

POWER MOVES! – Update Bulletin

New York Energy Buyers Forum
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Prepared by: Yvette Wright, *Silverstein Properties*
Daniel Levin, *Ernst & Young, Energy Advisory Services*

The NYEBF Steering Committee, in an effort to provide timely information on energy matters affecting our members is providing this Update Bulletin as a supplement to our regular newsletter. As always, your comments, suggestions, and informational contributions are welcome and can be directed to either Yvette Wright (Thewrightkey@aol.com) or Dan Levin (dan.levin@ey.com).

Forum Urges 120-Day Permit For Emergency Generation Operation

To avoid possible emissions permit problems with operating emergency generators under demand response programs, the NY Energy Buyers Forum has asked the NYS Department of Environmental Conservation (DEC) to create a temporary 120-day permit that allows such operation under the same rules that applied during the summer of 2001. In recent weeks, some past participants in those programs have begun dropping out due to new DEC rules for such generation.

By letter to Erin Crotty, DEC's Commissioner, the Forum indicated that "concerns have arisen with regard to the acceptability of the revised emissions permit process presently in effect for those programs. As a result of those concerns, some of our members have chosen to end their participation, thus reducing the available pool of committed demand response generation."

In her letter to Commissioner Crotty, Judith Mondre, Executive Director of the Forum stated that "loss of a significant part of demand response generation in New York City (Zone J) could result in a run-up of wholesale power prices, a major jump in Con Edison's Market Supply Charge (MSC), and a diminution of power reliability."

Two reasons were cited for dropping out:

1. Unlike last summer, when an emergency rule was in effect that allowed them to run their generators without impacting their basic 500-hour blackout allowance, the new (as of March 28) rules replace that 500-hour

exemption with an emissions-based permit. Any generator emitting at the allowable 35 lbs/MWhr NOx level that is over about 1400 kW would fully consume his annual allowable emissions limit of 12.5 tpy [tons per year] in about 500 hours of operation, thereby losing any ability to run during a blackout or on-site power emergency. While smaller generators would still have some hours available, they would be less than 500 hours, resulting in an apparent diminution of emergency generator capability.

From the viewpoint of facilities with such generation, an hour spent running for demand response purposes is therefore one less hour that could be used during an actual emergency. This negatively impacts their operational requirements.

2. In addition, some large facilities having their own boilers with Title V permits now must obtain a NOx RACT waiver that some feel could impact their Title V permit. While (under that new rule) changes to the Title V permit would not need to be immediate, changing Title V permits is often a complicated, expensive, and time-consuming process. Some feel that doing so may also raise other issues better left untouched at this time. For them, it's easier just to drop out of the demand response programs.

To avoid these problems during the remaining summer's heat, a temporary 120-day permit has been under discussion that would not involve either of those changes. To put that change into effect requires cooperation of the US EPA, and

Mondre urged that such discussions be immediately initiated. She concluded by saying that “once we are into the early Fall, time will be available to develop more permanent solutions that can be accepted by all concerned parties.”

Forum members wishing to be heard on this matter may contact Ms. Crotty directly through email at: ecrotty@gw.dec.state.ny.us

Or by regular mail at:

Hon. Erin M. Crotty, Commissioner
Department of Environmental Conservation
625 Broadway
Albany, NY 12233-1011

Northeast RTO

The move to create the Northeast Regional Transmission Organization (NERTO) has been delayed. On June 18, 2002, while the New York Independent System Operator (NYISO) and ISO New England (ISO-NE) announced that their Boards of Directors had approved the proposed NERTO joint FERC (Federal Energy Regulatory Commission) filing, they also announced that they would, at the request of FERC, delay the NERTO filing until August 2002 after FERC has issued its Standard Market Design Notice of Proposed Rulemaking (SMD NOPR).

While not a surprise to many, the Boards approval of the joint proposal reversed the decision of the NYISO Management Committee on June 13 to reject a motion to approve the filing, which set out the design and structure for NERTO. A majority of nearly all sectors opposed the motion. The reasoning behind each sector’s vote varied and ranged from concerns over RTO governance to concerns over independent market monitoring. FERC appears

to want to work out many of these same issues through its SMD NOPR before having to evaluate the NERTO filing.

AES NewEnergy Contracts

AES NewEnergy alerts customers that it reached an agreement to be purchased by Constellation Energy Group and expects the closing to take place by the end of the year. According to AES New Energy, all contracts will continue to remain in force. If any NYEBF members have contracts with AES New Energy and have questions about the purchase, they should contact their AES representative or energy consultant.

Summer Demand

As we approach the summer months, New York State may be faced with a potential electric power shortage during the peak demand months. If the NYISO or Con Ed declares an electrical emergency, you can participate in a voluntary demand reduction program. Con Ed has asked customers to follow the following procedures:

1. Turn off non-essential perimeter lighting.
2. Turn off non-essential outdoor lighting
3. Turn off other lights and systems that are not needed, especially in unoccupied spaces and meeting rooms.
4. If you have computers, use the Energy Star power management feature that almost all computers have today.
5. Increase the set point on your air conditioning by a few degrees.

Note: These are just a few suggestions for conserving energy. Please consult with Con Edison and/or your Chief Engineer on other energy conservation measures.

The New York Energy Buyers Forum is a non-profit corporation formed to help its members obtain lower utility costs. For more information about the NYEBF or to join, please contact us or visit our website.

New York Energy Buyers Forum

Bowling Green Station
PO Box 284
New York, New York 10274-0284
Phone: 212.419.1916
Fax: 212.419.1998

www.nyebf.org info@nyebf.org

Jay Raphaelson, Chair
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