Executive Director Report

Pic

The MEUA staff hopes you and your families are doing well as we continue to work through the coronavirus pandemic.

Many parts of the state have started Phase II of the reopening process, with the NYC area hopefully starting a Phase I reopening the week of June 8th.

Hopefully whatever phase your area is in, it is going well and without increased numbers of positive cases.

As you are aware, the Annual Conference scheduled for August 25th through August 28th, at the Chautauqua Harbor Hotel in Western New York, is still scheduled— well, for now. Currently, reaching staff at the hotel has proved to be somewhat difficult during this time, which is certainly understandable. We will continue to monitor any development in regards to hotel re-openings for larger groups, and a definitive decision will be made about the conference by the end of June.

**No Shut Off Policy**

I have recieved several calls and emails concerning the “no shut-off policy” currently in effect for New York State, IOUs and Municipals. Please remember—this policy was not directed by the PSC, but rather by an Executive Order signed by the Governor. Until the Governor redacts the Executive Order, it will remain in effect. The PSC really has nothing to do with relaxing the terms.

We have contacted the Governor’s staff and currently we aren’t getting any information on the Order being suspended. We will keep trying and as soon as any additional information is received it will be passed on to our members.

**MEUA Past President Robert N. Vaisey**

The MEUA has received word that Past President & Lifetime Member, Robert Vaisey passed away in February of this year. Robert was a Two-Term President of the MEUA, 1976-1977 & 1984-1985. He retired as General Manager of Fairport Electric where he was also a Volunteer Fireman for many years.

Robert is survived by his three sons, Stephen, Robert and Jack. He also was loved and adored by his twelve grandchildren, twenty-one great grandchildren and two great-great grandchildren.

Rest in Peace Robert— Thank you for your dedication to the Village of Fairport and the MEUA.





**MEUA Consultant Chris Wentlent**

**2020 Updates:**

**June**

Our MEUA systems have done an excellent job managing through the complexities created by the COVID 19 pandemic. Our performance to date; is a good test and barometer of the foundation of each system, and our network of systems. My June 2020 column follows, and I wish everyone an enjoyable summer season.

NYISO 2020 Summer Preparedness

The NYISO released it 2020 Summer Demand Report on May 28, 2020. Demand on New York’s electric system peaks in the summer as air conditioning drives overall power usage. The NYISO forecasts that peak load this summer will reach 32,296 megawatts (MW), a decrease of 86 MW from the 2019 baseline forecast and 1.3% above the 10-year average peak of 31,867 MW. Total electricity supplies are expected to be 41,319 MW. The NYISO also does an extreme weather scenario analysis. The results of that analysis forecast a peak demand of 34,210 MW.

The effect of energy efficiency programs, distributed solar photovoltaics, and non-solar distributed resources are included in the NYISO’s forecast. These resources moderate the growth of peak load and reduce overall energy usage from the grid.

A copy of the NYISO’s full Summer 2020 Capacity Assessment is available [here](https://www.nyiso.com/documents/20142/12722049/2020%20Summer%20Capacity%20Assessment.pdf/3a6c7e88-51c2-5798-42af-da82c8c96ee2).

**NYISO 2020 Project Priority Process**

The NYISO is in the process of finalizing potential 2021 projects for stakeholder consideration. Each registered NYISO stakeholder is eligible to submit a ballot survey that outlines their project preferences. Our MEUA systems receive seven total ballots. This is an important testament of the combined voice that we offer to the market.

The finalization of the list of projects and distribution of ballots takes place in late June 2020, and actual approved 2021 Projects are announced in the July 2020 timeframe. As usual, we will continue to promote projects that assist in reducing or maintaining our costs, promote congestion relief for our systems, avoid out of market costs that cannot be properly risk managed, or demand asset efficiencies or standards that create an exchange of high performance for market dollars we spend in various NYISO markets.

**New York State Department of Environmental Conservation CO2 Regulations**

New York State Department of Environmental Conservation released its proposed Part 242 RGGI CO2 Regulation. The regulation must be finalized by year-end to be effective in 2021. The significance of the RGGI Program is that any impacted CO2 emitting supply source will incorporate the cost of a CO2 allowance into their daily energy bid. Accordingly, that cost is incorporated into NYISO energy prices.

During 2020, New Jersey rejoined the RGGI compact. Virginia and Pennsylvania are potentially joining the program in the 2021, and 2022 timeframe, respectively. If both Virginia and Pennsylvania join it will substantially increase the program market depth to include states from the New England, New York and PJM wholesale energy markets and it will almost double the size of the program.

The proposed revisions to Part 242 will reflect the RGGI program changes set forth in the updated RGGI Model Rule. The proposed Program revisions will cap regional CO2 emissions at approximately 75 million tons annually beginning in 2021. After 2021, the cap will decline by 2.275 million tons annually. The Third Adjustment for Banked Allowances will adjust the budget for 100 percent of the pre-2021 vintage allowances held by market participants as of the end of 2020, that are more than the total quantity of 2018, 2019, and 2020 emissions. The proposed third adjustment would be implemented over the five-year period of 2021-2025, after the size of the 2020 vintage private bank is determined.

While the proposed revisions to the Program retain the Cost Containment Reserve (CCR), the revisions would modify the CCR trigger price and the maximum amount of CCR allowances available at auction each year. The proposed Program revisions create an Emissions Containment Reserve (ECR), which will also help secure additional emissions reductions if prices fall below established ECR trigger prices. The ECR will only be triggered, and allowances withheld from auctions, if CO2 emission reduction costs are lower than projected.  
  
The proposed RGGI model rule revisions eliminated two offset categories, the "SF6 Offset Category" and the "End-Use Energy Efficiency Offsets Category". The model rule revisions also updated and retained three offset categories that some states may continue to implement. In the revisions to Part 242, New York is proposing to retain only the offset provisions for avoided methane emissions from agricultural manure management operations.  
  
New York is also proposing to expand applicability under Part 242 to capture certain units that serve an electricity generator with a nameplate capacity equal to or greater than 15 MW. This applicability expansion will apply to any unit 15 MW or greater that resides at an existing CO2 budget source, and to any 15 MW unit that resides at a facility where there are two or more units with a nameplate capacity of 15 MW or larger.

Written comments on the proposed rule may be submitted until 5:00 p.m. on June 29, 2020

**New York State Department of Public Service – Resource Adequacy Proceeding**

Staff of the Department of Public Service (DPS Staff) will convene a Technical Conference on June 19, 2020. The purpose of the Technical Conference is to review the results of analyses prepared by The Brattle Group to evaluate, from an economic and policy perspective, the merits of existing and potential resource adequacy structures, so that interested stakeholders understand the quantitative and qualitative analyses used to compare varying structures.

The Technical Conference is a direct outcome of an August 8, 2019 New York State Public Service Commission order which directed a proceeding be established to examine how to reconcile resource adequacy programs and the State’s renewable energy and environmental emission reduction goals.

This proceeding is important to our MEUA members because we participate in the NYISO Capacity Market annually. Any change to our current method of managing capacity must be evaluated from a cost and reliability perspective.

The New York Independent System Operator, Inc. (NYISO) is currently responsible for certain aspects of resource adequacy, which it defines as the ability of the electric systems to supply and deliver the total quantity of electricity demanded at any given time, taking into account scheduled and unscheduled outages of system elements. In doing so, the NYISO considers the transmission system, generation resources, and other resources, such as demand response. The NYISO effectuates this responsibility by requiring all Load Serving Entities (LSEs) to purchase adequate amounts of generation and demand response “capacity” to satisfy their capacity obligations, which are based on the Installed Reserve Margin (IRM) and locational capacity requirements, where applicable. The IRM is adopted annually by the Public Service Commission (Commission) as a resource adequacy and reliability measure and is overseen by the Federal Energy Regulatory Commission (FERC) as an input in the NYISO’s Installed Capacity (ICAP) market. LSEs are required to procure, through NYISO auctions, bilateral contracts, or by self-supplying, the requisite capacity needed to ensure their retail customer load can be served in a reliable manner.

MEUA will monitor the planned Technical Conference and will provide an update in a future column.