

# Electric Standby Rates in New York State



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# Delivery Rates for Standby Service



***Background***

***Commission Guidelines***

***NMPC Highlights***

# Background



- **Opinion 82-10**
- **Rule 12**
- **Opinion 01-4**

# Opinion 82-10



- **Customer has Full Service Option.**
- **Back-up rates based on principal that more distant the utility facility is from the customer the less that the facility can be charged to a sporadic use customer.**
- **Marginal energy and demand costs are increased or decreased by the same proportions as full service rates to match embedded revenue requirements.**
- **Contract demand, as-used energy, and ratcheted demand charges are used in the rate design.**

# Rule 12



- **Non-residential customers with OSG pay a full service bill less the market value of energy and capacity produced by the OSG**
- **Negotiated as part of Power Choice**
- **Provides certainty of recovering net revenue from new OSGs**
- **Rule 12 expires with implementation of new Standby Rates**

# Opinion 01-4



- **Objective - transfer fixed delivery costs from volumetric recoveries in standard rates**
- **Tariff rate structure elements**
  - ***Customer*** *per month*
  - ***Contract demand*** *per kW (paid monthly)*
  - ***As-Used demand*** *per kW (paid daily)*

# Local vs. Shared Costs



- **Contract Demand(\$)** = non-shared (local) costs
  - *driven by sum of non-coincident customer demands (contract kW)*
- **As-Used Demand(\$)** = shared costs
  - *driven by class coincident peak demands*
  - *costs allocated on Trans/subTrans demand basis*

# "Stranded Costs" (CTCs)

- **Class-Specific % of total standard delivery**
  - *Final step in standby rate design process*
  - *Standby rate elements for each class initially derived from non-CTC costs related to delivery system and retailing services*
  - *Revenue neutrality - standby rate must produce overall standard rate revenue target for each service class*
  - *Proportional CTC Recovery - standby rate elements for each class marked-up by the class' specific CTC-to-Total Revenue relationship (uniform percentage mark-up)*

# NMPC Standby Rate Highlights

- **2001**

- *October 26 - Commission issues Opinion 01-4*
- *November 28 - NIMO files SC-7 Standby Tariff*
- *December - technical conference with parties*

- **2002**

- *January to March - parties meet to discuss all issues and pursue a collaborative outcome*
- *March 12 - Joint Proposal Submitted by NIMO, Staff, IPPNY, Orion, NRG, MI and NFG.*
- *June 19 - NIMO Joint Proposal Scheduled for Commission Session*
- *May and June - Other utilities file standby rates in compliance with Opinion 01-4*

# NMPC Proposed Standby Rates

- **Applicability:**
  - *“new” customer onsite DG units (using fuels)*
  - *existing wholesale generators interconnected at transmission and sub-transmission voltages*
- **Metering Requirements:**
  - *>50 kW, interval metering*
  - *<50 kW, interval or standard demand meter*
  - *kWh metering for classes w/o demand meters*
- **Split Billing**
  - *when generator below 15% of customer peak demand*

# NMPC Proposed Standby Rates

- **Exemptions:**

- ***Subject to Review in 2005***

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

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

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

- ***Unlimited***

- NYPA services, Flex Rate Contracts
- Emergency generators
- small residential (10 kW) pv systems

# NMPC Standby Rates Highlights

- **Penalty Provision**

- ***When customer's recorded demand exceeds its contract demand by;***
  - <10% - 12X contract demand charge
  - 10-20% - 18X contract demand charge
  - >20% - 24X contract demand charge
- ***Contract demand level adjusted to higher level for prospective billings***

# Illustrative Bill Comparison

<u>Customer by type and Service Class</u>	<u>Annual Delivery Bill</u>		<u>Standby Savings</u>	
	<u>Rule 12</u>	<u>SC-7 Standby</u>	<u>\$s</u>	<u>% of total</u>
1,500 kW w/ 525 kW Recip Engine; SC-3pri	\$335,389	\$216,718	\$118,671	35%
1,500 kW w/ 200 kW Fuel Cell; SC-3sec	\$311,118	\$251,836	\$59,282	19%
109.4 kW w/ 130 kW Anearobic Digest; SC-2D	\$27,516	\$10,154	\$17,362	63%
Small Commercial w/ 10 kW Windmill; SC-2ND	\$1,593	\$680	\$913	57%

<u>Customer by type and Service Class</u>	<u>Annual Delivery Bill</u>		<u>Standby Savings</u>	
	<u>Standard</u>	<u>SC-7 Standby</u>	<u>\$s</u>	<u>% of total</u>
1,500 kW w/ 525 kW Recip Engine; SC-3pri	\$192,141	\$216,718	(\$24,577)	-12.79%
1,500 kW w/ 200 kW Fuel Cell; SC-3sec	\$273,932	\$251,836	\$22,096	8.07%
109.4 kW w/ 130 kW Anearobic Digest; SC-2D	\$12,247	\$10,154	\$2,093	17.09%
Small Commercial w/ 10 kW Windmill; SC-2ND	\$741	\$680	\$61	8.23%