

# New York Association Of Public Power

## Watts Up for Public Power in New York State

### New York State

## EPA Manhole Pumping Regulations May Have Significant Cost Impact

### Clean Water Act NPDES Permit revision and manholes/utility vaults:

In 2006, EPA Region 1 (which covers New England) will consider a general NPDES permit to regulate water pumped out of utility vaults and manholes. In response, the Utility Water Act (UWAG) must explain to EPA why extensive regulation of these discharges is not workable nor required. Utilities in Region 1, need to propose workable regulatory changes that would address EPA's concerns about manhole water that is contaminated with chemicals, sewage, or oil and grease. This is a matter of growing national attention, and we will need your input to formulate a reasonable, practical strategy in response to EPA.

### General Permit is not just for New England or Region I states

In November 2004, EPA Region 1 published a draft NPDES General Permit for "Groundwater Remediation and Miscellaneous Surface Water Activities" (the "RGP"). This permit applies in New Hampshire and Massachusetts, and the draft version would have covered dewatering activities from utility vaults and manholes.

Several northeastern utilities and the APPA, told EPA that this draft permit was ill-suited to discharges from manholes. In particular, it is designed for predictable, large-volume, long-term discharges from groundwater remediation at contaminated sites, not for small-volume, short-term, intermittent or seasonal discharges at manholes that occur at odd times and

places. APPA actually met with the state agency representative in Worcester, MA last March, 2005 and filed extensive comments before the EPA, U. S. Small Business Administration (SBA) and Office of Management and Budget (OMB). APPA members (with approximately 80 Utilities in Massachusetts and New Hampshire) did not want these requirements to kick in for those states--or to set a precedent that would be followed for other states and regions.

**EPA Region 1 withdrew the manhole requirements in late summer, 2005** at the utilities request. However, the EPA also said it would develop a *separate* general permit for utility vaults and manholes. EPA will convene an "informational session," presumably in 2006, to discuss "how best to permit" discharges from manholes.

A general permit may not have a significant impact on utilities however, there have been discussions on permit requirements including :

- Hold and haul all discharge from manholes and vaults.
- Physical inspections of all manholes and vaults before pumping. If any sheen — remove before pumping.
- Conduct water sampling prior to discharge.
- Leave the last 6 inches of water in the manhole / vault when pumping.

While some of these requirements may not be too restrictive, vaults in ground water areas which have pumps in them to keep them from flooding may require daily inspection. These may now require daily inspections. What happens when it rains? What happens to water in manholes located in tidal areas ? This regulation could have significant impact on all utilities. We should all keep our eye on what is happening in Region 1 and work with the APPA to ensure that the EPA comes up with a permit requirement that we can each live with. NYAPP will provide supporting information to APPA when requested to do so. *By -Excerpts from APPA Letter to Members*

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## NYISO Update

The most important developments at the New York Independent System Operator (NYISO) in recent months relate to transmission planning, replacement of a Board of Directors member, and continued high prices in the markets. Stakeholders have been active in the past year in developing a Comprehensive Reliability Plan (CRP) to address transmission planning. The CRP will be finalized and sent to FERC in the near future. NYAPP believes that the CRP is flawed for several reasons. The CRP ignores planning for economic reasons, and relies excessively on market solutions, as opposed to regulated solutions to planning issues. The CRP does not include planning for long term transmission rights, which is something mandated by Congress in the Energy Policy Act of 2005. Further, the CRP focuses on the high-voltage Bulk Power System, and ignores planning on lower voltage transmission and sub-transmission levels essential for transmission service to meet the needs of NYAPP members.

## Inside Washington

With limited time left in the current Congressional session, Congress is scrambling to finish consideration of major legislative and policy priorities, including the FY 2007 appropriations bills, broad based telecommunications legislation, climate change and continuing oversight of the EPA Act implementation.

With the mid-term elections rapidly approaching and partisan discord rampant little progress is expected on substantive issues over the next few months. Notably, on issues of interest that NYAPP will continue to monitor closely:

**Telecommunications Reform:** The House passed HR 5252, the COPE Act, in early June. The bill contains language that preserves the right of municipal entities to provide broadband services, as does the Senate bill (S2686) approved by the Commerce

## Inside Albany

There were several notable developments at the end of the State Legislative Session.

**Power For Jobs:** A bill

(S.8440-Wright/A.12013-Rules-Tonko) pending before Gov. Pataki extends the state's Power for Jobs and Economic Development Power through mid-2007, authorizes NYPA to reimburse Power for Jobs program participants for excessive Power for Jobs power costs incurred during 2006, and allows manufacturers operating with Power for Jobs contract extensions to opt into the energy rebate savings option under the program.

Earlier this year, the Legislature approved an extension of the program as part of the state budget, but Gov. Pataki vetoed it, saying that the Legislature failed to provide full funding for the extension. He also cited constitutional concerns rooted in the bill's attempts to make fiscal appropriations. The veto was overridden, but the Governor said the override was invalid for constitutional reasons.

NYAPP representatives were active in the selection process to replace Bill Boston on the NYISO Board of Directors. Selected by the Board was Robert Hiney, who retired from NYPA in December. Mr. Hiney was also approved by the Management Committee. NYAPP is pleased to report that the final three candidates considered by the Board all had public power backgrounds, as did Mr. Boston. Mr. Hiney has extensive knowledge of the NYISO markets, and NYAPP looks forward to working with him.

Energy prices on the NYISO spot markets continue to track those of 2005, where prices spiked heavily in the last six months of the year. Those high prices were based on high natural gas fuel prices. NYAPP representatives made a presentation to the Joint FERC NE state Board on economic dispatch that pointed out that the single clearing price paid to all generators results in a windfall for nuclear and coal fired generators.

*By Tom Rudebusch*

Committee, and expected to go to the floor after the August recess.

**FY 2007 Appropriations: Renewable Energy Production Incentive (REPI):**

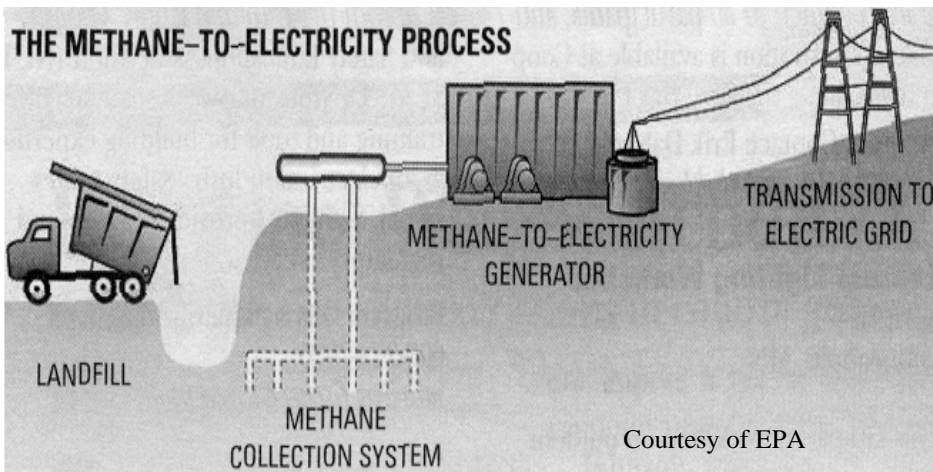
The House FY 2007 energy and water development, H.R. 5427 funds the REPI program at \$4.96 million, the amount requested by the Administration in its FY 2007 budget. The Senate Appropriations Committee has approved \$4.946 million for the REPI program for FY 2007. The Senate bill has not yet been considered on the floor. The REPI program authorizes DOE to make direct payments to publicly- and cooperatively-owned electric utilities at the current rate of 1.9 cent/kWh (indexed for inflation) for electricity generated from solar, wind, and other renewable energy projects. *Continued on page 3*

**Governor's Temporary Commission on Economic Development Power Programs:** The Budget also included language to create a Temporary Commission to make recommendations for long-term program extension and reform. Members of that 11 member Commission, to be led by Charles Gargano have been named, and will be examining the effectiveness of the "Power for Jobs" program and other offerings to best provide low-cost electricity to energize the state's economy.

**NYAPP Albany Lobby Day:** NYAPP members were in Albany to meet with State Legislators and staff in early June to continue discussions providing overviews of projects and initiatives of individual utility systems and discuss pending legislation and policy priorities.

State Senators and Assembly representatives of individual systems, as well as the Chairs of both the Assembly and Senate Energy Committees and members of the Assembly and Senate leadership participated in the meetings. *By Susan Stohr*

## Delaware County Electric Cooperative Landfill Gas Project



The chart shows the landfill gas to electricity process which starts with the dumping of organic materials into a landfill. As the material decomposes, flammable methane gas is formed. The gas is collected through an array of pipes that channel the gas to a generating plant where it is used as fuel to create electricity. That electricity is fed to the electric grid.

DCEC currently purchases all of its power from the NY Power Authority. In January 2005, the Power Authority notified DCEC of its intent to terminate one of DCEC's power supply contracts at the end of December 2007. To secure a new low-cost, reliable and stable supply to replace this contract, DCEC has been working to explore all alternatives including buy-

ing energy on the open NY energy markets, opportunity for the development of new contracts with other energy supply companies and construction of a generating facility to self-generate the energy being lost by the curtailment of this contract. The review was done keeping in mind the overall objective of DCEC to provide reliable, low-cost electricity to its members while being good stewards to

### Inside Washington Cont.

**Climate Change:** Sens. McCain (R-AZ) and Lieberman (D-CT) are continuing efforts to attach their cap-and-trade plan for greenhouse gas emissions (defeated 60-38 last summer).

**The House Appropriations Committee:** On May 10, the House Appropriations Committee accepted a nonbinding climate change amendment that endorses capping greenhouse gas emis-

sions as long as the program does not harm the U.S. economy. Hearings continue in both the House and the Senate on climate change issues in preparation for the consideration of comprehensive legislation in the next session.

**Congressional Schedule:**

The House and the Senate will shortly recess for the summer break and will return on September 4<sup>th</sup>. The fall session will likely only last for a few weeks with the recess for the election expected to be around the beginning of October. *By Susan Stohr*

### From the Light Side



A man with a hearing problem walked into a power plant for a tour. He arrived late and had to join the rest of the group already on the tour. The man was reviewing what he had just told the group. He told the group that they wouldn't move on until they answered this one question: "What is the unit of power equal to one joule per second called?" The man with the hearing problem hadn't heard the question very well, so he raised his hand and asked "What?"

the local area and the environment.

As part of this effort, DCEC has been evaluating a power project at the Delaware County Landfill in Walton, NY. This project would burn methane gas that is emitted from the decomposing of garbage at the landfill in a reciprocating engine driving an electrical generator. This may be a solution to part of DCEC's power supply needs. *By Greg Starheim*

### Niagara Relicensing

As reported in the last issue, NYPA filed its application for a new license for the Niagara Project with the Federal Energy Regulatory Commission on August 18, 2005. NYAPP has executed the "Relicensing Settlement Agreement Addressing New License Conditions" with NYPA which includes a license condition that power arrangements will be in accordance with the federal Niagara Redevelopment Act.

Since that time, all remaining major parties have signed on to settlement agreements and support the relicensing, among them the City of Buffalo/Erie County and Niagara University.

On July 14, 2006, FERC approved the Draft Environmental Impact Statement for the Niagara Project. The NYPA relicensing proposal had earlier received certification by the NYS Department of Environmental Conservation. NYPA representatives are hopeful that the license will be renewed by the deadline of August 2007.

In documents filed with FERC, NYPA indicates that the nameplate capacity of the Project is 2,755 MW, with the completion of current upgrades. This is compared to the current firm power rating of 1,880 MW. NYAPP is interested in the results of a new study to rate the output of the Niagara Project.

**APPA and NYAPP Meet in Freeport—**

Alan Richardson President of APPA, and Bill Gallagher, Chairman of the APPA Board of Directors, met with members of the NYAPP in May. Freeport provided the group with a tour of Freeport's new generation facility and an overview of the NYISO operation, as well as the LM6000 operation. In addition, the group spent a considerable amount of time discussing issues and exchanging ideas for the future. Walt Haase Northeast Regions APPA Directors was also in attendance. *By H. Bianco*



*Pictured from left to right are— Wally Haas, Alan Richardson, Jack Brown, Hub Bianco, Bill Gallagher, Steve Brautigian*

**NYAPP Meeting -**

Members of NYAPP met in Albany to discuss key issues affecting association members and utilities in general including the Niagara relicensing and federal and state legislative issues. The organization has made good in-roads with NEPPA to provide training as required for the member systems. The meeting was well attended.



*Left—Herb Cooper, President of Dynalitics Corp Gave an in-depth presentation on fuel cells and their application.*



**MED Recognized at 25** — With the celebration of their 25<sup>th</sup> year of service, Massena Electric (MED) has been recognized for continued commitment to their ratepayers, the environment, and their community as a whole. MED was recently recognized by the American Public Power Association (APPA) as a recipient of the Reliable Public Power Provider (RP3) award. Presented at the APPA's annual Engineering & Operations Conference, MED received Diamond level recognition (highest) which was given to only 7 utilities nationally. Recipients of the RP3 award are chosen on the basis of four key disciplines; reliability, safety, training, and system improvement. MED General Manager, Andrew McMahon, said,

“Twenty Five years ago the incumbent utility questioned whether we could sustain their rates and their reliability. In 25 years, our rates have gone down, and the RP3 award and our reliability record from inception - through the ice storm of '98 and continuing through today - indicate that we can deliver at the highest level for our community.”

In addition to the RP3 award, MED was named a “Tree Line USA Utility” by The National Arbor Day Foundation for their commitment to preserving and protecting trees. “Tree Line USA” is sponsored in part by the National Association of State Foresters. McMahon noted, “We have demonstrated a commitment to the environment by our recognition as a Tree-Line USA utility and our work on the Grasse River Hydro Project. For us ,it is a core value.”



*Pictured left to right are - APPA CEO Alan Richardson, Andy McMahon, Bill Gallagher and John Humphries*