

News : Pandemic pulls NY power prices down further from already-low 2019 levels

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- 2019 energy prices down by 22% to 34% from 2018
- Coronavirus pandemic has pulled power prices down 45% from 2019
- 'Better price signals' from real-time congestion modeling: monitor

The **New York Independent System Operator** 's 2019 power markets saw the lowest energy prices in the past decade as natural **gas** prices fell up to 41% and average load decreased to over decade-lows on mild weather, energy efficiency and behind-the-meter **solar** output.

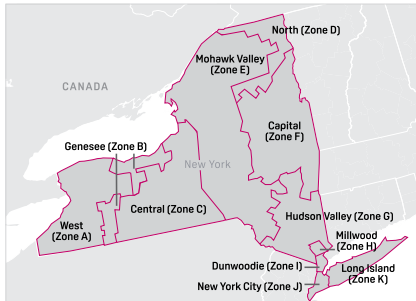
The coronavirus pandemic has pulled prices down 45% from the same period last year.

The **NYISO** markets performed competitively in 2019, Potomac Economics, the market monitor, said in a presentation covering the results of its 2019 State of the Market report to be discussed at a Wednesday Management Committee meeting and posted to the grid operator's website.

Energy prices decreased by 22% to 34% across the state from 2018 partly due to **gas** prices reaching their lowest levels since 2016 as mild 2019 winter and summer weather reduced **gas** demand while **gas** production expanded, Potomac said.

Transmission system congestion was most prevalent in five areas: Through the West Zone, down from the North Zone, across the Central-East interface, in **New York** City and in Long Island, according to the presentation.

NYISO ELECTRIC REGIONS

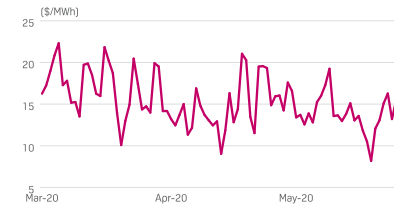


Source: NYISO

More recently, **New York** 's power markets have been impacted by the coronavirus pandemic, with notable trends during the second full week of May including overall energy use in **New York** City averaging 13% to 14% below typical demand levels for the week, according to the **NYISO** .

New York City hourly demand for the period of May 11 to May 15, deviated from expected levels by about 5% during the 12am hour to nearly 20% during the 8am hour, the grid operator said. **New York** officials put stay-at-home orders in place on March 20 when the state had slightly over 7,000 confirmed coronavirus cases.

NYISO ZONE J RT NYC POWER PRICES



Source: NYISO

The state had 362,764 confirmed cases as of Monday, Governor Andrew Cuomo said in a statement.

The decreased power demand in recent months has pushed down prices in the **New York** City area by 45% compared to 2019, according to ISO data. Average real-time **NYISO** Zone J prices from March to May 2019 were \$27.95/MWh compared to \$15.33/MWh from March to May 25, 2020.

Market performance, future needs

Energy, ancillary services and capacity markets together "should reward the resources needed today and in the future," Potomac said.

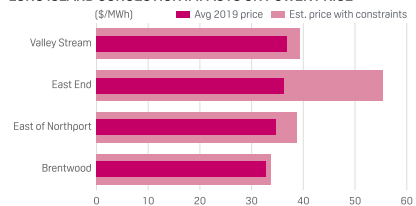
As the state moves to comply with the Climate Leadership and Community Protection Act that was signed into law in 2019, more **renewable** energy resources will enter the wholesale markets. The CLCPA calls for power to be supplied with 70% **renewables** by 2030 and for the power sector to be **emissions** free by 2040.

With greater **renewable** energy penetration, the market must reflect the value of critical resource attributes that include flexibility, local congestion and reliability impacts, winter fuel security and summer resource adequacy, according to Potomac.

The market monitor recommends modeling Long Island transmission constraints in the day-ahead and real-time markets that are currently managed by **NYISO** with out-of-market actions.

The current approach can make transmission bottlenecks "less transparent to investors" and suppress energy and ancillary services prices, Potomac said.

LONG ISLAND CONGESTION IMPACTS ON POWER PRICE



Source: Potomac Economics, NYISO

Modeling low-voltage constraints in the market software would facilitate more efficient power flow operations and reduce inefficient dispatch of oil-fired generation, according to the presentation.

Congestion pricing would increase location-based marginal prices 12% in the East of **Northport** load pocket and 53% in the East End load pocket, Potomac said.

This recommendation would “provide better pricing signals, better investment signals and reduced **emissions**,” according to the market monitor.

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