

STATE OF NEW YORK

Public Service Commission

Audrey Zibelman, Chair

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn

James.Denn@dps.ny.gov | 518.474.7080

<http://www.dps.ny.gov>

<http://twitter.com/NYSDPS>

14028

PSC AGAIN PRESSES FERC TO RECONSIDER DECISION

— Higher Energy Prices for Downstate Consumers Unless FERC Reverses Course —

Albany, NY— 04/28/14 — The New York State Public Service Commission (PSC) today presented new information to the Federal Energy Regulatory Commission (FERC) that shows downstate consumers face even higher energy prices than expected this summer as a result of FERC’s decision to create a new capacity zone in the lower Hudson Valley.

“Consumers in the lower Hudson Valley suffered terribly from high energy prices this past winter, and now they face moving into a summer period of high energy prices with no financial relief in sight,” said Commission Chair Audrey Zibelman. “The new capacity zone FERC is creating only serves as a windfall for incumbent generators. It does not provide any value to consumers. Given the importance of this matter to residents of the lower Hudson Valley, we ask that the Commission act promptly on our petitions for rehearing.”

Based on the PSC’s most recent analysis, unless FERC cancels or suspends its controversial decision to restructure wholesale price rules in the lower Hudson Valley, consumers in that part of the state will see a \$280 million annual increase in electricity bills — 22 percent more than what was predicted just a few weeks ago.

Compounding the impact on lower Hudson Valley consumers is the expectation that summer electric energy prices might be higher than normal. The anticipated higher price is reflected in the futures market for electricity in the lower Hudson Valley that show a 20 percent increase in

prices over last year, which could lead to more than \$70 million in increased electricity costs for the lower Hudson Valley, June through September.

The projected increase in prices from the new capacity market and greater summer usage comes on the heels of the sharp price spikes this past winter months ranging from 44 percent to as high as 130 percent on a statewide basis. Without FERC changing its course, lower Hudson Valley consumers will get no respite from high electricity prices this summer.

The letter to FERC is the third such request made by the PSC. The State's energy regulator has staunchly opposed to the imposition of the new capacity costs; arguing instead to allow the State time to develop strategies that would enable more electricity to be transferred from upstate New York to the downstate area, which would mitigate the need to burden consumers with higher expenses.