

57591

TO: Board of Acquisition and Contract

FROM: Vincent F. Kopicki, PE
Commissioner of Public Works and Transportation

DATE: June 14, 2017

SUBJECT: Authority to enter into an agreement with the Power Authority of the State of New York (“NYPA”), pursuant to which NYPA will purchase Historic Fixed Price Transmission Congestion Contracts on the County’s behalf, and the County will reimburse NYPA for any costs it incurs in purchasing said contracts. (Agreement No. 17-920)

As part of recent discussions concerning power transmission agreements, the Power Authority of the State of New York (“NYPA”) provided materials to the County of Westchester (the “County”) that detail the complex factual background of those agreements, including the following summary:

“As part of the [Southeastern New York] portfolio, NYPA has 600 megawatts (“MW”) of hydropower (422 MW from the Niagara Power Project and 178 MW from the St. Lawrence-FDR Power Project), where the underlying transmission agreements are set to expire on December 31, 2017. These agreements are recognized by the New York Independent System Operators (“NYISO”), which, at its formation, gave owners of the existing transmission agreement a right to memorialize the agreement as either a Grandfathered Transmission Path, which allowed for omission of charging for congestion on the lines, or a Grandfathered Transmission Congestion Contract (“GFTCC”), which gave the right to collect rents on the path (and also the duty to pay rents in certain situations). NYPA chose to have them recognized as GFTCCs. The transmission path runs through both NYPA and Consolidated Edison of New York (“Con Edison”) territory, with the NYPA portion known as the Upper Path and the Con Edison portion known as the Lower Path. When GFTCCs expire, the customer could be exposed to congestion costs without any rents to offset such costs. However, upon the expiration of GFTCCs the NYISO offers the relevant Load Serving Entity, or owner, of the GFTCCs an opportunity to lock-in a fixed price for congestion, annually, for up to ten (10) years. This is known as a [Historic Fixed Price Transmission Congestion Contract (“HFPTCC”)]. The holder of the HFPTCC would choose whether to renew or not, annually, and if they opt to renew, they would pay the fixed price for congestion and have the right to collect rent (or duty to pay rent) to off-set the congestion costs.

While both the NYPA and Con Edison portions expire on December 31, 2017, NYPA, as Load Serving Entity for both the Upper Path and the Lower Path, received the offered HFPTCCs for the Upper Path and the Lower Path. This offering, which would be effective on January 1, 2018, was given to NYPA by the NYISO on May 15, 2017, with a decision due from NYPA, on behalf of Westchester County by July 17, 2017.”

In order to seek to protect the financial interests of the County by providing an “offset” for “congestion costs”, as described above, authority is now respectfully requested from your Honorable Board for the County to enter into an agreement with NYPA, pursuant to which NYPA will purchase HFPTCCs on the County’s behalf, and the County will reimburse NYPA for any costs it incurs in purchasing said HFPTCCs (the “Letter Agreement”). Based on the applicable allocation method, the County is entitled to purchase no fewer than 13 MW of HFPTCCs under the Letter Agreement. However, the County may be able to purchase additional MW of HFPTCCs if other municipal entities decline to purchase their own allocated shares. Therefore, authority is requested from your Honorable Board for the County to purchase no fewer than 13, and up to 30, MW of HFPTCCs under the Letter Agreement.

The proposed Letter Agreement will serve a public purpose by providing an intended offset for congestion costs on certain electricity transmission lines, with the goal of having the County’s overall future electricity costs be lower than they would be without the intended offset.

The goal and objective of the proposed Letter Agreement is to provide an intended offset for congestion costs on certain electricity transmission lines, with the goal of having the County’s overall future electricity costs be lower than they would be without the intended offset.

The goal and objective of the proposed Letter Agreement is in the best interests of the County in terms of fiscal responsibility, as it will provide an intended offset for congestion costs on certain electricity transmission lines, with the goal of having the County’s overall future electricity costs be lower than they would be without the intended offset.

The goal and objective of the proposed Letter Agreement will be tracked and monitored by the staff of the Department of the Budget and the Department of Finance, as well as by the County’s Energy Conservation and Sustainability Director.

The proposed Letter Agreement is exempt from the requirements of the Westchester County Procurement Policy and Procedures, pursuant to Section 3(a)(iii) thereof.

Your approval of the attached Resolution is respectfully requested.

RESOLUTION

Upon communication from the Commissioner of Public Works and Transportation, be it hereby

RESOLVED, that the County of Westchester (the "County") is hereby authorized to enter into an agreement with the New York Power Authority ("NYPA"), pursuant to which NYPA will purchase no fewer than 13, and up to 30, megawatts of Historic Fixed Price Transmission Congestion Contracts on the County's behalf, and the County will reimburse NYPA for any costs it incurs in purchasing said contracts; and be it further

RESOLVED, that the County Executive or his duly authorized designee is hereby authorized and empowered to take such actions and to execute and deliver such documents as may be necessary and appropriate to accomplish the purposes hereof.

Agreement No. 17-920

Account to be Charged/Credited	Year	Fund	Dept	Major Program, Program & Phase or Unit	Object/ Sub Object	Bond Act No.	Dollars
	2018	101	Various	Various	3200	N/A	\$ 1,074,357.00
	2018	161	44	4110	3200	N/A	\$ 53,462.00
	2018	165	42	Various	3200	N/A	\$ 225,198.00
	2018	221	60	0110	3200	N/A	\$ 688,033.00
	2018	243	60	5310	3200	N/A	\$ 7,945.00
	2018	251	60	Various	3200	N/A	\$ 54,899.00
						Total:	\$ 2,103,894.00

Budget Funding Year(s): 2018 Start Date: 6/23/17 End Date: 12/31/2018
 (must match resolution)

Funding Source: Tax Dollars: _____ Contractor Federal I.D. No./
 State Aid: _____ Social Security No.: _____
 \$ 2,103,894.00 Federal Aid: _____ Vendor No.: _____
 (must match resolution) Other: \$2,103,894.00 Encumbrance No.: _____