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ISO-NE Releases Summer Outlook: Region Should Have Adequate Electricity Supplies

Holyoke, MA—April 29, 2013—Electricity supplies during the upcoming summer in the six-state New England region are expected to be sufficient to meet consumer demand under normal weather conditions, according to ISO New England Inc., the operator of the region's bulk power system and wholesale electricity markets. Consumer demand for electricity in New England is highest during the summer months, largely because of air-conditioning use.

2013 summer forecast

Under normal summer weather conditions of about 90 degrees Fahrenheit (°F), ISO New England forecasts that demand for electricity could peak at 26,690 megawatts (MW). If extreme summer weather, such as an extended heat wave of about 95°F, occurs, demand could rise to 28,985 MW. Both forecasts include the impact of regionwide energy-efficiency (EE) measures. Without the demand-reducing effect of 1,150 MW from EE acquired through the region's Forward Capacity Market (FCM), the forecast for peak demand during normal weather would be 27,840 MW, and the peak demand forecast for extreme weather conditions would be 30,135 MW.

"The regional power system is ready to meet New England consumers' summertime need for electricity," said Vamsi Chadavalada, executive vice president and chief operating officer of ISO New England. "Energy-efficiency measures across the region have reduced our forecasted peak by reducing consumer demand for electricity. At the same time, we are keeping an eye on other factors that could have an impact on grid operations. Natural gas pipeline maintenance during the summer months could affect natural gas supplies to some power plants, so ISO New England is coordinating with the pipeline companies to ensure that the supply is adequate for power generation during this maintenance period."

Status of fuel supplies

The region is dependent on natural gas for electricity production—in 2012, natural-gas-fired power plants produced 52% of the electricity generated in the region. The overall regional demand for gas declines during the warmer, summer months because natural gas is not needed for heating purposes, which is why pipeline maintenance is usually conducted during this time.

While the region should have adequate electricity supplies, unplanned outages of generating resources, including those due to fuel limitations, could create operational challenges this summer if extreme summer weather conditions or unexpected resource outages occur.

Chadavalada also noted that high demand for liquefied natural gas (LNG) overseas translates into higher prices on the global market, so LNG deliveries into the region may be reduced this summer, which also could affect power system operations.

Resources to meet summer demand

New England has a number of resources it can use to meet peak demand and the reserves required to ensure reliability. If all the region's power plants were running at maximum output, the total amount of electricity produced would be approximately 31,760 MW. However, a generator's maximum megawatt output may be greater than the amount it is obligated to provide through the FCM. For example, a generator capable of producing 500 MW may have a 400 MW capacity supply obligation. This summer, generation totaling 29,580 MW is under capacity supply obligations. Generators typically have offered the additional megawatts above their capacity obligation into the electric energy market, particularly when demand is peaking. This means the surplus generation would likely be available to help meet peaking consumer demand.

In addition to generation, the region also has procured FCM obligations for 1,100 MW of net electricity imports from neighboring power systems and 700 MW of demand resources that can be called on to reduce electricity use during tight system conditions.

Operational procedures to maintain reliability

If electricity supplies are tight as the result of an unexpected resource outage, an extended heat wave that causes consumer demand for electricity to spike, or fuel supply issues that diminish the available generation, ISO New England has well-established procedures in place to bring the system back into balance. These actions could include calling on demand-response resources to curtail their energy use, importing emergency power from neighboring regions, and asking businesses and residents to voluntarily conserve energy.

Last summer, electricity usage peaked on July 17, at 25,880 MW. The all-time record for peak demand was set on August 2, 2006, when demand reached 28,130 MW. In New England, one megawatt of electricity can power approximately 1,000 homes.