FERC Order 745 and New York’s Backstop Plan

Richard B. Miller
Our Business

Con Edison of New York (CECONY)
Orange and Rockland (O&R)

• Customers
  – 3.6 million electric
  – 1.2 million gas
  – 1,717 steam

• Restructuring
  – Divested generation in 1999-2001
  – Member of NYISO and PJM
  – Robust retail access programs
Importance of Demand Response

**Use and Markets**

- Demand Response (DR)
  - Temporary customer demand reduction: curtailment, generation
  - Used for system reliability events
  - Aids in capital investments deferral
- Two DR Markets
  - Distribution (Retail Market)
  - Transmission and Generation (Wholesale Market)
New York City Density
Supreme Court Cert. Petition
Con Edison Supported

• Con Edison, Eversource and National Grid
  – Filed brief in support
• DR benefits
  – Reliability and Economic
• DR Backstop program concerns
Order 745 Wholesale Market Implications
DR is an Important Market Resource

• Wholesale market programs continue for now
  – DR treated as capacity comparable to generation
  – Contributes to bulk system reliability and supply price reduction

• Elimination of wholesale DR harms customers
  – Represents ~3% of total New York capacity
  – Exclusion could result in ~20% supply price increase for summer 2015
New York is Developing a Backstop
Simple and Easy Implementation is Key

- Working with Regulator, Utilities, Stakeholders
- In-place and available (if needed) by Summer 2015
- Transition should be as seamless as possible
  - Wholesale market operator retains most of its responsibility
  - Plan for emergency capacity program only
  - Utilities to provide payments and penalties

DR Enrolls with LSE (into wholesale market)
LSE Uses DR to Meet Capacity Obligation
Payments and Penalties to DR from LSE
New York Backstop Issues
State and Federal Issues

• Compatibility with Retail Access
  – Will retail access suppliers also buy DR capacity?
  – Con Edison will most likely purchase all pursuant to its provider of last resort responsibility

• Cost Recovery – socialized to all or full service only

• DR Voting Rights at the New York ISO