

New York State Electric & Gas and Rochester Gas & Electric

2015 – 2016 Winter Supply Plan Supplemental Data Request



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NYSEG/RG&E 2015–2016 Winter Supply Update Plan Supplemental Data Requests

Overview

On July 7, 2015 New York State Electric & Gas (NYSEG) and Rochester Gas & Electric (RG&E) (collectively the Companies), submitted for filing their 2015-16 Winter Supply Plan (Case 15-G-0213), as requested by Mr. Charles Puglisi's letter dated May 15, 2015. On the same day, the Companies received a supplemental data request from Mr. Charles Puglisi, for the 2015-16 Winter Supply Plan, with a response date of July 28, 2015.

This 2015-2016 Winter Supply Update Plan Supplemental Data Request submittal is designed as a series of responses to the list of questions submitted by DPS Staff. As you view the electronic version, we have included links in the Table of Contents (TOC) for ease of moving to and from specific requests. To move to a specific data request, select the specific data request topic, and to return to the TOC, select the Data Request (i.e. *Data Request 1*)

Please do not hesitate to contact Jacqueline Casciani at 607.762.8620 if further information is required.

Issues 1 and 2 (Data Requests 1 – 10)

Please provide the following supplemental information related to your company’s portfolio and purchasing strategy for the upcoming 2015-16 send out year and anticipated portfolio changes over the next five years.

Data Request 1

Describe the number of years of historical weather data used to develop normal weather for the forecast heating season demand reported in Table 2. Provide the weather data in an unrestricted digital Microsoft Excel file format. Please explain why this number of years is used.

Response

Both NYSEG and RG&E employ a 10-year rolling average for Normal Winter criteria for the forecast heating season demand reported in Table 2, of the Companies 2015-16 Winter Supply Plan, submitted to the New York State Public Service Commission on July 7, 2015.

Please note that in the July 7, 2015 Supply Plan filing, the Companies provided the Normal weather data for both the rolling 10-year and 30-year period. Each Company’s Table 2 is based on a 10-year rolling average.

The Companies utilize 10 years of rolling data to support development of normal averages and to more closely approximate how the Companies utilize their resources.

Please find attached the requested weather data, in Microsoft Excel file format.

Data Request 2

Please explain how the design weather demand forecast is developed for the heating season (daily, winter and annual separately) and explain how it is related to the normal weather forecast.

Response

Please see the response to Data Request #4 of the NYSEG and RG&E 2015-16 Winter Supply Plan filing (Case 15-G-0213), submitted on July 7, 2015.

Data Request 3

Please explain how the design month is forecast for each of the five (5) winter months, and how those individual month forecasts relate to the design winter forecast.

Response

The design day analysis utilized by the Companies forecasts the highest expected demand based on a historical data set. The processes, as described in the response to Data Request #4 of the NYSEG and RG&E 2015-16 Winter Supply Plan filing (Case 15-G-0213), set the forecasted highest daily demand for the five (5) winter months, although the likelihood of experiencing design day weather during the months of November and March are extremely remote.

Neither Company develops an individual design month forecast for the winter supply plan, but instead develops a Minimum Monthly Supply Plan that not only looks at forecasted loads, but also to protect against the impact of warmer-than-normal weather conditions. The winter supply plan is designed to not only meet a design day situation for any day throughout the winter period, but also to manage each respective portfolio of contractual assets (supply, transportation and storage) to respond to daily needs while adhering to contractual commitments and system plans.

Data Request 4

Please explain how the design day forecast is developed.

Response

Please see the response to Data Request #4 of the NYSEG and RG&E 2015-16 Winter Supply Plan filing (Case 15-G-0213), submitted on July 7, 2015.

Data Request 5

Please explain how the design hour forecast is developed, and how the design day and design hour forecasts are related.

Response

From a Gas Supply perspective, the Companies do not develop a design hour forecast. However, a typical rule of thumb used to convert a design day forecast to a design hour forecast would be to take the design day forecast and divide by 20. For example, if a particular load center has a design day forecast of 160,000 Dths, the rule of thumb conversion would indicate a forecasted design hour of 8,000 Dths (160,000 Dths ÷ 20).

Data Request 6

Describe the methodology and time period used to develop usage per heating degree day for the forecast heating season and by service class. Provide the data used to develop the usage per heating degree day in an unrestricted digital Microsoft Excel file format.

Response

Please see the response to Data Request #4 of the NYSEG and RG&E 2015-16 Winter Supply Plan filing (Case 15-G-0213), submitted on July 7, 2015.

Data Request 7

Please describe the relationship between the design winter forecast and the sales forecast used to develop rates, if any.

Response

The Companies utilize the sales forecast to establish the winter normal forecasts. The design winter sales forecast is calculated by taking the winter normal forecast and incrementing that volume by 10%. The Companies do not develop or utilize a design winter forecast other than for the annual winter supply plan filing.

Data Request 8

Has your company employed a reserve margin in the past for procuring design winter capacity? If so, how was it employed?

Response

Through the 2014-15 winter, neither NYSEG nor RG&E has employed a reserve margin methodology procuring design winter capacity. The capacity contained within the portfolio has been adequate to meet forecasted design day needs. However, NYSEG and RG&E have calculated system reserve margins in an effort to understand the state of the existing portfolio toward meeting future design day needs.

Data Request 9

What would be the advantages of employing a reserve margin? How would it relate to design day planning? For example, could a warmer design day be used, and if so, how much warmer?

Response

As mentioned in the response to Data Request #8, use of the reserve margin methodology can be a useful planning tool in understanding the state of an LDC's portfolio as it looks to meet system growth and expansions. Reserve margins, or sometimes referred to as planning reserve margins, indicate an LDC's ability to meet forecasted design day demands. A reserve margin that is greater than zero percent (0%) indicates that there are contracted resources available to meet a demand that is greater than the forecasted design day.

The use of a reserve margin calculation can be especially important in areas where idle, interstate pipeline capacity or other market area services are not readily available to be contracted for. In situations like this, the use of the reserve margin methodology can afford the LDC additional time to evaluate/implement other reliability/supply alternatives (e.g., installation of LNG facilities) to meet the future design day demand.

Data Request 10

What would be the disadvantages of employing a reserve margin for procuring winter capacity assets?

Response

It is recommended that the reserve margin methodology be used as an illustration to evaluate the preparedness of a portfolio of contractual assets toward meeting present and future design day conditions. The Companies are not aware of any disadvantages of employing a reserve margin methodology as long as it is understood that it represents a means to evaluate meeting design day requirements.