

STATE OF NEW YORK

Public Service Commission

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ADEQUATE ELECTRICITY SUPPLY FOR SUMMER EXPECTED — Downstate Demand Response Enhanced —

Albany, NY—05/19/11—The New York State Public Service Commission today received an update from the staff of the Department of Public Service 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.

“Addressing the state’s electric system’s reliability and supply needs remains a high priority concern,” said Commission Chairman Garry Brown. “Our assessment of the state’s utilities’ preparedness to meet the upcoming summer loads indicates that the system is ready and able to provide adequate and reliable service this summer.”

Staff reported to the Commission that a review of the supply of electric generation capacity and transmission system condition in the state indicates that the system is ready to provide adequate and reliable service for this summer. The New York Independent System Operator (NYISO) reports that there are adequate generation and demand side resources to provide necessary supplies of energy and reserves to meet the summer load projections. All transmission owners also report that they are able to meet peak projected loads in all areas with all circuits in service.

Staff noted that given the dense population and unique characteristics of Consolidated Edison of New York, Inc’s (Con Edison) service territory, the company continually has the highest loads in its area during the summer months. To help redress this situation, the company continues to offer

its load relief programs—Direct Load Control (DLC) Program and the Rider U-Direct Load Relief Program—available for deployment during high load system conditions.

DLC program participants reduce their demand by taking direct control of and cycling central air-conditioning loads during system emergencies called by either the New York Independent system Operator or Con Edison. Rider U program participants provide demand response through load reductions or operation of on-site generation when Con Edison determines the load relief is needed on a network level in return for financial incentives.

Additionally, Con Edison has two demand response programs to reduce system peak load—Rider S-Commercial System Relief Program and the Rider T-Critical Peak Rebate Program. Under both programs, large commercial or industrial program participants receive financial incentives to reduce load during events which are called by the company when the day-ahead forecasted load level is at least 96 percent of the forecasted summer system-wide peak.

Overall, the number of localized summer preparedness projects has stayed relatively the same from last year's levels. The utilities indicated to staff that overall loadings across the state have not significantly increased in recent years. Also, the recent completion of a number of major capital projects, with increased capacities and new circuits added throughout the service territories, has reduced the need for smaller summer preparedness projects, such as load transfers and added capacitors.

Staff will continue to closely monitor system conditions daily throughout the upstate and downstate regions and report any event that occurs that threatens service disruptions, or reduce power transfer capabilities.

Staff also reported to the Commission that the utilities have taken steps to reduce price volatility of their estimated May 2011 through April 2012 commodity needs through fixed and indexed hedges. Generally, residential and small commercial and industrial customers or mass market customers electing to take supply service from utilities instead of alternative providers are more

risk-averse. Mass market customers can benefit from the restraints utility hedges provides on electric commodity price volatility.

Based on current projections from the New York Mercantile Exchange (NYMEX) data, summer electric prices—June through September— are forecast to be lower than last summer’s actual prices. Actual prices can vary from the forecasts due to a number of factors such as weather and economic conditions.

Staff’s slide presentations on 2011 Electric Summer Preparedness, when available, may be obtained by going to the Commission’s Documents section of the Commission’s Web site at www.dps.state.ny.us and entering Case Number 11-E-0162 in the input box labeled “Search for Case/Matter Number.” Many libraries offer free Internet access. Staff’s report may also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-7080).