

Electric Utility DG Pilot Programs

NYSERDA CHP in New York State

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Niagara Mohawk, A National Grid Company (New York)



US Demographics

Number of Employees	10,000
Square Miles of Service Area	35,000
Number of Electric & Gas Customers	3.7 million
Number of Communities Served	897
Miles of Distribution Lines	72,000
Miles of Transmission Lines	12,000
Miles of Gas Pipelines and Mains	8,300
Revenues	\$4.4 billion
Number of Distribution Poles	2.2 million
Number of Substations	1100

Niagara Mohawk

A **National Grid** Company



DG RFP Process

- ◆ **The NYPSC's Order on DG (Order 01-5) and the Merger Rate Plan required Niagara Mohawk to identify two more projects and issue RFPs.**
- ◆ **RFP was issued in 2002 for planning year 2004.**
- ◆ **Initially, 21 separate companies requested and received the RFP package. A pre bid meeting was held two weeks after the packages were provided. The pre bid meeting was attended by 12 representatives from 8 companies.**
- ◆ **The RFP's that were issued were for projects that would have, if economically viable, deferred the installation of a substation, transmission line tap and distribution work in both the town of Colonie in the Eastern Division and the town of Hamburg in the Western Division.**



The DG Projects

- ◆ **Hamburg:** The area of the Town of Hamburg and northern Town of Evans along the shore of Lake Erie inland needed reinforcement. Approximately 20 MVA of reinforcement was needed over a five year horizon. The first 4 MVA of DG in service on May 1, 2004.
- ◆ **Colonie:** The area of the Town of Colonie needed reinforcement. Approximately 26 MVA of reinforcement over a 5 year horizon. The first 13 MVA of DG in service on June 1, 2004, with 11 MVA in 2005 and 2 MVA in 2006.



The DG Bids

- ◆ **Hamburg**: 3 bids were provided by two companies:
- ◆ Company A provided a proposal and an alternate proposal with a cleaner technology. The alternate proposal was approximately 25% more expensive.
- ◆ Company B was unable to meet the required availability factors specified in the RFP. The feeder availability factor was 99.9795%. The proposal stated specifically that it would only meet 98% on the area aggregate basis.
- ◆ **Colonie Project**: 3 bidders provided 4 proposals.
- ◆ The alternate bid for Colonie was approximately 40% higher than the base bid for the cleaner technology (natural gas Vs diesel). The technical exceptions and problems described above for the Hamburg bid also applied to the Colonie bid.

- ◆ **The projects that DG was to offset had project estimates between \$2.0 million and \$2.8 million. The annual levelized costs of the projects were between \$170,000 and \$248,000. The DG bids were approximately \$2 million per year for the 5 year trial program.**

