



**Public Service
Commission**

Winter Commodity Price Increases/Utility Bill Issues

2021-2022 Winter Season

*Office of Electric, Gas, and Water
Office of Consumer Services*

March 16, 2022
Albany, New York

Winter Preparedness Report

❑ October Session - Staff Reported on Utilities' Preparations

- For this winter, the utilities had entered into contracts for the commodity at significantly higher prices than last year
- Commodity increases were evident in both storage gas, hedged gas and flowing gas but final flowing prices would depend on winter weather
- Winter heating bills were expected to increase by 21%
- Forecast prices had increased but were still much lower than price spikes that occurred in the 2008 gas market
- Electric supply bills were expected to increase by 13% mainly due to gas supply price expectations

December – March Bills and Drivers

- ❑ Significantly Higher Commodity Prices
 - Global increase in natural gas demand
 - High domestic use due to weather
 - Increased economic activity
 - Electric commodity prices impacted by flowing gas

December – March Bills and Drivers

□ Typical Full-Service Residential Bills

		Dec	Jan	Feb	Mar			Dec	Jan	Feb	Mar
Central Hudson	Total	\$ 120.12	\$ 140.10	\$ 200.70	\$ 151.23	NYSEG West	Total	\$ 83.87	\$ 88.64	\$ 84.86	\$ 100.89
600 kWh	Delivery	\$ 73.60	\$ 76.92	\$ 70.93	\$ 81.63	600 kWh	Delivery	\$ 47.28	\$ 47.16	\$ 45.43	\$ 50.06
	Supply	\$ 46.52	\$ 63.18	\$ 129.77	\$ 69.60		Supply	\$ 36.59	\$ 41.48	\$ 39.43	\$ 50.83
Con Edison NYC	Total	\$ 153.98	\$ 151.88	\$ 239.09	\$ 128.84	O&R	Total	\$ 138.06	\$ 145.45	\$ 120.69	\$ 138.75
600 kWh	Delivery	\$ 103.87	\$ 108.16	\$ 113.92	\$ 105.20	600 kWh	Delivery	\$ 82.13	\$ 79.86	\$ 77.00	\$ 77.00
	Supply	\$ 50.11	\$ 43.72	\$ 125.17	\$ 23.64		Supply	\$ 55.93	\$ 65.60	\$ 43.69	\$ 61.75
Con Edison NYC	Total	\$ 86.77	\$ 85.94	\$ 129.55	\$ 74.45	RG&E	Total	\$ 84.45	\$ 92.88	\$ 86.43	\$ 98.36
300 kWh	Delivery	\$ 61.69	\$ 64.09	\$ 66.99	\$ 62.62	600 kWh	Delivery	\$ 53.98	\$ 53.60	\$ 53.33	\$ 53.84
	Supply	\$ 25.08	\$ 21.85	\$ 62.56	\$ 11.83		Supply	\$ 30.47	\$ 39.28	\$ 33.10	\$ 44.52
NMPC Central	Total	\$ 95.32	\$ 92.27	\$ 93.78	\$ 99.61						
600 kWh	Delivery	\$ 57.96	\$ 55.08	\$ 57.55	\$ 56.84						
	Supply	\$ 37.36	\$ 37.19	\$ 36.23	\$ 42.77						

Utility Bill Components

❑ Delivery

- Controlled by Public Service Commission/Utilities
- Delivery Rate Cases / other proceedings

❑ Commodity

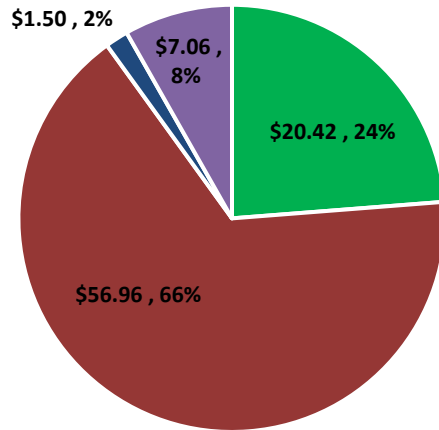
- Market based / not directly controlled by the Public Service Commission/Utilities
- Electric utility hedging to protect full-service mass market customers against large market price swings

Full-Service Bill Composition

Con Edison Full Service Residential

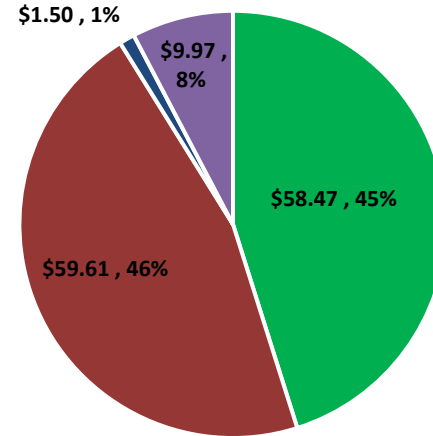
(300kWh NYC bill)

January



■ Supply ■ Delivery ■ Surcharges ■ Tax

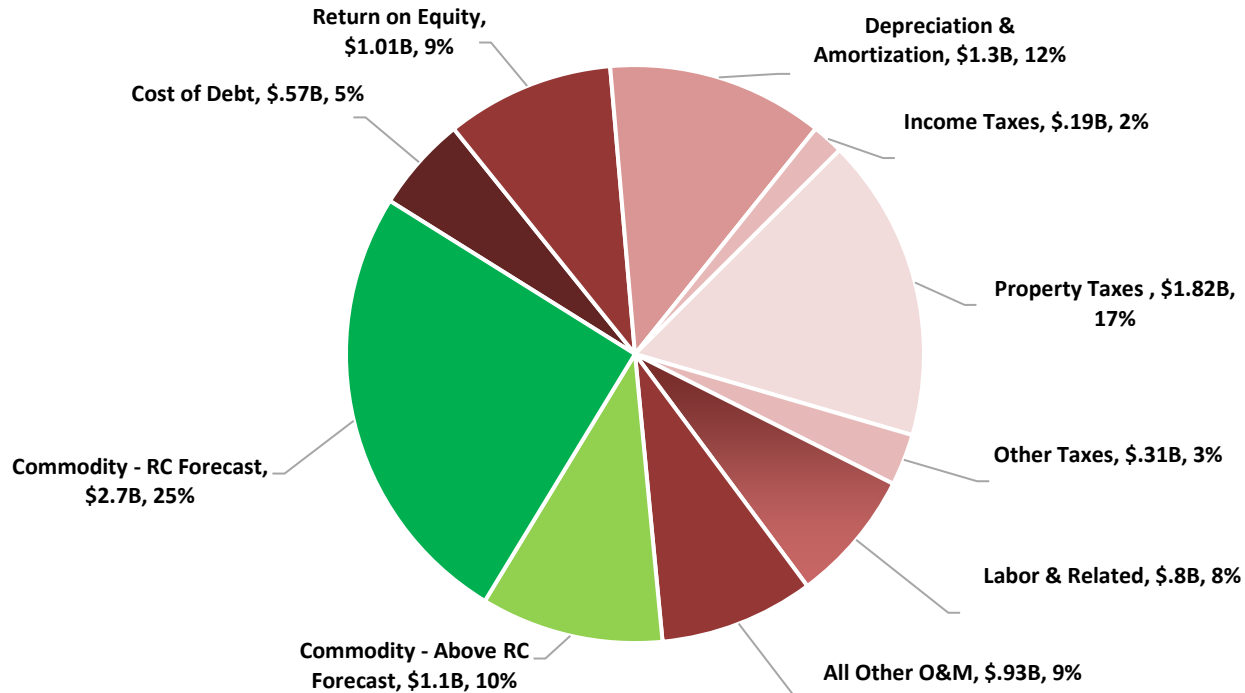
February



■ Supply ■ Delivery ■ Surcharges ■ Tax

Electric Utility Revenue Components

Consolidated Edison RY3



Utility Hedging Practices

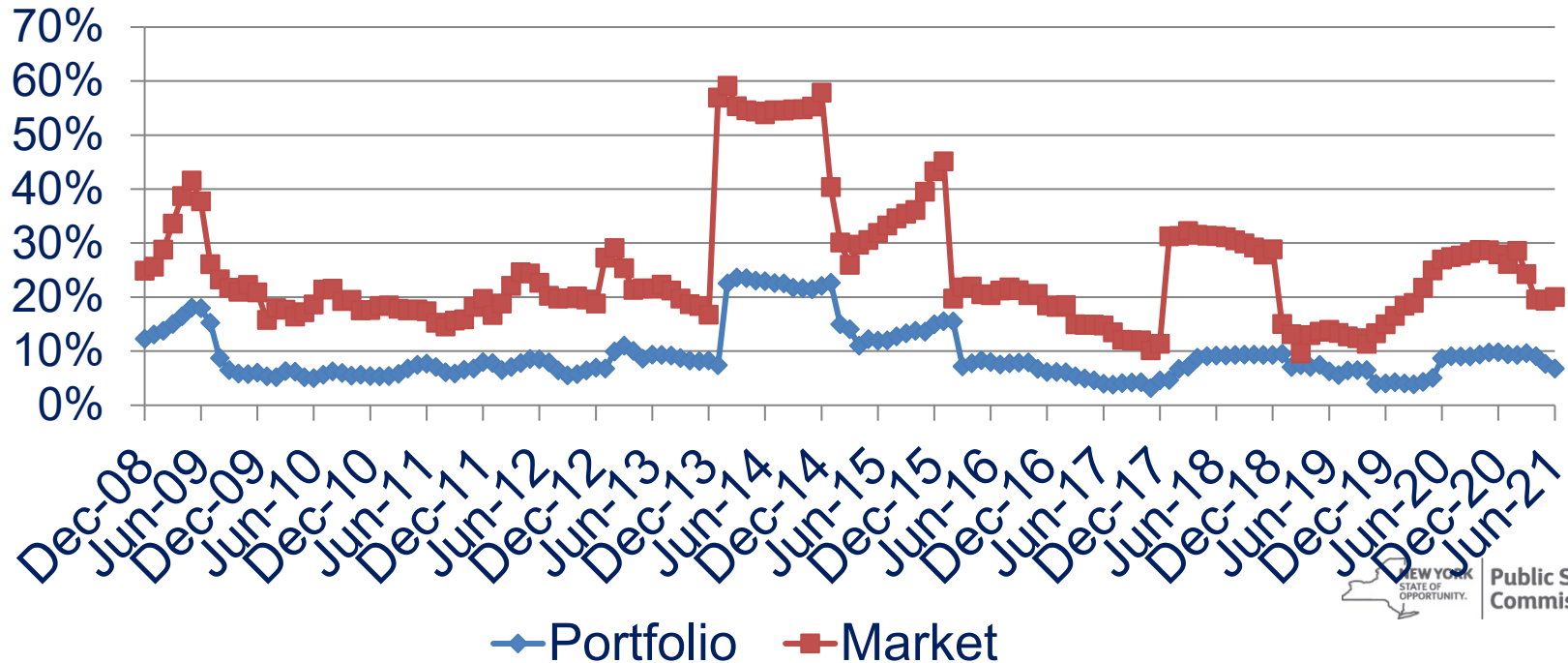
□ Pursuant to Commission Orders

- Utilities hedge to minimize significant unanticipated market price swings
- Utilities on average portfolios consist of 70% fixed price hedges on average in winter
- This is up from ~55% during 2014 polar vortex

Utility Hedging Practices con.

NYISO Spot Market vs.
Utility Full Service Residential
Customer Supply Portfolio Volatility
(Statewide 12-month rolling average)

Coefficient of Variation



Con Edison Supply Mechanism

- ❑ Timing Issue – Market Cost vs Hedge Value
 - Billing cycle specific market supply charge
 - Based on NYISO DA hourly prices and class load shapes
 - Fixed hedge cost/benefit
 - Based on forecast month cost or savings, inclusive of prior period reconciliations
 - Con Edison's hedges saved full-service mass market customers over \$120 million compared to if they were just subject to NYISO pricing – However timing of the credits did not mitigate when needed

Department Actions

- Letters to Con Edison/filing
 - Feb 11, 2022 – Chair letter to Con Edison
 - Feb 25, 2022 – Con Edison reply
 - Mar 14, 2022 – Con Edison Filing
 - Staff will continue to review the hedging practices