

# BQDM DR Auction Rules for the 2017 and 2018 Summer Capability Periods

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## Contents

- Definitions .....3**
- Requirements & Eligibility .....6**
  - 1. Demand Response Provider Requirements ..... 6
  - 2. Metering requirements..... 7
  - 3. Demand Response Provider Customer Contact Information ..... 8
  - 4. Collusion and Other Prohibited Activities..... 8
  - 5. Proof of Customer Knowledge..... 9
  - 6. Letter of Authorization ..... 9
  - 7. Administrative Review ..... 9
  - 8. Aggregator Marketing Practices ..... 10
  - 9. Security Requirements..... 10
- General Rules .....12**
  - 10. Contracting for Service..... 12
  - 11. Enrollment..... 12
  - 12. Notification Time ..... 13
  - 13. Notification Mechanism..... 13
  - 14. Termination Criteria..... 13
  - 15. Attachment of Resources..... 14
  - 16. Enrollment..... 14
  - 17. Generation ..... 15
- Performance & Baseline .....16**
  - 18. Performance Factor ..... 16
  - 19. Customer Base Line..... 17

<b>Compensation, Fees, Offsets, &amp; Securities .....</b>	<b>17</b>
20. Portfolio Quantity .....	17
21. Deficient Quantity & Early Exit Fee.....	17
22. Performance Payment .....	17
23. Reservation Payment .....	18
24. Bonus Payments.....	18
25. Capacity Non-Availability Offset or Payment.....	18
26. Payments by and to Con Edison.....	19
27. Contract Award & Acceptance.....	19
<b>Voluntary Participation .....</b>	<b>19</b>
28. Voluntary Participation Option .....	19

## Definitions

"Aggregator" means a party, other than Con Edison, that (i) represents and aggregates the load of Customers that have a collective Load Relief potential of 50 kW or greater under the BQDM DRP and (ii) is responsible for the actions of the Customers it represents to effectuate Load Relief during the Load Relief Period (including, if applicable, the rendering of Capacity Non-Availability payments to the Company).

"Attachment Quantity" means the quantity of Load Relief (measured in kW) that a DR Provider was not awarded in an auction but is contracting to provide pursuant to the BQDM DRP as described in these Rules.

"Annual Performance Factor" means the average Load Relief actually achieved by a Participating Customer in a Capability Period compared to its Portfolio Quantity for such Capability Period.

"Auction" means the BQDM Demand Response Auctions to be conducted by the Company on July 27-28, 2016 and any other similar auctions the Company may elect to conduct pursuant to the BQDM DRP.

"Auction Clearing Price" means the incentive rate (*i.e.*, price per kW) established in the BQDM DR Auction for each DR Product.

"BQDM DR Baseline" means the customer baseline load, as calculated under the Company's Customer Baseline Load ("CBL") methodology, using the weather-sensitive adjustment option (the "weather adjusted CBL"), the average-day CBL, or an Aggregator proposed and Company approved methodology. The Company may approve an Aggregator proposed methodology at its sole discretion, generally using the criteria contained in these Rules. The CBL methodology is described in the Company's baseline operating procedure, which is published on the Company's website.<sup>1</sup>

"BQDM Demand Response Program" or "BQDM DRP" means the Company program through which DR Providers who qualify and clear the Auction are compensated to provide Load Relief in the BQDM Networks.

"BQDM DR Baseline Verification Methodology" means the methodology used by the Company to verify the actual Load Relief provided (measured in kW and kWh) during each hour of each designated Load Relief Period and Test Event. Actual load levels are compared to the CBLs to verify whether the DR Provider provided the kW of contracted Load Relief; provided, however, that the Company may estimate data in accordance with its operating procedure if data is not available for some or all intervals required. 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 Participating Customer's historical load data. When the

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<sup>1</sup> [http://www.coned.com/energyefficiency/PDF/customer\\_baseline\\_load\\_procedure.pdf](http://www.coned.com/energyefficiency/PDF/customer_baseline_load_procedure.pdf)

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.

"BQDM DR Events" means Planned Events and Unplanned Events.

"BQDM Networks" means the three Con Edison electric networks known by the Company as Ridgewood, Crown Heights and Richmond Hill served by two substations (referred to by the Company as Brownsville #1 and #2) that have a forecasted capacity constraint.

"Capability Period" means the period from May 1, 2017 through September 30, 2017 (the "2017 Capability Period") or from May 1, 2018 through September 30, 2018 (the "2018 Capability Period") during which the DR Provider has pledged Load Relief through the BQDM DRP.

"Capacity Non-Availability Offset" and "Capacity Non-Availability Payment" have the meanings specified in Section 25.

"Cleared Quantity" means the quantity of Load Relief, measured in kW, awarded to the DR Provider in an Auction for a DR Product.

"Con Edison" or the "Company" means Consolidated Edison Company of New York, Inc.

"Customer" means any electricity customer of the Company whose Con Edison account address is located within the BQDM Networks.

"Contracted Hours" means the four-hour period (4PM-8PM or 8PM-12AM, depending upon awards made in the Auction) seven days a week, during the Capability Period, excluding the Memorial Day, Independence Day and Labor Day holidays, during which the DR Provider contracts to provide Load Relief in the BQDM Networks whenever the Company designates a Planned Event.

"Deficient Quantity" means the portion of the Cleared Quantity, measured in kW, that a Demand Response Provider requests, on or prior to February 15, 2017 for the 2017 Capability Period and on or prior to February 15, 2018 for the 2018 Capability Period, to be relieved of its commitment for a DR Product and for which an Early Exit Fee shall be paid.

"Demand Response Product" or "DR Product" means a set of Contracted Hours for a Capability Period. There are four (4) Demand Response Products in the BQDM DRP: 4PM – 8PM for the 2017 Capability Period, 8PM – 12AM for the 2017 Capability Period, 4PM – 8PM for the 2018 Capability Period, and 8PM – 12AM for the 2018 Capability Period.

"Demand Response Provider" or "DR Provider" means an Aggregator or Direct Participant.

“Direct Participant” means a Customer that enrolls in the BQDM DR Program directly with the Company for a single Con Edison account and agrees to provide at least 50 kW of Load Relief.

“Early Exit Fee” means the fee, described in Section 21, to be paid by an Aggregator or Direct Participant to the Company to be relieved of its obligation to deliver the Deficient Quantity.

“Electric Generating Equipment” means: (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 the BQDM DR Program; 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 the BQDM DR Program.

“Enrollment Deadline” has the meaning specified in Section 11.

“Enrolled Quantity” means the quantity, measured in kW, enrolled by each DR Provider with the Company by the Enrollment Deadline.

“Load Relief” means BQDM Networks’ 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 DR Provider 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” means the hours for which the Company requests Load Relief in a Network during a Planned Event or an Unplanned Event. A voluntary Load Relief Period may be designated under the BQDM DR Program applicable to some or all of the areas targeted by the BQDM Program if the Company determines that such Load Relief would be beneficial to maintaining distribution system reliability.

“Operationally Available” means that the technologies and procedures utilized by enrolled Customers to provide, and facilitate measurement of, Load Relief during a BQDM DR Event are installed and able to deliver load relief when a BQDM DR Event is called. BQDM DR Events may be called on any day during the Capability Period.

“Participating Customers” means Con Edison Customers who satisfy the eligibility and metering requirements set forth in Sections 1 and 2 hereof and who participate in the BQDM DRP through an Aggregator or as a Direct Participant.

“Performance Payment Rate” has the meaning specified in Section 22.

“Planned Event” means the Company’s request, given upon not less than 21 hours’ advance notice, for Load Relief during the Contracted Hours. Planned Events will be called when the Company determines there is a need for Load Relief in the BQDM Networks.

“Portfolio Quantity” means, for each DR Provider, the Cleared Quantity less any Deficient Quantity plus any Attachment Quantity for each DR Product.

“Program Agreement” means the Brooklyn Queens Demand Management Demand Response Program Agreement by and between the Customer or Applicant identified therein and the Company and into which these BQDM DR Rules for the 2017 and 2018 Summer Capability Periods are incorporated.

“Renewable Generation” means behind-the-meter electric generating equipment that does not utilize fossil fuel as the primary source of energy for generation and has no direct emissions associated with it.

“Reservation Payment” means the Auction Clearing Price, multiplied by the Portfolio Quantity, multiplied by the Annual Performance Factor.

“Test Event” means the Company’s request for DR Providers to provide Load Relief during the Contracted Hours to establish the availability of contracted Load Relief in the Capability Period.

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

## **Requirements & Eligibility**

### **1. Demand Response Provider Requirements**

DR Providers must be able to demonstrate or provide evidence that they can comply with each of the following requirements:

- a. DR Providers must have systems and processes in place to be able to respond to Planned Events and Test Events pursuant to notification through Con Edison’s prescribed notification system;
- b. DR Providers must have systems and processes in place to ensure that Participating Customers respond to Planned Events and Test Events during required time periods;
- c. DR Providers must have systems and processes in place to electronically submit enrollments to Con Edison using the enrollment system used by Con Edison;
- d. DR Providers must ensure that in addition to providing contracted Load Relief during the Load Relief Period, the process used to effectuate such Load Relief will not result in an increased electric load between the hours of 11 am and midnight on BQDM DR Event days;

- e. DR Providers enrolling customer(s) using electric generating equipment to provide load relief must certify that they are compliant with all applicable laws and regulations, and are not located in a designated environmental justice zone; and
- f. DR Providers shall meet at least one of the minimum capitalization criteria set forth in the Letter of Credit or Credit Facility Requirements set forth below.

The Company shall have the authority to audit any Aggregator's compliance with these requirements.

## **2. Metering requirements**

Participation under the BQDM DRP requires that the entire electric service for each Customer account be measured by interval metering with telecommunications capability used by the Company for monthly billing. If an Aggregator takes service under the BQDM DRP, all customers in the Aggregator's BQDM DRP portfolio must meet the metering and telecommunications requirements specified hereunder.

If, at the time of application for service under the BQDM DRP, the Company does not bill the Customer account 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 Participating Customer's expense, net of any discount or rebate received by the Participating Customer. The Company will issue an invoice within three business days of its receipt of a completed request for a meter that communicates by landline. If metering that communicates wirelessly is requested and the wireless service meets the Company's security requirements, the Company will charge \$200.00 to visit the premises to determine whether or not wireless communication is viable. Within 14 business days of receiving payment, the Company will visit the premises to determine wireless viability and, within three business days of the visit, issue an invoice that contains the cost of an upgrade to a meter that communicates wirelessly or, if wireless communications are not viable, a meter that requires use of a landline. The Company will not be responsible for failing to visit a Customer's premises within 14 business days if such failure is due to reasons beyond the Company's control, such as a significant weather event or denial of access to the meter. The process and rules pertaining to meter upgrades are described in the Meter Upgrade Manual posted on the Company's website located at:

[http://www.coned.com/energyefficiency/forms/Meter\\_Upgrade\\_Manual.pdf](http://www.coned.com/energyefficiency/forms/Meter_Upgrade_Manual.pdf).

The Company will install interval metering within 21 business days of the later of the Company's receipt of (x) an applicant's payment for an upgrade to interval metering and (y) either (i) evidence that a request has been made to the telephone carrier (e.g., receipt of a job number) to secure a dedicated phone line for a meter with landline telecommunications capability or (ii) the active Internet Protocol ("IP") address that the wireless carrier has assigned to the modem's ESN for a meter with wireless capability. If the Company fails to install interval metering within such period, it will make a "Lost Reservation Payment" to the Demand Response Provider, unless the cause of the Company's delay was outside the Company's control, such as the telephone company's failure to install a landline or a significant 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 BQDM DR Program participation had interval metering been timely installed (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. The Lost Reservation Payment shall not include any additional compensation to which Demand Response Providers providing consistent performance above the contracted Load Relief amount may be entitled.

The Company will visit the premises at the request of the Customer to investigate a disruption of normal communications between the phone lines or wireless communications and the meter, or operation of external pulses from the meter to the Customer's energy management equipment. The Company will charge for its visit based upon the cost to the Company as defined in General Rule 17.3 of the Con Edison Electric Tariff (P.S.C. No. 10 – Consolidated Edison Company of New York Schedule for Electricity Service).

### **3. Demand Response Provider Customer Contact Information**

DR Providers must provide the Company with the name, title, phone number, and e-mail address of each Participating Customer in their portfolio.

Any DR Provider that does not provide the required contact information for any Customer will not receive payment for that Customer's enrollment until the contact information is provided. The performance of these Customers will not count towards the DR Provider's Portfolio Quantity and the Aggregator may incur damages, as applicable, for non-performance during the period that contact information has not been provided.

Performance and associated damages shall not be adjusted retroactively after contact information is provided.

### **4. Collusion and Other Prohibited Activities**

Collusion with other bidders during, prior to, or after the live auction is strictly prohibited. Collusion and other prohibited activities includes, but is not limited to: discussing bid strategies with other DR Providers, engaging in any activity with the intent of impacting the Clearing Price of the Auction to a level inconsistent with competitive behavior, or taking any action to undermine the competitive nature of the Auction and otherwise benefit from Company compensation with no intent or expectation of providing the amount of Load Relief bid into the Auction. The Company shall have the discretion to determine when collusion or other prohibited activities have occurred and to take any appropriate action, including barring participation in future auctions or programs, and reporting the activity to the New York Department of Public Service (the "NYDPS") and the New York Public Service Commission (the "NYPSC" or the "Commission").

## **5. Proof of Customer Knowledge**

An Aggregator must inform each Customer in its portfolio of its enrollment in the Company's BQDM DRP and maintain proof that each Customer has been informed of its enrollment in the Company's BQDM DRP. If the Aggregator is unable to furnish such proof upon request by the Company, payments to the Aggregator for such Customer will be withheld until the requisite proof is furnished. Such proof may be satisfied by including the required information in the contract entered into with a Customer and/or by any record of communication with the Customer (such as e-mail, fax or recorded conversations).

Aggregators must execute and maintain legally binding contracts with Customers they enroll in the Company's BQDM DRP. An Aggregator may be required to provide to the Company a copy of any Customer contract that is part of the Aggregator's current year's Capability Period portfolio. If proof of an Aggregator's customer contract is needed, the Company will so notify the Aggregator with a formal request through e-mail and confirmed by phone.

Once the request has been received, the Aggregator will have two (2) business days to provide the requested information.

## **6. Letter of Authorization**

Aggregator requests to the Company for customer information and usage data must be accompanied by a valid Letter of Authorization ("LOA") executed by the Customer, containing the Customer's name, address of the facility for which the information is being requested, the Customer's Con Edison electric account number, and a statement that the information being requested is for the purpose of participating in the BQDM DR Program.

An LOA is not required for a facility that an Aggregator is already representing in a Con Edison demand response program.

## **7. Administrative Review**

The Company reserves the right to review records and/or operations of any DR Provider 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 an administrative 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 information, but no later than December 31 of the calendar year of the Capability Period under review. Any suspended payments will be reinstated if the Company's review of the information results in a finding that the enrollment and performance information are correct.

If the Company determines that a DR Provider or customer of an Aggregator failed to cooperate fully and promptly with the review and/or did not fully comply with the provisions of the Program Agreement or provided inaccurate information, any pending reservation and performance compensation related to

amount of contracted Load Relief will be withheld and the DR Provider or the Customer of the Aggregator will be deemed ineligible to participate in the Program until the issue is rectified. In addition, the DR Provider will be required to make prompt repayment to the Company of any overpayments that were made to such DR Provider, on behalf of its Customer, for the Capability Period that was reviewed as well as the current Capability Period, if different.

## **8. Aggregator Marketing Practices**

Aggregators must accurately describe the products and services they offer to demand response customers. Aggregators may not engage in any form of misleading or deceptive marketing conduct as defined by State or Federal law, or by Commission rule, regulation or Order, and shall otherwise comply with all applicable law.

Customer complaints concerning marketing practices will be investigated by the Company and/or an Aggregator within seven (7) calendar days of receipt of the complaint.

Complaints concerning marketing practices that cannot be resolved by the Company and/or the Aggregator will be referred to the New York State Department of Public Service Office of Consumer Services.

Aggregators found to be marketing non-existent services to Company customers or that are using deceptive marketing practices as determined by the Company or the New York State Department of Public Service Office of Consumer Services may be suspended from enrolling new customers or enrolling in any Company distribution demand response programs. Customers currently being served by the suspended Aggregator will be informed by the Company of the availability of additional participating demand response Aggregators.

The Company reserves the right to review any marketing materials developed by Aggregators that utilize the name of the Company or its programs.

## **9. Security Requirements**

To participate in the BQDM DRP, each Demand Response Provider must post (substantially contemporaneously with its execution of the Program Agreement but in any event no later than August 10, 2016 in respect of the 2017 Auction and August 11, 2016 in respect of the 2018 Auction) and thereafter maintain (as herein provided) an irrevocable standby letter of credit in substantially the form attached to the Program Agreement as Exhibit A or otherwise in form and substance acceptable to the Company (the "Letter of Credit"). The Letter of Credit secures the DR Provider's performance under the Program Agreement (including, without limitation, its obligation to pay Early Exit Fees and Capacity Non-Availability Payments as described herein). The stated amount of the Letter of Credit shall initially be the product of the DR Provider's Cleared Quantity, multiplied by the Auction Clearing Price, multiplied

by 10%; provided that if a DR Provider receives awards in both the 2017 and 2018 Auctions, the calculation from the Auction that yields the higher number shall apply.

The DR Provider shall cause the Letter of Credit to be amended to increase its stated amount (or provide additional or substitute letters of credit) upon any adjustments made to the DR Provider's Load Relief commitment after taking into account any applicable Attachment Quantity and Deficient Quantity. Specifically, on or prior to February 21, 2016 (in respect of 2017 Capability Period) and February 21, 2018 (in respect of the 2018 Capability Period), the amount of security to be provided shall be equal to the lesser of (i) the product of the Clearing Price, multiplied by the total Portfolio Quantity (in kW), multiplied by 30% and (ii) the product of the total Portfolio Quantity (in kW) multiplied by \$150. Any failure to amend the Letter of Credit or provide additional or substitute letters of credit to increase the total stated amount thereof by the dates specified herein shall constitute a breach of the Program Agreement and entitle Con Edison to draw upon the Letter of Credit in full, terminate the Demand Response Provider's participation in the Program in part or in full (and bar the DR Provider from future participation in Con Edison programs and auctions), and/or declare all or any portion of the DR Provider's Portfolio Quantity to be Deficient Quantity (as to which, if such declaration is made, an Early Exit Fee shall be due and payable within five (5) business days of DR Provider's receipt of written notice thereof). If the amount of damages Con Edison suffers as a result of DR Provider's breach exceeds the stated amount of the Letter of Credit, then the DR Provider shall remain responsible to pay the difference to Con Edison.

The Letter of Credit must be issued by a U.S. commercial bank or U.S. branch of a foreign bank that, in either case, (i) has counters for presentment and payment located in the City of New York or accepts requests to draw via fax, and (ii) has a rating assigned to its senior unsecured long term debt obligations not supported by third party credit enhancement or a rating assigned to it as an issuer rating (a "Credit Rating") of at least (x) "A-" by Standard & Poor's Rating Services ("S&P") and "A3" by Moody's Investors Service, Inc. ("Moody's"), if rated by both S&P and Moody's or (y) "A-" by S&P or "A3" by Moody's, if rated by either S&P or Moody's, but not both ("Minimum Credit Rating").

The Letter of Credit shall permit drawings upon a statement from Con Edison certifying that the amount of the drawing is owed to Con Edison pursuant to the Program Agreement, shall require the issuing bank to honor requests to draw within two (2) Business Days, and shall have an expiration date no earlier than sixty (60) days after the date the DR Provider satisfies all of its obligations under the Program Agreement (the "Required LC Expiration Date"). Should the Letter of Credit have an expiration date prior to the Required LC Expiration Date, and the DR Provider shall fail to cause a substitute Letter of Credit to be furnished to Con Edison at least thirty (30) days prior to the expiration date of the initial Letter of Credit, such failure shall constitute a default under the Program Agreement and shall permit Con Edison to draw thereupon in full. Similarly, if the issuing bank should fail to maintain the Minimum Credit Rating at any time during which the Letter of Credit is required to be posted (*i.e.*, a "Downgrade Event") and the DR Provider fails to cause a substitute Letter of Credit to be furnished to Con Edison within two (2) Business Days (or, if the issuing bank still has a Creditworthy Rating (as defined below) despite suffering a Downgrade Event, within three (3) Business Days) after Con Edison has provided

written notice to the DR Provider demanding such substitute Letter of Credit, such failure shall constitute a default under the Program Agreement and shall permit Con Edison to draw thereupon in full.

For purposes hereof, "Creditworthy Rating" means a Credit Rating of at least (i) "BBB- (not on Credit Watch)" by S&P and "Baa3 (not on Credit Watch)" by Moody's, if such entity is rated by both S&P and Moody's or (ii) "BBB- (not on Credit Watch)" by S&P and "Baa3 (not on Credit Watch)" by Moody's, if such entity is rated by either S&P or Moody's, but not both. "Credit Watch" means a negative ratings outlook by S&P or Moody's, sometimes referred to as "Negative Watch", "Credit Watch", "Negative, for Potential Downgrade" or "Negative Outlook".

Con Edison may, upon a DR Provider's request, return or agree to cancel the Letter of Credit at the end of the calendar year after the end of the last Capability Period in which the DR Provider has any Cleared Quantity. If a Demand Response Provider has not paid any outstanding amount (including, without limitation, any Early Exit Fee or Capacity Non-Availability Offset or Payment) when the same shall be due, Con Edison shall have the right to draw down such amount from the Letter of Credit.

## **General Rules**

### **10. Contracting for Service**

A DR Provider must contract to provide at least 50 kW of Load Relief under the BQDM DRP for each DR Product.

Participants under the BQDM DRP are required to provide Load Relief during all Contracted Hours whenever the Company designates a Planned Event during the Capability Period; they may also voluntarily provide Load Relief if the Company calls an Unplanned Event. Participants under the BQDM DRP must also provide Load Relief during their Contracted Hours if and when the Company calls one or more Test Events.

If other requirements for service under the BQDM DRP are met, Electric Generating Equipment may be used to participate under the BQDM DRP subject to the provisions set forth in section 17. The participating Demand Response Provider is responsible for determining that the operation of the generating equipment for the BQDM DRP will comply with all applicable laws and regulations, including without limitation any applicable environmental laws and regulations.

### **11. Enrollment**

Applications for enrollment for each Customer must be made electronically by Demand Response Providers.

The Company will accept completed applications on or before April 3, 2017 for the 2017 Capability Period and on or before April 2, 2018 for the 2018 Capability Period (the Enrollment Deadline").

If the Company does not bill the Participating Customer monthly using interval metering at the time of application, participation in the BQDM DRP will not commence unless both interval metering and meter communications are operational. If the Company receives a completed application by the enrollment deadline, participation can commence on May 1 if interval metering is installed by April 1 and meter communications are operational by April 30.

Each enrollment application must state the Customer's name, service address, valid Con Edison account number, Contracted Hours of participation, the kW of Load Relief that will be provided by Customer during the Contracted Hours via curtailment, and the kW of Load Relief that will be provided by the Customer during the Contracted hours via generation. If a generator is being used for Load Relief, then generator information must be included with the enrollment application as specified in Section 17. Any errors or omissions on the enrollment application must be corrected no later than seven (7) business days before the commencement of the Capability Period.

Only the Load Relief of enrolled customers will be considered for calculating the Performance Factor and associated Capacity Non-Availability Offsets and Payments. The DR Provider must enroll, at a minimum, the Portfolio Quantity.

## **12. Notification Time**

The Company will call a Planned Event or Test Event with not less than 21 hours' advance notice.

If the Company provided notice of a Planned Event or Test Event 24 hours or more in advance, the Company will again provide advance notice on the day of the Planned Event or Test Event, usually two or more hours in advance.

The Company will provide notice as soon as practicable if an Unplanned Event is called.

## **13. Notification Mechanism**

The Company will notify DR Providers 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 DR Provider shall designate in writing an authorized representative and an alternate representative, and include an electronic address if applicable, to receive the notice. If a Customer is served by an Aggregator in the BQDM DRP, only the Aggregator will be notified of the Load Relief Period or Test Event, and the Aggregator shall be responsible for so notifying all of its Participating Customers.

## **14. Termination Criteria**

Con Edison reserves the right to terminate a Participating Customer or DR Provider's participation in BQDM DRP for failure to perform as contracted or any violation of BQDM DRP rules, including but not limited to, the following:

- Failure to communicate electric meter interval data through Con Edison's Meter Data Management System
- Engaging in collusion or other prohibited activities

- Engaging in false advertising
- Failure to comply with all applicable federal, state, and local emissions requirements for any electric generating equipment participating in BQDM DRP
- Failure to comply with all Fire Department of New York (FDNY) fire codes regarding electric generating equipment and energy storage devices
- Failure to meet any BQDM DRP eligibility and enrollment requirements, including the Financial Requirements
- Failure to demonstrate ability to deliver contracted Load Relief during future events that may occur in current or future Capability Periods

Termination may result in a bar on participation in future auctions or programs, and an application of Early Exit Fees or Capacity Non-Availability Offsets or Payments calculated on the basis of an attribution of zero performance for the remainder of the Capability Period and/or the attribution of an annual performance factor equal to zero.

## **15. Attachment of Resources**

An Aggregator may increase its kW of pledged Load Relief in a Network during a Capability Period only if it enrolls Customers whose Aggregator voluntarily exits or is suspended by the Company from the BQDM DR Program. In such case, the Aggregator may increase its Portfolio Quantity kW of pledged Load Relief up to the amount of the transferred Customers' existing Portfolio Quantity kW of pledged Load Relief. Such an increase in the Portfolio Quantity is referred to herein as "Attached Quantity".

The Company, at its discretion, may allow for re-allocation of some or all of the DR quantity procured through the auction that was vacated as a result of early exit, termination, or suspension of a DR Provider. Any DR quantities reallocated will be released to DR Providers who received an award in auction and have not declared a deficiency, been suspended, or otherwise terminated. Any re-allocation of the Portfolio Quantity is "Attached Quantity" to the recipient.

## **16. Enrollment**

If multiple Aggregators claim to have enrolled the same Customer for the same Capability period, the Company may review the Customer's contract with one or more Aggregators to settle the dispute as to who has the right to represent the Customer in the Company BQDM DRP.

If only one Aggregator is able to provide a contract allowing it to enroll the Customer in question into the demand response program that is in conflict, then that Aggregator will be permitted to represent that Customer.

If more than one Aggregator is able to provide a valid contract allowing it to enroll the Customer in question into the BQDM DRP, then the final authorization will be at the Customer's discretion.

If no Aggregator is able to provide a valid contract for the Customer, then the program enrollment that is in conflict will be rejected.

If payments were made for all or part of the current year's Capability Period to an Aggregator that was found to not have a valid contract with a Customer, then the payments for that year, or part of that year, may be adjusted to reflect only those enrollments as to which that Aggregator possesses a valid Customer contract. Performance related damages (i.e., Capacity Non-Availability Offsets and Payments) and all other applicable fees may still apply.

## **17. Generation**

Except for Renewable Generation, Electric Generating Equipment is prohibited from operating under the BQDM DRP 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 (<http://www.coned.com/energyefficiency/pdf/maps.pdf>).

In other geographic areas, participation by diesel-fired Electric Generating Equipment will be permitted under BQDM DRP only if the engine for the equipment is model year 2000 or newer. Participation by such diesel-fired Electric Generating Equipment will be limited to 20 percent of the total kW enrolled under BQDM DRP for each DR Provider for each 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.

If a Direct Participant or Aggregator requests to operate Electric Generating Equipment for Load Relief purposes under BQDM DRP, the application must state generator information, including nameplate rating, manufacturer, date of manufacture, fuel type or energy source, and the kW enrolled using this equipment.

If applying for service under BQDM DRP, the application must also identify 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 or registrations must be included with the BQDM DRP application. By applying for service under BQDM DRP, 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.

## Performance & Baseline

Demand Response Providers are required to provide Load Relief during all Contracted Hours whenever the Company designates a Planned Event or Test Event for the BQDM Networks during the Capability Period. They may also voluntarily provide Load Relief if the Company calls an Unplanned Event. Demand Response Providers are required to provide Load Relief in the BQDM Networks for no less than four consecutive hours during each Planned Event or Test Event designated by the Company during the Capability Period.

### 18. Performance Factor

Load Relief of a Demand Response Provider will be measured on a portfolio basis encompassing all enrolled customer accounts in the BQDM Networks for each DR Product.

**Event Performance Factor:** When a Planned Event is called, the ratio of: (i) the average hourly kW of Load Relief provided during the Contracted Hours up to the kW of Portfolio Quantity to (ii) the kW of the Portfolio Quantity. The Event Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of 0.

**Test Performance Factor:** When a Test Event is called, the ratio of (i) the average hourly kW of Load Relief provided during the Contracted Hours up to the kW of the Portfolio Quantity to (ii) the kW of the Portfolio. The Test Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of 0.

**Annual Performance Factor:** If there are no Planned Events for a DR Product, the Annual Performance Factor is the Test Performance Factor. When one or more Planned Events are called for a DR Product, the Annual Performance Factor is the average of the Event Performance Factors during the Capability Period for that DR Product. The Annual Performance Factor is used to calculate Reservation Payments, Bonus Payments and Capacity Non-Availability Offsets and Payments for that DR Product. The Annual Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of 0.

## **19. Customer Base Line**

The weather-adjusted CBL will be used as the BQDM DR Baseline Verification Methodology for each Customer account enrolled under BQDM DRP, unless the application specifies that the average-day CBL is to be used for verification of performance, or the Company approves an Aggregator proposed alternate baseline at its sole discretion. A single CBL Verification Methodology will be used for each Customer account to assess both energy (kWh) and demand (kW) Load Relief.

## **Compensation, Fees, Offsets, & Securities**

Compensation to DR Providers will be determined as follows:

### **20. Portfolio Quantity**

The Portfolio Quantity is the Load Relief, measured in kW, that the DR Provider is responsible to deliver during a Planned Event or Test Event. The Portfolio Quantity equals the Cleared Quantity less any Deficient Quantity plus any Attachment Quantity. Reservation Payments, Performance Payments, Bonus Payments and Capacity Non-Availability Offsets and Payments are calculated based on the Portfolio Quantity. A DR Provider must have a minimum Portfolio Quantity of 50 kW for each DR Product after all adjustments to be eligible for these payments. Each DR Provider will have a separate Portfolio Quantity for each DR Product. DR Providers who are due compensation from Con Edison (i.e., Reservation Payment, Bonus Payment, and Performance Payment net of any Capacity Non-Availability Offsets) will be provided a single payment in November after the conclusion of the Capability Period for each applicable year (2017 and 2018).

### **21. Deficient Quantity & Early Exit Fee**

The DR Provider must declare any Deficient Quantity by February 15, 2017 for the 2017 Capability Period and by February 15, 2018 for the 2018 Capability Period. Any Deficient Quantity must be separately declared for each DR Product. If the DR Provider declares a Deficient Quantity, it must pay the Early Exit Fee, which is calculated as the product of the Deficient Quantity, multiplied by the Auction Clearing Price, multiplied by ten percent (10%). The Early Exit Fee must be paid to the Company by February, 21, 2017 for the 2017 Capability Period and February 21, 2018 for the 2018 Capability Period. If the Early Exit Fee is not paid in full by the due date, then such occurrence shall constitute an event of default under the Program Agreement and Con Edison shall have the right to terminate all or any portion of the DR Provider's Portfolio Quantity for any or all remaining DR Products. Any and all DR Products so terminated shall be deemed to constitute Deficient Quantity and the Early Exit Fee in respect thereof shall be due and payable within five (5) business days after demand for payment therefor is given by the Company. The Company shall have the right to draw upon the Letter of Credit to obtain payment of the Early Exit Fee.

### **22. Performance Payment**

The Company will provide a Performance Payment for participation in Planned and Unplanned Events at the rate of \$5/kWh (the "Performance Payment Rate"). A DR Provider's Performance Payment is based

on the DR Provider's portfolio for each DR Product. The Performance Payment for each BQDM DR Event will be the **lesser of**:

Load Relief for an entire event (both voluntary and mandatory portions) multiplied by the Performance Payment Rate, **OR**  
Portfolio Quantity multiplied by the duration of the event (both voluntary and mandatory portions) multiplied by the Performance Payment Rate multiplied by 2, **OR**  
Enrolled Quantity multiplied by the length of the event (both voluntary and mandatory portions) multiplied by the Performance Payment Rate multiplied by 2.

Test Performance compensation is paid for Test Events at the same Performance Payment Rate; however, performance compensation is capped at the load relief level of the Portfolio Quantity. The Performance Payment for Test Events is the lesser of:

Load Relief for the entire Test Event multiplied by the Performance Payment Rate, **OR**  
Portfolio Quantity multiplied by the duration of the test multiplied by the Performance Payment Rate

Performance Payments will not be made under the BQDM DRP if service is taken under Rider R of P.S.C. No. 10 Consolidated Edison Company of New York, Inc. Schedule for Electricity Service.

### **23. Reservation Payment**

The Company will make a Reservation Payment to a DR Provider for each DR Product in which the DR Provider has a Portfolio Quantity. The Reservation Payment is equal to the applicable Auction Clearing Price per kW per Capability Period multiplied by the DR Provider's kW of Portfolio Quantity multiplied by the DR Provider's Annual Performance Factor.

### **24. Bonus Payments**

If the Annual Performance Factor for a Demand Response Provider for a specific Demand Response Product is 1.00, the DR Provider shall be eligible for a 20% bonus in addition to the Reservation Payments to which it is entitled. The bonus payment is the product of the Auction Clearing Price for the Demand Response Product, multiplied by the Portfolio Quantity for the Demand Response Product, multiplied by 20%.

### **25. Capacity Non-Availability Offset or Payment**

Each DR Provider is expected to maintain an Annual Performance Factor for its Portfolio Quantity of at least 85%. If the DR Provider's Annual Performance Factor equals or exceeds 0.85, then no offset shall be applied and no payment shall be due. If the DR Provider's Annual Performance Factor is less than 0.85, then a "Capacity Non-Availability Offset" -- calculated as:  $(0.85 - \text{Annual Performance Factor}) \times \text{the DR Product's Auction Clearing Price}$  -- shall apply. If the DR Provider is subject to a Capacity Non-Availability Offset, then such amount will be withheld from any funds that are due to the DR Provider. If the amount of the Capacity Non-Availability Offset exceeds funds due the DR Provider, then the DR Provider shall pay the excess (the "Capacity Non-Availability Payment") to the Company within five (5) business days of its receipt of notification thereof from the Company. Any failure to render payment of

the Capacity Non-Availability Payment when due shall constitute a default under the Program Agreement and the Company shall have the right to draw upon the Letter of Credit to obtain payment thereof.

## **26. Payments by and to Con Edison**

The Company will pay the Reservation Payment, Bonus Payment, and Performance Payment due the DR Provider, net of any Capacity Non-Availability Offset and any unpaid Early Exit Fees, by November 20, 2017 for the 2017 Capability Period and November 20, 2018 for the 2018 Capability Period. Payments will be netted across all DR Products for a Capability Period for each DR Provider.

Any amounts owed to the Company by a DR Provider (such as any Capacity Non-Availability Payment and any Early Exit Fee) will be due within five (5) business days following issuance of an invoice or other demand for payment by the Company. If payment is not received by this date, the Company shall be entitled to draw upon the DR Provider's Letter of Credit. If the Company does not receive payment in full, the Demand Response Provider may be barred from current and future participation in other Company programs. If payment is not received for the 2017 Capability Period, the Company may vacate any award received by that DR Provider for the 2018 Capability Period. If the 2018 award is vacated, the DR Provider may be assessed the Early Exit Fee in full.

## **27. Contract Award & Acceptance**

Auction winners must review and sign the Program Agreement acknowledging that they will adhere to the BQDM Program Terms and Conditions as well as these BQDM DR Auction Rules and any other commitments set forth in the Program Agreement package within five (5) business days of award notification. If the Program Agreement and all documents referred to therein and due at the time of the Program Agreement are not executed by this date, the award will be vacated and, without limiting the Company's other rights and remedies at law or in equity, the DR Provider may be barred from participation in future auctions or programs.

# **Voluntary Participation**

## **28. Voluntary Participation Option**

The Company will accept applications for participation in a voluntary participation option of the BQDM DR Program at any time, provided the metering and communications requirements described herein are satisfied. The Company will make performance payments to a DR Provider enrolled in the voluntary participation option for any Load Relief provided during a designated Load Relief Period. The performance payment for voluntary participation is equal to the performance payment rate of \$5/kWh multiplied by the average hourly kWh of Load Relief provided by the DR Provider during the Load Relief Period multiplied by the number of hours that the Company requested Load Relief in the Network. The Demand Response Provider's performance is measured based on its entire portfolio enrolled in the voluntary participation option through the BQDM DR Program.

The Company will make performance payments due to Demand Response Providers participating in the voluntary participation option by November 20, 2017 for the 2017 Capability Period and November 20, 2018 for the 2018 Capability Period.