



*January
2018*

Municipal Electric Utilities Association of NYS



MEUA's points of Interest

- Since 1930
- President Larry Kilburn
- Office located in
Syracuse New York

Executive Committee

2018-2019

- **President**– Larry Kilburn
- **President- Elect**– Owen McIntee
- **VP/Treasurer**– Andrew Thompson
- **VP/Sec.**– Bill Whitfield
- **Trustee**– Nancy Steedman
- **Trustee**- Brent Bodine
- **Trustee**- Jeff Dobbins



*May your troubles be less and your blessing be more and
nothing but happiness come through your door.*

-From your friends at MEUA

Municipal Members

*Akron-Andover-Angelica-Arcade-Bath-Bergen-Boonville-Brocton-
Castile-Churcville-Endicott-Fairport-Franfort-Greene-Groton-
Hamilton-Holley-Ilion-Lake Placid-Little Valley-Marathon-
Massena-Mayville-Mohawk-Penn Yan-Philadelphia-Plattsburgh-
Richmondville-Rouses Point-Salamanca-Silver Springs-
Skaneateles-Solvay-Spencerport-Springville-Theresa-Tupper Lake-
Watkins Glen-Wellsville-Westfield*

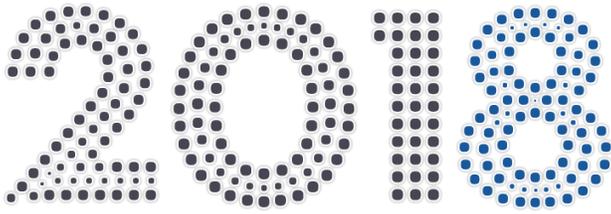
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I certainly hope everyone enjoyed a great holiday season and I wish you all a Happy New Year!



It appears the start of 2018 will pick up where 2017 ended as far as the colder temperatures are concerned. The snow belt areas of western and northern New York have seen the lake effect snow kick into high gear.

Stay warm and take breaks from shoveling—
Spring is only 3 months away.



As we begin 2018, we will be watching as the state begins its budget process and seeing how things progress in the legislative branch.

Remember, as of December 31, 2017, the 18-A temporary assessment ended. Please make sure to reconcile any 18-A collections, no new collections will be allowed by the PSC starting January 1, 2018.

The Governor's *State of the State* Address was held on January 3rd. Here are some highlights:

The state faces a \$4 Billion deficit moving into the 2018 Budget process.

As far as the energy front for 2018 is concerned, the governor briefly mentioned the energy topics of offshore wind and the Federal Advisory Committee on climate change related issues.

The Governor is directing the NYS

Department of Environmental Conservation (DEC), to undertake a rule making in 2018

to implement the 30 % RGGI cap reduction, which has been agreed to by the RGGI states at the regional level to avoid nearly 133 Million tons of additional carbon dioxide emissions from the electric power sector.



Two solicitations will be issued for offshore wind projects in 2018 & 2019, to procure at least 800MW of offshore wind power. These solicitations will be the first in a set schedule to reach the target of up to 2.4GW of offshore wind by 2030.

There is also an initiative to deploy 1500MW of energy storage by 2025, the largest commitment by any state.

Other topics touched on by the governor included a climate change advisory committee, which will develop recommendations to address planning for the effects of climate change. Energy efficiency targets will be revised and a new energy efficient target will be proposed by April 22, 2018.

No details on costs were mentioned, but will watch as the State 2018 Budget is released later this month. As you can see, there are plenty of things to keep an eye on during the budget process.

I hope to have more detail on these items next month.

NYISO/NYSRC REPORT December 2017

Rich Bolbrock – NYISO Advisor

The following are highlights of recent NYISO and NYSRC activities:

Uplift/OATT Schedule 1 Charges

Uplift for November (not including NYISO cost of operations) is (\$0.40)/MWh, lower than the (\$0.36)/MWh in October. The Local Reliability Share is \$0.20/MWh, higher than the \$0.14/MWh in October, while the Statewide Share is (\$0.60)/MWh, lower than the (\$0.50)/MWh in October. LBMP for November is \$30.60/MWh, higher than the \$28.35/MWh in October 2017 and higher than the \$26.31/MWh in November 2016. The average year-to-date monthly cost of \$34.72/MWh is a 5% increase from \$33.16/MWh in November 2016. Natural gas price (Transco Zone 6 NY) was \$2.92/MMBtu, up from the \$2.36/MMBtu the previous month. Natural gas prices are up 34% year-over-year. Oil prices are up 31% year-over-year.

The November peak load was 20,712 Mw and occurred on the 10th. This compares to the all-time winter capability peak load of 25,738 Mw which occurred in January 2014, and the 22,238 Mw peak that occurred the previous month. The average daily energy sent out in November was 403 Gwh/day, higher than the 398 Gwh/day in October 2017 and higher than the 398 Gwh/day in November 2016.

NYISO activated a new solar forecasting system on November 2nd and reported that its performance to date has been very good.

Winter 2018 Capacity Assessment

At the December 21st Management Committee meeting, Wes Yeomans (VP – Operations) discussed the NYISO's deterministic capacity assessment and state of preparedness for this winter. For the projected baseline forecast peak of 24,365 Mw (which is 80 Mw less than the peak forecast for last winter), with expected performance of the

transmission system, generation resources and gas pipeline infrastructure, the NYISO will meet reliability criteria for this winter.

Winter generation capacity for the state is 41,454 Mw (based on the 2017 Gold Book existing capacity with planned and actual deactivations, additions and generator rating updates during 2017). With inclusion of 792 Mw of SCRs (Special Case Resources) and 2,311 Mw of Net Purchases & Sales, the Total Capacity Resources are 44,557 Mw (1,589 Mw higher than last winter). Adding an Operating Reserve Requirement of 2,620 Mw to the forecast peak yields a Total Capacity Requirement of 26,985 Mw. Taking into account an Assumed Unavailable Capacity (Generation plus SCRs) of 5,924 Mw yields a Capacity Margin of 11,648 Mw (compared to a margin of 10,963 Mw for last winter). A 90th weather forecast raises the peak load to 25,989 Mw, an increase of 1,624 Mw over the base forecast. The 90th percentile forecast has a Capacity Margin of 10,024 Mw. The actual margins are even greater as the NYISO does not factor in the effect of Emergency Operating Procedures (emergency imports from neighboring systems, voltage reduction, public appeals, etc.) in its calculation. Doing so would add several thousand MWs to the margins.

NYISO also considered two additional scenarios concerning natural gas availability: the first removes all Gas Only Units from the calculation while the second only removes units that do not have firm gas contracts. The worst-case scenario (90th percentile load forecast with no gas generation) still has a positive Capacity Margin of 3,123 Mw.

The preparedness steps taken by NYISO (such as generator fuel surveys which indicate that oil-burning units have sufficient starting oil inventories and arrangements for replacement fuel), situational awareness procedures, and identification of continued winter challenges (such as extended cold weather conditions) were also discussed.

Integrating Public Policy TF **Draft Work Plan Issued**

On December 27th the NYISO and New York State issued a draft work plan that “identifies the topics and timelines to further explore options to incorporate the cost of carbon dioxide into wholesale energy markets with the goal of contributing to achieving New York State’s public policies, while providing the greatest benefits at the least cost to consumers and appropriate price signals to incentivize investment and maintain grid reliability.” The plan states that the NYISO/NYS joint staff team intends to present a carbon dioxide pricing proposal by December 2018, or alternatively, presenting a detailed schedule by the end of December 2018 leading to a firm proposal date in early 2019 unless the joint staffs conclude that a viable proposal is not achievable.

The work plan identifies six “Issue Tracks”. Issue Track 1 is development of the straw proposal for pricing carbon in to the wholesale energy markets. The Issue Tracks will be reviewed in parallel by the IPPTF. To facilitate the timeline, the IPPTF will normally meet each week throughout 2018. *[There is clearly a tremendous amount of pressure to achieve the December 2018 target proposal date. In my view, this is likely not enough time to fully vet any proposal and it is unclear how many Market Participants will be able to fully engage in the effort.]*

The IPPTF is scheduled to review and comment on the work plan at its January 8th meeting and issue a final work plan on January 29th. More on this in next month’s column.

\$0.85 M, PJM-NY Real Time Scheduling a negative (\$0.03) M, and NE-NY Real Time Scheduling a negative (\$0.21) M. Total production cost savings year-to-date are \$8.20 M.

Installed Reserve Margin for 2018 Capability Year

– The NYS Reliability Council considered the annual technical analysis conducted by its Installed Capacity WG which showed that the required IRM for the period May 1, 2018 through April 30, 2019 is 18.2% under base case conditions. The current IRM is 18%. After much debate and multiple ballots, the Reliability Council settled on the base case value of 18.2%, a very small change. The base case value for last year’s study was 18.1%. It is interesting to note that a parametric impact comparison of the 2017 IRM vs. 2018 IRM study showed six parameters (such as new generating units, updated load forecast, topology updates, etc.) that each had a +0.1% increase on IRM (total IRM increase of +0.6%) while updated External Control Area Models decrease the IRM by -0.5%.

As always, please convey any questions or comments that you may have on the above or any other issues related to the NYISO or NYSRC to me through the MEUA office.

Help Keep Us Current

Please email or fax over
name or address changes

Fax 315.453.7849

Email: info@meua.org

Thank you

Odds and Ends

Broader Regional Market Coordination – In November the Broader Regional Markets Coordination protocol produced a cost savings to New York of \$0.61 M compared to a cost savings of \$0.10 M in October. The savings fall into three categories: PJM-NY Congestion Coordination