



LYNX ELECTRIC CURRENTS

MARCH 2015 NEWSLETTER

EDITOR'S NOTE

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Despite severe snowstorms and sub-zero temperatures across much of the US prices have not experienced a repeat of last winter. Natural gas futures remain well below \$3.00 per MMBTU and supply is keeping up with demand. Record gas storage is helping to keep prices down despite high withdrawal rates in the northeast. As we move forward into 2015 more changes are coming. Issues regarding grid stability, PSC rule changes for suppliers and energy marketing, as well as waiting for a major decision regarding DR from the US Supreme Court are expected this spring. The EPA Clean Power Plan kicks in this April, posing more hardships for fossil fueled

generators. Recent pending legislation by Congress may curb some of the EPA regulations if Congress finds the new rules detrimental to our nation's economy, threatening overall grid stability.

There is some good news in the energy field. The changes in fuel supply directed by FERC designed to avoid a repeat of last winter's debacle seems to have worked. Prices to date have been stable. Having LNG on site, contracting generators with dual fuel capabilities, and changing rules for interface between natural gas providers and power generators has ensured fuel supplies and electric capacity were available as needed.

Suppliers will be challenged as the various state PSC's roll out new rules of engagement for marketing to customers, verification of contracts, contract language, and billing formats. The changes are designed to avoid the confusion of last winter's billing with heavy emphasis on fixed pricing or some type of hedging strategy. It will be more difficult for suppliers to comply and meet all of the new regulations. Our staff is ready to provide guidance to help you through the new regulations and keep your retail sales profitable.

TIP OF THE MONTH

Are you a candidate for purchasing Wholesale Power? Since 1999, customers have had the option of purchasing power from a Retail Supplier instead of the traditional electric utility company. The idea was to introduce competition to the supply market to apply downward pressure on costs and introduce new products to the consumers.

However, many large consumers don't know that they have the option to bypass the Retail Supplier and purchase power direct from the Marketplace. As you can imagine, there are a LOT of caveats and considerations. In general, if you are spending \$75,000/Month on

Electricity, it may be worth a look. If you are spending \$200,000/Month, it's definitely worth a look.

While Wholesale Power can save 10-20%, most companies don't have the systems or expertise to actually make it happen - safely. That's where LynxEMS can help. LynxEMS has been in the energy business for fifteen years as a service provider. Our expertise includes handling all of the forecasting, true-ups and related accounting needed to buy directly from the RTO/ISO. We also assist our customers with REC's and documentation for PUCs. We can save you time and money should you choose

to enroll in a DR program or utilize New York's PON program.

Dealing with a bureaucracy can be tedious and if not done right, costly. However utilizing a qualified service provider such as Lynx can save you significant energy dollars and avoid costly fines.

Spring is Coming!
(We hope)



FERC UPDATES

FERC Chairman LaFleur is hosting a series of four technical conferences, starting with a conference on EPA's CPP (Clean Power Plan). The Chairman cites the success of the recent technical conference covering [MATS](#) as reason to continue the series. The first technical conference addressing CPP will focus on concerns CPP has raised and developing the best strategies to achieve regional compliance. Concerns include reliability, achieving environmental goals and keeping electric costs reasonable. States will be required to explore every venue in order to meet clean energy goals. Verifying compliance will require additional

work to develop measuring tools and protocol to ensure goals are being met. Pipelines and transmission lines will be needed along with more cooperation and coordination with RTO's/ISO's. FERC's Order 1000 dealing with transmission infrastructure will play a key role in implementing "Public Policy" in order to facilitate EPA's CPP plan.

[NEPA](#) has requested the discontinuance of all DR programs because of their disagreement with FERC orders. FERC has rejected the hearing pending the results of a ruling from the US Supreme Court. The present status is a stay for any changes until

the court decision decides the status of DR FERC orders. NEPA has also requested the Peak Energy Rent for generators under non-performance impacting reserve capacity be changed. FERC ruled that NEPA did not prove their case, claiming financial hardships as the price floor for auctions addresses capacity pricing. Clarification regarding capacity pricing for new generators, as well as renewable energy needs input from New England stakeholders, needs to be confirmed before FERC will reconsider additional rulings.

[NERC](#) has submitted their mandated Reliability Standards to FERC. FERC approved the standards and moved to imple-

ment the measures in the report, charging NERC with a follow up compliance report in 90 days. Compliance monitoring and oversight will follow the report submittal. FERC also issued reliability standards MOD-031-1. That standard will deal with demand and energy data collection which will be used to collect data for purposes of reliability assessment and analysis. The goal is to make data available that is consistent and can be shared. The data will allow system planning, identify areas that require system upgrades and support the primary goal of system reliability.

PJM UPDATES

The PA-PUC released their audit report covering [First Energy](#) and subsidiary utilities. The report was mainly concerned with reliability and wants reliability improvements in [Penelec](#) and [Penn Power](#) territories. The PUC is looking for improvements in the parent company First Energy, contact centers and improve performance in documentation of grid deficiencies. The report states that First Energy initiated PUC regulations with a focus on meters and better monitoring of meter operation. The PUC

audit points out the utilities can save \$19 million initially and over \$3.7 million annually in the following years. First Energy has committed to the PUC to accept the audit report and consequent recommendations.

The New Jersey BPU has approved the merger between Exelon and Pepco Holdings. The merger will still require approval from Delaware PSC, District of Columbia PSC and the Maryland PSC. FERC has already given their approval according to Exelon CEO [Chris](#)

[Crane](#). The merger includes a \$62 million customer investment fund for Atlantic City customers and a \$15 million customer energy efficiency savings for customers spanning the next 5 years. The utilities agreed to meet BPU reliability performance standards for frequency and duration of outages. Concessions for pensions, corporate community donations and employee retention are also in the merger agreement.

PJM CEO [Terry Boston](#) has announced his retirement scheduled for Dec. 31, 2015. During Mr. Boston's tenure of

seven years at PJM, he has focused on reliability of the grid, developing new markets and improving efficiency. In addition to heading PJM, Mr. Boston served on the board of Electric Power Research Institute, National Academy of Engineering, GO 15 International Association of Edison Electric. PJM is actively conducting a search for a replacement for Mr. Boston. Mr. Boston will stay on past 2015, to work with and train his replacement.

NY STATE

NY State PSC unveiled the latest retail market safeguards designed to inform and protect consumers and will require more effort on the retailers marketing plans. PSC Chairman [Audrey Zibelman](#) stated the latest action taken by the PSC will guarantee that low income customers will not pay more for retail power than the standard utility pricing when enrolled in retail power mar-

kets. PSC is directing retailers and utilities to develop low income protection within the next 180 days. The PSC rationale is to allow customers to avail themselves of special services and programs offered by retailers, while safeguarding their exposure to retail markets should prices exceed standard utility costs. In addition to cost protection, the new rules also pertain to

marketing, and door to door sales for retailers. Enrollment will require third party verification. The start for the changes is scheduled for July 2015. Utilities will benefit by sharing in a \$100 million ratepayer funded program designed to assist low income customers assistance programs. The rationale for the assistance proposed by the PSC is the program will avoid or minimize service termination result-

ing from assistance provided under the new rules.

NY [REV](#) has been published for comment and review. The reform initiative will impact all aspects of energy and require changes in utility tariffs, NYISO, NYSERDA, along with wholesale and retail energy markets. The NY Energy Market is a summer peaking market. During spring and au-

US ENERGY

[FERC](#) reported a continued decline of electric supply cost by 1.17% for March in states that are deregulated. This is good news when compared to last winter's "Polar Vortex" debacle. Shale gas receives much of the credit for continued energy cost decline. The trend may be impacted by EPA regulations as the new standards kick in forcing more coal plants to close. [MATS](#) will go into effect in April. Carbon reduction and new ozone standards will further the pressure on coal plants and all fossil fuel burning plants. Even biomass fuel sources will be challenged as they emit carbon when burned.

The newly elected Republican controlled Congress is developing a comprehensive energy bill. The energy bill developed by the House Energy Committee will address the following issues:

- Modernizing and securing Grid Infrastructure
- 21st Century workforce
- Energy Diplomacy
- Efficiency standards and industry accountability

In statements from Congressmen [Fred Upton](#) and [Ed Whitfield](#), both respective committee chairmen, the current energy policies are lagging and need updating as game changers such as shale gas and new technologies

make their impact. The electric industry is facing reliability and grid security issues along with ever increasing environmental demands from the EPA. The committees are also looking at oil and gasoline policies with a goal of meeting current needs and developing a road map for future energy policies. To address grid infrastructure the energy committees will address:

- Modernizing the Transmission infrastructure
- Increase security for the energy distribution infrastructure
- Cross border transmission both regionally and internationally
- Improving emergency coordination between utilities, govern-

ment agencies, pipeline and transmission operators, medical facilities and civil agencies

- Developing and maintaining robust energy markets
- Ensuring accountability in the market

Additional legislation will address the overreach of EPA'S Clean Power Plan. The EPA will be required to work with FERC to maintain reliability, contain energy costs, and meet environmental goals. The EPA will no longer be able to develop environmental standards in a vacuum driven by CO2 reduction without consideration for grid reliability and the costs consumers will have to pay.

NYISO UPDATES

NYISO has asked FERC to approve their enhanced shortage pricing. The requested changes will impact the ISO's [ORDC](#). If approved by FERC, the requested change will allow capacity prices to increase up to \$3,250 per MWH above the current cap of \$1,000. NYISO capacity zones J, G, H, I and K would be impacted. The measure will require a spinning reserve of 1,965 MW for a 30 minute timeframe. The intent of the changes is to provide market signals for reliability by en-

couraging fuel supply stabilization. That means more gas pipelines. The new rules will also encourage DR and DG providers to create additional resources to support reserve capacity markets.

The new [REV](#) program will establish [DSP's](#) which incorporate utilities providing statewide platforms, providing seamless interface between utilities and NYISO. The PSC will address utility tariffs by removing disincentives for utilities so they will support DER. PSC Zibelman notes the

changes will encourage market forces to roll out [DR](#) projects making load management more efficient and able to reduce the number and severity of peak demand spikes. NYISO will benefit by seeing less transmission congestion and having greater grid efficiency. A major problem for ISO's and RTO's has been controlling peak demand. The NY approach, once the DSP system is established, should avoid over generating as seen in PJM markets or having too much renewable energy during mid-day as seen in Cal-

ISO, with a heavy concentration of solar power. There is concern with the DSP format proposed by REV, that utilities running DPS will also be allowed to operate DER which could compete with marketing forces. Suppliers and service providers could be adversely impacted. It is recommended that they need to make their concerns heard by the NY-PSC before the process is finalized.

ISO-NE UPDATES

The Connecticut PURA posted their latest revision of market reforms for electric suppliers. The new rules impact procedures such as switching providers, door to door salesmen and telemarketing solicitations, renewals and staff training. Rules specify validation of customer enrollment as suppliers are now required to have documentation of customer enrollment approval to prevent "slamming". Suppliers violating slamming rules will be subject to fines and will be forced to pay refunds

to customers illegally switched. Re-assigning customers to other suppliers will require a 60 day notification for PURA with appropriate documentation. Variable rate plans have also received rule changes. Suppliers are now required to show the high and low commodity prices the supplier charged in the previous 12 months. Billing appearance will be required to follow PURPA uniformity standards, making it easier for customers to make comparisons. The

billing statement will include supplier contact information, PURA links, uniform color standards and uniform location of information. The new rules will make it more difficult for retailers; however the new format should help avoid customer confusion and misunderstanding thereby avoiding poor business practices.

[Iberdrola](#) the Spanish parent company of NYSEG and RG&E has agreed to a merger with Connecticut utility, [UIL](#). As part of the merger, Iberdrola has agreed to pay \$597 mil-

lion in cash to UIL shareholders. If the merger gets approved by the various regulatory agencies it will result in a utility with a combined 3.1 million customers and a peak demand load of 6,700 MW. The next step for the merger is getting approval from the Connecticut PURA and the Massachusetts Department of Public works. The merger will then be required to get approval from FERC and various federal agencies.

NYSERDA PON UPDATES

Many of these PON's will expire in 2015 or when funds are exhausted. If you or your customers have any plans for energy projects we urge you to act now. LYNX is developing some partnerships to assist you with NYSERDA funding, feasibility studies and developing projects which could be eligible for funding. You can call our office for more information if you have or are thinking about an energy project. For our Cond Ed customers we can provide Cummins Generators for DR programs with funding available from ConEd and NYSERDA.

Current PONS are:

PON 1219 Existing Buildings: Provides rebates and performance incentives for existing buildings including lighting, motors, generators, HVAC equipment etc. through 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: This PON has funding through 2015

PON 2439 Wind Turbines: This PON pays incentives to certified installers of DG windmills under 2 MW 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 2689 Emerging Technologies and accelerated Commercialization through Dec. 2016

PON 2701 Combined Heat and

Power CHP Performance Program through Dec. 2016

PON 2758 Gas Station Back-Up Power: **This PON has funding through May of 2015**

PON 2828 Renewable Portfolio Standard Customer-Sited Tier Anaerobic Digester Gas to Electricity Through 2015

PON 2846 Innovations in Data Center Information and Communication Technology Energy Efficiency

PON 2924 Portable Emergency Generator Project

PON 3016 Plug-In Electric Vehicle Enabling Technologies Demonstration Program through 7/14/2015

NY STATE

turn shoulder months, peak demand levels hit 18,600 MW on average. Peak demand in the hot and muggy summer months of August and July can hit a peak of 34,000 MW. That demand spread requires expensive redundant generation facilities, transmission and distribution systems. In addition it pushes spinning demand capacity and reserve capacity to provide instantaneous response by the grid to meet customer's expectations. *Lynx Currents* will have updates as the recommenda-

tions and actual programs develop over the coming months.

Changes in utility tariffs will facilitate incorporation of more DG, DR and other load reduction strategies despite opposition from NYISO. The push for clean energy will also impact transmission/distribution circuits, the generation profile, and NYISO policies. The distribution of generated power from large power plants to the end user is around 35% efficient losing an additional 7 to 8 % in transformer and line losses. Upgrades to the distri-

bution infrastructure system are estimated to cost \$30 billion moving forward. System inefficiencies need to be addressed, but also legislation that requires reliability and grid hardening to natural disasters and cyber-security. Incorporating new technologies, new monitoring and switching technologies to reduce congestion and increase reliability will be required. By utilizing DG/CHP statewide line losses can be reduced and having decentralized generation can reduce the impact major regional black-outs. DG/CHP has been shown

to achieve efficiencies between 60 and 70% while power plants show efficiencies in the 35% range. DG/CHP located at end user sites can utilize the wasted generator therms and have minimal line losses, resulting in the higher efficiencies which supports NY carbon reduction goals.

Consumers should take time to review the [REV document](#) and make comments if they feel changes are warranted before the document becomes new PSC policy.

GLOSSARY OF ACRONYMS

AEC - Alternative Energy Credits

AEPS - Alternative Energy Portfolio Standard

CPP - Clean Power Plan

DR - Demand Response

DSP's - Distributive System Platforms

ERC - Energy Research Council

FCM - Forward Capacity Markets

MATS - Mercury & Air Toxics

NEPA - New England Power Generators Association

NERC - North American Electric Reliability Corporation

ORDC - Operating Reserve Demand Curve

REV - Reforming Energy Vision

March 2015

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6 <i>PJM Bill Issued by 5 PM</i>	7
8	9	10 <i>NYISO ICAP Monthly Auction</i>	11 <i>NYISO ICAP Monthly Auction</i>	12	13 <i>NYISO ICAP Monthly Auction Results PJM Bill Due by 12 PM</i>	14
15	16	17	18	19	20 <i>Certification</i>	21
22	23	24 <i>NYISO ICAP Monthly Spot Auction</i>	25 <i>NYISO ICAP Monthly Spot Auction</i>	26	27 <i>NYISO ICAP Monthly Spot Auction Results</i>	28
29	30 <i>Strip Auction</i>	31 <i>Strip Auction</i>				

FUTURE DATES

March

- 6 February PJM Bill Issued by 5 PM
- 10-11 NYISO ICAP Monthly Auction
- 13 NYISO ICAP Monthly Auction Results
February PJM Bill Due by 12PM
- 19 SCR Enrollment
- 20 Certification
- 25-26 NYISO ICAP Spot Auction
- 27 NYISO ICAP Spot Auction Results
- 30-31 Strip Auction

April

- 2 Strip Auction Results
- 7 PJM Bill Issued
- 9-10 NYISO ICAP Monthly Auction
- 10 PJM Bill Due
- 14 NYISO ICAP Monthly Auction Results
- 22 Certification
- 24-27 NYISO ICAP Spot Auction
- 29 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 2015. Call Lisa Klein or Bert Spaeth in our Lynx office at 716-774-1341.

COMMODITY PRICING

Historical - Flat DAM

	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
NYISO-A	32.78	31.14	33.11	30.44	36.00	70.28
NYISO-F	31.80	30.76	40.79	35.50	60.55	121.60
NYISO-J	32.91	32.37	42.13	36.23	56.77	112.33
NYISO-K	38.07	38.38	48.07	42.37	79.56	128.75
PJM-PSEG	31.13	31.06	43.16	33.05	45.18	104.16
PJM-JCPL	29.94	30.68	42.64	30.97	44.69	97.28
PJM-APS	34.08	34.53	39.83	32.99	37.70	73.22
PJM-PECO	29.67	29.54	42.46	30.09	40.81	97.60
PJM-PPL	29.30	29.72	41.59	29.92	39.73	97.50
PJM-DLCO	31.54	33.44	39.96	31.94	32.40	39.93
PJM-PENELEC	33.01	33.22	40.47	32.79	37.54	74.02
PJM-METED	28.96	29.99	41.90	29.94	39.94	94.44
PJM-BGE	43.85	41.18	44.15	37.80	44.60	91.38
ISONE-CT	34.54	32.79	48.01	42.39	69.30	121.31

Current Projections

Mar-15	Apr-15	May-15	Mar-15 to Feb-16		
Flat	Flat	Flat	Flat	Peak	Off Peak
43.29	30.50	30.84	37.49	44.89	31.03
60.95	33.66	31.06	47.45	55.75	40.20
59.45	36.45	35.23	49.20	58.99	40.66
74.69	45.80	50.34	60.35	71.21	50.86
50.13	33.96	33.32	43.10	52.00	35.32
48.59	32.77	32.07	41.62	49.91	34.38
42.52	34.23	33.51	39.02	45.90	33.02
47.73	31.62	31.15	40.22	48.13	33.31
47.10	31.45	30.81	40.00	47.67	33.29
41.10	32.76	32.15	36.54	42.87	31.00
44.23	34.49	33.80	39.74	46.95	33.45
47.28	31.55	30.91	40.04	47.72	33.33
52.40	39.43	39.09	46.23	55.20	38.38
78.88	37.14	30.25	54.36	62.72	47.05

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](#) (Alternative Energy Portfolio Standard) or REC's will result in a default REC. PJM customers would pay Alternative Energy Credits ([AEC](#)) 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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