

## News : Higher natural gas prices, lower nuclear output pushed up Q1 NYISO power prices

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- Power prices up 69% to 233% on year
- **Gas** prices increased by 51% to 138%

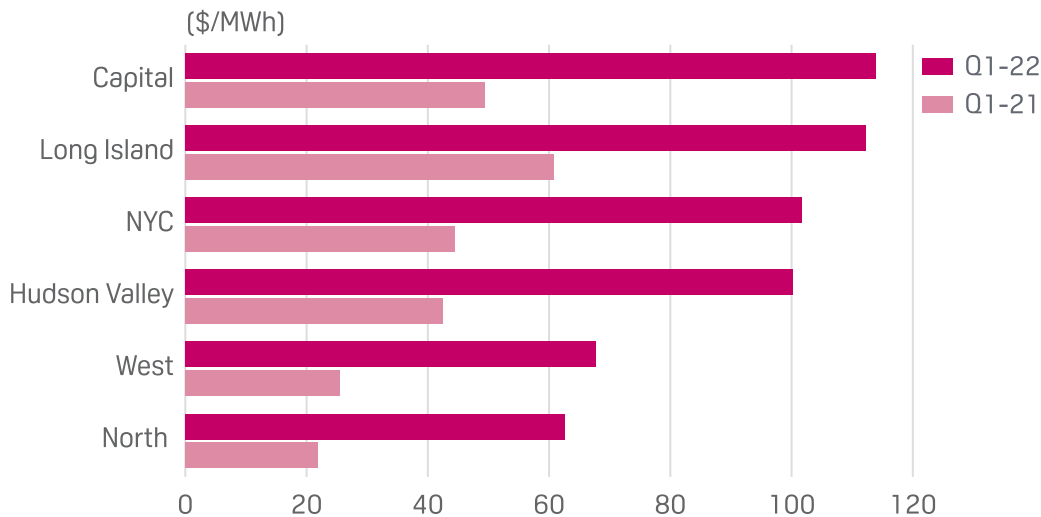
The **New York Independent System Operator** 's power markets performed competitively in the first quarter of 2022, with all-in prices ranging from \$72/MWh-\$130/MWh, up 69%-233% from Q1 2021 in all regions, according to the state of the market report.

Power prices rose 110%-245% across the system primarily because of higher natural **gas** prices that increased by 51% to 138%, Potomac Economics, the **NYISO** 's market monitoring unit, said in its quarterly market report that was presented during a June 16 **NYISO** Installed Capacity Working meeting and posted to the grid operator's website.

Power price increases were also related to lower **nuclear** generation with average output falling by roughly 1.35 GW, mainly due to the **Indian Point** retirement in April 2021 and other refueling outages, the MMU said.

Power prices were also impacted by higher load levels with peak load increasing 3% and average load rising 2%. Additionally, Regional Greenhouse **Emissions** Initiative prices were up by 68% from a year ago, which contributed to the power price increases, according to the report.

### DAY-AHEAD LOAD-WEIGHTED AVERAGE POWER PRICES BY ZONE



Source: Potomac Economics

**Gas**-fired power generation increased by about 500 MW on average, picking up part of the **nuclear** generation loss. **Gas**-fired combined cycle generation rose by 330 MW on average and other **gas**-fired generation rose by 170 MW on average, the market monitor said.

**Gas**-fired output increased in regions with lower **gas** prices, like Central **New York** and **New York City** but fell in the higher cost regions like Long Island and the Capital Zone, the report said.

Oil-fired power generation averaged 540 MW, the highest since Q1 2018. "Nearly 90% of oil-fired output occurred during January when natural gas prices were highly volatile and exceeded **fuel oil** prices on many days," the market monitor said.

Natural **gas** prices at the **Transco Zone 6 New York** pricing hub averaged \$7.30/MMBtu during the quarter, while **gas** prices at Iroquois averaged \$12.42/MMBtu and **gas** prices at **Tennessee Zone 4** in western **New York** averaged \$4.28/MMBtu, according to the report.

### Cold weather performance

"January had colder-than-average temperatures and tight **gas** system conditions, which led natural **gas** prices to surpass **fuel oil** prices on many days and consequently, oil-fired generation rose substantially on these days," the MMU said.

However, **gas**-fired generation was still predominant during this period, with oil-fired generation in Eastern **New York** exceeding **gas**-fired generation on only two days. Total oil-fired generation in Eastern **New York** during this period averaged just 20% of the capacity that the market monitor estimated would have been economic.

"Much of this capacity was burning natural **gas**," Potomac said.

During the cold weather period from Jan. 7-31, an estimated average of 3.8 GW would have been economic to burn oil but was not operating because some oil-capable units have not made the investments needed to maintain oil-burning equipment, obtained the necessary air permits, and/or a lack of oil, leading an average of nearly 2 GW to be unavailable, according to the report.

Additionally, available **gas** pipeline capacity was insufficient to serve some or all **gas** -dependent generation on some peak days in Long Island **York** City on both local distribution company pipelines, and upstate areas served by one LDC, the MMU said.

“This reinforces the importance of improving capacity accreditation for resources with winter fuel limitations,” Potomac said.

The market monitor also noted that transmission line congestion “rose substantially” across the Central-East interface because of increased regional price spreads, the retirement of the **Indian Point nuclear** plant and transmission outages that reduced transfer capability by more than 1 GW in

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