

**VILLAGE OF ROCKVILLE CENTRE, NEW YORK
ELECTRIC DEPARTMENT**

MEMORANDUM

DATE: August 18, 2022

TO: Mayor & Board of Trustees

CC: Nancy Howard
Michael Valenzano

FROM: Eileen Foglietta

SUBJECT: Increased Energy Costs

This summer Rockville Centre along with New York State and much of the country has experienced an increase in Electric Energy Costs. During peak summer hours approximately 53% of RVC's power is purchased from a low-cost hydropower contract with New York Power Authority (NYPA). The remaining 47% is purchased through the New York Independent System Operator (NYISO). The NYISO monthly Average Energy and Ancillary Services costs are close to double compared to 2021(see attached charts). NYISO fuel sources vary between fossil fuels and renewables. Natural gas fuels 5 of the state's largest 10 power plants. The US Energy Information Administration has identified increased natural gas costs as the main driver for the increased electricity resulting from increased demand paired with shortfalls in supply.

The Village has also seen increased costs due to outages on the transmission lines from Upstate to Long Island. NYPA is repairing one of these lines (the Y-49 Cable) to address the issue. The increased fuel and congestion costs are factored into the monthly fuel adjustment charge on Rockville Centre's electric bill.

While natural gas production has begun to recover from Covid shutdowns, the growth has not kept up with the demand. US EIA forecasts US natural gas production to increase and exports to decrease in 2023. Balancing supply and demand will start to decrease prices. In the near term, NYISO energy prices are expected to be more moderate in the September-November 2022 period between summer and winter peak levels. Purchasing low-cost hydropower through NYPA has allowed RVC charges to continue to remain less than PSEG charges in similar service areas.

Thank you
Eileen Foglietta

