

STATE OF NEW YORK

Public Service Commission

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11050/10-E-0050

NATIONAL GRID'S COMMERCIAL PRICING OPTIONS EXPANDED — New Variable Pricing Will Spur Large Customers to Conserve Energy —

Albany, NY—6/16/11— The New York State Public Service Commission (Commission) today authorized National Grid to implement a plan to expand mandatory hourly pricing (MHP) to customers with demand greater than 250 kW. Previously, the utility was only required to offer MHP to customers with a demand greater than 500 kW.

“Electricity is a commodity, and like any commodity prices rise and fall with changes in demand,” said Commission Chairman Garry Brown. “Expanding mandatory hourly pricing will create more of an incentive for commercial and industrial customers to better control electricity usage, and thereby control utility expenses; such customers also benefit because they will see a greater opportunity to reduce overall operating costs.”

National Grid was the first New York utility to implement MHP for its commercial and industrial customers. In 1999, the company’s largest customers with demand of 2 MW and above were put onto MHP. In 2006, the company expanded MHP to large general service customers with billing demands at or above 500 kW. There are currently 891 customers in the National Grid MHP class; this expansion would more than double the number of customers in the class.

The expansion of hourly pricing benefits the electrical system through potential reductions to peak period prices, enhanced peak period reliability, and wholesale market power mitigation.

The Commission has also found that hourly pricing yields more equitable customer bills than does the existing, less exact, average energy rate.

The implementation plan calls for National Grid to identify qualified customers; select and obtain Commission approval of appropriate metering equipment; order and install metering equipment for qualified customers; provide customer outreach and education about the MHP tariff and tools for customers to understand their load; and finally to commence hourly commodity billing. Metering equipment should be installed by June 1, 2012. It is expected that hourly commodity billing will begin in June of 2013.

Based on 2010 billing data, the company has identified 991 customers that meet the criteria of six consecutive months of demand greater than 250 kW in the 12 months ending December 2010. While the meters are being installed, the company will send a first mailing providing background information on the MHP program and advise customers that a new interval meter will be required at their facility. Once meter installation is complete, a second mailing will invite customers to attend one of the company's planned seminars in its service territory.

As part of this decision, National Grid commits to begin a voluntary hourly pricing program immediately upon completion of the seminars. The company will submit a proposal regarding implementation of the voluntary hourly pricing program for Commission approval. The program will be available to all demand metered customers not required to take service under the mandatory hourly pricing program.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us and entering Case Number 10-E-0050 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).