



LYNX ELECTRIC CURRENTS

JULY 2014 NEWSLETTER

EDITOR'S NOTE

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The US energy industry is facing significant changes in 2014. Changes include conversion from coal to natural gas in their energy mix. There is also a significant increase in [DG](#) and [DR](#). The grid is showing high peaks which places more emphasis on "Reserve Demand" needs. The traditional response would be to build more generation. Many states have idle plants that could be upgraded, however with limited run times the generators find it hard to cost justify upgrades for any major investment in old coal plants. Energy efficiency can lower base load, which then lowers peak demand. Energy storage can allow present generation to handle peak spikes. Consumer education, tariff price signals, energy management and peak load limiting technology can be extremely effective in reduc-

ing peak demand spikes. Studies have shown that the major contributor to summer peak load spikes is air conditioning. Thermal storage using ice banks reduce peak demand during high temperature periods by producing ice during off peak periods and using that ice with chillers to lower compressor loads. "Pre-cooling" buildings off peak is another strategy utilizing energy management system to limit peak demand. Active [DR](#) can be another important strategy to manage peak demand. [NYSERDA](#) has multiple funding programs to assist customers with building infrastructure upgrades. Funding can support Energy audits, training, loans and facility and equipment funding. This newsletter contains a list of current [NYSERDA](#) Funding opportunities. Other

states, along with various federal tax credits can also fund energy projects. Another funding resource often overlooked is [USDA](#) which funds a variety of renewable energy projects.

Another important matter in this newsletter is the legal struggles with jurisdiction between federal agencies and state regulatory agencies. A preponderance of studies are looking at the grid and the changing profile of energy in the US, looking at what is the best way to move forward. Deliberation needs to address the environment, the economic impacts for consumers, business and the economy in general, technical feasibility and overall reliability.

TIP OF THE MONTH

The electric industry faces tremendous changes in regulations, generator fuel mix, jurisdiction squabbles between Federal and state agencies, and the list goes on. We know that the percentage of natural gas used for generation will increase by as much as 20% in some states this year. What has not changed is some of the infrastructure such as gas pipeline capacity so we can anticipate more peak spikes this winter. We urge our retail sellers to consider some hedging strategies now so you can protect yourself and your customers from price spikes. LynxEMS can assist you with this. We also

recommend that you consider value added services to retain customers. In previous Tip of the Month sections we discussed [DR](#) programs and how they will pay incentives to customers that can shed load during high price periods and emergency periods. One of the easiest ways to do that is to install a stand-by generator. We can pre engineer that project for you, getting you or your client an EPA certified natural gas, diesel or propane generator, with financing and installation/start up along with annual maintenance on your customer site. These automatic genera-

tors are industry leading Cummins generators, ranging from 13 to 2000 kW. Contact Lisa Klein in our Grand Island Office for more details on load shedding. The incentives [NYISO](#) is paying are very lucrative and can help pay for the generator while providing security.



FERC UPDATES

It appears the nomination of [Norman Bay](#) as the next FERC Chairman is moving forward. Acting Chairman Cheryl La Fleur will retain the chairman position for the next 9 months and remain on the board after her term is completed. Acting chairman La Fleur has bipartisan support for staying on the job until spring of 2015.

Mr. Bay will take over in the spring of 2015. A compromise with the white House gave La Fleur another term and has Mr. Bay joining the Board in the meantime to give him the opportunity to gain job experience. Mr. Bay knows the rules and regulations but needs some additional experience in the policy

making arena, which is the primary job of the FERC chair.

The Appeals Court of the District of Columbia ruled that FERC order 745 does not allow FERC to make rules for DSR in individual states. FERC has jurisdiction over wholesale and interstate power, however states have rights over retail power within their borders.

Order 745 which dealt with DR payments, resulted in a ruling that FERC overstepped their boundaries. The court stated that full LMP payments for DR crossed into state jurisdiction. FERC maintains that wholesale power is in their jurisdiction. The outcome of this political tug of war will impact capaci-

ISO-NE UPDATES

The new tariff “pay for performance” has been approved by FERC for ISO-NE with some modification. A key component of the new tariff includes stiff fines for non-performance. Changes in the energy efficiency policy of the ISO currently discriminate against such programs and impacts price signals. FERC requires changes in those areas in the ISO-NE tariff before resubmission. Moving forward, efficiency resource savings will be calculated based on scarcity conditions providing better pricing for efficiency but not making them part of the ISO’s dispatch program. Changes in capacity markets will encourage capacity

providers to make improvements so that resources are available as needed. The stop-loss policy places risk on capacity providers to encourage them to make upgrades ensuring plants are available when needed and meet reliability standards.

In the latest effort to modernize the grid and infrastructure, the Department of Public Utilities in Massachusetts issued orders to their commonwealth utilities to modernize. The DPU is requiring each utility to develop a 10 year modernization plan. Modernization would include: Renewable energy programs, innovation in new technology, devel-

op plans for climate change, and develop implementation and deployment for competitive markets. Incorporation of DR, power storage, renewable energy, electric vehicles, and energy efficiency upgrades are required to have high priority. Smart meters will be emphasized and utility tariffs will need to reflect time sensitive variable rates. [TOU](#) rates will require higher prices to consumers between 12:00 pm to 8:00 pm and lower prices the rest of the day. Utilities will also be required to perform grid modernization. The DPU orders support Governor Deval Patrick’s Massachusetts efficiency program.

The Connecticut [PURA](#) has settled with Energy Plus for a \$4.5 million fine. The violation involved their marketing program which offered competitive pricing but increased the offer to higher prices once customers enrolled, thereby violating the Connecticut [Un-fair Trade Practices Act](#). The violation can result in fines and losing their license to market electricity. PURA has indicated the fine money will be used for consumer education programs and provide funds for enforcement activities with power suppliers. [Energy Plus](#) has since been purchased by [NRG](#).

NY STATE UPDATES

As the PSC continues addressing retail power policies, [NEMA](#) is stressing that DR, DE and green energy provide competitive solutions that are key to meeting PSC goals. NEMA also pointed out that continued default programs by utilities along with special rates and programs discourage the retail marketplace participation. Another factor hindering market changes is metering. Interval meters are available for customers having 300 kW demand or higher. Small commercial, industrial customers along with residential custom-

ers are at a disadvantage with DR and participating in real time markets. NEMA is recommending greater availability of smart meters. Additional recommendations include supplier consolidated billing, purchase of receivables, and provisions for value-added services. Utilities expressed concern over consumer data security, anti-email spam regulations and releasing personal customer data such as phone numbers.

With the court of Appeals rejection for a new Lower Hudson Zone hearing, the battle

continues over jurisdiction. The closing of Indian Point nuclear plant, and subsequently having enough capacity for NYC, are part of that battle over building new transmission lines and who determines the implementation of FERC order 1000 and NYISO compliance. The PSC has the responsibility to implement public policy which includes transmission lines. NYISO tariff gives the PSC authority to determine transmission siting. The problem is the PSC does not have authority over interstate and wholesale power which is the

responsibility of FERC. Transmission owners and the ISO wanted the PSC to have a greater role in developing policy for transmission lines. The ISO is charged with securing the most cost effective solution for delivering capacity or alternative solutions to maintain economical capacity while providing grid reliability. As such, the debate for jurisdiction and who is responsible for what continues.

PJM UPDATES

In the aftermath of the “Polar Vortex” the PA-PUC. Has released a marketing makeover. A new section entitled “Things to Consider When Choosing a Fixed or Variable Rate” has been added to the [PA-PUC website](#). PA PUC Power Switch Chairman [Robert Powelson](#) pointed out that this is part of the PUC’s effort to “educate consumers on electric supply”.

The pending merger between Exelon and Pepco has been granted a tentative approval from FERC to allow the process to move to the next

step. If approved, the merger would combine Exelon with Baltimore Gas & Electric, Commonwealth Edison, and Pepco which includes Delmarva Power, and Atlantic City Electric. Both utilities claim the merger will bring cost savings and improve reliability. Exelon has over 26,000 MW of generation compared to Pepco with 17 MW’s of generation and 700 MW’s of DR. In addition Pepco will provide a significant market for Exelon’s generation. Exelon is promising to provide better reliability, no

employee job losses, and generous set aside funds to benefit consumers. The market arm of Exelon is Constellation, who will continue their role in providing supply where they have existing contracts, specifically in D.C. The utilities, once approved by FERC, will then need state regulatory approval and that of the Department of Justices.

The settlement for PA Gas & Electric has been determined. The ruling fines PA G&E \$150,000 for slamming customers and requires internal controls for the retailer. The controls consist of employee

background checks, training for employees on retail market rules, and state regulations concerning slamming. In further action, PA-PUC appointed [Kirk House](#) as the new director of the [Office of Competitive Market oversight](#).

The PA-PUC is also working on a settlement with ResCom Energy over allegations of slamming and violating the “do not call” rules. It appears that a fine and repaying financial damage customers experienced because of slamming will be the penalty. The investigation is ongoing.

NYISO

The appeal over the Lower Hudson Capacity Zone stay has been rejected by FERC. FERC pointed out that the initial call for the new zone goes back to 2006. Therefore stake holders have had sufficient time to plan, build new lines and power plants. FERC pointed out that higher capacity prices will signal

market forces to develop new capacity sources and transmission lines which will eventually lower prices in the region. Showing the impact of environmental regulations, NYISO has added 10,000 MW of new generation which is not enough to offset retirements. Reserve capacity dropped by 3,100 MW’s

since 2012. Currently natural gas powers 50% of NY power plants. New plants or renovations of existing coal plants will push natural gas generation to 70%. That is great for carbon emissions but has some unresolved issue with winter availability. The hardships of last winter price spikes are still being paid for by NY consum-

ers. Currently natural gas prices have been relatively stable as injection for winter loads has increased and prices have ranged from a low of \$4.405 to a high of \$4.762m per MMBTU.

US ENERGY

The EPA released their new CO2 regulations, which cuts emission 30% from 2005 levels by 2030. State efforts were recognized under section 111, providing leeway for them to meet their CO2 reduction obligations. The EPA will conduct open hearings for 120 days. According to [EPA Administrator Gina McCarthy](#), the new plan will provide flexibility. The keys to meeting new standards are greater emphasis on energy efficiency, converting coal plants to natural gas, expanding renewable energy sources and allowing a regional approach such as [RGGI](#) to meet the new standard. The EPA claims the new regulations will bring anywhere from \$48 to \$82

billion in health benefits, yet anticipates a 7% increase in electric costs. An estimated 20% of the current coal plants will close and be replaced by natural gas. States want the EPA to credit measures already taken to be part of the 30% reduction plan. Municipal lobbies such as [APPA](#) are concerned about the economic impact on small communities.

Changes continue to make inroads into the US energy industry, specifically the grid as we know it. Smart meters, DR, DG, Energy Efficiency and green energy are driving the change. [Rana Mukerji](#), VP of NYISO Market Structure states that the meter changes will make elastic demand

a reality as the meter power technology becomes cost competitive with supply side power markets. Mr. Mukerji points out DR applications are growing but require the grid to balance and stabilize the load providing reliability. Faster response times for generators are needed to provide a more elastic demand profile. For example, solar or wind power sources are providing thousands of MW across the country. However, when they shut down, conventional generators must ramp up to fill the capacity gap. Conventional power plants can take days to ramp up while quick response generators are more expensive to operate. As the NY-PSC continues moving forward with marketing changes, the future of utilities

will change. Reliability, renewable energy, the ability to switch and move power quickly where needed, accurate data, smart meters and energy storage will be in the forefront of these changes.

In past issues of *Lynx Currents* we have addressed [RGGI](#) allowances. RGGI held their 24th auction which sold 18 million allowances for \$5.02 per allowance bringing in \$90.7 million. These funds are used to finance energy efficiency projects, renewable energy projects, fuel switching, and greenhouse gas reduction programs in participating states. Large emitters of CO2 such as power plants purchase allowances. Allowances are created by fuel

US ENERGY MARKETS

In response to the “Polar Vortex”, [IDT Energy](#) rolled out two programs for Maryland, New Jersey, Pennsylvania and the District of Columbia. The programs are: Home Services and IDT Rewards. The Home Services program provides home appliance protection for a six month period for IDT customers in the affected area. The IDT Energy Rewards gives points for power consumption which can be redeemed for merchandise and related consumer items.

[ACEE](#) is projecting low growth in the utility industry through 2040. Electric cars will add some new demand load but not enough at this time, to push the growth of grid demand. ACEE is suggesting electric load will grow less than 0.04% which is a long way from being a classical “death spiral” (as prices go up, customer reduce demand and the supplier increases their unit cost to cover expenses). As a result of legislated social policies, the utility industry is facing energy efficiency upgrades, DR projects, and DG projects, all of which reduce demand and potential revenue for the utili-

ties. The challenge for utilities will be to develop new services to maintain revenue streams. Utilities could provide smart meters and meter data or net metering which customers with generators or those participating in DR programs need. The benefit to customers is having the ability to reduce load during peak high demand, (translated) expensive, power. Utilities can also play a role in energy efficiency upgrades or energy audits, which would lower the utility cost and have the ability to better manage circuits and outages. As services develop, utilities will have to decouple revenue from load growth to services and bring customers the cheapest option for their power needs. Rates will need to address fixed monthly charges and variable supply charges based on energy use and demand.

The renewable energy goals and timelines have been altered by [Governor Kasich](#) of Ohio. In the short term the REC targets have been placed on hold until 2017 with the passage of SB 310 freezing the requirements. The power mix goal of 12.5% renewable energy by 2025 has been changed

to 2017 as well. Energy Efficiency targets have been delayed until 2017. The plan establishes a committee to perform cost benefit analysis for future energy rules, mandates and their societal and economic impacts.

[EPA Clean Power Plan](#) is receiving criticism and critical review from various energy quarters. The main concern is the added cost to consumers and having enough capacity to provide reliability to the market. The [Brattle Group](#) developed a policy brief pointing out some flaws with the EPA plans resulting from over simplified assumptions across the states. The Brattle Group Report is entitled “EPA’s Proposed Clean Power Plan” and points out that EPA assumes all states have the same mix of energy sources, growth rates and potential renewable energy. However there is a vast difference between states with availability of the various renewable energy sources. As a result, compliance costs are not equitable for the needed greenhouse gas reductions. EPA also does not take into consideration the existing generating resource upgrades or energy efficiency im-

provements made in the previous years. That means states with extensive renewable energy developed or having successful performed energy efficiency upgrades over the years would face unfair CO2s level reductions compared to states that have done nothing in terms of CO2 reduction. The EPA regulations do not reflect the impact of costs in the various regions resulting in tremendous disparity across the country and economic hardships for many consumers.

A recent Supreme Court ruling regarding the EPA [Greenhouse Gas](#) regulatory authority addresses the many issues and has ruled giving both sides a partial win. The ruling gives the EPA for a 3% GHG reduction for fixed stationary resources (generators). The court upheld the EPA’s authority to regulate GHG under the “Best Technology Available” provision. The ruling is not retroactive for previous unregulated resources. Power plant rules will continue as the court ruled that new industrial facilities must use best practices technologies to limit GHG and carbon emitting facilities.

FERC UPDATES (CONTINUED)

ty payments for DR across the nation. This dispute may continue all the way to the US Supreme Court for final resolution. The [AEMA](#) expressed concern that the court ruling limits FERC’s ability to regulate DR. Former FERC Chairman Wellinghof stated the ruling will stifle electric grid innovation. FERC is not taking the federal court ruling on Order 745 passively, and has called for an “en banc” to review the Order 745 ruling. “En Banc” hearings require all 17 judges to rule on FERC Order 745. The previous ruling only

had 4 judges rule on the order which has a major impact on DR programs. The “en banc” panel of judges can override the previous ruling if that decision clashes with established rulings or has a major negative impact on the electric industry or the economy. FERC order 1000, which deals with transmission line siting and funding, is also being challenged.

FERC is currently investigating pricing and ancillary service costs across the nation. The goal is to see how the various RTO/ISO and power regions develop their electric

prices. The next step will be to analyze markets to see if rules need to be added amended or changed to facilitate proper pricing signals so market forces can work and avoid price spikes such as experienced this past winter. Scarcity pricing specifically in the RTO/ISO’s will be analyzed. Timing of the investigation is crucial, however FERC chairman La Fleur indicated the RTO/ISO can make changes but FERC will not be able to impose new scarcity pricing orders or rules before the winter heating season.

NYSDERDA PON UPDATES

Current PON's (Program Opportunity Notices), which are available to qualified customers from NYSDERDA.

- **PON 1219 Existing Buildings:** Provides rebates and performance incentives for existing buildings including lighting, motors, generators, HVAC equipment etc. through 12-31-2015.
- **PON 1601 New Construction Financial Incentives:** Provides incentives for new and remodeled buildings, paying for architectural and engineering services, rebates

on electric equipment, appliances, HVAC equipment, and building envelope, through 2015.

- **PON 1746 Flex Tech:** Provides funding for a variety of feasibility and energy related studies through 12-31-2015.
- **PON 2112 Solar PV Program Financial Incentive** through 2015
- **PON 2439 Wind Turbines:** This PON pays incentives to certified installers of DG wind-mills under 2 MW through 2015.
- **Multi Family Performance Partners:** Facilities with 5 or

more housing units are eligible for energy audits and energy efficiency funding through 2015.

- **PON 2456 Industrial and Process Efficiency Program:** This PON is can pay up to \$4.5 Million per project through Dec. 2015.
- **PON 2568 CHP Acceleration:** Funding for onsite generation with heat recovery (DG/CHP) packaged units through 2015.
- **PON 2758 Gas Station Backup Power Program.** This PON provides emergency power for generators in Downstate gas stations, and will do so until the

funding runs out.

- **PON 2689 Emerging Technologies and accelerated Commercialization** through Dec. 2016
- **PON 2701 Combined Heat and Power CHP Performance Program** through Dec. 2016
- **PON 2846 Innovations in Data Center Information & Communications Technology Energy Efficiency:** This PON has funding through April 2015.
- **PON 2828 Renewable Portfolio Standard Customer-Sited Tier Anaerobic Digester Gas to Electricity** Through 2015

US ENERGY (CONTINUED)

switching to renewables, energy efficiency upgrades, process improvements and related means of using less fossil fuel produced power. RGGI board chairman [Kelly Speakes-Backman](#) stated the RGGI states are on track for reducing carbon emission around 50% of the 2005 levels. The RGGI model provides a cost effective method of reducing carbon emissions on a regional basis.

The [NREL](#) has issued a report on the effectiveness and value of [Concentrated Solar Power](#) and how it can

be utilized to prolong or extend solar powered generation. Solar power is gaining in capacity delivery and playing a greater role during peak demand periods during the day. Concentrated Solar Power can increase solar power availability by several hours by storing thermal energy using molten salts. Adding storage capabilities increases the value of CSP as conventional solar photo voltaic power is valued at \$15 to \$26 per MWH. Having the ability to store solar generated power enhances

the value to \$ 47 to \$80 per MWH. The extra hours provides power during evening demand.

Hurricane monitors are looking at forecasts for the 2014 hurricane season which can have major impact on Gulf of Mexico oil and natural gas production. The amount of gas produced by the Gulf has shrunk from 26% of the nation's gas supply to 5% as a result of onshore gas production and new supplies resulting from fracking. NOAA projects 8-13 storms this season and is projecting no major

impact on Gulf gas supplies. Natural gas storage has made some progress but is still 737 BCF behind last year's level. Gas prices are anticipated to hold around \$4.74. Electric power growth is expected to be around 1.2% this year and costs for that energy are expected to increase by 3.7%.

GLOSSARY OF ACRONYMS

AEPS - Alternative Energy Credits

ACEE - American Council for an Energy Efficient Economy

AEMA - Advanced Energy Management Alliance

DG - Distributive Generation

DR - Demand Response

NEMA - National Energy Marketers Associated

NOAA - National Oceanic and Atmospheric Association

NREL - National Renewable Energy Laboratory

NYSDERDA - New York State Energy Research Development Authority

PURA - Public Utility Regulatory Association

RGGI - Regional Greenhouse Gas Initiative

TOU - Time of Use

July 2014

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10 <i>NYISO ICAP Monthly Auction</i>	11 <i>NYISO ICAP Monthly Auction</i>	12
13	14	15 <i>NYISO ICAP Monthly Auction Results</i>	16	17	18	18
20	21	22	23 <i>Certification</i>	24	25 <i>NYISO ICAP Spot Auction</i>	26
27	28 <i>NYISO ICAP Spot Auction</i>	29	30 <i>NYISO ICAP Spot Auction Results</i>	31		

FUTURE DATES

July

- 10-11 NYISO ICAP Monthly Auction
- 15 NYISO ICAP Monthly Auction Results
- 23 Certification
- 25-28 NYISO ICAP Spot Auction
- 30 NYISO ICAP Spot Auction Results

August

- 8-11 NYISO ICAP Monthly Auction
- 13 NYISO ICAP Monthly Auction Results
- 21 Certification
- 25-26 NYISO ICAP Spot Auction
- 28 NYISO ICAP Spot Auction Results

NYISO SCR CURTAILMENT PROGRAM

Proposed changes by the NYISO will impact SCR customers. Lynx will work to keep you informed and updated as changes get approved. **Prices for participation in DR programs are up as Governor Cuomo is getting behind peak load reduction programs.** Lynx is providing assistance for our customers with event notification and supplying documentation to the NYISO verifying results. A major obstacle for customers having peak demand less than 500 kW is having an interval meter. Lynx can help you with securing grants for interval meters, and getting those meters installed. Many customers willing to participate in NYISO programs need help in determining what items can be curtailed and to determine the kW value of those items to be shut off. Lynx can help your customers determining kW loads that can be curtailed. In addition Lynx can now provide **Cummins Generators** which can be used for curtailment purposes along with providing protection for property and life during emergencies. Lynx will work with you to get customers registered in a NYISO program. So help your customers get some cash for shedding electric loads during peak load emergency events. ESCO's or suppliers will also earn funds. With Lynx guidance you can avoid costly pitfalls and potential fines. We urge our customers to get their information in to our office now before the summer strip starts. Should you miss the deadline customers can still participate on a monthly basis but will miss out on May payments for 2014. Call Lisa Klein or Bert Spaeth in our Lynx office at 716-774-1341.

COMMODITY PRICING

Historical - Flat DAM

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
NYISO-A	106.48	73.00	80.97	38.46	31.35	37.92
NYISO-F	176.83	135.16	106.16	43.82	33.91	38.03
NYISO-J	175.92	122.84	102.52	46.49	37.31	39.95
NYISO-K	187.11	145.94	108.43	50.75	48.89	44.75
PJM-PSEG	184.41	89.93	78.53	45.95	38.55	39.83
PJM-JCPL	176.63	78.12	73.97	41.79	37.75	39.20
PJM-APS	107.43	69.25	65.20	41.10	41.92	39.78
PJM-PECO	168.45	74.00	72.74	41.60	37.11	38.51
PJM-PPL	167.39	74.13	72.14	40.63	37.14	37.94
PJM-DLCO	83.22	57.65	52.31	38.13	40.25	38.08
PJM-PENELEC	116.57	72.96	67.47	41.47	45.19	39.45
PJM-METED	166.67	73.72	72.41	40.62	36.40	38.00
PJM-BGE	179.66	75.97	77.21	44.24	48.36	46.96
ISONE-CT	166.29	153.89	109.27	45.02	37.28	38.12

Current Projections

Jul-14	Aug-14	Sep-14	Jul-14 to Jun-15		
Flat	Flat	Flat	Flat	Peak	Off Peak
52.01	43.90	35.94	44.01	53.03	36.15
52.17	45.80	39.11	60.10	71.04	50.56
62.44	54.82	43.73	62.98	75.85	51.75
72.56	60.60	51.08	70.19	85.02	57.25
60.45	51.36	41.12	49.66	61.51	39.32
59.86	50.77	40.53	48.12	59.51	38.19
54.46	46.87	37.73	43.56	52.73	35.57
59.11	50.03	39.31	46.52	57.28	37.13
57.58	49.22	38.91	45.91	56.40	36.77
50.01	44.16	36.00	40.69	49.48	33.03
56.47	48.67	38.97	45.08	55.31	36.16
58.67	50.15	39.46	46.48	57.06	37.26
68.37	57.27	43.65	51.26	63.63	40.47
53.14	45.36	38.94	69.70	80.84	59.99

Note: On-peak is defined as HE08 - HE23 Weekdays (less NERC Holidays)
Commodity pricing at MWh reflects an estimate of pricing based on current information available at time of printing from various market sources. The prices are not intended to be used as hard data for contractual purposes. Prices are represented in dollar per MWh.

GREEN ENERGY

As state mandates are phased in, suppliers or ESCO's will be required to purchase REC's (Renewable Energy Credits) and show documented proof of purchase. Some states require a percentage of Solar REC's or offshore wind depending on the host states social policies. Each category, whether it is called Tier or Class has different pricing and some states mandate a mix. Suffice it to say, Solar is the most expensive and Tier or Class II is the least expensive. Failure to purchase green energy or [AEPS](#) or REC's will result in a default REC. PJM customers would pay Alternative Energy Credits (AEP) at \$500 per credit. Connecticut has a default rate as well. Lynx will assist you in locating cost effective green REC's to meet your needs. In addition, Lynx can handle your reporting and assist you in purchasing REC's. The percentage of renewable energy is expected to increase up to 27% in certain states by 2025.

Note: To ease the burden of purchasing annually and the large cash expenditure, Lynx is recommending purchasing REC's on a quarterly basis to avoid higher prices at the end of the reporting period.

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