

*NYS Public Service Commission
Standby Delivery Rates
Electricity*



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CHP in New York State

Two Years Later

NYSERDA Second Biennial Conference

June 24 - 25, 2004

Standby Rate History



- **Pre-2000** - NIMO Rule 12 , exemptions, standard delivery rates
- **January 10, 2000** – Commission Order Instituting Generic Proceeding
- **October 26, 2001** - Commission issues Generic Standby Rate Order
- **November 28, 2001** – Niagara Mohawk files initial standby tariff

- **2002**
 - Jan-April – parties negotiate NIMO Standby Joint Proposal
 - April-August – other utilities file initial standby tariffs
- **July 1, 2002** – NIMO standby tariff effective (replacing Rule 12)

- **2003**
 - Jan-Apr – Con Edison, O&R, NYSEG and RG&E and other parties develop standby rate Joint Proposals (JP)
 - July – Commission approves JPs, with modifications, for Con Edison, O&R, NYSEG and RG&E
 - September – Central Hudson submits Standby JP
 - November – Standby compliance tariffs filed by other utilities
 - December – Commission approves Cent Hudson standby JP

Standby Rate History (continued)



■ 2004

- February 1 - Con Edison, O&R, NYSEG and RG&E standby compliance tariffs effective.
- March – Central Hudson files compliance standby tariff
- *July 1 – Central Hudson (the final utility) tariff becomes effective*

■ NIMO Distinction

- More limited exemptions
 - **No exemption for 1MW or smaller CHP installations qualifying under other utility standby tariffs**
 - **Lost revenue caps on other exemptions**

Industry and Rate Restructuring

(background)



- Utilities sell their generation assets
 - satisfy customers' continuing commodity service competitive wholesale market purchases
 - delivery and customer services remain regulated
- Separation of Bundled Utility Service Rates
 - delivery and customer service
 - commodity service rates
- Standby rates reflect delivery and customer costs
 - exclude commodity service costs

Time Differentiated Pricing

(delivery service)



■ Standby Rate

■ **As-used on-peak daily demand billing element for interval metered customers larger than 50 kW assesses incremental costs of deliveries made on-peak.**

- Produces additional incentive to run generator and displace utility on-peak energy deliveries.
- Reinforces higher on-peak grid commodity prices.

Time Differentiated Pricing

(commodity service)

- **Standard Commodity Rates**
 - **Customer commodity bills based on average monthly (class load-weighted) market values**
- **Standby Rates Commodity Option**
 - **Hourly load-integrated market commodity pricing for interval-metered standby customers**
 - commodity service bill directly reflects cost consequences of customer's individual behavior (not class average)
 - on-site generators have better information upon which to chose between buying energy from the grid and generating it themselves

Time Differentiated Pricing

(re-bundled service)



- Minimize Customer Energy (kWh) Costs
 - Look at all-in grid delivered on-peak electricity prices versus cost per kWh of producing on-site
 - Produce energy on-site only when it's less expensive than delivered market energy prices
 - **Provides frequent off-peak opportunities (weekday evenings, all-day weekends and holidays) to schedule minor CHP unit maintenance activities**
 - enhances on-site unit availability to operate during most expensive on-peak hours
 - optimizes integrated use of utility grid and customer on-site DG/CHP facilities

Other Operational Considerations



- Special C&I DG Gas Transportation Rates
 - **Rates made permanent June 11, 2004**
- Interruptible Gas Rates