# NYSERDA Second Biennial Conference "CHP in NY State – Two Years Later"

Panel Session 4
Support, Incentives & Financing

June 24, 2004



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### **PSC Actions to Promote Gas DG**

- NFG Pilot Program
- Commercial & Industrial DG Rates
- Residential DG Rates



# **NFG Pilot Program**

- PSC approved a "Partnership for DG" pilot program for NFG in March 2003
  - Features a one-time, upfront buy-down of some of the customer's capital costs, which is then recovered through the customer's gas transportation rates
  - Shortens payback periods for DG installations and increases NFG's gas throughput



#### Gas Rates for C&I Customers

- Process (Case 02-M-0515)
  - May 2002 PSC institutes proceeding to establish gas delivery rates for DG technologies
    - June 2002 Comments submitted from the parties
  - April 2003 PSC issues "Order Providing for Distributed Generation Gas Service Classifications"
    - May 2003 Technical Conference on Rate Design
  - July 2003 Major LDCs file draft tariff leaves
    - Tariffs filed and effective by January 1, 2004



June 2004 – C&I DG tariffs made permanent

#### **C&I** Rate for DG Customers

- General Approach
  - Rates are the same as for comparably-sized non-DG customers, except they are adjusted for load factor
- Rate Features
  - Firm Delivery Service
  - Applies to units less than 50 mW in size
  - Minimum 50 % load factor to qualify (based on peak winter day)
  - Rates are established as a ceiling for three years
  - DG usage separately metered
  - Customer must pay for needed system reinforcements



#### **C&I** Rate for DG Customers

- Rate Design
  - Rates are based<sub>on</sub> 70% load factor
  - Rates include a seasonal differential
  - Customers with DG units <5 mW pay:</p>
    - a customer charge, and
    - a volumetric charge
  - Customers with DG units from 5 to <50 mW pay:</p>
    - a customer charge, and
    - a volumetric charge, and
    - a demand charge (the demand charge represents about 75% of the total cost to serve the customer)



# **Rate Comparison Examples**

- Niagara Mohawk
  - SC5 Transportation Service

Customer Charge

\$353.85 per month

Over 100 therms

\$ 0.05211 per therm

SC12 Non-Residential DG Service

Customer Charge

\$353.85 per month

Over 100 therms, summer

\$ 0.03697 summer

Over 100 therms, winter

0.04683 winter



# **Rate Comparison Examples**

#### Consolidated Edison

SC9 Firm Transportation

First 3 therms	\$11.08
Next 87 therms	\$ 0.4434 per therm
Next 2,910 therms	\$ 0.2855 per therm
<ul><li>Over 3 000 therms</li></ul>	\$ 0.1920 per therm

#### - SC9 Rider H

	Customer Charge	\$2	83.00
	Over 3 therms, summer	\$	0.1257
-	Over 3 therms, winter	\$ (	).1571



# Bill Comparison Examples DG vs. Non-DG Rates (monthly delivery charges)

	Non-DG Rate	DG Rate (Summer)	DG Rate (Winter)
Niagara Mohawk	\$4,257	\$3,123 (27% savings)	\$3,861 (9% savings)
Con Edison	\$14,705	\$9,710 (34% savings)	\$12,065 (18% savings)



Example based on a customer with capability of 2,060 kW using about 75,000 therms of gas per month

#### **Residential DG Rates**

- The April 2003 Order contained the following proposal for designing residential DG tariffs:
  - 50% combined load factor
  - No separate meter
  - All customer related costs in first block
  - A single block rate for all usage above first block
- To be considered by the Commission in the future



# **Data Being Collected**

- Number of Customers
- Total mW
- Operating mW
- Total MDQ
- Peak Day Gas Use by Technology (Microturbines, Reciprocating Engines, Fuel Cells, etc.)
- Total Gas Use and Gas Use on System Peak Day by Technology
- Net Revenues



# **Next Steps**

- C&I DG rates at Corning and St. Lawrence will be implemented
- Residential DG tariffs will be filed by the LDCs
- The LDCs will collect and file data, which will be used to re-evaluate DG rate design in 3 years

