

Winter Preparedness Electric Supply Portfolios and Price Outlook

Paul J. Darmetko Jr.
Electric Rates and Tariffs
Office of Electric, Gas and Water

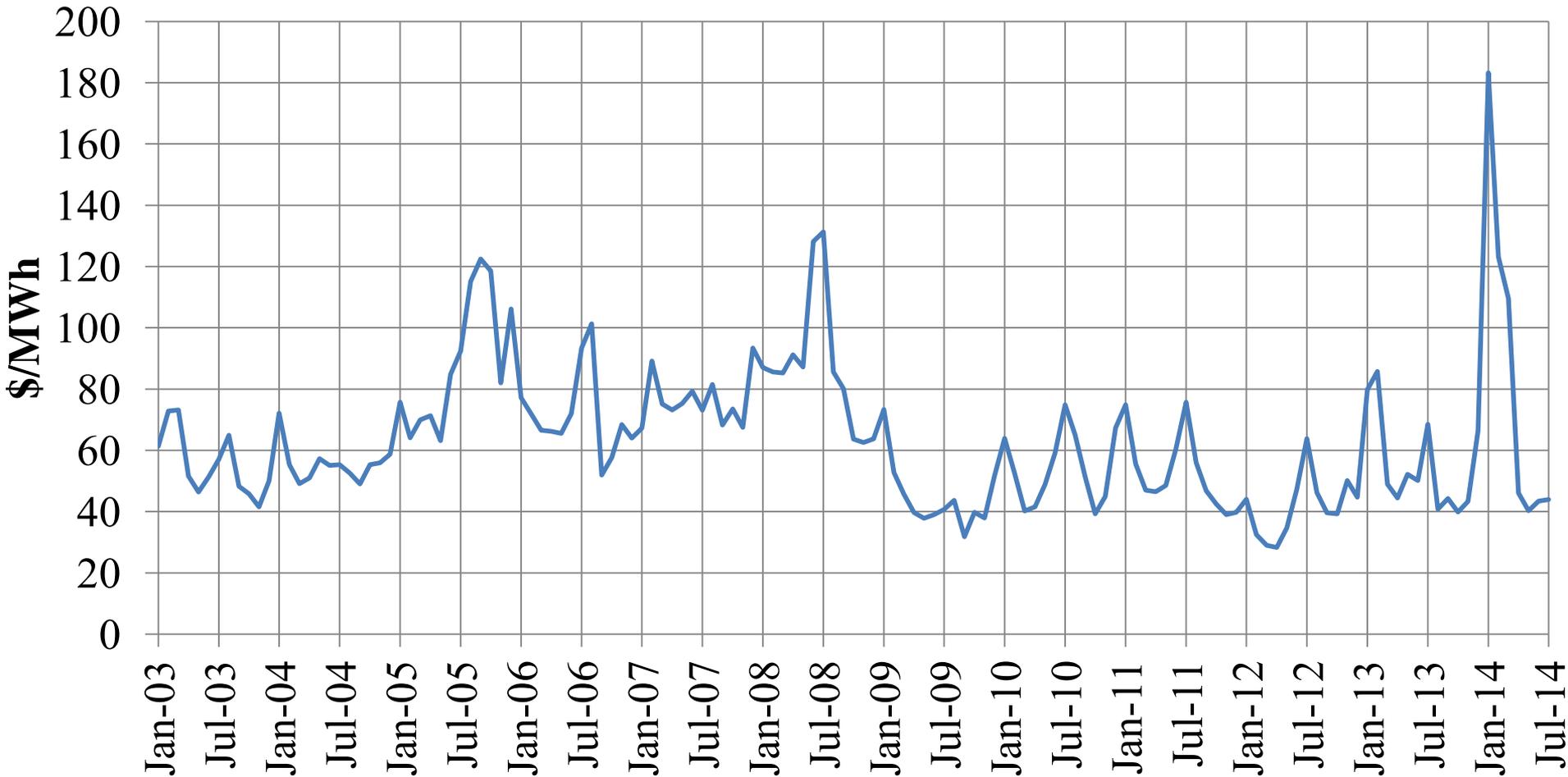
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Albany, New York

Summary

- Events Leading up to Last Winter
- Supply Price Volatility
- Statewide Portfolio Comparison
- Price Outlook and Comparison

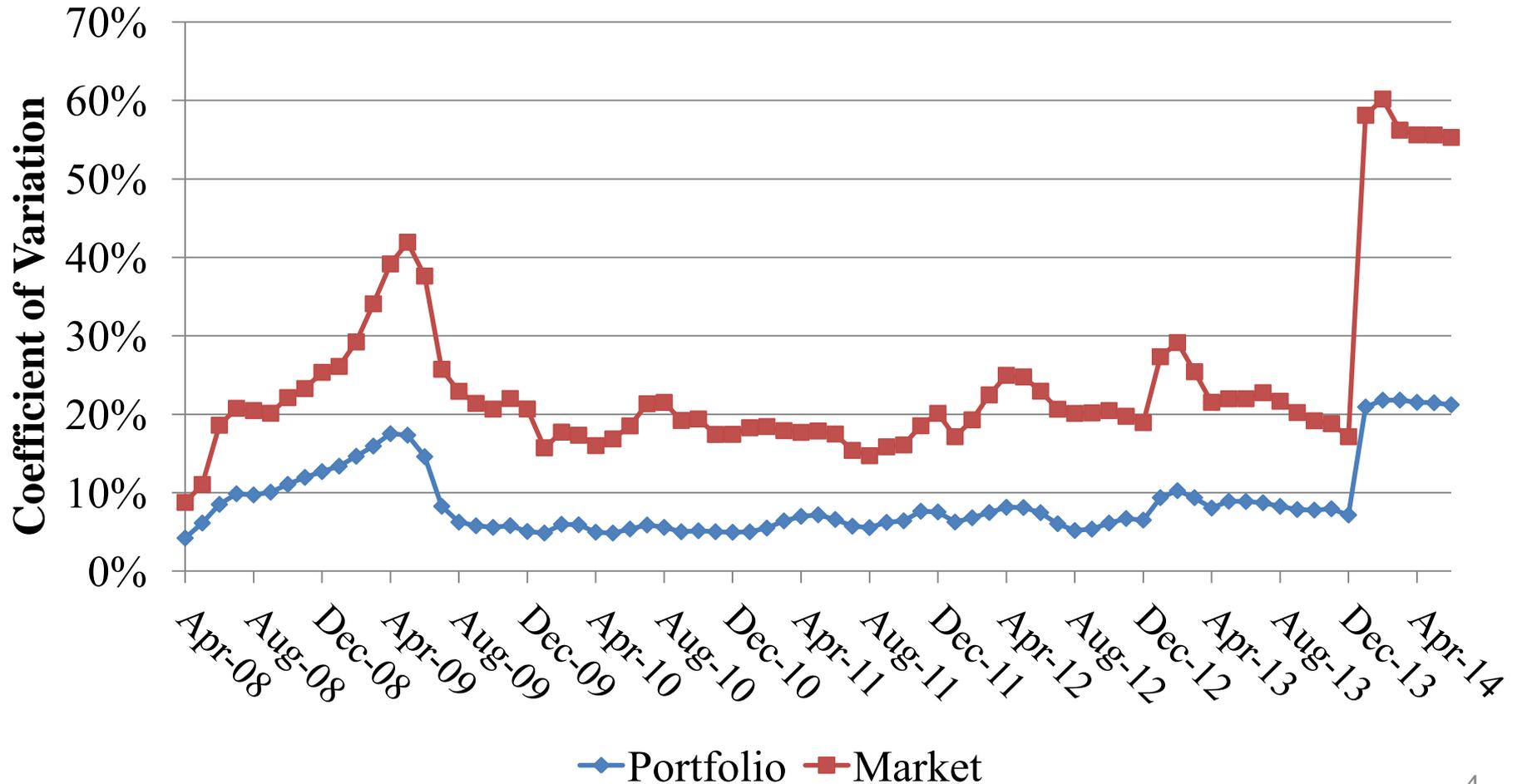
Last Winter

NYISO Statewide Avg Monthly Energy LBMP Through July 2014



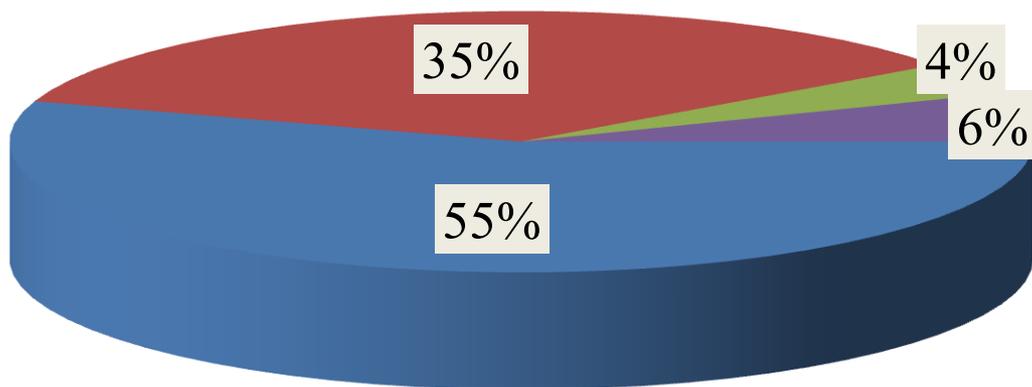
Supply Price Volatility

Market vs. Utility Full Service Residential Portfolio
 (Statewide 12-month rolling average)

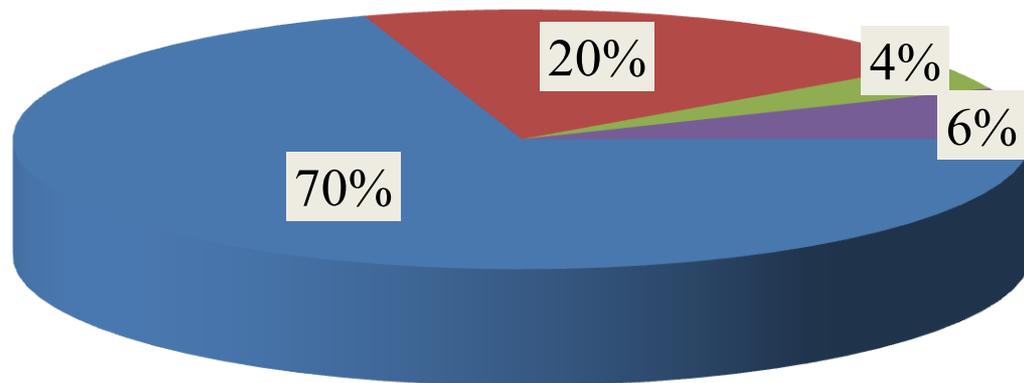


Statewide Full Service Residential Portfolio Composition

(Winter 2013-2014)



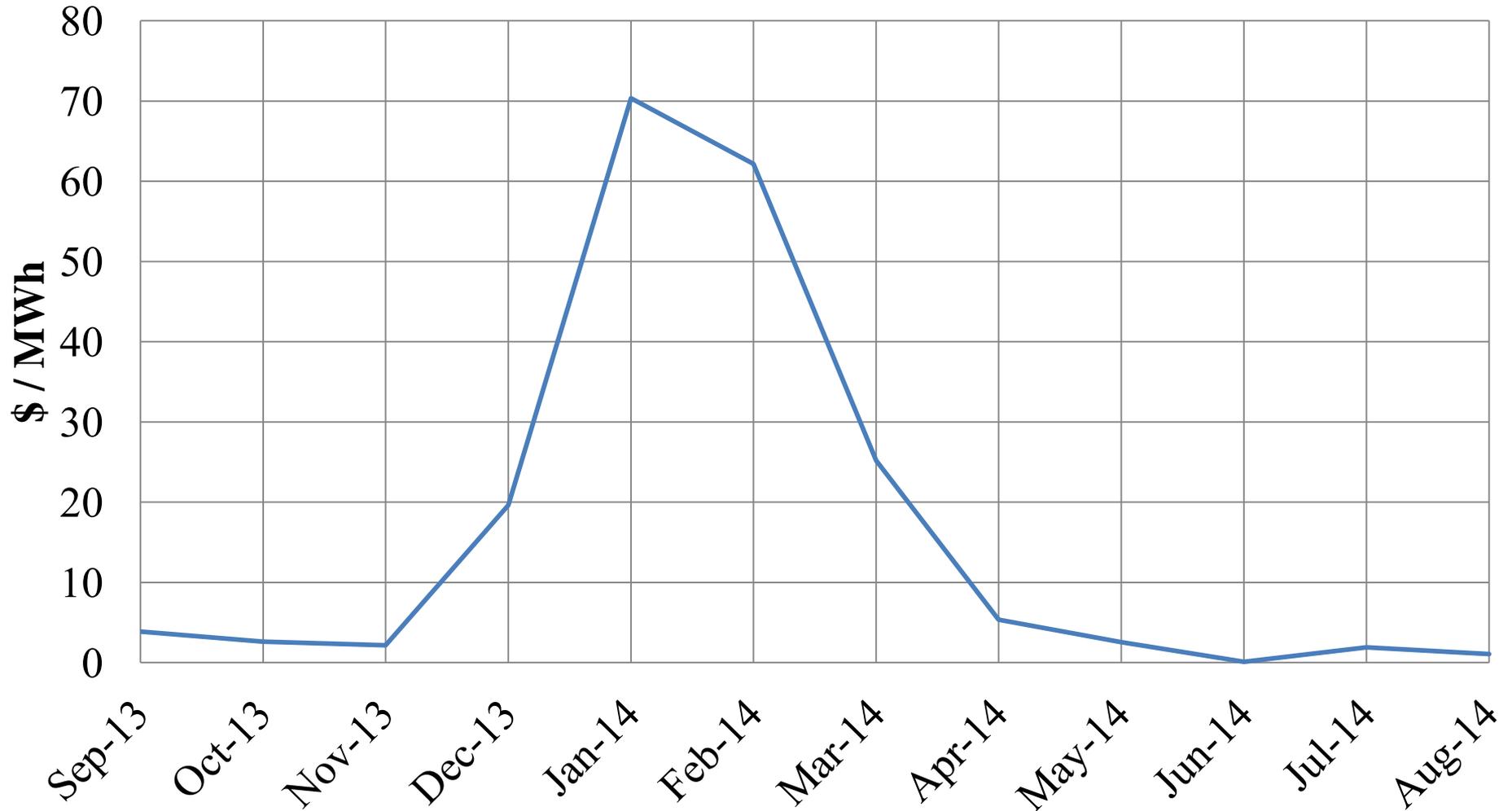
(Winter 2014-2015)



- Fixed Price
- Spot Market
- Utility Owned Generation
- Index Price

Price Separation

NYISO Zone F-A Market Price Difference

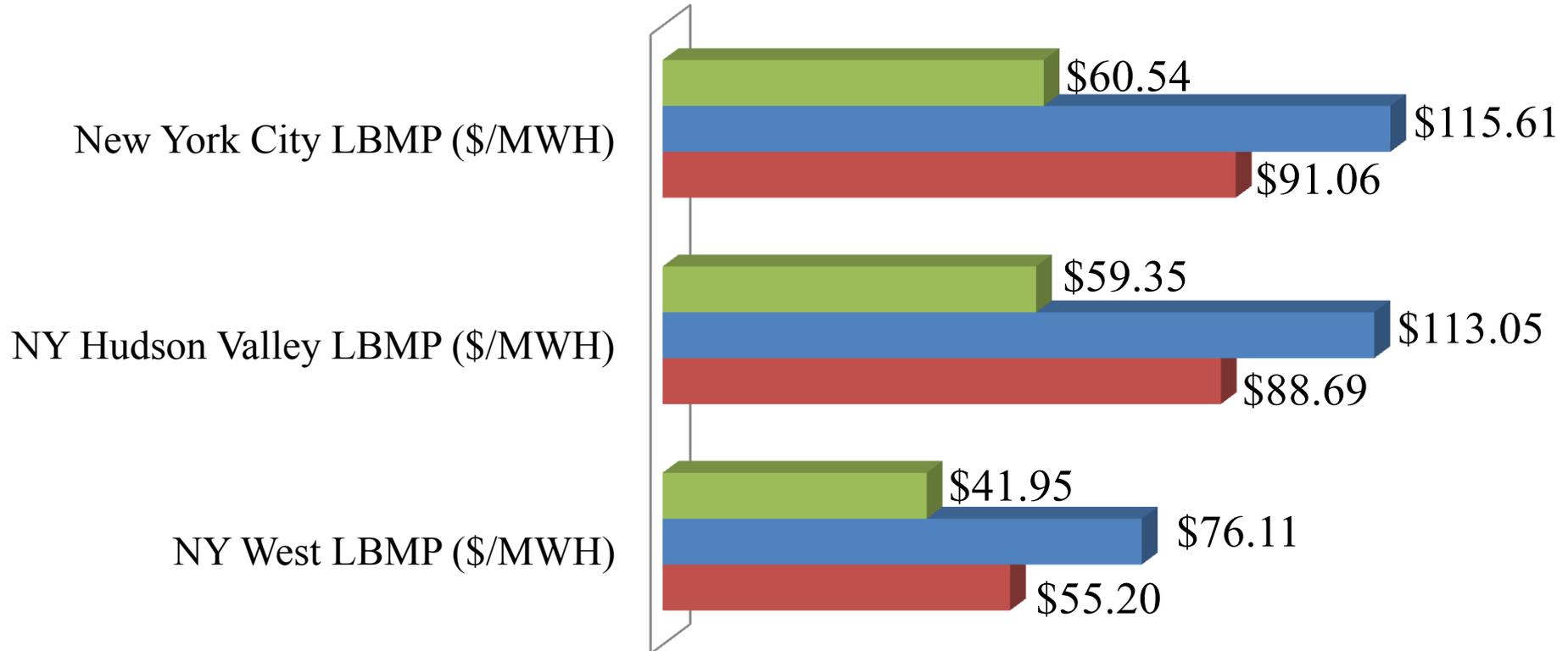


NMPC and NYSEG Specific Changes

- Each utility to maintain separate portfolios on each side of the Central East transmission interface
- Market price forecasts and reconciliations and hedging benefits will be contained within the regions served by each portfolio
- Structural changes proposed by Niagara Mohawk are the subject of item 304
- NYSEG's current tariff provides it with flexibility to make structural changes

Winter Price Outlook and Comparison

Energy Price Comparison Winter Season



- NYMEX Futures Dec 2013 - Mar 2014
- Spot Market Dec 2013 - Mar 2014
- NYMEX Futures Dec 2014 - Mar 2015

Conclusion

- The utilities have increased the level of hedges for this winter, putting them in a better position to mitigate supply price swings compared to last winter
- Niagara Mohawk and NYSEG are taking additional actions to mitigate price swings by maintaining separate portfolios for different regions within their service territories