

STATE OF NEW YORK

# Public Service Commission



**Further Details:**

**James Denn at NYSPSC**  
James.Denn@dps.ny.gov | 518.474.7080

**Connie M. Cullen at NYPA**  
Connie.cullen@nypa.gov | 914.390.8196

**PSC & NYPA SEEK TO REVERSE FEDERAL DECISION THAT WOULD INCREASE ENERGY BILLS BY \$350M IN LOWER HUDSON VALLEY — Ask Feds to Consider How Governor Cuomo’s Energy Highway Blueprint Will Address Downstate Energy Needs —**

Albany, NY—09/25/13—The New York State Public Service Commission (PSC) and the New York Power Authority (NYPA) today announced that they are seeking to have a federal energy regulator reverse a recent decision that, if let stand, will result in a potential \$350 million in annual electric bill increases to customers in the lower Hudson Valley and in the construction of new unnecessary power projects downstate.

The PSC, NYPA, and several other New York utilities, each filed petitions requesting the Federal Energy Regulatory Commission (FERC) to reconsider its decision to allow the New York Independent System Operator (NYISO) to make changes in the wholesale market for electric generation capacity, because of its adverse impact on New York electricity customers.

The NYISO plan would create a new capacity zone that would include New York City and the lower Hudson Valley with the purpose of attracting new investments for additional power plants. However, the bulk power transmission projects proposed in response to Governor Cuomo’s

Energy Highway initiative will bring lower cost upstate power to the Lower Hudson Valley and New York City region, thereby potentially negating the need for FERC to offer financial incentives to build more power plants downstate.

“We strongly urged FERC to reconsider its decision to create a new capacity zone in New York, which it says is needed to build more power plants downstate to alleviate demand for electricity,” said PSC Chair Audrey Zibelman. “We are well aware of the downstate demand for electricity, a fact highlighted by Governor Cuomo’s Energy Highway Blueprint. However, in its decision, FERC did not take into consideration the ongoing initiatives included in the Governor’s Energy Highway Blueprint designed to resolve transmission constraints between upstate and downstate without needlessly burdening consumers.”

The new capacity zone will result in a rise in customer electricity bills. According to the PSC’s analysis, if FERC’s plan goes into effect, typical residential customers in the lower Hudson Valley could see monthly electric bill increases ranging from 5 percent to almost 10 percent, depending on the utility. The increases for industrial and commercial business customers could be even higher.

“Creation of a permanent new capacity zone undermines the Governor’s Energy Highway initiatives,” said Gil C. Quiniones, NYPA President and Chief Executive Officer. “The Energy Highway pursues a long-term solution to deliver lower cost upstate power to the downstate area by reinforcing the transmission system. This proposed new capacity zone will take money out of the pockets of ratepayers and result in a windfall of profits for existing power plant owners in the region.”

The NYISO plans to implement the new zone by May 1, 2014. The PSC is asking FERC to delay implementing its decision until 2017. Further, to account properly for the Governor’s Energy Highway initiatives, the PSC requests that FERC direct the NYISO, the entity overseeing the wholesale electricity market, to analyze the estimates of long-term prices that will result from the Governor’s initiatives to ease congestion. Without such analysis, FERC cannot properly assess

whether it is causing more harm than good, and whether consumers might end up paying hundreds of millions of dollars for unneeded power plants.

In addition to failing to account for ongoing initiatives to deliver lower cost power downstate, the PSC said the new zone would not get new generation built over the short-term, since suppliers would be looking to the longer-term price signals that result from the State's initiatives, and not the short-term price spikes associated with implementing the new zone at this time. FERC's plan will require ratepayers to pay hundreds of millions of dollars in unjust and unreasonable increased installed capacity costs.

Governor Cuomo's Energy Highway Blueprint is a comprehensive initiative issued one year ago that will rebuild and rejuvenate New York State's electric power system and enable the state to meet the needs of a 21st Century economy and society by adding up to 3,200 megawatts (MW) of additional electric generation and transmission capacity and clean power generation. The 3,200 MW outlined in the initiative will provide enough energy to power approximately 3.2 million homes.

The complete Public Service Commission filing with FERC can be found on the PSC's Web site at [www.dps.ny.gov](http://www.dps.ny.gov), and clicking on "Electric" and then "Federal Energy Regulatory Commission (FERC) Filings" listed under "Electric Topics". 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).

The complete New York Power Authority filing with FERC can be found on FERC's Web site at: [http://elibrary.FERC.gov/idmws/file\\_list.asp?accession\\_num=20130912-5099](http://elibrary.FERC.gov/idmws/file_list.asp?accession_num=20130912-5099)