

# End Use Consumers

## **October 17, 2000 NYISO MC/Board Liaison Meeting NYSERDA Comments**

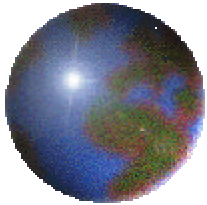
### Transmission Planning

- NYS Reliability Study
- Integration of Generation and Transmission
- Reliability = Security and Adequacy
- Financial Mechanisms for Transmission Enhancements

### Fuel Diversity and Interactions with Other Energy Sectors

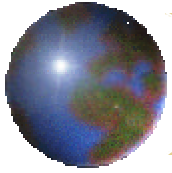
- Increasing Reliance on Gas with Back-up Distillate Oil
- In 1998, Total Gas Consumption was 1,108 TBTU/year
- 20 Article X Units Could Require 710 TBTU/year (64%)
- Current Peak Gas-Day Capacity about 5,700 to 6,000 MDT
- New Generation Could Require 1,800 to 2,500 MDT of Capacity

Strongly Support Price-Responsive Load Effort



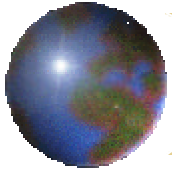
# *NEW YORK CITY PRESENTATION*

ISO Should Manage The Transition  
Between Regulation and Competition



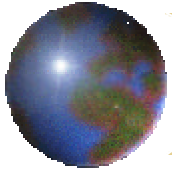
## *Grand Bargain of Deregulation*

- ❖ Stranded costs are recovered and consumers are able to take advantage of lower prices in the wholesale market
- ❖ This is why customers understood that deregulation would result in lower retail prices



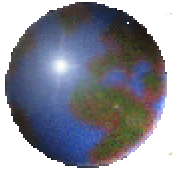
## *Who Benefits From Stranded Costs Recovery?*

- ✿ It was not just the utilities
- ✿ Generators with above-market PURPA contracts were guaranteed payment



## *It's Not Just Market Flaws*

- ✦ Given the grand bargain, consumers would have the right to some protection from price spikes even if they did not result from market flaws
- ✦ Unfortunately, there are numerous market flaws that have further undermined consumer confidence in the deregulated market



## *Conclusion*

- ❖ The ISO's job is not just to implement a free market – it must manage the transition between regulation and a free market
- ❖ The ISO must implement tougher price controls – even cost-based or discriminatory bidding --that can gradually be lifted as market flaws are eliminated and stranded cost recovery ends