

# NYISO MC Meeting June 12, 2007

## Some Current Key Electric Cases Before the NYPSC

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# Key Electric Cases

- **Case 06-M-1017 -Phase I**  
**Utility Supply Portfolio – Hedging Case**
- **Case 06-M-1017 -Phase II**  
**Long-Term Contracts and Planning Case**
- **Case 07-M-0548**  
**Energy Efficiency Portfolio Standards Case**
- **Case 03-E-0640**  
**Revenue Decoupling Mechanism Case**
- **Case 03E0641**  
**Mandatory Hourly Pricing**
- **Case 02M0514**  
**Advanced Metering Initiative**
- **Case 07-M-0458**  
**Review of Retail Access Policies Case**
- **Case 03-E-0188**  
**Renewable Portfolio Standard**
- **Several Electric Rate Cases**

# Case 06-M-1017 -Phase I

## Hedging Case

- Order issued in April - the Commission decided that utilities should continue to provide stable rates for mass market customers
- Electric utilities should develop price volatility metrics and guidelines for limiting volatility, and provide aggregate supply portfolio price information on a quarterly basis
- The ‘value’ of hedges entered into by utilities should be flowed through utility commodity rates
- The case is now in a compliance phase

## Case 06-M-1017 -Phase II

### Long-Term Contracts and Planning Case

- The Commission issued *11 questions* for comment regarding the role of integrated, statewide resource planning and long term contracts.
- Comments on the questions and issues were filed by 28 parties on June 5, 2007.
- Reply comments are due by June 25, 2007
- Questions surround three major themes: should there be a statewide long term resource planning process, should the PSC encourage long term contracts by utilities and other entities to facilitate new generation, and how would that process harmonize with the current NYISO market?

# Statewide Resource Planning Related Questions

- Questions for Discussion:
  - Should there be a statewide Integrated Resource Planning (IRP) process to examine long-term electric resource needs?
  - How would such a planning process build on the existing NYISO Comprehensive Reliability Planning Processes (CRPP) and ‘Economic’ Planning Process?
  - What are the roles of utilities and other stakeholders?
  - How should it differ from previous IRPs?
  - What issues should be addressed in the plan?
  - How do we ensure that resource portfolios at the utility and statewide level satisfy overall planning objectives and public policy goals?

# Long Term Contracts Related Questions

- Questions for Discussion
  - Should major electric utilities be required or encouraged to enter into Long Term Contracts (LTC) with existing or proposed generators (and DSM resources)?
  - Should such LTCs be entered into for the purposes of public policy reasons (e.g. improving fuel diversity, environmental, market power mitigation)?
  - Should LSEs other than utilities, NYPA/LIPA, be encouraged/required to sign LTCs?
  - Should resource procurement be coordinated on a statewide basis?
  - What regulatory oversight would be appropriate?
  - Should restrictions or guidelines be imposed on resource procurement practices?
  - How should LTC costs be recovered?
  - Can and how should LTCs be harmonized with existing NYISO rules for energy and capacity markets?

## Case 07-M-0548

### Energy Efficiency Portfolio Standards Case

- The Commission instituted a proceeding in May to establish an *Energy Efficiency Portfolio Standard*.
- The Commission's Order establishes a target for New York's electricity usage, reducing it by 15% from expected levels of 2015.

# Energy Efficiency Portfolio Standards Case (cont'd)

- The benefits of energy efficiency include:
  - forestalling the building of new generation
  - reducing use of finite fossil fuels
  - reducing customers' energy bills
  - developing independent energy sources for NYS to reduce energy imports
  - mitigating the environmental impacts of burning fossil fuel for energy, i.e. greenhouses gases.
- Balance cost impacts, resource diversity and environmental effects - decrease the state's energy use through increased conservation and efficiency.
- Staff is directed to immediately prepare energy efficiency program design proposals, with a report from the ALJ by June 29, 2007.

# Case 03-E-0640

## Revenue Decoupling Mechanism Case

- In April the Commission issued an Order in this proceeding in April to examine potential delivery rate disincentives against the utilities' promotion of energy efficiency, renewable technologies and distributed generation.
- Commission is concerned that while some progress has been made by shifting recoveries of utility fixed delivery costs to fixed charges, existing rate designs still may discourage utilities from actively promoting energy efficiency.
- The Commission ordered the utilities, in their rate cases, to develop and implement mechanisms that true-up forecast and actual delivery service revenues and, as a result, significantly reduce or eliminate any disincentives caused by the recovery of utility fixed delivery costs via volumetric rates or marginal consumption blocks.

# Case 03E0641

## Mandatory Hourly Pricing

- September 2005 Order required the filing of tariffs for MHP and providing for responses
- April 2006 Order addressed petitions, adopted MHP, and addressed the individual utilities' tariff filings
- Utility Implementation Dates:
  - Central Hudson – pre-existing since 2005 for all SC 3 & Sc 13 customers
  - Con Edison and O&RU >1500kW – May 1, 2006
  - Natl. Grid – SC-3A since 1998
    - SC-3 >500kW September 2006
    - SC-3 remainder phased in
  - NYSEG/RG&E >1000kW – January 2007
- Total load subjected to MHP in NYS: 5,348 MW
- Survey of MHP eligible customers six months after utility implementation
  - Surveys to summarizing short-term results, customer reactions, party complaints, issues and areas for improvement
  - Con Edison and O&R submitted reports January 24, 2007
- Staff Report on MHP to Commission due April 2008

# Case 02M0514

## Advanced Metering Initiative

- August 1, 2006 AMI Order issued, including:
  - the policy to encourage customer meter ownership and competitive provision of electric meter services to certain electric customers was continued
  - acknowledgement that advanced metering infrastructure was necessary to realize the State's energy policy goals
  - gas utilities were directed to assess the feasibility of developing, offering, and installing advanced metering systems for large volume gas customers and were required to provide access to meter data to customers with annual usage in excess of 5,000 dekatherms
  - revisions were made to the Electric Meter Manual clarifying that the individual competitive metering functions (meter ownership, meter services, and meter data services) can be purchased separately by the electric customer
  - all electric utilities required to file a comprehensive plan for advanced electric metering systems by February 1, 2007, including AMR capability
- Staff has reviewed the filings and begun to meet with individual utilities on their plans

# Case 07-M-0458

## Review of Retail Access Policies Case

- The Commission instituted a proceeding in April to review retail access policies and practices intended to foster the development of competitive retail energy markets.
- The objective of this proceeding is to review programs and practices to determine their effectiveness in removing barriers, examine the costs of these initiatives and the extent to which those costs are borne by ratepayers and determine the need to continue these programs and the potential harm of discontinuing those programs.
- In 2004, the Commission issued a Retail Market Policy Statement outlining strategies intended to further stimulate market development. These best practices were implemented and evaluated in various proceedings and utility rate plans.
- Currently, there are more than 100 ESCOs eligible to do business in NYS.
- ESCOs serve more than 1.3 million customer accounts, accounting for about 40% of NY's electric usage and 46% of gas usage.
- Comments from the parties in the case are due June 21, 2007.

# Status of Renewable Portfolio Standard

- First solicitation in 2004 resulted in 7 renewable energy projects awarded \$166.4 million for 821,617 MWh, with contracts beginning January 1, 2006.
- April 2007, NYSERDA awarded \$295 million in contracts to 21 generators including: 10 hydro facilities that will be upgraded; 9 new wind facilities; and 2 biomass facilities. Average price is \$15/MWh.
- New contracts estimated to produce 2.6 million MWh of electricity annually.
- State has achieved approximately 30% of the incremental goal to reach 25% of the state's electricity being produced by renewable energy resources.
- Goals and targets may need to be readjusted based on the Energy Efficiency Portfolio Standard
- Program review expected in 2009