New York Energy Consumers Council

POWER MOVES

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INSIDE THIS ISSUE

MESSAGE FROM THE EXECUTIVE DIRECTOR


David F. Bomke, Executive Director

"If you cannot measure it, you cannot monitor it." In some form or another, that message has long permeated efforts to observe and control energy consumption. Another oft-repeated axiom is a bit more basic — "What you don't know CAN hurt you!"

This issue of ***Power Moves!*** explores several areas where energy data deficiencies demand greater attention. Below, I provide a brief update on Local Law 84, legislation passed in December 2009 mandating that owners of New York City buildings larger than 50,000 gross square feet benchmark their energy and water consumption using the EPA's Portfolio Manager system and report that information to the City.

Elsewhere, Ben Wallack of Levin Energy Advisors and Rebecca Lynch of Con Edison discuss challenges that have arisen since the massive installation of interval metering technologies in response to Public Service Commission mandates to hold customers responsible for their individual hourly consumption and contributions to reactive power burdens.

Finally, NYECC member Liberty Power shares insights on how customers' credit risks shapes their energy bills, and how customers can leverage that information to reduce their energy expenditures.

David F. Bomke
Executive Director

LOCAL LAW 84 (LL 84) — BENCHMARKING

Passage of the Greener Greater Buildings Plan, including Local Laws 84, 85, 87, and 88, in December of 2009 envisioned a progressive rollout of the laws to permit affected buildings time to learn how to comply. The Benchmarking Law (LL 84) is a particularly good example of that progression. The City was responsible for benchmarking its buildings the first time by May of 2010, reporting on energy and water consumption during 2009. The following year required benchmarking of 2010 consumption by May of 2011 and saw all of that data published by the Department of Finance. Last year also included a requirement for commercial, mixed use, and residential buildings larger than 50,000 gross square feet to benchmark their energy and water consumption by May of 2011, although the deadline was eased to encourage first-year participation, and that data will not be publicized. This year, no building should anticipate an easing of the May 1st deadline, and the information non-residential buildings report in May will be publicized in the fall. When residential buildings submit their 2012 data for benchmarking next May, however, they can expect to see that benchmarking data published next September.

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LOCAL LAW 84 (LL 84) — BENCHMARKING, continued

Tools developed by Con Edison last year to facilitate requirements for landlords to report directly-metered tenant energy consumption have been improved and will not require any manipulation. Con Edison will continue to charge landlords for the time necessary to consolidate this data. More information is available at http://www.nyc.gov/html/planyc2030/downloads/pdf/120210_coned_updates_2012.pdf. You may follow this link to secure guidance for securing this data from National Grid at http://www.nyc.gov/html/planyc2030/downloads/pdf/120216_national_grid_ll84_data_request.pdf.

For additional information on benchmarking, including guidance for training and helpful resources, follow http://www.nyc.gov/html/planyc2030/html/about/ggbp.shtml.

REDUCING CUSTOMER CREDIT RISK PREMIUM CAN LOWER SUPPLY RATES

Large Commercial Real Estate customers can have a positive impact on their electricity supply rate by providing retailers with the information, and time, they need to research their credit profile. That was the message Liberty Power delivered to the New York Energy Consumers Council (NYECC) on December 14, 2011 in New York City.

"When customers provide us with the time and information we need to assess their credit risk, they can see a real impact in their energy supply rate," says Milena Mitova, Senior Manager, Credit with Liberty Power.

Introduced by Liberty Power CEO, David Hernandez, Ms. Mitova delivered a presentation on reducing credit risk premiums to members of NYECC, the largest energy customer advocacy organization in New York State. Many members expressed surprise that New York utility Con Ed charges a 2.34% fee for their Purchase of Receivables (POR) Program. That fee is passed on to all customers who participate in consolidated billing. The POR fee will be increased to 2.45% in 2012.

If customers can provide adequate information to prove creditworthiness and are willing to accept a dual bill, they could see their credit risk premium reduced to zero.

"In addition to providing us with information, it is also crucial that customers give a supplier adequate time to research their credit risk," says Ms. Mitova. For example, customers should consider extending the turnaround time they expect for custom pricing. When suppliers have time to research and confirm credit risk they can reduce the risk premium built into supply rates.

Some of the information that suppliers like Liberty Power use to determine credit:

- Description and history of the company operations
- Important public facts, such as awards, legal proceedings, new projects, etc.
- Credit profile
- Payment history
- Corporate organization and subsidiaries
- Occupancy percentages and Rent Rolls
- Financial statements
- Liquidity
- Access to capital
- Debt
- Ratios (liquidity, leverage)

"Energy Procurement Consultants can really help their customers achieve the best possible rate when their customers provide suppliers with as much information as possible. A request for copies of invoices or Financial Statements is the clue to the customer or Consultant to engage and work with suppliers to potentially avoid a high risk Credit premium assessment due to little or no information," says Liberty Power Channel Manager Keena Hammond, also in attendance at the December 14 presentation.

Takeaway: Whenever possible, customers can proactively affect their supply rate by providing financial statements, balance sheet and income statement data, copies of current invoices, and being available for discussions with prospective suppliers. A standard Non-Disclosure Agreement will protect the customer's privacy while still giving the supplier the information needed to lower their risk premium and provide the best possibly energy supply rate.

CON EDISON METERING ISSUES AND THEIR IMPACT ON LARGE ENERGY CONSUMERS, by Ben Wallack, Levin Energy Advisors

Over the past few years, Con Edison's expansion of Mandatory Hourly Pricing (MHP) and implementation of a reactive-power demand charge has brought an increase in the number of interval meters and meter related billing issues. This increase in interval meters has resulted in additional customer problems related to the processing of meter data, most commonly caused by communication failures as well as through mechanical and human issues. As meter issues occur, billing will be either delayed or estimated, and at times, the interval data is not retrievable. This has become a growing concern for New York City and Westchester County commercial electric customers, as well as Con Edison. This brief article is an effort to increase awareness on the part of NYECC members in regard to their potential meter related operational and cost impacts.

How Con Edison Manages Meter Errors

There are a number of reasons why Con Edison would have to utilize estimated meter or interval data in its billing. The most common cause is communication failures between the meters and the utility, preventing Con Edison from retrieving interval-meter data on a daily basis. These communication problems are compounded by Con Edison's dense urban service territory and underground interval-meter population. Other causes are meters that become defective, connectivity issues between energy meters and the interval totalizers, human error in meter installations, and occasions when Con Edison is unable to obtain actual meters reads due to access issues, etc.

In addition, Con Edison performs a +/-4% tolerance validation between the physical kWh meter read consumption (total kWh in the meter period) and the total interval data consumption (each hour's electric usage) for the billing period. When the result is outside of the +/-4% window, the bill will not be automatically generated, and a personal review is conducted. If a metering problem is suspected, an inspection order is issued.

When interval data is not obtained from the meter, commodity cost problems arise. Specifically, without the actual hourly usage data it is impossible to calculate accurately the hourly energy costs (as required under the MHP rate) and for any customers buying energy from an ESCO in the Day Ahead or Real-time Markets.

If Con Ed is supplying the commodity under MHP, and interval data is not available, they will use that customer's hourly interval data from a comparable period, scaled to equal the consumption from the physical kWh meter reads.

When Con Edison is unable to retrieve interval data, it cannot be made available to the ESCO. The ESCO typically only receives the total kWh and peak kW for the billing period. In billing the commodity, the ESCO can use a methodology agreed upon between them and the customer. Unfortunately, most supply agreements do not address the occasion when interval data is not available and do not provide an adequate methodology and procedure to correct this circumstance. It is more likely that a supplier may bill the commodity without notifying the customer that the hourly usage is not actual data.

When the interval data is not available, the Con Edison bill is clearly annotated as being estimated. In most cases, when the communication failure or other issue is resolved, interval data is retrieved and a bill is re-rendered using actual information, and the data is made available to the ESCO.

The following are brief case studies of issues with Con Edison metering as provided by NYECC members:

- Example Case One – Utility Sub meter Data: One energy advisory firm recognized a meter data issue with a client's billing in late 2010. At a large Chelsea office building, six new meters installed due to the customer's service request for expansion were not relaying demand information to the interval totalizer for approximately 5 months. In about a month's time, Con Edison resolved the issue by reconnecting the demand meters, but a large impact was realized on the ESCO billing. The data dropout resulted in incomplete hourly data and gave the electric supplier the freedom to select its own load shape profile for billing. The supplier inaccurately applied the load shape of its entire portfolio to this large account. The ESCO's chosen shape had a lower load factor, result-

CON EDISON METERING ISSUES AND THEIR IMPACT ON LARGE ENERGY CONSUMERS, continued

ing in an overcharge on the index/floating energy cost. After the issues were recognized and corrected, the supplier reissued accurate bills and gave the client a credit in the hundreds of thousands of dollars. As there are no rules guiding the ESCO's application of hourly data under these circumstances, the ESCO's actions were completely legal and within the terms of the contract. Only the ESCO's recognition of the "unfair" cost calculation methodology and their desire to maintain a good working relationship with their customer facilitated the just result.

- Example Case Two – Meter Communications: For one commercial property management firm, their building on Park Avenue had its August 2011 bill estimated due to communication failure of the interval data beginning August 12th. Con Edison restored the communications on September 27th, retrieved the interval data for the August period, and reissued actual bills. In the time period between the receipt of the estimated bill and the revised actual bill, there was confusion between the management firm and Con Edison regarding the cause of the data failure and the need for the estimated billing. Ultimately the issue was resolved but not before both parties had to expend time and energy defining the problem. The billing issue was compounded when building tenants were re-billed and they contested the estimated sub metered costs, preferring to hold payment until actual re-bills were issued.

- Example Case Three – Interval Data Issues: An energy consultant has reported various issues with Con Edison. Primarily, interval data was unavailable online due to a slow transition to the CustomerCare website. The issue was resolved by obtaining the Interval Data Recorder (IDR) files from Con Edison. In addition, the consultant's clients who were eligible for Business Incentive Rate (BIR) credits did not receive them in September and October 2011 due to changes in the calculation methods of the credits. Con Edison has indicated the credits would be issued once the billing problems are resolved.

- At a separate property, a customer has projected its monthly costs using the IDR method for usage projections. Unfortunately, Con Edison does not use the IDR consumption data for billing; billed usage has varied from the IDR data by up to six percent in a given month. Although this difference is minimal over a long period of time, monthly variances have a large effect on customer projections. The customer asked Con Edison to use IDR, but Con Edison resisted the direct use of the IDR data because total consumption is billed from physical meter reads where interval data is used for peak demand and other time dependent billing components. Con Edison has also indicated that once the metering is exchanged for reactive power, that kWh meter reads will also be available via remote communications, and may be used for billing if the physical kWh meter reads create consumption that falls outside of the +/-4% tolerance window.

The above are some examples of problems that arise when communication failures and other complexities associated with interval meters occur. The best approach to resolving these issues is to contact your designated Con Edison representative by calling the number on your bill as soon as an issue is suspected. Unfortunately, identifying that you even have an issue is not always the easiest thing to do.

How To Identify Estimated Meter Data and Potential Load Shape Issues

Identifying the use of estimated meter data is not always obvious and can take some effort and investigation to confirm. Here are a few methods for catching these types of problems:

- Become familiar with the "Meter Detail" page of your Con Edison bill. There is data from both usage (kWh) and demand (kW) meters. If any of the reading types are annotated as 'Estimated', you have an indication of a potential metering issue, which could lead to the use of a pre-set or estimated load shape being used by the ESCO. If you have an ESCO providing an index based commodity (DAM or RTM), you should ask them to confirm that the hourly interval data was available from Con Edison for the period in ques-

CON EDISON METERING ISSUES AND THEIR IMPACT ON LARGE ENERGY CONSUMERS, continued

tion. Remember, Con Edison does not send hourly data to ESCOs when the hourly meter data is unavailable or beyond the 4% error tolerance.

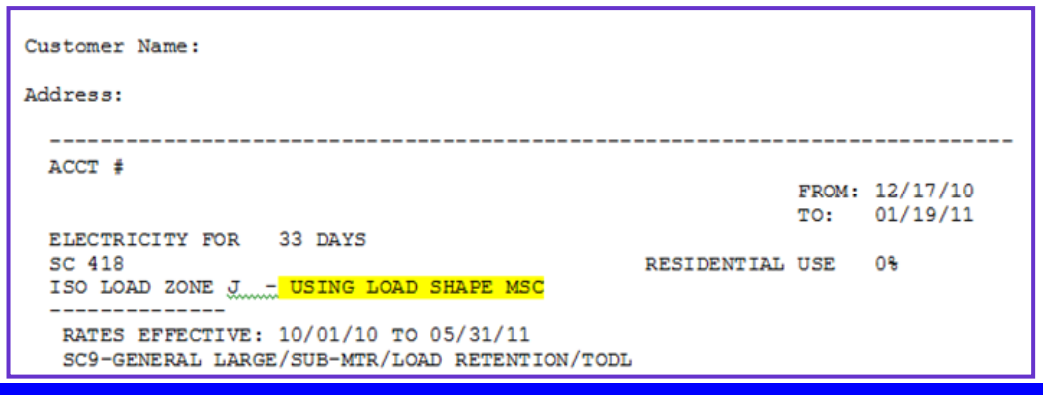
- To confirm that an account uses interval data for billing, the demand meter-item(s) on the Meter Detail page of the bill should have a "prior reading" of zero each month.
- If any of the demand meters on the Meter Detail page of the bill does not have a zero prior reading, that means that either the entire, or part of the load is not registered in interval data.
- If the Reading Type is 'Actual' on a demand meter-item with a prior reading of zero, then interval data was available for billing.
- If the Reading Type is 'Estimated' on a demand meter-item with a prior reading of zero, then interval data was unavailable or insufficient for billing.
- An additional "sanity check" can be made by comparing the total KWHRs from the individual KWHR utility meters on the Meter Details page with the actual interval data consumption accessible on Con Edison's Customer Care for Energy Management web site (www.coned.com/customercare). To gain a user ID and password for access, email a request to IntervalMetering@coned.com. A variance of more than 4% indicates that the interval data did not pass the tolerance test and a confirmation on the hourly billing from your ESCO may be warranted.
- If you suspect that an error may exist with the meter, you can contact your Con Edison representative. Other ways in which meter problems can be identified is to validate consumption and demand values on the bill with historical consumption and demand values.
- Customers can monitor their interval data daily for the state of communications and daily load patterns, and to check monthly for the consistency with billing.

Once you confirm that there is a meter data issue, you will want to determine its impact on your costs. If Con Ed is providing the commodity, you should call their Senior Customer Service Representative to discuss your concerns and clarify the use of an alternative load shape. If an ESCO is involved you will need to press them on providing details on the hourly usage data they used to compute your bill. Most reputable ESCOs will work with you to address these types of issues.

Con Edison Addresses Meter Issues

The increase in meter problems has not been ignored by Con Edison. There is still much work to be done on their part (see separate piece on their efforts in this newsletter.) Moving forward, Con Edison has set forth objectives for Summer 2012 to improve interval metering performance. They plan to contact Con Edison Demand Response customer's interval meters every 15-minutes during Con Edison Demand Response tests and events. This near real-time data will be available on the Curtailment Manager section of the Customer Care for Energy Management web site. Additionally, they plan on providing accurate load profiles based on the customer's portfolio and an overall assessment of current systems and options.

See Example #1, below



Customer Name:

Address:

ACCT #

FROM: 12/17/10
TO: 01/19/11

ELECTRICITY FOR 33 DAYS
SC 418 RESIDENTIAL USE 0%
ISO LOAD ZONE J - USING LOAD SHAPE MSC

RATES EFFECTIVE: 10/01/10 TO 05/31/11
SC9-GENERAL LARGE/SUB-MTR/LOAD RETENTION/TODL

CON ED ADDRESSES METERING ISSUES, by Rebecca Lynch, Con Edison

The expansion of mandatory hourly pricing (MHP) and the implementation of a reactive-power charge at Con Edison (for more information, *see ConEd.com/ReactivePower*) have increased the company's population of electric interval meters from approximately 1,000 in 2006 to 5,000 today. This trend is expected to continue until at least 2013, at which time Con Edison will have a total of 8,000 electric interval meters in service.

The installation of interval metering equipment on this scale has brought with it several systemic and technological challenges – all of which affect one of the service territory's most critical customer groups. However, Con Edison remains committed to providing all of our customers with exceptional service. For MHP and reactive power customers, this means providing timely and accurate bills, as well as the online availability of interval data and pricing signals. For access to our Customer Care for Energy Management website go to www.ConEd.com/customercare, which allows users to evaluate their metered data, view hourly prices from the New York Independent System Operator and create custom usage reports, contact us at IntervalMetering@ConEd.com. This address can also be used to obtain answers to interval metering questions.

In addition to ensuring that our customers have the information necessary to manage their energy consumption effectively, we examine every aspect of our customer service and outreach activities, our systems and processes, and our available communications and metering technologies on an ongoing basis. This includes benchmarking with other utilities in order to gain perspective and identify best practices. We do these things in an effort to improve continuously.

Ultimately, Con Edison is dependent on telecommunications companies to provide reliable daily communications with our interval meters. For this reason, we continue to work closely with these companies and have communicated to them our need for more rapid response times when it comes to communications installations and repairs. At the same time, our benchmarking efforts have

shown that, although we use similar metering and communications technologies as our peers, Con Edison's dense, urban service territory and underground interval meter population make these technologies far less viable for our customers. This drives us to look for new types of communications solutions. For example, we are currently conducting a pilot with a cable provider in which we are using cable to communicate with approximately 200 meter installations. We are also piloting new wireless technologies that are not traditionally used in metering applications in an effort to determine whether they are viable communications alternatives. And, we are studying advanced meter reading technology that can provide interval data downloads each month on the customer's scheduled meter reading dates. This has the potential to improve our ability to issue timely, actual bills to interval metered customers.

Con Edison offers both representatives and tools that are available to assist MHP and reactive power customers who are looking for smarter ways to manage their energy consumption. We encourage these customers to contact us at IntervalMetering@ConEd.com for answers to their questions, and for access to our Customer Care for Energy Management website ConEd.com/customercare, which allows users to evaluate their metered data, view hourly prices from the New York Independent System Operator and create custom usage reports.

2012 ENERGY NEW YORK AWARD NOMINATIONS NOW

Recognizing Innovation, Leadership, and Vision

The New York Energy Consumers Council, Inc. (NYECC) is fully committed to fostering innovation and leadership in New York's Energy Community. We recognize the critical need for vision, long-term planning, and prudent capital investment in the energy infrastructure that supports New York's economic engine.

Each year the NYECC honors organizations and/or individuals who have demonstrated exceptional qualities of vision, innovation, and leadership in strengthening the energy reliability and economic competitiveness of New York by presenting them with Energy New York Awards (ENYAs).

The Nomination Process

The NYECC is currently accepting nominations for 2012 ENYA Awards. Nominations can only be submitted by current NYECC members, but NYECC membership is not required by nominees. Nominees must be active participants in the energy community within Con Edison territory – the area served by the NYECC. The Nominating Committee will evaluate all nominees on the basis of individual contribution, leadership, originality, and uniqueness. NYECC members may nominate themselves or members of their organizations.

Applications in Word® or Adobe Acrobat® format can be downloaded from the NYECC web site, www.nyecc.com/ENYA.

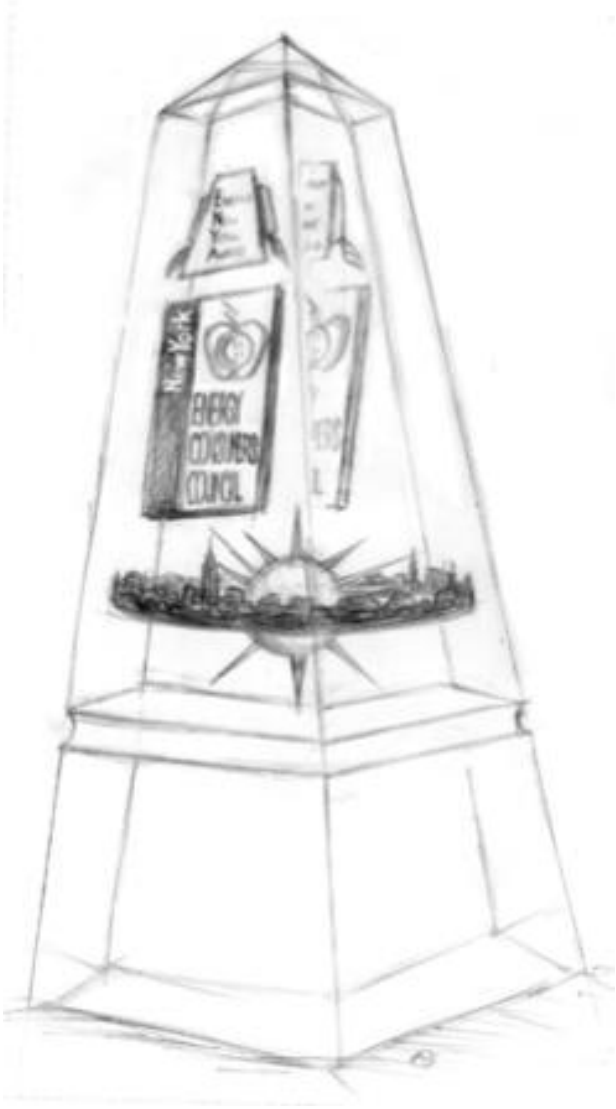
Nominations should be submitted to the NYECC by mail, fax, and/or e-mail prior to the close of business on April 30, 2012. Nominations should be mailed to the address below, faxed to the fax number shown below, and/or e-mailed to ENYA@NYECC.com.

2012 ENYA Nominations
New York Energy Consumers Council, Inc.
11 Pennsylvania Plaza FL 22
New York NY 10001-2006
212.356.0063 Fax

Information regarding the ENYA presentation ceremony itself will be made available in the near future. If you have any questions regarding the ENYA or the nomination process, please call David Bomke at (212) 356-0030 or e-mail him at David.Bomke@NYECC.com.

Also, if you would be interested in sponsoring -- or helping to sponsor -- some element of this year's ENYA presentation, please let him know that as soon as possible.

Previous ENYA recipients have included Eugene McGrath, Former Chairman and Chief Executive Officer of Con Edison; Douglas and Jonathan Durst, of the Durst Organization; John Gilbert of Rudin Management Company; Brian Schwagerl of the Hearst Corporation; David Greenbaum of Vornado Realty Trust; and Joseph Ienuso of Columbia University. Will your name be added to the list of winners this year?



NYSERDA WILL CONTINUE TO ACCEPT APPLICATIONS DURING CFA REVAMP, by Harris Schaer, NYSERDA

The New York State Consolidated Funding Application (CFA) process is part of Governor Cuomo's plan to provide a single point of access to multiple state funding sources for development projects. The CFA will be unavailable from February 28th through March 13th. NYSERDA has been receiving applications through the CFA since September 1, 2011 and will continue to utilize this process once the CFA is reopened.

In the meantime, NYSERDA will continue to accept applications to its open enrollment programs included in the CFA while the system is unavailable. Applicants seeking to participate in NYSERDA's New Construction Program, Existing Facilities Program, Industrial and Process Efficiency Program, and FlexTech will be redirected appropriately to a new site on February 28th. For additional information on the following programs, please click on the links below. Questions can be submitted to CFA@NYSERDA.ORG.

Existing Facilities Program
http://www.nyserda.ny.gov/Existing-Facilities

FlexTech Program
http://www.nyserda.ny.gov/Page-Sections/Commercial-and-Industrial/Programs/FlexTech-Program.aspx

Industry Process and Efficiency
http://www.nyserda.ny.gov/Page-Sections/Commercial-and-Industrial/Programs/Industrial-and-Process-Efficiency.aspx

New Construction Program
http://www.nyserda.ny.gov/Page-Sections/Commercial-and-Industrial/Programs/New-Construction-Program.aspx

For more information about on-going efforts of the Regional Economic Development Councils and the next round of the CFA, please visit http://nyworks.ny.gov/

MEMBERSHIP VALUE

For nearly sixty years, the NYECC, operating prior to 2004 as the Owners' Committee on Electric Rates (since 1953) and the New York Energy Buyers Forum (since 1992), has helped secure energy bill savings (avoided costs) for its members of approximately $10 for every $1 paid in member dues. No other organization is exclusively focused on the shared interests of large commercial, industrial, and institutional energy consumers in Con Edison's electric, gas, and steam service franchises. The NYECC is committed to economic, reliable, and environmentally responsible energy production, delivery, and use in New York City and Westchester County. NYECC members are committed to active control of their own energy destinies. Although NYECC's intervention in the legislative and regulatory arenas benefits all large consumers in Con Edison's territory – including both members and non-members, only NYECC members benefit from the organization's breadth and depth in specific issue advocacy at both Con Edison and the PSC.