

STATE OF NEW YORK

# Public Service Commission

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## **ADEQUATE ELECTRICITY SUPPLY TO MEET SUMMER DEMAND**

— **Electric Grid Ready to Provide Adequate and Reliable Service** —

Albany, NY—05/17/12—The New York State Public Service Commission (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 from the utilities.

“The state’s utilities are ready and able to provide adequate and reliable service this summer,” said Commission Chairman Garry Brown. “In addition, newly introduced demand-reduction programs in the New York City area will help ensure that the metro area — the region with the highest electricity demand in the state during the summer — will have a significant excess capacity margin.”

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. Meanwhile, 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. Transmission owners also report that they are able to meet peak projected load 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. The enrollment levels in 2012 are greater than in 2011 due to recent program changes intended to increase demand response benefits for both customers and the company.

DLC program participants reduce their demand by taking direct control of and cycling central air-conditioning loads during system emergencies called by either the NYISO 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 continues to offer its peak-shaving program known as — Rider S-Commercial System Relief Program. Under this program, 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.

During the past year, utilities have performed detailed load studies to determine where overloads and/or potential issues might occur on the system this summer. As a result of the studies, a number of projects were identified, with completion dates prior to this summer, to alleviate the potential concerns. The utilities cite reduced load growth and the recent completion of a number of major capital projects throughout the service territories as factors that limited the required project workload.

Staff will continue to track and monitor the utilities efforts in preparation for the upcoming summer period, as well as any utility contingency plans, if necessary.

Staff also reported to the Commission that the utilities have taken steps to reduce price volatility of their estimated May 2012 through April 2013 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 lower than last year's forecast prices. Actual prices can vary from the forecasts due to a number of factors such as weather and economic conditions. With the hedges (i.e., contracts) that the utilities have entered into, full service residential customers will not experience the full magnitude of any market price changes.

Staff's slide presentations on 2012 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](http://www.dps.state.ny.us) and entering Case Number 12-E-0083 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, 14<sup>th</sup> floor, Three Empire State Plaza, Albany, NY 12223 (518-474-7080).