

## MARKET UPDATE:

### UNPRECEDENTED ELECTRIC CAPACITY INCREASES: INFORMA ENERGY WILL GUIDE YOU THROUGH THIS MINEFIELD

#### HOW FIXED IS YOUR FIXED PRICE CONTRACT?

For years, generators have petitioned the Federal Energy Regulatory Commission (FERC) because the cost of capacity (a charge related to demand for and availability of electricity during peak usage) into Zone G (Central Hudson), Zone H (Orange & Rockland) and Zone I (Westchester) was priced artificially low.



- As of May 1, 2014, there will be a dramatic increase in Zone G, Zone H and Zone I and a slight increase in Zone J (Con Edison NYC).
- The new zone will be called the Lower Hudson Valley Zone.
- The auction for the first period will take place in February 2014 and estimates for increases range from \$0.007/kwh-\$0.015/kwh depending on the customer's load factor and size.

#### HOW DOES THIS AFFECT A NY CUSTOMER WHO HAS LOCKED IN A CONTRACT RATE OR WHO WILL BE NEGOTIATING A NEW CONTRACT RATE?



Suppliers can handle this increase for existing contracts and for new contracts in various ways and it will be extremely important to know the option that they will choose.

1. Some suppliers will put an estimate into their price and will not pass on any additional charges as determined after May 1st.
2. Some suppliers will put an estimate into their price and will

pass on any additional charges.

3. Some suppliers will write deals at current rates with pass-through at spot markets after May 1, 2014.
  - The charges will, of course, be passed on by the local utility in their supply rates.
  - All NY customers are urged to consult with an energy professional for a comparison of each contract and a determination of how these increases will be passed on.
  - Many ESCO's will utilize an addendum to disclose the details of their specific methodology in computing these additional costs.

## **WATCH OUT FOR LOW WATER BILLS !**

Whether your water bills are high or low, there are important reasons why owners/managers should independently assess and monitor actual water usage. While high water bills are the most common complaint, low water bills can indicate the following problems:



- \* water meters are under-registering actual tenant usage
  - \* commercial tenants are tapping into unauthorized water sources on the premises, or
  - \* there are water meters of which owners/managers are not aware but are attributable to a property.
- Once the DEP catches its error it can issue a back up bill going back as many as four (4) years. Without independent water usage data:
- \* it is almost impossible to contest the bill
  - \* the opportunity to create a reserve fund will be lost
- Our water conservation partners can assess if any of these issues exist in your portfolio and show you how to resolve them quickly and efficiently.

## **ENERGY MARKET UPDATE**

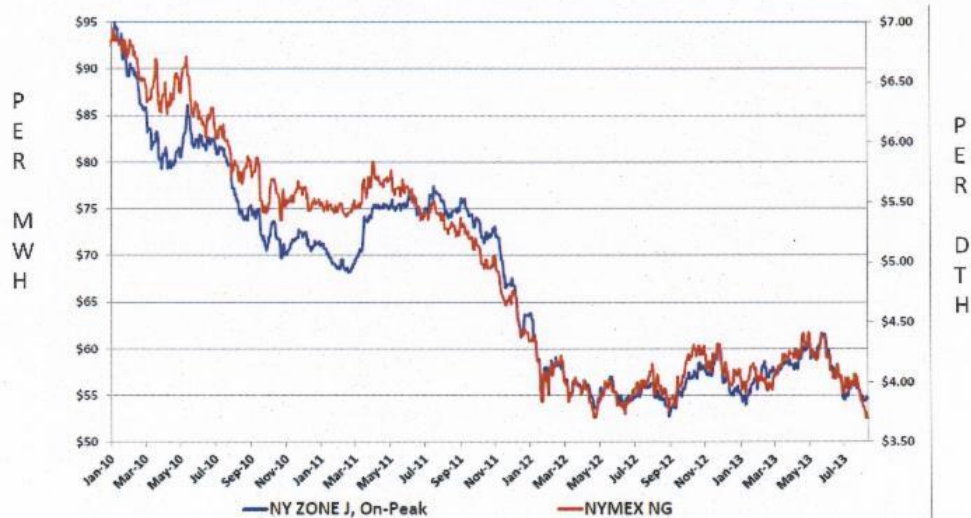
Informa's clients locked into some incredible deals in early fall for natural gas and electricity utilizing our competitive auction process. The natural gas market shifted upward 12.3% last week, a sharp increase thanks to a number of factors conspiring to make the market jittery:

- storm activity in the Gulf of Mexico which shut down natural gas production
- the recent crude oil spill in North Dakota
- a cold winter is still predicted
- trader reluctance to sell winter gas futures
- capacity costs for electricity are slated to rise in many New York markets

Now is the time to lock into gas as the peak season fast approaches.

## Electric and Natural Gas Futures Trends

NY Zone J vs NYMEX Natural Gas (NG)



INFORMA energy

**Informa Energy will closely vet contract provisions and addenda to compare pricing for our clients.**

**We are, as always, committed to working with suppliers who are reputable with competitive contract terms that are transparent and reasonable.**

**Give us a call today!  
1-888-404-6462**

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