



## 2023 NYSEG Electricity Supply Contract Planning

April 20, 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** easily accessible, vetted, at scale; Standard supply (default for Somers) 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

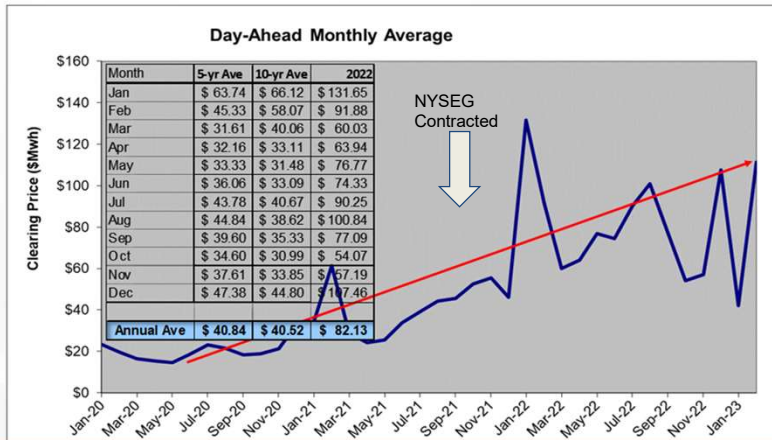
Standard Supply Option: 8.736¢/kWh

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



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## Market: Volatile!



**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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Constellation

SUSTAINABLE  
WESTCHESTER

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## AND YET AT THE SAME TIME, A PRECIPITOUS DROP



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

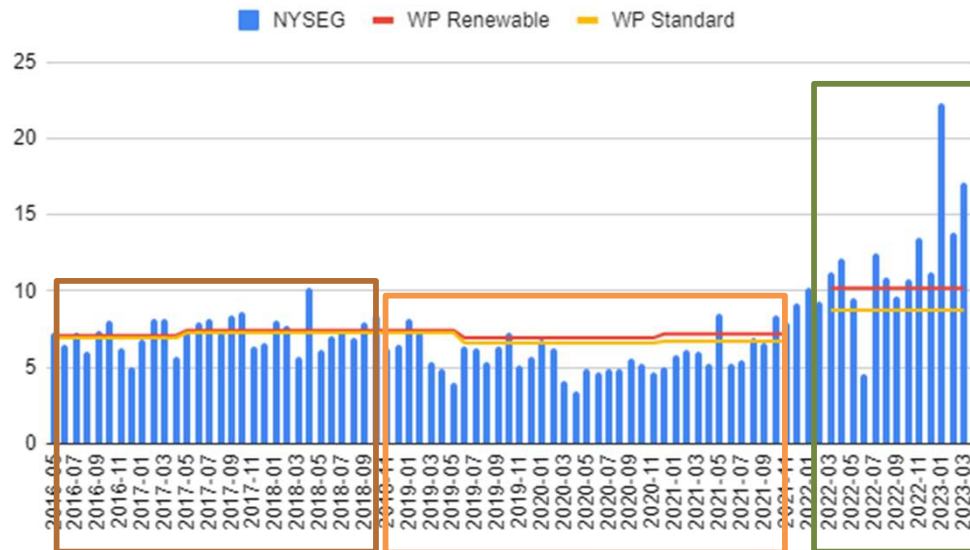
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# WP FIXED RATES HISTORICAL

Vs New Volatility

NYSEG Commercial



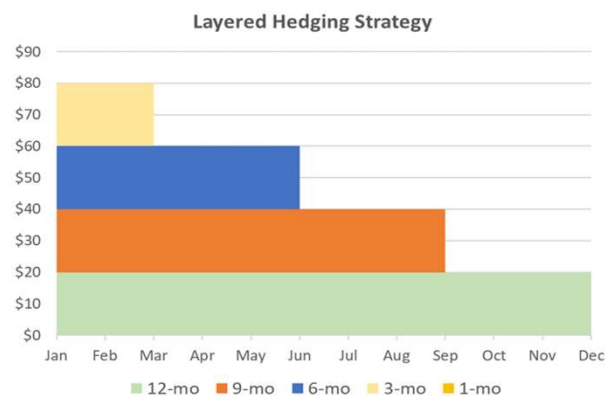
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## POSSIBLE RESPONSE: STAY CLOSER TO THE MARKET WITH SHORTER HEDGES

*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
- NYSEERDA 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
- See previous re 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?

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