Distribution Load Relief Service” has been renamed “Contracting for Distribution Load Relief Program Service” to be more consistent with the language in Rider S. (b) The “Voluntary Load Relief Program” has been renamed the “Voluntary Participation Option” to clarify that this is a participation option rather than a separate program. (c) The “Summer Reservation Payment Program” has been renamed the “Reservation Payment Option” to clarify that this is a participation option rather than a separate program. (d) Language describing the minimum Load Relief requirement has been edited to improve clarity; the functionality of this section remains the same. (e) Language describing Electric Generating Equipment has been moved to section “F. Applications and Term of Service” to maintain consistency in formatting with Rider S.

Leaves 278 and 279, Definitions: (a) The definition of the term “Aggregator” has been modified to refer to a party who represents and aggregates the loads of customers as opposed to a party who simply aggregates customer loads. (b) Language under the term “CBL” has been edited to maintain consistency with the same term in Rider S, to change the term “enroll” to “participate” for clarity, to condition the holding of a meeting with concerned parties to discuss CBL changes on the Company having first advised parties of potential changes, and to indicate that the Company will hold a meeting to obtain feedback from parties on changes by January 1. (c) Language has been added to clarify how the CBL Verification Methodology is applied when the Company deems the weather to be atypical. (d) The term “Direct Participant” has been defined to refer to a customer who enrolls an account directly with the Company instead of through an Aggregator. This new term is meant to clarify the existing distinction between the two types of customers in the DLRP.

Leaf 280, Load Relief Period Criteria and Notice: This section has been changed to also include event notification during a Test Event. In addition, clarification has been added to specify that Aggregators are only expected to notify those customers in networks where a DLRP Load Relief Period is called by the Company.

Leaf 281, Metering: (a) Language has been changed to align the Reservation Payment Option meter and telecommunications installation requirements with those for the Voluntary Participation Option. As revised, the Tariff now requires that the meter and telecommunications services be installed under both Reservation and Voluntary options prior to submitting an application. (b) The Company is proposing to provide the status of meter installation to all applicants (both under the Voluntary Participation Option and the Reservation Payment Option) as opposed to only under the Reservation Payment Option. This modification provides consistency with a similar provision in Rider S. (c) Language has been changed for “lost” Reservation Payments to specify that these payments will only be made to Direct Participants and Aggregators under the Reservation Payment Option. (d) A deadline has been added requiring that metering and telecommunications equipment be operational for at least 30 days, by June 1, to maintain consistency with Rider S and to align with the Rider S application date and Capability Period.

Leaf 282: New section “F. Applications and Term of Service” has been added for both the Reservation Payment Option and Voluntary Participation Option. Previously, the Applications and Terms for each Option were described separately.

Leaf 283: Language that was already covered in the “Notice of a Load Relief Period” section has been deleted from the “Aggregation” section.

Leaves 284 and 285, Voluntary Participation Option: (a) Language in I.1 that duplicated information in the combined “Application and Term of Service” section has been deleted. (b) Language in I.2 that duplicated information in the “CBL Verification Methodology” definition has been deleted. (c) The term “energy payment” has been replaced with the term “Performance Payment” to clarify the purpose of the incentive.

Leaf 286, Reservation Payment Option: Duplicative language, already included in the combined “Application and Term of Service” section, has been deleted from this section.

Leaf 290, Reservation Payment Option: The ratios for “Performance Factor” have been edited for simplicity. The functionality of this term remains the same.

Leaf 291, Application of Payment: The Company has clarified that Reservation Payments will be made by bill credit, check or wire transfer.

Leaf 291, Testing: Language regarding testing requirements has been simplified to align with current processes and to reduce customer confusion.

Rider P

Leaf 234, Applicability: As with Riders S, U and V, reference to participation by customers of NYPA, NYCPUS, or COWPUSA has been eliminated and replaced with reference to “PASNY Customers.”

Leaf 236, Capacity Payment Rate: The Company has deleted reference to “in-city capacity” and used the definition of the term to explain the New York City capacity rate on the NYISO website.

Rider V

Leaf 292, Applicability: As with Rider P, S, and U, reference to participation by customers of NYPA, NYCPUS, or COWPUSA has been eliminated and replaced with reference to “PASNY Customers.”

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER P – PURCHASES OF INSTALLED CAPACITY

Applicable to SCs 5, 8, 9, 11, 12, 13, and 15
(Subject to the provisions thereof)

A. Applicability

To any Full Service or Retail Access Customer taking service under one of the above SCs or to any PASNY Customer that meets the requirements of this Rider and is enrolled in the NYISO Installed Capacity Special Case Resources (“SCR”) Program through Con Edison. A Customer taking service under this Rider may neither aggregate capacity from various locations nor substitute capacity from one location for another.

Subject to FERC approval of the NYISO Installed Capacity procedures for SCR (“SCR procedures”) and any modification thereof, service under this Rider will be available to a Customer who contracts with the Company in writing to provide a specified quantity of Installed Capacity, of no less than 100 kilowatts, at the direction of and for the hours specified by the NYISO under NYISO SCR procedures. The Customer’s application will specify whether the Customer will provide Installed Capacity during a period of service curtailment through Load Reduction and/or Load Delivery. The Customer’s application for service under this Rider must specify if the Customer intends to provide Installed Capacity during a period of service curtailment through operation of on-site generating equipment. Such generation equipment must be operated pursuant to General Rule 8.2 or 8.3, as applicable. Installed Capacity is to be provided in multiples of 100 kilowatts. Separate applications are required for the Winter Capability Period (November 1 through April 30) and for the Summer Capability Period (May 1 through October 31).

A Customer taking service under this Rider will be required to comply with all NYISO requirements under NYISO SCR procedures, including but not limited to (i) qualification requirements and requirements for provision of Installed Capacity, as the same may be modified from time to time, and (ii) all governmental limitations on operation of on-site generating equipment. The Company may terminate the availability of service hereunder to any Customer who fails to comply with NYISO requirements.

The Company reserves the right to exclude a generator from connecting to the Company’s primary distribution feeders when the Company deems it necessary to protect its system, facilities, or other customers. In addition, the Company may prohibit a Customer from delivering power and energy to the Company’s primary distribution feeders, or limit the amount of power and energy delivered, for operational reasons.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER P – PURCHASES OF INSTALLED CAPACITY - Continued

C. Advance Notice of Service Curtailment

The Company will notify Customer of a service curtailment approximately two hours prior to the start of the service curtailment. The Company will also provide a day-ahead advisory of the service curtailment.

D. Payment for Service Curtailment

1. Capacity Payment Rate

Customer will be paid for capacity for each month in which the Customer is enrolled under the Rider. The payment amount for each month will be equal to the product of (1) the Installed Capacity Level and (2) the applicable payment rate per kilowatt of demand for the month. The payment rate is the price per kW per month shown on the NYISO website under “Installed Capacity: View Strip Auction Summary” for the applicable Capability Period (shown on the NYISO website as “season”) of the auction year. Separate capacity rates apply for New York City (i.e., capacity located within the New York City electrical boundaries) and for the balance of the Company's service territory (shown on the NYISO website as “ROS” or “rest of state”).

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM

Applicable to SCs 1, 2, 5, 8, 9, 11, 12, 13, and 15
(Subject to the provisions thereof)

A. Applicability

To any Full Service or Retail Access Customer taking service under one of the above SCs, including Customers taking Standby Service; to any PASNY Customer; and to any Aggregator that meets the requirements of this Rider. Service is available under this Rider only in the New York Independent System Operator (“NYISO”) Zone J.

B. Contracting for Commercial System Relief Program Service

There are two options under this Rider through which a Direct Participant or Aggregator may contract to provide Load Relief during Load Relief Periods designated by the Company: the Voluntary Participation Option and the Reservation Payment Option. This Rider is applicable to Direct Participants and Aggregators who agree in writing to provide Load Relief in a network, under either the Voluntary Participation or Reservation Payment Option, during all Contracted Hours required for such network whenever the Company designates Planned Events during the Capability Period. Direct Participants and Aggregators may also agree to voluntarily provide Load Relief if an Unplanned Event is called in a specific network.

A Direct Participant must contract to provide at least 50 kW of Load Relief. An Aggregator must contract to provide at least 100 kW of Load Relief.

If other requirements for service under this Rider are met, Electric Generating Equipment may be used to participate under this Rider subject to the provisions set forth in section D below. The participating Direct Participant or Aggregator is responsible for determining that the operation of the generating equipment under this Rider will be in conformance with any governmental limitations on operation.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

C. Definitions

The following terms are defined for purposes of this Rider only:

"Aggregator" refers to a party other than the Company that represents and aggregates the load of Customers who collectively have a Load Relief potential of 100 kW or greater and is responsible for the actions of the Customers it represents, including performance and, as applicable, performance adjustments, penalties, and repayments to the Company.

"Capability Period" under this Rider refers to the period during which the Company can request Load Relief. The Capability Period shall be from May 1 through September 30.

"CBL" means the customer baseline load as calculated under the Company's Customer Baseline Load methodology, using either the weather-sensitive adjustment option (the "weather adjusted CBL") or the average-day CBL. The Customer Baseline Load methodology will be described in the Company's baseline operating procedure, which will be published on the Company's website. The Company will advise Aggregators and Department of Public Service Staff of any potential changes to the methodology by December 1 of each year and hold a meeting with concerned parties to obtain feedback about those changes by January 1 of each year.

"CBL Verification Methodology" means the methodology used by the Company to verify the actual Load Relief provided (kW and kWh) during each hour of each designated Load Relief Period and Test Event. Actual load levels are compared to the customer baseline loads to verify whether the Direct Participant or Aggregator provided the kW of contracted Load Relief; provided, however, that the Company may estimate the data pursuant to the Company's operating procedure if data is not available for all intervals. When the weather-adjusted CBL methodology is used and the calculated weather adjustment falls outside of Company defined ranges (i.e., the Company deems the weather to be atypical on the day of a Load Relief Period or Test Event when compared to the baseline period), the Company may review and revise a participant's baseline based on the Customer's historical load data. When the weather-adjusted CBL methodology is used, the Company, at its own discretion, may select alternate hours for the adjustment period to calculate the weather adjustment factor in order to accurately reflect the customer's typical usage.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

C. Definitions - Continued

“Contracted Hours” refers to the four-hour period within a weekday, Monday through Friday during the Capability Period excluding federal holidays, during which the Direct Participant or Aggregator contracts to provide Load Relief in a network whenever the Company designates a Planned Event. The Contracted Hours are established by the Company for each network based on individual network needs and will be posted on the Company’s website no later than January 1 for the upcoming Capability Period. The Contracted Hours for any SC 11 Customer who exports power to the Company shall be from 2:00 PM to 6:00 PM during Planned Events.

“Direct Participant” refers to a Customer who enrolls under this Rider directly with the Company for a single Con Edison account and agrees to provide at least 50 kW of Load Relief.

“Electric Generating Equipment” refers to: (a) electric generating equipment at the premises of a Customer served under Standby Service, Rider R, or SC 11 and used to provide Load Relief under this Rider; or (b) emergency electric generating equipment that is interconnected and operated in compliance with General Rule 8.2 and used to provide Load Relief under this Rider.

“Load Relief” refers to power (kW) and energy (kWh): (a) ordinarily supplied by the Company that is displaced by use of Electric Generating Equipment and/or reduced by the Direct Participant or Aggregator at the Customer’s premises; or (b) produced by use of Electric Generating Equipment by an SC 11 Customer and delivered by that Customer to the Company’s distribution system during a Load Relief Period.

“Load Relief Period” refers to the hours for which the Company requests Load Relief when it designates a Planned Event or an Unplanned Event in a network.

“Performance Adjusted kW” refers to the kW level that a Direct Participant or Aggregator requests to provide subsequent to the imposition of a penalty.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDERS – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

C. Definitions – Continued

“Performance Factor,” when a Planned Event or Test Event is called in a network, is the ratio of: (i) the average hourly kW of Load Relief provided by the Direct Participant or Aggregator during the requested hours, up to the kW of contracted Load Relief to (ii) the kW of contracted network Load Relief. “Planned Event” refers to the Company’s request, on not less than 21 hours’ advance notice, for Load Relief during the Contracted Hours. Planned Events will be called when the Company’s day-ahead forecasted load level is at least 96 percent of the forecasted summer system-wide peak. Day-ahead and summer peak forecast information for the system will be posted to the Company’s website.

“Renewable Generation” means behind-the-meter electric generating equipment that is not fossil-fueled and has no emissions associated with it.

“Test Event” refers to the Company’s request under the Reservation Payment Option for Direct Participants and Aggregators to provide one hour of Load Relief, within the four-hour span of Contracted Hours, on not less than 21 hours’ advance notice.

“Three-Year Incentive Payment” refers to a payment awarded to a Direct Participant or an Aggregator, per customer after the end of the Three-Year Incentive Period, if the average Load Relief provided for each Load Relief Period or Test Event by the Direct Participant or Aggregator’s customer is greater than 0 kW over the course of the Three-Year Incentive Period. Performance during Unplanned Events will not be considered in determining eligibility for the Three-Year Incentive. If the performance of a Direct Participant or a Customer of an Aggregator is 0 kW, the Direct Participant or Customer of an Aggregator can regain eligibility for the Three-Year Incentive by enrolling in the next Capability Period and maintaining satisfactory performance during the following Three-Year Incentive Period.

“Three-Year Incentive Period” refers to customer participation for three consecutive Capability Periods under the Reservation Payment Option.

“Unplanned Event” refers to the Company’s request for Load Relief: (a) on less than 21 hours’ advance notice; or (b) for hours outside of the Contracted Hours.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

D. Applications and Term of Service

1. Applications for service under this Rider must be made electronically. Direct Participants and Aggregators may participate after the Company's receipt and approval of a completed application. The Company will accept an application by April 1 for a May 1 commencement date, and by May 1 for a June 1 commencement date. The desired commencement month must be specified in the application. Applications will not be accepted after May 1 for participation during the current Capability Period. Where the first of the month falls on a weekend or holiday, applications will be accepted until the first business day after.
2. A Direct Participant or Aggregator may apply in writing to change the CBL Verification Methodology, to change the kW of contracted Load Relief in a network, or to terminate service under this Rider for the upcoming Capability Period provided the request is received no later than May 1. In order for a Direct Participant or Aggregator to increase its kW of contracted Load Relief for a network, the Direct Participant's or Aggregator's most recent Performance Factor for that network must be no less than 1.00.
3. Each application must state the kW of Load Relief that the Direct Participant or Aggregator contracts to provide for the four Contracted Hours required for the network(s). The weather-adjusted CBL will be used as the CBL Verification Methodology for each Con Edison account number enrolled, unless the application specifies that the average-day CBL is to be used for verification of performance. A single CBL Verification Methodology will be used for each customer to assess both energy (kWh) and demand (kW) Load Relief.
4. Load Relief of an Aggregator will be measured on a portfolio basis by network.
5. Except for Renewable Generation, Electric Generating Equipment is prohibited from operating under this Rider within one-half mile of a peaking generator located at Gowanus (Brooklyn), Narrows (Brooklyn), Hudson Avenue (Brooklyn), Astoria (Queens), 59th Street (Manhattan, West Side) and 74th Street (Manhattan, East Side), all as shown on the Company's website.

In other geographic areas, participation by diesel-fired Electric Generating Equipment will be permitted only if the engine for the equipment is model year 2000 or newer. Participation by these diesel-fired Electric Generating Equipment will be limited to 20 percent of the total kW enrolled under this Rider for the Capability Period. Enrollment by such generators will be accepted on a first come, first served basis. Within these geographic areas, no limit or cap will be placed on the following: natural gas-fired rich burn Electric Generating Equipment that incorporates three-way catalyst emission controls; natural gas lean-burn Electric Generating Equipment with an engine of model year vintage 2000 or newer; or Electric Generating Equipment that has a NOx emissions level of no more than 2.96 lb/MWh.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

D. Applications and Term of Service - Continued

6. If a Direct Participant or Aggregator requests to operate Electric Generating Equipment for Load Relief purposes under this Rider, the application must state generator information, including the unit's serial number, nameplate rating, manufacturer, date of manufacture, fuel type or energy source, the kW enrolled using this equipment, and identification as to whether the unit incorporates three-way catalyst emission controls (natural gas-fired rich burn), a natural gas lean-burn engine of model year vintage 2000 or newer, or a diesel-fired engine of model year vintage 2000 or newer, or whether it has a NOx emission level of no more than 2.96 lb/MWh. If the generating equipment has a NOx emission level of no more than 2.96 lb/MWh, but is not natural gas-fired rich burn generating equipment that incorporates three-way catalyst emission controls, a natural gas lean-burn engine of model year vintage 2000 or newer, or a diesel-fired engine of model year vintage 2000 or newer, written certification by a professional engineer must be attached to the application attesting to the accuracy of all generation-related information contained in the application, including the NOx emission level.

Copies of all New York State Department of Environmental Conservation ("DEC") permits must be included with the application. By applying for service under this Rider, Direct Participants and Aggregators (on behalf of their customers) agree to permit the Company to provide information regarding the Electric Generating Equipment to the DEC for its review, subject to the DEC's agreement to keep this information confidential. Furthermore, participants enrolled in a NYISO market-based program offered by the Company, NYPA or other entity, such as the Day-ahead Demand Response Program or the Demand-Side Ancillary Service Program, must provide the Company with their NYISO generator identification number, under a confidentiality agreement, and give the Company the ability to view their market participation activity. This information will be used to verify the times of participation in these other programs to prevent double-payment during concurrent events.

7. Participation under this Rider is permitted to participants in other programs that provide payment for capacity, such as the NYISO's Special Case Resources Program, NYPA's Peak Load Management Program, the Company's Rider P, and the Company's Rider U.
8. Direct Participants and Aggregators must meet the metering requirements specified in section F.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

E. Notification by the Company and Required Response

1. The Company will notify Direct Participants and Aggregators by phone, e-mail, or machine-readable electronic signal, or a combination thereof, in advance of the commencement of a Load Relief Period or Test Event. The Direct Participant or Aggregator shall designate in writing an authorized representative and an alternate representative, and include an electronic address if applicable, to receive the notice. If an Aggregator is served under this Rider, only the Aggregator will be notified of the Load Relief Period or Test Event. The Aggregator is responsible for notifying all of the customers within its respective aggregation group.
2. If the Company designates a Planned Event or a Test Event, the Company will provide advance notice at least 21 hours in advance of the event. The Company will again provide advance notice on the day of the event, usually two or more hours in advance.
3. If the Company designates an Unplanned Event, notice will be given as soon as practicable. Participants are requested to provide Load Relief as soon as they are able.
4. Participants in the Reservation Payment Option are required to participate during:
 - a. all Contracted Hours for all Planned Events called by the Company during the Capability Period, and
 - b. Test Events called by the Company. The Test Event period will not exceed one hour. Participants in the Voluntary Participation Option will not be tested.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

F. Metering

1. Participation under this Rider requires that each participant's entire service be measured by interval metering with telecommunications capability used by the Company for monthly billing. If an Aggregator takes service under this Rider, all customers of the Aggregator must meet the metering and telecommunications requirements specified hereunder.
2. If, at the time of application for service under this Rider, the Company does not bill the participant monthly using interval metering, the Customer shall arrange for the furnishing and installation of interval metering with telecommunications capability to be used for billing and arrange for telecommunications service, at the participant's expense, net of any discount or rebate received by the participant. If metering that communicates by landline is requested, the Company will issue an invoice within three days of its receipt of the completed meter request. If metering that communicates wirelessly is requested, the Company will charge \$200.00 to visit the premises to determine whether or not this is viable. Within five business days of receiving payment, the Company will visit the premises to determine wireless viability and issue an invoice that: (a) if wireless communications are viable, contains the cost of the meter upgrade, the name of the wireless carrier that must be used by the participant, and the Electronic Serial Number ("ESN") that the participant must provide to the carrier to activate the Company's wireless modem, or (b) if wireless communications are not viable, contains the cost of a meter upgrade that requires use of a landline. The Company will not be required to meet the five business-day timeframe if there are reasons outside of the Company's control, such as a major storm or denial of access to the meter.
3. Participation under this Rider will commence the first day of the first Capability Period month that occurs after the Company's acceptance of a completed application and at least 30 days after both the interval metering and communications become operational, but no later than June 1. Direct Participants or Aggregators that do not have metering and/or telecommunications service operational by May 1 will be subject to a penalty, as specified in section J.2, unless the delay was due to the Company's failure to install required metering within three weeks of the applicant's payment for a meter upgrade.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

F. Metering – Continued

4. The Company will install interval metering (i) within three weeks of an applicant's request and payment for an upgrade to interval metering that has landline telecommunications capability, and (ii) within three weeks of the later of the Company's receipt of payment for an upgrade to interval metering with wireless communications capability and receipt from the participant of the active Internet Protocol ("IP") address that the wireless carrier has assigned to the modem's ESN. If the Company misses the installation time frame for the Reservation Payment Option, it will make a "Lost Reservation Payment" to the Direct Participant or Aggregator, unless the meter delay was caused by a reason outside the Company's control, such as the telephone company's failure to install a landline or, if, at the Company's request, the Commission grants the Company an exception due to a condition such as a major outage or storm. A Lost Reservation Payment will be calculated by determining the number of months between the earliest month in which the customer could have begun participation had the meter been installed within the required timeframe (assuming the Company's acceptance of a completed application and receipt of payment for the meter upgrade) and the first month following the completed installation, and multiplying that number by the pledged kW and associated per-kW Reservation Payment Rate.

G. Data Review

The Company reserves the right to review records and/or operations of any Direct Participant, Aggregator, or customer of an Aggregator to verify enrollment information and performance associated with any designated Load Relief Period or Test Event called by the Company. Once the Company initiates a data review, all payments will be suspended pending the outcome of the review. The Company will complete its review within 30 days of receipt of all requested data. Any suspended payments will be reinstated if the Company's review of the data results in a finding that the enrollment and performance information are correct.

If the Company determines that a Direct Participant, Aggregator, or customer of an Aggregator failed to cooperate fully and promptly with the review and/or did not fully comply with the provisions of this Rider and/or provided inaccurate data, the Direct Participant or the customer of the Aggregator will be deemed ineligible to participate in the program until the issue is rectified. In addition, the Direct Participant or Aggregator will be required to make prompt repayment to the Company of any overpayments that were made to such Direct Participant or Aggregator, on behalf of its customer, for the Capability Period that was reviewed as well as the current Capability Period, if different.

H. Aggregation

1. All customers of an Aggregator must meet the metering and telecommunications requirements of this Rider.
2. An Aggregator is responsible for the compliance of all customers in its aggregation group and will be liable for performance, including, as applicable, repayments to the Company.

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Consolidated Edison Company of New York, Inc.
Initial Effective Date: 04/01/2014

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GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

I. Payments Made Under Both Options

Payments will be made pursuant to sections J and K of this Rider, except as specified below:

Performance Payments will not be made under this Rider if the Direct Participant or Aggregator (on behalf of its customer) receives payment for energy during concurrent Load Relief hours under Rider P, U, V, or W or any other demand response program (e.g., NYISO's Day-ahead Demand Reduction Program or NYISO's Special Case Resources Program) in which the Customer is enrolled through the Company. If an SC 11 Customer participates in the NYISO market through Con Edison and receives payment for energy during concurrent Load Relief hours, Performance Payments will be made under this Rider only for Load Relief in excess of the Customer's CBL, expressed in kWh.

Performance Payments will not be made if service is taken under Rider R.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

J. Reservation Payment Option

1. Payments

a. Reservation Payments

- i. Direct Participants and Aggregators will receive Reservation Payment for each Capability Period month in which they are enrolled. The Reservation Payment rate per kW is determined for each network and is based on the number of cumulative Planned Events in that network for which the Direct Participant or Aggregator was asked to provide Load Relief during the Capability Period, as follows:

The payment rate is \$20.00 per kW per month in months in which, as of the last day of such month, the Company asked the Direct Participant or Aggregator to provide Load Relief in the network for four or fewer cumulative Planned Events since the current Capability Period commenced.

The payment rate is \$25.00 per kW per month commencing in the month in which, as of the last day of such month, the Company asked the Direct Participant or Aggregator to provide Load Relief in the network for five or more cumulative Planned Events since the Capability Period commenced.

The Reservation Payment per month is equal to the applicable Reservation Payment rate per kW per month multiplied by the kW of contracted network Load Relief multiplied by the Performance Factor.

- ii. Direct Participants and Aggregators will receive a Three-Year Incentive Payment by December 31 after the end of their Three-Year Incentive Period if the minimum performance criteria are satisfied. The payment will be issued to the Aggregator who represented the customer during the third Capability Period in the Three-Year Incentive Period, or directly to the Customer if the Customer was a Direct Participant during the third Capability Period in the Three-Year Incentive Period.

The Three-Year Payment Incentive per customer is \$2.00 per kW per month applied to the kW levels that were used to calculate the monthly Reservation Payments during the applicable Three Year Incentive Period.

If a customer of an Aggregator changes Aggregators during the Three-Year Incentive Period and the customer qualifies for the Three Year Incentive, the payment will be issued to the new Aggregator.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

J. Reservation Payment Option - Continued

1. Payments - Continued

a. Reservation Payments - Continued

- iii. The Company may make payments for participation in one or more networks in need of Load Relief after conducting Requests for Proposals for such networks. The payment amount will be determined based on alternative relief measures and will be filed by the Company with the Public Service Commission on the “Statement of Rider S Payments for Specified Networks,” apart from this Rate Schedule, no less than 30 days before the Statement’s effective date. Such Statement will identify each network for which an additional payment will be made, the payment amount per kW for participation in that network, and the dates such payments are to be in effect.

b. Payment for Participation during Unplanned Events

A Direct Participant or Aggregator will receive payment for performance during each Unplanned Event, provided the Company can verify that the Direct Participant or Aggregator provided Load Relief in the specified network.

The payment rate is equal to \$6.00 per kWh for a Load Relief Period in which Load Relief was provided for each hour during the Load Relief Period. This payment is not available to Rider U participants who receive payment for energy during concurrent Load Relief hours.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDERS – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

J. Reservation Payment Option - Continued

1. Payments - Continued

c. Performance Payments for Load Relief

Except as specified in section I, the Company will make a payment to a Direct Participant or Aggregator who provides Load Relief during a Planned Event or Test Event.

The Performance Payment amount paid per event is equal to the Performance Payment rate of \$1.00 per kWh multiplied by the kWh of Load Relief provided during the event multiplied by the number of event hours.

2. Penalties and Adjustment for Non-performance

a. Performance Adjusted kW

The Performance Adjusted kW must be a level such that:

- (i) It is equal to or less than the average hourly kW of Load relief that was provided during the most recent event (i.e., Test Event, Planned Event, or Unplanned Event);
- (ii) It is greater than the kW of Load Relief on which the last payment was based; and
- (iii) It cannot exceed the kW of contracted Load Relief.

The Performance Adjusted kW will become effective on the first of the month following the date the request is received. If the request is received late due to the Company's delay in providing interval meter data, the Performance Adjusted kW will be applied retroactively, effective as of the first of the month after the event on which the Performance Adjusted kW calculation is based occurred. The new kW level will remain in effect until the earlier of:

- (i) a month in which a new Performance Adjusted kW is requested and approved pursuant to (b) below; or
- (ii) the average kW for all events in a month represents kW of Load Relief that is lower than the Performance Adjusted kW. In this case, the new lower kW is used to calculate payment and a penalty is applied for the shortfall between the new kW amount and the Performance Adjusted kW; or
- (iii) the term of service under this Rider ends.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

J. Reservation Payment Option - Continued

2. Penalties and Adjustment for Non-performance - Continued

b. Performance Factor

When more than one Planned Event and/or Test Event is called in a network during the month, the average of the Performance Factors of all events for a Direct Participant or Aggregator in the network is the Performance Factor for that month.

Direct Participants and Aggregators may increase the kW of contracted Load Relief in subsequent Capability Periods above their previously contracted kW of Load Relief, provided their most recent Performance Factor was 1.00. The Performance Factor is rounded to two decimal places. If the Direct Participant or Aggregator does not have a historical Performance Factor in the network, the Performance Factor is 1.00.

c. Penalties

- i. If the average kW of Load Relief provided for Planned Events in the current month is lower than the prior month's average kW of Load Relief for Planned Events or the contracted kW, whichever is lower, the Direct Participant or Aggregator will be subject to a Penalty. The penalty is equal to the Reservation Payment rate times the difference between the prior month's average kW or the contracted kW, whichever is lower, and the current (lower) average kW performed. If the current average kW performed is negative, 0 kW will be set as the current month's average kW performance.
- ii. If a Direct Participant or Aggregator fails to arrange for the furnishing and installation of the metering and telecommunications service for an account, as required under section F, a penalty will be assessed for the kW enrolled for that account. Such penalty, assessed no more than once per year, will be equal to the Reservation Payment rate per kW times the kW of contracted Load Relief.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM - Continued

J. Reservation Payment Option - Continued

2. Penalties and Adjustment for Non-performance - Continued

d. Performance Adjustment

A Performance Adjustment will be applied in calculating the Performance Factor if the Direct Participant or Aggregator requests in writing to provide Performance Adjusted kW.

Once a Performance Adjustment is in effect, a Direct Participant or Aggregator may request subsequent increases to the Performance Adjusted kW if the updated kW level meets the requirements for Performance Adjusted kW. No more than one request will be accepted per month to change to the Performance Adjusted kW. The Performance Adjustment will become effective commencing the first day of the first calendar month that follows the Company's receipt of the request to initiate or update the Performance Adjusted kW.

If the current Performance Factor is lower than the previous month's Performance Factor, the lower Performance Factor becomes the new Performance Factor for the current month and each month thereafter the month in which a Performance Adjusted kW request is received or a lower Performance Factor is achieved.

3. Application of Payments

Reservation Payments will be calculated on a monthly basis. Payments will be made by bill credit, check, or wire transfer.

4. Testing

The Company may require a Direct Participant or Aggregator to participate in one or more Test Events, each for a period not to exceed one hour, commencing at a time determined solely at the Company's discretion, but within the Contracted Hours specified for the network.

The Company will make a payment for one hour of energy for the Load Relief achieved up to the contracted amount, as specified above in section J.1. A Direct Participant or Aggregator who fails the Test will be subject to the Penalties described above in section J.2.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER S – COMMERCIAL SYSTEM RELIEF PROGRAM – Continued

K. Voluntary Participation Option

1. Payments

Except as specified in section I, the Company will make Performance Payments to a Direct Participant or Aggregator participating in the Voluntary Participation Option for Load Relief provided during a designated Load Relief Period.

The payment rate for Load Relief is as follows:

\$6.00 per kWh for Load Relief provided during a four-hour Planned Event; and
\$20.00 per kWh for Load Relief provided during an Unplanned Event.

The Performance Payment amount paid per event is equal to the applicable Payment Rate multiplied by the kWh of Load Relief provided during the event multiplied by the number of event hours.

2. Application of Payments

The Company will make payment to a Direct Participant or Aggregator, after the end of the program year, for the sum of the payments due for all Load Relief Periods in the Capability Period. Payments will be made by bill credit, check, or wire transfer.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM

Applicable to SCs 1, 2, 8, 9, 11, 12, 13, and 15
(Subject to the provisions thereof)

A. Applicability

To any Full Service or Retail Access Customer taking service under one of the above SCs, including Customers taking Standby Service; to any PASNY Customer; and to any Aggregator that meets the requirements of this Rider.

B. Contracting for Distribution Load Relief Program Service

There are two options under this Rider under which a Direct Participant or Aggregator may contract to provide Load Relief during Load Relief Periods designated by the Company: the Voluntary Participation Option and the Reservation Payment Option. This Rider is applicable to Direct Participants and Aggregators who agree in writing to provide, either on a Voluntary Participation or Reservation Payment Option, Load Relief in a network when the Company designates a Contingency or Immediate Event during a Capability Period.

A Direct Participant must contract to provide at least 50 kW of Load Relief. An Aggregator must contract to provide at least 100 kW of Load Relief.

If other requirements for service under this Rider are met, Electric Generating Equipment may be used to participate under this Rider subject to the provisions set forth in section F below. The participating Direct Participant or Aggregator is responsible for determining that the operation of generating equipment under this Rider will be in conformance with any governmental limitations on operation.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM - Continued

C. Definitions

The following terms are defined for purposes of this Rider only:

"Aggregator" refers to a party other than the Company that represents and aggregates the load of Customers who collectively have a Load Relief potential of 100 kW or greater and is responsible for the actions of the Customers it represents, including performance and, as applicable, repayments to the Company.

"Capability Period" under this Rider refers to the period during which the Company can request Load Relief. The Capability Period shall be from May 1 through September 30.

"CBL" means the customer baseline load as calculated under the Company's Customer Baseline Load methodology, using either the weather-sensitive adjustment option (the "weather adjusted CBL") or the average-day CBL. The Customer Baseline Load methodology will be described in the Company's baseline operating procedure, which will be published on the Company's website. The Company will advise Aggregators and Department of Public Service Staff of any potential changes to the methodology by December 1 of each year and hold a meeting with concerned parties to obtain feedback about those changes by January 1 of each year.

"CBL Verification Methodology" means the methodology used by the Company to verify the actual Load Relief provided (kW and kWh) during each hour of each designated Load Relief Period and Test Event. Actual load levels are compared to the customer baseline loads to verify whether the Direct Participant or Aggregator provided the kW of contracted Load Relief; provided, however, that the Company may estimate the data pursuant to the Company's operating procedure if data is not available for all intervals. When the weather-adjusted CBL methodology is used and the calculated weather adjustment falls outside of the Company defined ranges (i.e., the Company deems the weather to be atypical on the day of a Load Relief Period or Test Event when compared to the baseline period), the Company may review and revise a participant's baseline based on the Customer's historical load data. When the weather-adjusted CBL methodology is used, the Company, at its own discretion, may select alternate hours for the adjustment period to calculate the weather adjustment in order to accurately reflect the customer's typical usage.

A "Contingency Event" is a Load Relief Period lasting four or more hours for which the Company provides two or more hours' advance notice.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM - Continued

C. Definitions - Continued

"Direct Participant" refers to a Customer who enrolls under this Rider directly with the Company for a single Con Edison account and agrees to provide at least 50 kW of Load Relief.

"Electric Generating Equipment" refers to: (a) electric generating equipment that is served under Standby Service, Rider R, or SC 11 and used to provide Load Relief under this Rider; or (b) emergency electric generating equipment that is interconnected and operated in compliance with General Rule 8.2 and used to provide Load Relief under this Rider.

An "Immediate Event" is a Load Relief Period lasting six or more hours for which the Company provides less than two hours' advance notice.

"Load Relief" refers to power (kW) and energy (kWh): (a) ordinarily supplied by the Company that is displaced by use of Electric Generating Equipment and/or reduced by the Direct Participant or Aggregator at the Customer's premises; or (b) produced by use of Electric Generating Equipment by an SC 11 Customer and delivered by that Customer to the Company's distribution or transmission system during a Load Relief Period.

"Load Relief Period" refers to the hours for which the Company requests Load Relief during a Contingency Event or an Immediate Event. Load Relief will not be required of a Direct Participant or Aggregator after 12:00 AM or before 6:00 AM.

"Test Event" refers to the Company's request under the Reservation Payment Option, pursuant to section J.9, that Direct Participants and Aggregators provide one hour of Load Relief on not less than two hours' advance notice.

"Three-Year Incentive Payment" refers to a payment awarded to a Direct Participant or an Aggregator, per customer after the end of the Three-Year Incentive Period, if the average Load Relief provided for each Load Relief Period or Test Event by the Direct Participant or Aggregator's customer is greater than 0 kW over the course of the Three-Year Incentive Period. Performance during Unplanned Events will not be considered in determining eligibility for the Three-Year Incentive. If the performance of a Direct Participant or a Customer of an Aggregator is 0 kW, the Direct Participant or Customer of an Aggregator can regain eligibility for the Three-Year Incentive by enrolling in the next Capability Period and maintaining satisfactory performance during the following Three-Year Incentive Period.

"Three-Year Incentive Period" refers to customer participation for three consecutive Capability Periods under the Reservation Payment Option.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM - Continued

D. Load Relief Period Criteria and Notice

1. Criteria for Designating a Load Relief Period: If the next contingency would result in a Condition Yellow, or if a voltage reduction of five percent or greater has been ordered, the Company may designate such period as a Load Relief Period. The Company may designate specific networks, feeders or geographical areas in which Load Relief will be requested. A Condition Yellow exists when the next contingency (excluding breaker failure) either will result in an outage to more than 15,000 customers or will result in some equipment being loaded above emergency ratings.
2. Notice of a Load Relief Period or Test Event: The Company will notify Direct Participants and Aggregators by phone, email or machine-readable electronic signal, or a combination thereof, in advance of the commencement of a Load Relief Period or Test Event. The Direct Participant or Aggregator shall designate in writing an authorized representative and an alternate representative, and include an electronic address if applicable, to receive the notice. If an Aggregator is served under this Rider, only the Aggregator will be notified of the Load Relief Period or Test Event. The Aggregator is responsible for notifying all of the customers within its respective aggregation group in the affected network(s).

E. Metering

1. Participation under this Rider requires that each participant's entire service be measured by interval metering with telecommunications capability used by the Company for monthly billing. If an Aggregator takes service under this Rider, all customers of the Aggregator must meet the metering and telecommunications requirements specified herein.
2. If, at the time of application for service under this Rider, the Company does not bill the participant monthly using interval metering, the Customer shall arrange for the furnishing and installation of interval metering with telecommunications capability to be used for billing and arrange for telecommunications service, at the participant's expense, net of any discount or rebate received by the participant. If metering that communicates by landline is requested, the Company will issue an invoice within three days of its receipt of the completed meter request. If metering that communicates wirelessly is requested, the Company will charge \$200.00 to visit the premises to determine whether or not this is viable. Within five business days of receiving payment, the Company will visit the premises to determine wireless viability and issue an invoice that: (a) if wireless communications are viable, contains the cost of the meter upgrade, the name of the wireless carrier that must be used by the participant, and the Electronic Serial Number ("ESN") that the participant must provide to the carrier to activate the Company's wireless modem, or (b) if wireless communications are not viable, contains the cost of a meter upgrade that requires use of a landline. The Company will not be required to meet the five business-day timeframe if there are reasons outside of the Company's control, such as a major storm or denial of access to the meter.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM - Continued

E. Metering - Continued

3. For participation under this Rider, the metering equipment and telecommunications service must be installed and made operational prior to the Company's acceptance of a completed application. Participation under this Rider will commence the first day of the first month within the Capability Period that occurs at least 30 days after both the interval metering and telecommunications service become operational, but no later than June 1 of the current Capability Period.
4. The Company will provide the status of the meter installation to applicants: (i) within three weeks of the date that payment is received if the meter has landline telecommunications capability and (ii) within three weeks of the later of the Company's receipt of payment for an upgrade to interval metering with wireless communications capability and receipt from the participant of the active Internet Protocol ("IP") address that the wireless carrier has assigned to the modem's ESN. The Company will install the requested metering within that time frame, provided that the application for participation in the program is otherwise approved. If the Company misses the installation time frame for the Reservation Payment Option, it will make a "lost" Reservation Payment to the Direct Participant or Aggregator equal to the pledged kW and associated Reservation Payment per month starting with the first month in which the first day is later than three weeks after the Company received payment and ending with the month in which the installation is completed; provided, however, that the Company will not be required to make a lost Reservations Payment if it missed the installation time frame due to reasons outside of its control, such as a landline not installed by the telephone company, or if, at the Company's request, the Commission grants the Company an exemption due to a major outage or storm.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM - Continued

F. Applications and Term of Service

1. Applications for service under this Rider must be made electronically. Direct Participants and Aggregators may participate after the Company's receipt and approval of a completed application. The Company will accept an application by April 1 for a May 1 commencement date, and by May 1 for a June 1 commencement date. The desired commencement month must be specified in the application. Applications will not be accepted after May 1 for participation during the current Capability Period. Where the first of the month falls on a weekend or holiday, applications will be accepted until the first business day after.
2. A Direct Participant or Aggregator may apply in writing to change the CBL Verification Methodology, to change the kW of contracted Load Relief in a network, or to terminate service under this Rider for the upcoming Capability Period provided the request is received no later than May 1. In order for a Direct Participant or Aggregator to increase its kW of contracted Load Relief for a network, the most recent Performance Factor for that network must be no less than 1.00.
3. Each application must state the kW of Load Relief that the Direct Participant or Aggregator contracts to provide for the four Contracted Hours required for the network(s). The weather-adjusted CBL will be used as the CBL Verification Methodology for each ConEdison account number enrolled, unless the application specifies that the average-day CBL is to be used for verification of performance. A single CBL Verification Methodology will be used for each customer to assess both energy (kWh) and demand (kW) load relief.
4. Load Relief of an Aggregator will be measured on a portfolio basis by network.
5. If a Direct Participant or Aggregator requests to operate Electric Generating Equipment for Load Relief purposes under this Rider, the application must state generator information, including the unit's serial number, nameplate rating, manufacturer, and date of manufacture, and the Company has approved the interconnection of such equipment. Furthermore, participants enrolled in a NYISO market-based program offered by the Company, NYPA or other entity, such as the Day-ahead Demand Response Program or the Demand-Side Ancillary Service Program, must provide the Company with their NYISO generator identification number, under a confidentiality agreement, and give the Company the ability to view their market participation activity. This information will be used to verify the times of participation in these other programs to prevent double-payment during concurrent events.
6. Customers who take service under Rider R are not eligible to participate in this program.
7. Direct Participants and Aggregators must meet the metering requirements specified in section E.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM - Continued

G. Data Review

The Company reserves the right to review records and/or operations of any Direct Participant, Aggregator, customer of an Aggregator, or Meter Data Service Provider (“MDSP”) to verify enrollment information and performance associated with any designated Load Relief Period or event called by the Company. Once the Company initiates a data review, all payments will be suspended pending the outcome of the review. The Company will complete its review within 30 days of receipt of all requested data. Any suspended payments will be reinstated if the Company’s review of the data results in a finding that the enrollment and performance information are correct.

If the Company determines that a Direct Participant, Aggregator, customer of an Aggregator, or MDSP failed to cooperate fully and promptly with the review and/or did not fully comply with the provisions of this Rider and/or provided inaccurate data, the Direct Participant, Aggregator or the customer of the Aggregator will be deemed ineligible to participate in the program until the issue is rectified. In addition, the Direct Participant or Aggregator will be required to make prompt repayment to the Company of any payments that were made to such Direct Participant or Aggregator, on behalf of its customer, for the Capability Period that was reviewed as well as the current Capability Period, if different.

H. Aggregation

1. All customers of an Aggregator must meet the metering and telecommunications requirements of this Rider.
2. An Aggregator is responsible for the compliance of all customers in its aggregation group and will be liable for performance, including, as applicable, repayments to the Company.

PSC NO: 10 – Electricity
Consolidated Edison Company of New York, Inc.
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Leaf: 284
Revision: 2
Superseding Revision: 1

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM - Continued

I. Voluntary Participation Option

1. Performance Payments for Load Relief

The Company will make a payment to a Direct Participant or Aggregator who provides Load Relief during a designated Load Relief Period.

The Performance Payment amount paid per event is equal to the Performance Payment rate of \$6.00 per kWh multiplied by the kWh of Load Relief provided during the event multiplied by the number of event hours.

2. Application of Payments

Reservation Payments will be calculated on a monthly basis. Payments will be made by bill credit, check, or wire transfer.

PSC NO: 10 – Electricity
Consolidated Edison Company of New York, Inc.
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Revision: 4
Superseding Revision: 3

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM - Continued

I. Voluntary Participation Option - Continued

3. Payment for Direct Participants and Aggregators Participating in Other Programs

Performance Payments will not be made under this Rider if the Direct Participants or Aggregator (on behalf of its customer) receives payment for energy under Rider P, S, V, or W or any other demand response program (e.g., NYISO's Day-ahead Demand Reduction Program or NYISO's Special Case Resources Program) in which the customer is enrolled through the Company during concurrent Load Relief hours in the same network(s). If an SC 11 Customer participates in the NYISO market through Con Edison and receives payment for energy during concurrent Load Relief hours, Performance Payments will be made under this Rider only for Load Relief in excess of the Customer's CBL, expressed in kWh. Payments will not be made for energy if service is taken under Rider R.

PSC NO: 10 – Electricity
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Superseding Revision: 2

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM – Continued

J. Reservation Payment Option

1. Applicability

A Direct Participant or Aggregator will receive Reservation Payments if such Direct Participant or Aggregator agrees in writing to provide Load Relief for no less than four consecutive hours during each designated Load Relief Period in a specific Tier 1 or Tier 2 Network, up to six designated Load Relief Periods, during the effective Capability Period. For purposes of this program, “Network” refers either to a distribution Network or a load area designated by the Company.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM – Continued

J. Reservation Payment Option - Continued

2. Reservation Payments

- a. The following Reservation Payment rates are applicable to Tier 1 and Tier 2 Networks:

\$10.00 per kW per month in Tier 1 Networks; and
\$25.00 per kW per month in Tier 2 Networks.

Tier 2 payments are applicable in Networks that the Company identifies to be of a higher priority than Tier 1 Networks.

Reservation Payments per month are equal to the applicable Reservation Payment rate per kW per month multiplied by the kW of contracted Load Relief multiplied by the Performance Factor for the month. Reservation Payments will be made under this Rider independent of whether payments are made for capacity under any other program.

- b. Direct Participants and Aggregators will receive a Three-Year Incentive Payment by December 31 after the end of their Three-Year Incentive Period if the minimum performance criteria are satisfied. The payment will be issued to the Aggregator who represented the customer during the third Capability Period in the Three-Year Incentive Period, or directly to the Customer if the Customer was a Direct Participant during the third Capability Period in the Three-Year Incentive Period.

The Three-Year Incentive Payment per customer is \$2.00 per kW per month applied to the kW levels that were used to calculate the monthly Reservation Payments during the applicable Three-Year Incentive Period. The Three-Year Incentive Payment is applicable to Tier 1 and Tier 2 customers.

If a customer of an Aggregator changes Aggregators during the Three-Year Incentive Period and the customer qualifies for the Three Year Incentive rate, the payment will be issued to the new Aggregator.

3. [RESERVED FOR FUTURE USE]

4. [RESERVED FOR FUTURE USE]

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM – Continued

J. Reservation Payment Option - Continued

5. Bonus Payments

The Company will pay a Direct Participant or Aggregator for Load Relief provided during either Bonus Periods or Bonus Hours, as described below.

- a. Bonus Periods: Bonus Periods are applicable if seven or more Load Relief Periods are designated by the Company in a specific Network during the Capability Period. Payment for Bonus Periods will be made commencing in the month of the seventh Load Relief Period designated by the Company in the Network, based on the cumulative number of Load Relief Periods for which the Direct Participant or Aggregator provides Load Relief in the Network subsequent to the sixth Load Relief Period. A Direct Participant or Aggregator is considered to have provided Load Relief during each Load Relief Period commencing with the seventh Load Relief Period if the Performance Factor for that Load Relief Period is 0.5 or greater. Payment rates for Bonus Periods are as follows:
 - (i) \$3.00 per kW per month if Load Relief is requested and provided for seven or more, but less than ten, Load Relief Period requests in the Network for the current Capability Period;
 - (ii) \$5.00 per kW per month for all Bonus Period event hours if Load Relief has been requested and provided ten or more times in the current Capability Period in a Network.

Payment for Bonus Periods is equal to the kW of contracted Load Relief multiplied by the applicable payment rate per kW for Bonus Periods multiplied by the Performance Factor for the month.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM – Continued

J. Reservation Payment Option - Continued

5. Bonus Payments - Continued

- b. Bonus Hours: Bonus Hours commence in the fifth hour of a Load Relief Period that lasts five or more hours. Payment for Bonus Hours will be made if the Direct Participant or Aggregator provides Load Relief for five or more consecutive hours during the Load Relief Period, as follows:

\$6.00 per kWh for each Bonus Hour of Load Relief provided

- c. If the Direct Participant or Aggregator would be eligible in any month for payments specified in both subsections (a) and (b) above, the amounts will not be cumulative. The higher amount will apply.

6. Performance Payments for Load Relief

The Company will make a payment of \$1.00 per kWh for each hour of Load Relief provided during the Load Relief Period, excluding Bonus Hours.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM – Continued

J. Reservation Payment Option - Continued

7. Performance Factor

- a. “Performance Factor, when a Contingency Event is called, is the ratio of:
- (i) the average hourly kW of Load Relief provided by the Direct Participant or Aggregator during the first four hours of the Load Relief Period up to the kW of contracted Load Relief to
 - (ii) the kW of contracted Load Relief.

Performance Factor, when an Immediate Event is called, is the ratio of:

- (i) the average hourly kW of Load Relief provided by the Direct Participant or Aggregator during the highest consecutive four hours during the first six hours of the Load Relief Period up to the kW of contracted Load Relief to
- (ii) the kW of contracted Load Relief.

Performance Factor, when a Test Event is called, is the ratio of

- (i) the kW of Load Relief provided during the Test Hour by the Direct Participant or Aggregator up to the kW of contracted Load Relief to
- (ii) the kW of contracted Load Relief.

When more than one Contingency Event, Immediate Event and/or Test Event is called in a Network during the month, the Performance Factor is the average of the Performance Factors for the Direct Participant or the average of the Performance Factors for the Aggregator in the Network during that month. Where service is taken under this Rider by an Aggregator, “the kW of contracted Load Relief” is measured on a portfolio basis by Network by CBL Verification Methodology. The Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of 0.

- b. The Performance Factor for the month is used to calculate Reservation Payments for that month and each month thereafter until the month in which the next Test Event or Load Relief Period is called by the Company in that Network during the current or subsequent year’s Capability Period. The Performance Factor for the month is also used to calculate payments for Bonus Periods, if applicable.
- c. If the Direct Participant or Aggregator did not participate in the program during the prior Capability Period, and no Load Relief Periods or Test Events have been designated in the Network since the Direct Participant or Aggregator enrolled in the program, the Performance Factor at the end of the current month is assumed to be 1.00.
- d. If the Direct Participant or Aggregator is asked to respond to more than six Contingency Events and/or Immediate Events in a specific Network during the Capability Period, performance during each event after the sixth event will only be included in the Performance Factor calculation if this would result in a higher Performance Factor.

Issued by: Robert Hoglund, Senior Vice President & Chief Financial Officer, New York, NY

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER U – DISTRIBUTION LOAD RELIEF PROGRAM – Continued

J. Reservation Payment Option - Continued

8. Application of Payments

Reservation Payments will be calculated on a monthly basis. Payments will be made by bill credit, check or wire transfer.

9. Testing

Once during each Capability Period, the Company may require a Direct Participant or Aggregator to participate in a Test Event for a period not to exceed one hour, commencing at a time determined solely at the Company's discretion. The Company will give at least two hours' advance notice of the Test Event to the same representative or alternative representative that was designated in writing by the Direct Participant or Aggregator to receive notice of a Load Relief Period (pursuant to section D.2 of this Rider).

The Company will make a payment for one hour of energy up to the contracted amount using the calculation specified in section I of this Rider for the Load Relief achieved.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER V - EMERGENCY DEMAND RESPONSE PROGRAM

Applicable to SCs 8, 9, 12, 13, and 15
(Subject to the provisions thereof)

A. Applicability

To any Full Service or Retail Access Customer taking service under one of the above SCs or to any PASNY Customer that meets the requirements of this Rider and is enrolled in the NYISO's Emergency Demand Response Program through Con Edison. To participate, the Customer's entire service must be measured by one or more interval meters.

Service under this Rider will be available to Customers who elect to participate in the Emergency Demand Response Program by Load Reduction of at least 100 kW and/or Load Delivery of at least 100 kW, during such periods when the NYISO declares an emergency in conjunction with an in-day peak hour forecast response to an operating reserve peak forecast shortage as defined by the NYISO Emergency Operations Manual, or in response to a major state of emergency as defined by the NYISO Emergency Operations Manual, or at the NYISO's discretion to relieve system or zonal emergencies. A Customer may operate electric generating equipment on its premises during NYISO-declared emergencies provided the Customer complies with General Rule 8.2 or 8.3, as applicable. Such Customer will be responsible for determining that its operation of generating equipment in response to NYISO-declared emergencies will be in conformance with any governmental limitations on operation.

The Company reserves the right to exclude a generator from connecting to the Company's primary distribution feeders when the Company deems it necessary to protect its system, facilities, or other Customers. In addition, the Company may prohibit a Customer from delivering power and energy to the Company's primary distribution feeders, or limit the amount of power and energy delivered, for operational reasons.

B. Term of Service

Service under this Rider will be available until the NYISO terminates its Emergency Demand Response Program. Service under this Rider will be available seven days after the Company receives a completed application, subject to any additional processing time required by the NYISO. Customers may terminate service under this Rider upon written notice to the Company.

GENERAL RULES

24. Service Classification Riders (Available on Request) - Continued

RIDER W – DAY AHEAD DEMAND REDUCTION PROGRAM

Applicable to SCs 8, 9, 12, and 13
(Subject to the provisions thereof)

This Rider implements the NYISO's Day-Ahead Demand Response Program, as same may be changed from time to time.

A. Applicability

To any Full Service Customer taking service under one of the above SCs that meets the requirements of this Rider, is capable of reducing load by at least 100 kW per account through load curtailment, and is enrolled in the NYISO's Day-Ahead Demand Response Program through Con Edison. To participate, the Customer's entire service must be measured by one or more interval meters. Customers offering load reduction by means of on-site generation and Customers taking Standby Service are ineligible for service under this Rider.

B. Term of Service

Service will be available under this Rider until terminated by the NYISO. Service under this Rider will be available seven (7) days after the Company receives a completed application, subject to any additional processing time required by the NYISO. Customers may terminate service under this Rider upon written notice to the Company.

C. Definitions: The following definitions are applicable to this Rider.

Bid: The Customer's load reduction nomination in kW for the Dispatch Day.

Bidding Day: The day of the week, Monday through Friday, on which the Customer submits its Bid to the Company, two business days prior to the Dispatch Day, except that the Bidding Day for Monday dispatches is the prior business day.

Calculated Load Reduction: The difference between (i) the Customer Baseline Load and (ii) the Customer's actual metered load on an hourly basis. The Calculated Load Reduction shall in no event be less than zero.