



# POWER MOVES !

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## VICTORY !!!

ZERO RATE IMPACT NEGOTIATED BY ACTIVE PARTIES FOR TWO YEARS OF CON EDISON STEAM RATES ENDING SEPTEMBER 30, 2008

### Con Edison Steam Rates Case (PSC Case No. 05-S-1376)

The New York Energy Consumers Council, Inc. ("NYECC") is very pleased to announce that a settlement, a/k/a a Joint Proposal ("JP") has been reached among the majority of the active parties in the Consolidated Edison Company of New York, Inc. ("Con Ed") steam rate proceeding pending before the Public Service Commission ("PSC" or "Commission") in PSC Case 05-S-1376. The JP will be presented to the Commission for its consideration. The JP representing consensus among the Active Parties, who are signatories, was filed with the Commission on June 2, 2006.

Active Parties, such as NYECC, invested several hundred hours reviewing original and supplemental documents filed in this case and in multiple rounds of negotiations. NYECC is confident that the outcome of these efforts has appropriately served the interests of consumers of Consolidated Edison's steam system.

NYECC is also pleased to note that, despite a prohibition against rate escalation during this two-year rate plan, the JP incorporates a provision for the Company's annual capital investment of \$45 million into the steam system, as well as retaining a commitment to critical Operational and Maintenance investments during the two-year rate plan.

Steam Consumer value is further seen both directly and indirectly in the terms of the JP as follows:

First, the financial merit of the JP is seen in the contrast between the rates requested by Con Ed and the rates set forth in the JP. Con Ed's original filing incorporated base rate increases of \$102.1 million (to have been repeated in the second year) and an additional base rate increase of \$15.1 million in the second year. Although some of that \$219.3 million increase during the next two years was anticipated to be offset by reductions in the Fuel Adjustment Charge ("FAC"), the JP memorializes a significant accomplishment over the two years, namely, the absence of any change in base rates. Although some costs currently recovered in the FAC will still be transferred into base rates in the second rate

- NYISO Releases Summer Forecast - Page 2, 4
- Steam Case Victory Continued on - Page 3-4
- Green Building Competition for NYC Recognizes NYECC Member- Page 4
- Gas Futures Sag- Page 5

## **NYISO RELEASES SUMMER ELECTRICITY FORECAST**

Source: New York Independent System Operator

The New York Independent System Operator (NYISO) expects New Yorkers to set a new peak for electricity usage this summer.

The NYISO, which is responsible for operating the state's bulk electric system and administering its wholesale electricity markets, released a peak load forecast of 33,295 megawatts (MW). If the record is achieved, it would be the first time since 1996 and 1997 that a new peak has been set in consecutive years. Last summer's load peaked at 32,075 MW on July 26, breaking a then week-old record of 31,741 MW.

New Yorkers should not be unduly alarmed, however. Because of the addition of new generation, the implementation of demand response programs and the availability of out-of-state capacity, New York City, Long Island and upstate should have adequate power supplies during the summer months.

"Economic growth, particularly in the southeastern portion of the state, coupled with increased air conditioning demands throughout the state, are helping to drive the summer peaks to these new levels," said Michael Calimano, the NYISO's Vice President, Operations. "Last summer's peak surpassed the 2001 record by nearly 1,100 MW and we are forecasting another 1,200 MW increase this summer."

Peaks are measurements of the average total electricity demand by consumers for a one-hour period. Generally, peak demand is reached in the late afternoon, regardless of the season. During a New York summer, usage climbs each day during a heat wave as tolerance for the heat wears thin. During these periods, and throughout the year, the NYISO works with power plants and transmission owners (utilities) to maintain reliable service to consumers. While this forecast indicates there are sufficient supplies of electricity this summer, the NYISO continues to call on the state legislature to reinstate the Article X power plant siting law. Article X expired at the end of 2002, and according to the NYISO's 2005 Reliability Needs Assessment, the southeastern part of the state will need system reinforcements totaling 500 MW of capacity by 2008. Additionally, the region will need 1,250 MW of capacity by 2010 and 2,250 MW by 2015. These reinforcements could consist of new transmission, generation, demand side management, or a combination of the three.

"We strongly urge New York lawmakers to pass a power plant siting law to help avoid potential supply shortfalls in the future," said NYISO President and CEO Mark S. Lynch. "Supplies could start becoming very tight in less than two years."

In keeping with reliability rules and standards, the NYISO is required to maintain a year-round 18-percent reserve margin. It means that from May 1 through October of this year, 39,288 MW of installed capacity, including

"we must continue to analyze and assess the marketplace, and make sure that our members are being given the proper information about the constantly changing marketplace so that they can make educated decisions on energy management policy"  
- David Bomke

year of the JP, the net impact on consumers will nonetheless remain flat. Unfortunately, of course, consumers can still anticipate increases in their costs of steam, which are driven by rising fuel costs that are outside the control of Con Ed.

Second, and perhaps even more importantly, the JP incorporates the Con Ed's affirmation of its ongoing and long-term commitment to its Steam Business. The past several rate cases have documented consumer concerns about the rising costs of steam service and the threat those increases represent for the ongoing viability of the steam system. In 2005, members of the Steam Business Development Task Force, which was established by the previous Con Ed steam rate case, issued a Steam Business Development Plan that noted, among other points, that, "The fundamental barrier to development of the New York City steam system is steam's cost relative to other heating and cooling options." Not only does the zero rate increase incorporated into this JP help address this fundamental barrier, the multiple commitments identified in other sections of the JP effectively document the strength of Con Ed's commitment to maintaining and developing its steam business unit.

Several of the Con Ed commitments in that section warrant additional comment. First, the JP memorializes a broad-based commitment to expanding the summertime (off-peak) use of steam to supplement customer cooling requirements. Second, the JP incorporates a requirement to conduct energy audits of those 30 customers whose steam consumption and load profiles represent the best opportunities for energy efficiency improvements; the commitment also includes a provision to incorporate lessons learned from those energy audits into a series of best practices that will be made available to all of Con Ed's steam customers. Third, Con Ed confirms its commitment to meeting with and responding to the concerns of its steam customers; and in tandem with such meetings, Con Ed commits to expanding its ability to respond to customer requests for assistance on multiple levels – including expanded use of its existing Account Executives and the establishment of new points of contact and advocacy for all steam customers. Fourth, the Con Ed commits to implementing and/or expanding its existing steam repair service program, a microturbine demonstration project, and a district energy study. In order to ensure that it better understands the needs of its steam customers, the JP recognizes Con Ed's commitment to implementing customer focus groups and customer survey instruments. Equally important, the JP commits Con Ed to the continued collaboration with customers and other key market participants in the ongoing Steam Business Development Task Force, which will meet quarterly during the two years of the rate plan.

Also of critical importance to steam consumers is language that stipulates and memorializes a commitment to further investigation of several rate provisions to ensure that all customers are treated fairly and actively encouraged to remain as customers of the steam system. These provisions include further consideration of Con Ed's existing Negotiated Steam Fuel Cost Option and

potential for enhancement and expansion of that option; development of guidelines to help customers complete the SC 5 template form to qualify for special negotiated rates, as applicable to preserve customer base; development of formal, written technical specifications and interconnection procedures for Combined Heat and Power ("CHP") facilities; and, most importantly, the implementation of a collaborative study designed to review and potentially improve the designs of rates for steam customers who will be facing demand rates in the second year of the rate plan, as well as customers seeking standby service, and all customers.

reserves, will have to be maintained. Installed capacity refers to the total amount of electrical power that generation plants commit to provide to New York State.

The NYISO expects that 38,169 MW of installed capacity will be available from in-state resources this summer. That number will increase to 43,487 MW with the addition of new generation, out-of-state supply and the capacity that demand response programs (in-state) provide.

For New York City, the installed "in-city" capacity required for May through October is 9,304 MW. With the addition of 500 MW of new generation, as well as capacity available from demand response programs, the total capacity will be 10,404 MW. Long Island has an "on-island" capacity requirement of 5,295 MW. It will have 5,732 MW of capacity available to meet it, according to the NYISO.

The Big Apple got a little greener recently as architects showed off their projects to help protect the environment while working to make a Bronx Zoo Lion House brighter, Coney Island's Stillwell Avenue terminal solar powered and the New Sunrise Yard maintenance facility energy efficient. These innovative architectural projects were among the winners of ***The Green Building Competition for New York City***, a joint United States Environmental Protection Agency (EPA) and New York City Department of Environmental Protection (DEP) competition that attracted professionals and students from across disciplines to submit their projects and concepts for the city. EPA Regional Administrator Alan J. Steinberg and DEP Commissioner Emily Lloyd today announced the selection of winners at an awards ceremony at the Center for Architecture, 536 LaGuardia Place, New York. Partnership for New York City, President and CEO Kathryn Wylde gave the keynote address. Additional winners included NYECC member, The Durst Organization for the innovative Helena project (see below)

**The Helena (submitted by: The Durst Organization)** This newly constructed 38 story apartment building has set an exemplary standard for high-rise residential high performance buildings. Energy use is reduced by 65% with high efficiency water source heat pumps, micro turbines, energy star appliances, and occupancy sensors. A blackwater filtration plant treats 76% of building's wastewater on-site. The design incorporated 80% recycled content in the structure, aluminum in the window wall system, and recycled blast furnace slag in the concrete.

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**Educating Energy Consumers Toward Economical Energy Options**

A consolidation of the New York Energy Buyers Forum (NYEBF) and the Owners Committee on Electric Rates (OCER), NYECC is the largest major energy consumer advocacy group in New York. We continue to build on our nearly 60 year history and look forward to saving our members, as well as many other local energy users, another billion dollars thru intervention and education.



[ [NYECC.com](http://NYECC.com) ]

## Gas Futures Sag On Lack Of A Surprise In EIA Storage Data

**June 22, 2006** - Natural gas futures on the New York Mercantile Exchange slid after market watchers failed to get a fourth consecutive bullish number relative to expectations in weekly storage data from the Energy Information Administration Thursday.

Total gas in underground storage rose by 79 billion cubic feet, one bcf more than the consensus in a Dow Jones Newswires survey and the implied result in a closely-watched derivatives auction Wednesday afternoon by ICAP Energy and Nymex.

July futures fell as low as \$6.38 per million British thermal units in the aftermath of the report from around \$6.55/MMBtu immediately beforehand. At 11:35 a.m. EDT (1535 GMT) July futures were 12 cents lower at \$6.46/MMBtu.

Total storage is now at 2,476 bcf, the highest ever for this time of year and 35% over the five-year average. The surplus over year-ago levels is 451 bcf and the surplus versus the five-year average is 643 bcf. Although weekly storage lagged the five-year average once again, in part due to a recovery in underlying demand, it hasn't been enough to stop storage from filling up by September.

Analysts have said that, even in the event of some losses due to hurricanes and electricity generation demand on par with the record level of 2005, it will be easy to envisage a refill of storage to 3.5 trillion cubic feet by Nov. 1 - a level that may strain the capacity of storage operators who have never exceeded 3.4 tcf in the past.

Some traders and analysts even question whether the recent mildly bullish surprises in weekly data were a result of a resurgence in demand or a lack of space for the ample quantity of gas in the system already.