

Summary Overview: ConEd 150 MW DM Program

Reference NY PUC Order Adopting Three-Year
Rate Plan – Section J
CASE 04-E-0572
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Highlights of ConEd Requirement

- Primary responsibility for achieving 150 MW of targeted energy efficiency and DG on constrained delivery networks (part of larger 535 MW DM initiative)
- Programs, but not necessarily projects, must satisfy a cost/effectiveness test and come in under a \$112 million cap (\$746/KW).
- Cap is exclusive of NPV of carrying charges on any T&D investment that is delayed.
- Three years to achieve goal – then NYSERTA steps in.

ConEd Incentives

- Incentive of \$22,500/MW of DM achieved up to maximum of \$15.188 million
- Full recovery of lost delivery service revenue, i.e. lost throughput
- Full recovery of reasonable program costs

Revenue Decoupling Mechanism (RDM) Rejected

- Opposed by both Staff and ConEd
- Previous RDM in place between 1992 and 1997 was discontinued for cause
- Would be “exceedingly complex and administratively burdensome to develop an RDM that isolates the effects of weather, economic growth, and other non-DM factors”
- Lost throughput revenues recovered under existing MAC procedures

Total Resource Cost Test – NY PUC Decision Imminent

Consensus

- Benefits
 - Avoided electric energy
 - Avoided electric generation capacity
 - Natural gas, steam, oil, propane avoidance
 - Water & maintenance savings
- Costs
 - Incremental customer costs net of incentives
 - Incentives plus admin & evaluation

No Consensus

- Energy market price effect
- Avoided T&D costs
- DG project costs & benefits
- Load curtailment program impact
- Environmental externalities
- Avoided variability & risk