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 <u>contract demand</u> by;***
    - <10% - 12**x** contract demand charge
    - 10-20% - 18**x** contract demand charge
    - >20% - 24**x** contract demand charge
  - ***Contract demand level adjusted to higher level for prospective billings***

Illustrative Bill Comparison

Customer by type and Service Class	Annual Delivery Bill		Standby Savings	
	Rule 12	SC-7 Standby	$s	% of total
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%

Customer by type and Service Class	Annual Delivery Bill		Standby Savings	
	Standard	SC-7 Standby	$s	% of total
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%