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Board of Public Utilities to Save Electric Transmission Costs

The expiration of a long-time contract with National Grid (formerly Niagara Mohawk) will save the Jamestown Board of Public Utilities (BPU) approximately \$15,000-20,000 per month in electric transmission costs. The National Grid contract expired August 31.

BPU Interim General Manager David Leathers explains that, before the New York Independent System Operator organization was created in 1999, the BPU contracted with National Grid to transport its electricity to Jamestown through August 31, 2007.

Complex negotiations occurred in 2001, says Leathers, between the BPU, National Grid and the New York Power Authority to allow the BPU to contract directly with NYISO, saving the BPU up to \$97,000 per month. As part of the negotiations, however, the BPU agreed to divert 15 percent of the savings to National Grid to make it whole for any shortfalls in its revenue resulting from the conversion.

The diversion of the savings ended on August 31, 2007, and the BPU is now entitled to the full savings resulting from the consolidation of transmission service under the NYISO.

Interim General Manager David Leathers explained that to the average BPU electric customer, who pays an average electric bill of less than \$50 a month, the savings to the BPU will mean an approximate 50 cent reduction per month in the fuel adjustment portion of the bill.

NYISO manages New York's electricity transmission grid – a 10,775-mile network of high-voltage lines that carry electricity throughout the state. NYISO also oversees wholesale electricity markets where more than \$50 billion has been transacted since 1999.

NYISO is a not-for-profit corporation regulated by the Federal Energy Regulatory Commission. It is governed by a ten-member Board of Directors whose members come from the power industry, environmental organizations and the fields of finance, academia, technology and

communications. The members of the Board, as well as all employees, are independent and have no business, financial, operating or other direct relationship to any market participant or stakeholder.

“The elimination of duplicative transmission rates through the NYISO means savings for BPU customers,” continues BPU Interim General Manager David Leathers. “A contract for 100% transmission of electricity by NYISO is great news for our utility and our Jamestown Area customers.”