

STATE OF NEW YORK

# Public Service Commission

Garry A. Brown, Chairman

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## **NY'S SMART GRID PROJECTS MOVE AHEAD — Important Steps Taken to Create Future Electric Grid —**

Albany, NY—10/14/10—The New York State Public Service Commission (Commission) today voted to grant Consolidated Edison Company of New York, Inc.'s request to establish a surcharge to collect certain costs related to smart grid projects approved under the American Reinvestment and Recovery Act (ARRA) of 2009 by the Commission and the U.S. Department of Energy (DOE). The Commission also voted to allow five other utilities to establish deferral mechanisms to collect the costs of approved ARRA projects in New York.

“The smart grid promises the deployment of new technologies that could help utilities become more efficient and help modernize the existing transmission and distribution grid,” said Chairman Brown. “The technological advances now becoming available will help utilities streamline and manage operations and will empower consumers with a greater ability to control electricity consumption and costs.”

As part of the ARRA initiative, the federal government will provide \$392.5 million for several smart grid projects proposed by New York's utilities. Con Edison will receive the largest share of the award; its projects include \$136.2 million for transmission and distribution projects under the DOE's smart grid investment grant program.

Meanwhile, under that same DOE program, the New York Independent System Operator (NYISO), on behalf of transmission owner utilities, will receive an award of \$37.4 million for statewide capacitor banks and phasor measurement units to help enhance the reliability and

efficiency of the bulk electricity grid and provide the foundation for further development of smart grid infrastructure in New York State.

Con Edison, along with its partners, also received a DOE award of \$45.4 million under the DOE's smart grid demonstration program to fund a scalable smart grid model. National Grid, along with its partner Premium Power Corporation, was awarded \$6.1 million by DOE to demonstrate competitively priced advanced flow batteries.

In compliance with the order authorizing recovery of stimulus project costs and subsequent to being notified by the DOE of the grants awarded, the six New York investor-owned electric utilities filed surcharge mechanisms to recover costs associated with projects approved by the DOE and the Commission.

A surcharge recovery approach would provide the utilities the benefit of receiving timely cost recovery of incremental depreciation, operation and maintenance expense, taxes, and a cash return on their investments once projects are placed in-service. From the utilities' standpoint, surcharge recovery improves cash flow and the related financial metrics. A surcharge approach would benefit customers with lower rate impacts since they pay for project costs as they are placed in service.

Con Edison plans to recover \$145.2 million gradually from its customers for its ARRA projects via a surcharge. The utility estimates that impact on the average residential customer would be approximately \$0.28 per month, or about \$3.36 annually, or 0.24 percent of the total billed charges. Con Edison estimates the impact of the proposed surcharge on commercial customers at various levels of usage to be less than 0.3 percent of their monthly bills.

The remaining utilities will defer the costs associated with a significantly reduced scope of projects. Due to significantly reduced funding, the utilities surcharge proposals other than for Con Edison will not be established. Rather, the costs of the projects will be deferred for consideration in future rate cases.

National Grid will recover costs associated with its portion of the NYISO capacitor bank installation project and the statewide phasor measurement network project and the energy storage demonstration project, which is to demonstrate competitively priced advanced flow batteries. It estimates that its portion of the NYISO projects' costs would be about \$19 million and the cost of the advanced flow batteries project to be approximately \$2.3 million.

Other utilities will also share in NYISO project costs. Central Hudson Gas and Electric Corporation estimated its portion of the NYISO project would be \$3.3 million, while Rochester Gas & Electric Corporation estimated a cost of \$3.6 million. New York State Electric and Gas Corporation estimated its portion would be \$11 million. Meanwhile, Orange & Rockland Utilities Inc. has two projects, the \$1.9 million distribution capacitor bank project and its share of the NYISO capacitor bank installation project, estimated at \$1.8 million.

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](http://www.dps.state.ny.us) and entering Case Number 09-E-0310 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).