

Environmental Disclosure and Electric Standby Rates in New York State

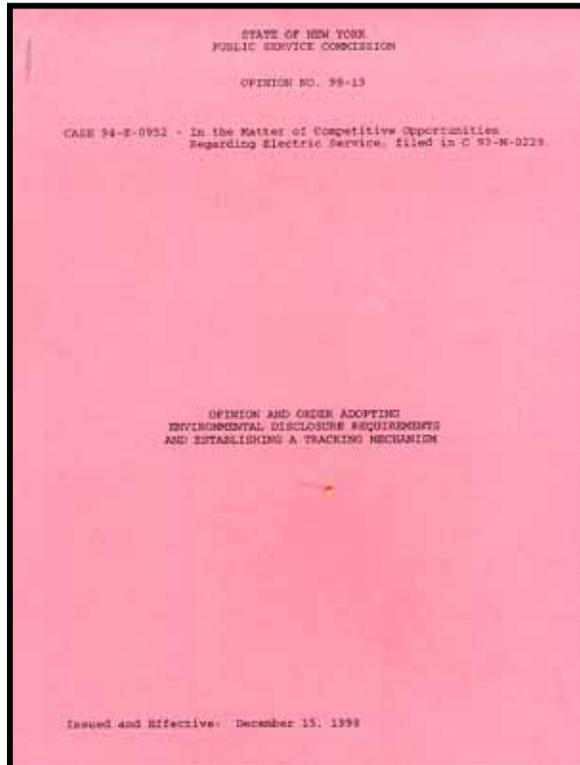


For Presentation at:

**Solid Waste/Recycling Conference
& Trade Show**

May 7, 2002

Disclosure Rules



**Case 94-E-0952
December 15, 1998**

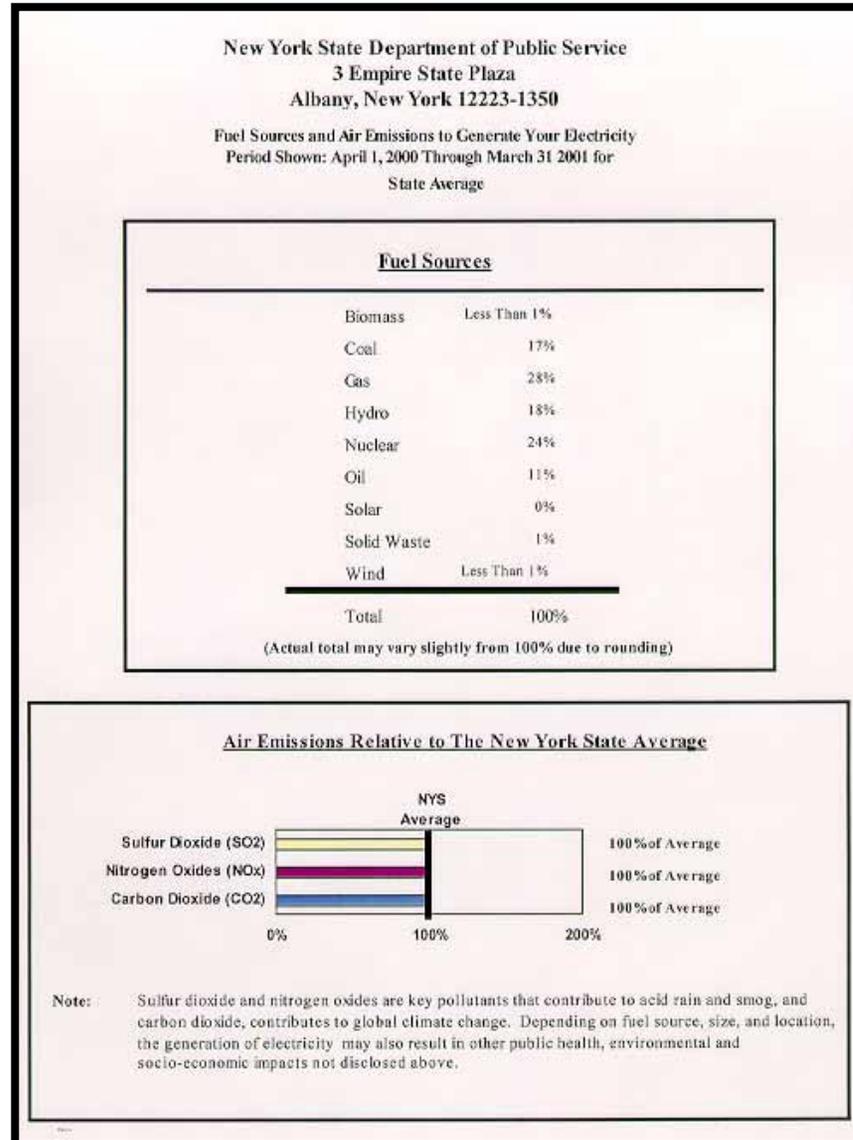
- ⌚ Every retail provider be required to provide disclosure to customers
- ⌚ Disclosure would be mandatory label providing fuel sources and associated air emissions
- ⌚ Disclosure information would be recalculated every quarter
- ⌚ Tracking system based on data held by ISO would be used for verification
- ⌚ Transactions to be tracked
 - ① *bilateral contracts*
 - ① *spot market purchases*
 - ① *imports*
 - ① *local power trading among ESCOs*
- ⌚ Treatment of spot market energy
- ⌚ Label content & frequency

Status



- ⌚ **January 2002, first set of labels to all retail suppliers**
- ⌚ **Educational brochure prepared and widely circulated**
- ⌚ **Retail electric customers will receive labels between February and May 2002 representing the April 2000 through March 2001 period**
- ⌚ **All info, including brochure and actual labels, is posted on department website - www.dps.state.ny.us**
- ⌚ **Second set of labels is under development, expected release date of May 2002 for period July 2000 to June 2001 period.**
- ⌚ **Survey will be conducted to get consumer feedback after they have seen labels at least twice**

Typical Label



NIMO Establishes Streamlined Procedures

Customers can more easily choose green power option for their energy services *(expect in place by fall 2002)*

- ① *utility offers to assist “green marketers”*
 - ☐ prep and mailing environmental disclosure data and labels
 - ☐ billing and payment services
- ① *“green marketer” not actually providing customer energy (kWh)*
- ① *NIMO confirms customer decision and then facilitates exchange of labeling, billing and payment services between green marketers and their customers*
- ① *Customers can purchase all, or a portion, of their monthly energy requirements*

Transition measure to encourage increased use of renewable energy sources

Delivery Rates for Standby Service



Background

Highlights

Illustrative Bills

Background

2001

- ① *October 26 - Commission issues Order*
- ① *November 28 - NIMO files SC-7 Standby Tariff*
- ① *December - technical conference with parties*

2002

- ① *January to March - parties meet to discuss all issues and pursue a collaborative outcome*
- ① *March 12 - Joint Proposal Submitted by NIMO, Staff, IPPNY, Orion, NRG, MI and NFG.*
- ① *March 26, April 9 - party comments and replies*
- ① *April 25 - hearings*
- ① *May 2 - post hearing briefs*
- ① *June 19 - Commission Session (yet to be approved)*

NIMO Standby Rate Highlights

SC-7 Applicability:

- ① *“new” customer onsite DG units (using fuels)*
- ① *existing wholesale generators interconnected at transmission and sub-transmission voltages*

SC-7 Metering Requirements:

- ① *≥ 50 kW, interval metering*
- ① *< 50 kW, interval or standard demand meter*
- ① *kWh metering for classes w/o demand meters*

SC-7 Split Billing

- ① *when generator below 15% of customer peak demand*

NIMO SC-7 Rate Highlights *(continued)*

SC-7 Exemptions:

① ***Subject to Review in 2005***

- ☐ ≤5 kVA generators (unlimited)
- ☐ previously grandfathered on-site generators
- ☐ wholesale generators served at primary/secondary

① ***Subject to 10-Year lost revenue cap***

- ☐ PV and wind up to 50 kW, anaerobic digesters up to 130 kW (\$250,000 each technology)

① ***Unlimited***

- ☐ NYPA services, flex rate Contracts
- ☐ Emergency generators
- ☐ small residential (10 kW) PV systems

NIMO SC-7 Rate Highlights *(continued)*

SC-7 Penalty Provision

① ***When customer as-used demand exceeds contract demand by;***

☐ <10% - 12X contract demand charge

☐ 10-20% - 18X contract demand charge

☐ >20% - 24X contract demand charge

① ***Prospective contract demand billings adjusted to reflect higher as-used demand level for customer***

NIMO SC-7 Rate Highlights *(continued)*

SC-7 Lost Revenue Deferral Mechanism

① ***estimate net delivery service revenues not recovered by standby rate compared to NIMO's Rule 12 provision***

- ▣ 100% deferral through August 31, 2003
- ▣ excluding first \$2 million per calendar year incurred thereafter through remainder of 10-year merger term

Standard Delivery Service Rates

 **Customer (*retailing*) costs**

 **Delivery system costs**

 transmission, sub-transmission

 primary, secondary

 **Stranded “production costs” (*CTCs*)**

Standby Delivery Rate Design

Commission Guidelines

- ① ***Objective - transfer fixed delivery costs from volumetric recoveries in standard rates***

Tariff rate structure elements

- ① ***Customer*** *per month*
- ① ***Contract demand*** *per kW (paid monthly)*
- ① ***As-Used demand*** *peak hour kW per day*

Customer (*Retailing*) Costs

⌚ **Costs that don't vary significantly among individual customers within a service class**

① *Meters and Meter Data Processing*

① *Billing*

① *Customer Care*

① *General Administrative*

⌚ **NIMO started with current merger rate customer charge for each class**

① *No CTC Recovery in this step*

Delivery System Costs

⌚ **Separate by major service voltage levels**

① *Xmission, sub-Xmission, primary, secondary*

⌚ **Identify cost sharing by service voltage level**

① *progressive sharing assumed*

☐ lower voltage services share higher voltage costs with higher voltage services

⌚ **Allocate between shared and local (non-shared) costs within each service voltage level**

① **No CTC recoveries considered at this step**

Shared and Non-Shared Delivery System Costs

- ⌚ **Contract Demand(\$)** = non-shared (local) costs
 - ① *driven by sum of non-coincident customer demands (contract kW)*
 - ① *costs allocated to secondary demand and not recovered in customer charge*
- ⌚ **As-Used Demand(\$)** = shared costs
 - ① *driven by class coincident peak demands*
 - ① *costs allocated on Trans/subTrans demand basis*
- ⌚ **Design Standby Rates to exactly recover non-CTC revenues by class/sub-class consistent with merger delivery rates**
 - ① *No CTC recoveries in this step*

"Stranded Costs" (CTCs)

⌚ **Class-Specific % of total standard delivery**

- ① ***Final step in standby rate design process***
- ① ***Standby rate elements for each class initially derived from non-CTC costs related to delivery system and retailing services***
- ① ***Revenue neutrality - standby rate must produce overall standard non-CTC rate revenue target for each service class***
- ① ***Proportional CTC Recovery - standby rate elements for each class marked-up by the class' specific CTC-to-Total Revenue relationship (uniform percentage mark-up)***
 - ☐ satisfies overall class revenue neutrality with merger rates
 - ☐ standby customers thereby support CTC recovery in direct proportion to the costs associated with their respective use of the delivery service.