



2023 NYSEG Electricity Supply Contract Planning

May 2, 2023



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TOPICS

Quick Program Overview

Market context

Schedule considerations

Adding to/enhancing our procurement options



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WESTCHESTER POWER COMMUNITY ENERGY

- **COLLECTIVE POWER** - the community-selected default electricity supply option for 29 participating municipalities
 - [Con Ed and NYSEG remain responsible for distribution - the infrastructure and billing]
- **100% RENEWABLE ENERGY** (default for Pound Ridge) easily accessible, vetted, at scale; Standard supply available as less expensive alternative
- **OPT-OUT FORMAT** eligible customers are enrolled in the default supply unless they take action to opt out or change supply
- **CONSUMER-FRIENDLY** structure allows you to participate with no contracts, fees, or penalties for coming or going.
- **RATE STABILITY** stable and predictable pricing vs the monthly variability of the utility supply
 - Savings are not guaranteed through this program, as we cannot predict what the utility will charge month-to-month

Necessary clean energy cornerstone for our economic transition as we work to electrify our buildings and transportation, and achieve our environmental justice goals



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NYSEG AREA CONTRACT DETAILS

Supplier: Constellation New Energy

100% Renewable Option: 10.179¢/kWh

Standard Supply Option: 8.736¢/kWh

Term Length: March 1, 2022 – November 30, 2023

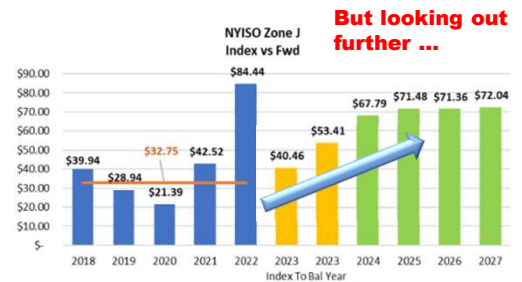


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RECENT DROP IN NATURAL GAS – BACK WHERE WE STARTED



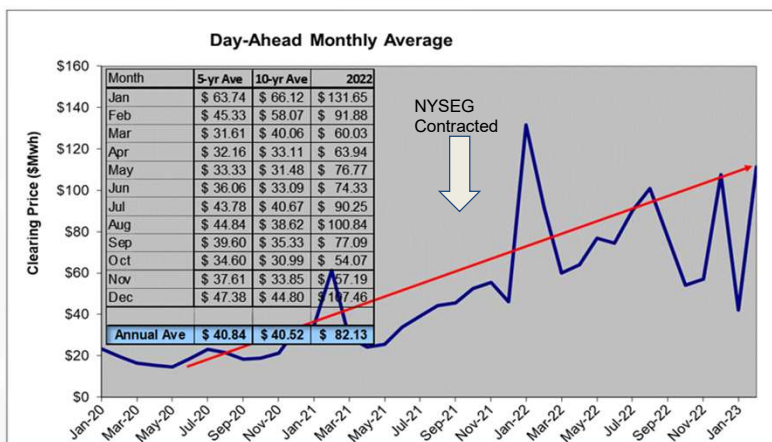
- Rapid production increases
- Storage up
- Warm weather
- European demand less than expected



...exports, war, climate, pace of construction, economy



Market: Volatile!



- Loss of baseload plants (IP)
- Peaker shut-downs
- Uncertainty about
 - how fast new renewables can come on and,
 - other National/Int'l events

Customer Takeaway: While a mostly uneventful winter this year has kept a lid on prices Zone G so far, index prices for 2022 were nearly double year-ago, five-year, and ten-year averages across zones in New York and remain highly volatile. This pattern of volatility is here to stay, and weather is a wildcard, so have a strategy in place to protect against it.

Sources: NYISO, EIA

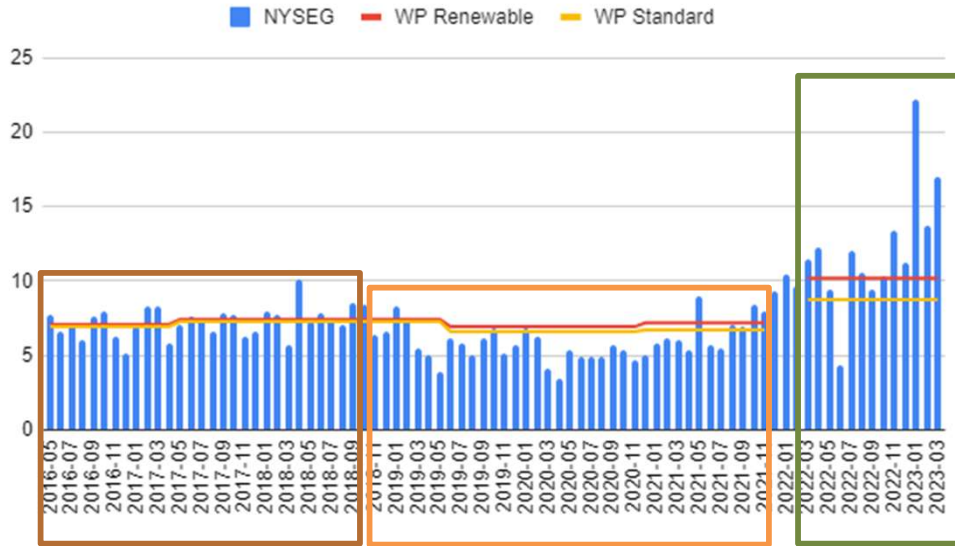
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WP FIXED RATES HISTORICAL

Vs New Volatility

NYSEG - Residential



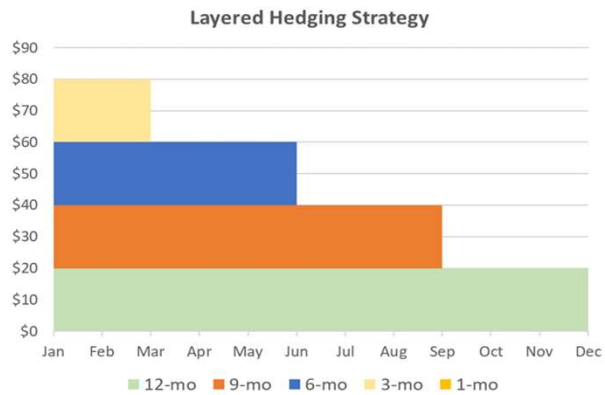
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POSSIBLE RESPONSE: STAY CLOSER TO THE MARKET WITH SHORTER HEDGES

Avoid long stretches where WP base pricing is higher than the utility

An illustrative example

- A% for 12-month term (green bar)
- B% for 9-month term (red bar)
- C% for 6-month term (blue bar)
- D% for 3-month term (peach bar)
- E% may remain open to real-time market



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PROCUREMENT DIVERSIFICATION - RESOURCES AND CHALLENGES

- **Access to rich experience: Calpine - providing services to California CCAs for over a decade**
WP has adopted their customer management platform (we'll be able to take in utility data directly!)
- **Joule (CCA Admin elsewhere in NY and beyond) is also working on similar alternative**

Challenges

- **Implementation plan update**
- **Contract must provide for follow-on energy block bidding without requiring all muni approval each time**
- **Communications - more complex**
 - **still have a "stability" element, but there is a periodic adjustment**



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CONTRACTING SCHEDULE

Accelerate schedule to maximize options and buying oppty; being proactive!

Historically compliance-driven timeline

- Dec 1: new contract enrollments start
- Oct-Nov: opt out period
- Sep: bid award
- Aug: RFP period
- Jul: MOU finalization
- May-Jun: outreach, board meetings

Accelerated timeline

- Dec 1: new contract enrollments start
- Oct-Nov: opt out period
- Late May: bid award
- Mid May: RFP period
- Mid May: MOU or equivalent
- Mar-Apr: outreach, board meetings

- There's a dip in the market - could be a good time to bid
- Starting early is insurance against incurring a "pause" as we did with the last contract renewal
- Allowing time to develop procurement diversification options



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ANOTHER CHALLENGE - RECS

- Tier 2 Voluntary RECs have been becoming hard to secure and the price has been driven up
- NYSERDA is considering making Tier 1 RECs available to the voluntary market. This would open up supply options, but there will still be upward pressure on pricing
- "Bundled" (power plus environmental attributes) purchases through long-term contracts that would solve this



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CONTEXT: JANUARY 19 CCA MODIFICATION ORDER

Provides useful clarity, but also challenges:

- **Any non-renewable (<50%) offering must be priced at less than the trailing 12 mo. Utility avg. plus 5%**
 - This means in some instances (e.g. rising market) we may not be able to offer a non-renewable product, though we could offer a 50% "light green" one
- **DPS is to issue guidelines document by April 19, and as yet unknown:**
 - Standards and check-ins for solicitations
 - Changes to Outreach & Education requirements - may affect timeline
 - Potentially other unforeseen regulatory obstacles



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SUMMARY / PATH FORWARD

Trying to keep options open as long as possible

- **Accelerating schedule activity to allow for earlier contracting option**
 - That also gives time for a) change of course on our side, or b) DPS and other unknowns
- **Pursuing both traditional fixed price and “variable” options up until final decision point**
 - Challenge to compare between them
 - Lure of the “known” vs positioning for this new volatile market, and future evolution
- **Standard product uncertainty issue**



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Your action can help your community
build a clean energy future!



Questions?

Sustainable Westchester General
info@sustainablewestchester.org

Westchester Power
westchesterpower@sustainablewestchester.org

Check for periodic updates and more information @
sustainablewestchester.org/wp/nyseg

Call us at 914-242-4725



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