

STATE OF NEW YORK

# Public Service Commission

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FOR RELEASE: IMMEDIATELY

09043

## **ADEQUATE SUMMER ELECTRICITY SUPPLY ANTICIPATED**

— Commission Implements Summer Outreach and Education Efforts —

Albany, NY—05/14/09—The New York State Public Service Commission today received an update from the Staff of the Department of Public Service (Staff) outlining electric utilities' summer preparedness in terms of addressing transmission and distribution reliability needs, and price volatility for residential and small commercial and industrial customers who take electric supply service from the utilities.

“Efficient use of energy during the summer is the most effective tool we have to help meet peak electricity demand and lower customers' bills,” said Commission Chairman Garry Brown. “While the growth of peak electricity demand has been modest over the past several years, and the forecast for summer wholesale electric market prices is lower this summer, it still will make financial sense for consumers to use less energy. Exactly how much money will be saved on utility bills because of lower supply prices will depend on a variety of factors, but participation in new energy efficiency programs that have been created will undoubtedly help consumers lower their energy bills further.”

In New York State, the most severe peak load conditions on the electric system occur during the summer periods. As a result, utilities focus on preparing for the upcoming summer, particularly in areas where growth rates are high. Utilities use load flow analysis and other computer aided modeling tools to provide accurate impacts on the transmission and distribution systems based on peak load forecasts.

Staff monitors utility preparation efforts, reviews status reports, and conducts onsite visits of new equipment installations to ensure that the utilities adequately address the summer preparedness of electric distribution systems. Overall, Staff is satisfied with the completion of or process for completion of projects the utilities identified as necessary in order to be prepared for the 2009 summer period. Staff will continue to track and monitor these efforts, as well as any utility contingency plans, if necessary.

In preparation for the summer capacity season and the needs of the electric transmission system, Staff reviewed the condition and status of the electric systems of all New York State transmission owners and assessed the operational readiness of the companies. Staff also conducted a meeting with operating managers at the New York Independent System Operator (NYISO) to evaluate the adequacy of the State's bulk electric system to meet summer peak load and review operating procedures NYISO has in place to maintain reliability of the system.

Transmission owners were requested by Staff to respond to inquiries about the performance of the transmission system last summer, repairs and new construction completed since last summer, current status of the transmission system, the adequacy of the system to serve load, the availability of spare equipment, inspection and patrol of lines and substations, performance of scheduled maintenance, emergency operation measures available for use by their operators including demand response measures, and whether any known problems exist on the system that could affect their ability to reliably serve load this summer.

Based upon the information received from transmission owners and discussions with the NYISO, Staff believes that there will be adequate electric supply to meet the demands of New York customers this summer and that the transmission system should be adequate to deliver the energy to all parts of the State.

In its 2007 Supply Portfolio Order, the Commission decided that electric utilities should engage in hedging practices (fixed price contracts for energy procured) intended to reduce the volatility of the commodity prices they charge residential and small commercial customers electing to take supply service from them instead of alternative providers. At that time, the

Commission indicated mass market customers generally find the restraints on electric commodity price volatility that utilities are able to achieve beneficial, because those customers are generally risk-adverse.

The Commission's Supply Portfolio Order requires utilities to establish methods for measuring volatility, and to set goals for constraining price volatility to acceptable levels; and the 2008 Reporting Requirements Order requires utilities to submit a quarterly report on electric supply prices and volatility.

Based upon the data provided by the utilities, Staff reported to the Commission that the general trend is for lower wholesale electric market prices for the 2009 four month summer period compared to the 2008 summer period due to decreases in input fuel prices for natural gas, oil and coal. However, given existing legacy hedges, residential customers might not experience the full magnitude of current market price decreases. Instead, current prices will be averaged into customer billings over a period of time.

The Commission's Staff will be implementing an extensive consumer awareness campaign to alert New Yorkers to the State's electric supply and demand outlook for summer 2009. A strong outreach and education program also supports the energy conservation and efficiency programs that are needed to help ensure that the State meets its goal of reducing New York's energy consumption and to help consumers lower their energy bills.

For information on how to lower energy costs this summer, call the New York State Public Service Commission at 1-888-Ask-PSC1 (1-888-275-7721), or visit the Commission's [www.AskPSC.com](http://www.AskPSC.com) Web site. Information regarding energy efficiency programs is also available from the New York State Energy Research and Development Authority (NYSERDA) by calling 518-862-1090 or toll-free at 1-877-NY-Smart, or by visiting NYSEDA's [www.GetEnergySmart.org](http://www.GetEnergySmart.org) Web site.