



## NY Power Authority

**ANDREW M. CUOMO**  
Governor

**JOHN R. KOELMEL**  
Chairman

**GIL C. QUINIONES**  
President and Chief Executive Officer

June 19, 2017

Owen McIntee  
Village of Spencerport  
27 West Avenue  
Spencerport, NY 14559-1345

Re: New York State Municipal and Rural Electric Cooperative Estimated Cost Comparison

Dear Owen McIntee:

Consistent with the New York Power Authority's (NYPA's) ongoing efforts to assist our Municipal and Rural Electric Cooperative customers in understanding preference power benefits, we are pleased to provide the Village of Spencerport with an estimated annual cost comparison. The estimated annual cost comparison exercise measures the cost of hydropower provided by NYPA compared to a simulated cost of market power. This simulation only involves the commodity (production) portion of the final cost to your electric utility for the amount of the allocation awarded pertaining only to firm and peaking hydro.

For the billing period of January 1, 2016 through December 31, 2016, it has been determined that the Village of Spencerport paid \$866,993.44 inclusive of charges associated with demand and energy at the firm and peaking preference power rates.

For the same period, we simulated the cost for the purchase of an equivalent amount of power based on market price data to be \$1,576,887.14. Energy and capacity data were obtained from the New York Independent System Operator's (NYISO's) website. Day-ahead market locational based marginal prices (DAM LBMPs) were processed to eliminate congestion and losses components. Only the energy component of the DAM LBMP is used in the course of the calculation. Monthly auction results for unforced capacity (UCAP) is the source of data for rest of state (ROS) and/or Long Island (LI) capacity prices used in the calculation. Congestion and losses for both NYPA hydro and market prices are excluded from the calculations.

There is a 45.0% difference between these two values representing a difference of \$709,893.70.

Please note that this estimated annual cost comparison exercise is offered solely as a point of reference and should not be relied upon for any other purpose. Additionally, individual customer circumstances may vary. For example, these estimates do not consider the application of special or negotiated commodity rates that may be charged by a scheduling agent or joint action agency.

If you have questions regarding the specific values included in the estimates provided, please don't hesitate to contact us.

Sincerely,

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