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Status of New York's Energy Policy

Thomas G. Dvorsky
Director, Office of Gas and Water
New York State Department of Public Service
Thomas_Dvorsky@dps.state.ny.us

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Hedging

- The Commission decided that utilities should continue to provide stable rates for mass market electric customers
- Electric utilities should develop price volatility metrics and guidelines for limiting volatility, and provide aggregate supply portfolio price information on a quarterly basis
- The ‘value’ of hedges entered into by utilities should be flowed through utility commodity rates



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Long-Term Contracts and Planning

- Current review encompasses three major themes:
 - should there be a statewide long term resource planning process
 - should the PSC encourage long term contracts by utilities and other entities to facilitate new generation
 - how would that process harmonize with the current wholesale electric (NYISO) market



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Energy Efficiency Portfolio Standards

- The Commission established a target for New York's electricity usage, reducing it by 15% from expected levels in 2015.
- The benefits of energy efficiency include:
 - forestalling the building of new generation
 - reducing use of finite fossil fuels
 - reducing customers' energy bills
 - developing independent energy sources for NYS to reduce energy imports
 - mitigating the environmental impacts of burning fossil fuel for energy, i.e greenhouses gases.



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Revenue Decoupling Mechanism

- The Commission issued an Order to examine potential delivery rate disincentives against the utilities' promotion of energy efficiency, renewable technologies and distributed generation.
- Commission is concerned that while some progress has been made by shifting recoveries of utility fixed delivery costs to fixed charges, existing rate designs still may discourage utilities from actively promoting energy efficiency.



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Mandatory Hourly Pricing

- Give large electric customers the proper price signals
- Transfer electric usage from peak periods to off-peak periods
- Reduce need for new electric generation
- Reduce the reliance on natural gas for generation
- Lower peak electric prices



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Renewable Portfolio Standard

- Goal - 25% of the state's electricity should be produced from renewable energy resources. Before initiation of this case, 19% was produced from renewable energy resources.
- First solicitation in 2004 resulted in 7 renewable energy projects awarded \$166.4 million for 821,617 MWh, with contracts beginning January 1, 2006.
- April 2007, NYSERDA awarded \$295 million in contracts to 21 generators including: 10 hydro facilities that will be upgraded; 9 new wind facilities; and 2 biomass facilities. Average price is \$15/MWh.
- New contracts estimated to produce 2.6 million MWh of electricity annually.
- State is approximately 30% of the way to the 25% goal.



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Retail Access Policies

- Review retail access policies and practices intended to foster the development of competitive retail energy markets.
- Determine their effectiveness in removing barriers, examine the costs of these initiatives and the extent to which those costs are borne by ratepayers and determine the need to continue these programs and the potential harm of discontinuing those programs.
- Currently, there are more than 100 Energy Service Companies (ESCO) eligible to do business in NYS.
- ESCOs serve more than 1.3 million customer accounts, accounting for about 40% of NY's electric usage and 46% of gas usage.