

The electric utility accounts are comprised of four (4) separate charges:

- 1) **CUSTOMER CHARGE** – Flat fee that pays for a portion of the costs for meter reading, billing, and maintaining power lines to provide service to individual properties. This fee appears on your bill whether or not there is electricity usage.
- 2) **CES (Clean Energy Standard) Surcharge** – A New York State mandated surcharge for the purchase of renewable energy credit (REC) and zero-emission credits (ZEC) designed to help alleviate effects of climate change, reduce harmful air pollution, and ensure a diverse and reliable low-carbon energy supply based on the amount of measured electricity usage.
- 3) **IEEP (Independent Energy Efficiency Program)** – A New York State mandated surcharge to promote energy efficiency based on the amount of measured electricity usage. For more information, please refer to www.ieepny.com.
- 4) **PPAC (Purchased Power Adjustment Calculation)** – A variable charge based on the amount of measured electricity that is used to recover the monthly costs to purchase supplemental power based on the power bills the Village receives from NYSEG (New York State Electric and Gas) and NYPA (New York Power Authority).

The village has an allotment of relatively inexpensive hydro-electric energy from Niagara Falls. When the village as a whole exceeds that allotment, energy is purchased on the open market by NYPA/NYSEG and brought to the village for re-sale. Last month, the PPAC was at \$0.01111/kwh and, for this billing, it has increased to just over \$0.033/kwh. Village staff have no control over these costs, and unfortunately, cannot foresee what upcoming months hold in store.

In addition, usage has increased due to the cold weather. So, now there is more usage at rates that are more expensive. This is not just for the Village of Watkins Glen. We have been given to understand that this is state-wide issue per a memo from the Municipal Electric Utilities Association (MEUA).

The Village understands that some of the bills are cost prohibitive; and staff are ready and willing to work with residents to come up with payment arrangements, if necessary. If you would like to consider a payment plan, please e-mail the office at deputyclerk@watkinsglen.us. A typical payment agreement requests half (1/2) down payment and the remainder split into four (4) equal payments. The account holder will then be required to pay any subsequent current bill in full along with the agreement payment.

If you would like to pursue the payment agreement option, please e-mail deputyclerk@watkinsglen.us, or call the office at 607/535-2736 Option 3.

I hope this addresses your question. Please advise if I may be of additional assistance in this matter.



NEW YORK MUNICIPAL POWER AGENCY

MEMORANDUM

TO: MEUA and NYMPA Member Systems

FROM: Jim Stokes, Executive Director / General Manager

RE: Current Energy Prices

DATE: January 28, 2026

I have heard from a number of you that you are handling numerous questions and inquiries from customers about their electric bills. While the reasons may be readily apparent to some, I would like to take this opportunity to just set out a few points that may be helpful in clarifying the circumstances and conditions we are currently enduring.

First, some basics to explain to your customers. Your locally set rates in your system tariffs, as approved by the PSC or NYPA, are intended to cover the costs of operating your local distribution system. The cost of generating the electricity distributed to your customers and transporting it to your system is primarily recovered through the monthly purchase power adjustment (PPA) that you calculate each month and bill as a pass through to your customers. This is really the part of the monthly customer charge that is presently causing concerns.

Your base load of hydro power supplied by the New York Power Authority comprises only part of the monthly PPA charge passed through to customers. While there are a number of charges that comprise your PPA, the components primarily driving the higher bills this winter are energy prices and transportation costs (transportation charges tend to rise commensurately with higher energy prices and higher loads).

As a distribution system, you have no control over energy prices or transportation costs. Energy prices are determined in a regulated market operated by the New York Independent System Operator. Prices are determined based upon supply and demand. During cold weather conditions, demand rises significantly. NYMPA's forward hedging practices in effect allow us to purchase fixed quantities of electricity at pre-determined prices below current market prices, thus dampening the impacts of seasonally high market prices for NYMPA customers. But to varying degrees, both NYMPA and NYPA (if you are a full requirements customer) must purchase additional quantities of supplemental energy at current market prices. Unfortunately, there are not enough low-cost generating units in New York State to allow supply to rise equally with demand, and therefore, energy prices can and are rising exponentially under these conditions.

Yesterday, the NYISO posted the following notification:

New York is experiencing a prolonged severe cold weather event. In many parts of the NYISO Balancing Authority Area, temperatures for January 27, 2026 through at least February 1, 2026 are forecasted to remain well below average. This prolonged severe cold weather event is expected to result in a continued sustained high level of demand for electricity. While the vast majority of generating units in the NYISO region continue to function adequately at the time of this posting, given the forecasted long-duration extreme cold weather event, NYISO foresees the need to maximize the availability of all the generating resources in New York, i.e., all generating resources that are part of the generation resource mix.

This is a recognition by the NYISO that under the current prolonged cold weather conditions, the production from all available generating sources needs to be optimized to keep up with demand and ensure system reliability. Again, a constrained supply in the face of increased demand leads to higher supplemental energy prices. To put this into perspective, around the clock energy prices for the rest of this week are averaging nearly \$600 per megawatt hour (\$0.60 per kilowatt hour). For the month of January 2025 (which was a fairly cold month relative to average) prices averaged \$103 per megawatt hour (\$0.103 per kilowatt hour). In January of 2014, the infamous polar vortex year, prices averaged \$127 per megawatt hour (\$0.127 per kilowatt hour) in 2014 dollars.

None of this information is meant to cause alarm. As of today, we see no reason to believe there will be any interruption of electricity supply. Rather, this information is meant to assist you in understanding and explaining why electricity bills are at such high levels this winter. If you have additional questions, or need further explanations, please do not hesitate to contact me.