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Con Ed faces risks under PlaNYC 2030 [Tom Fredrickson](#)

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For Consolidated Edison Inc., Mayor Michael Bloomberg's PlaNYC 2030 contains risks as well as opportunities, energy experts say.

The opportunities lay in negotiating incentives that could benefit shareholders. In moving toward a more efficient, less polluting future, the utility will do its utmost to get paid for achieving various hurdles, consultants say. Con Ed will be asked to take a lead in energy conservation and improving the grid to make it more reliable and able to handle alternative power sources.

However, the utility will likely be required to commit to purchasing power under long-term contracts. The mayor says such contracts are needed to get investors to pay for power plants, as does Gov. Eliot Spitzer.

But these long-term deals could backfire on the utility. The contracts could lose their value if enough of Con Edison's customers exercise their choice to buy power from lower-cost providers. The plan carries other risks. Regulatory and technological changes could make today's equipment and infrastructure investments obsolete, says [Catherine Luthin, president of Luthin Associates, an energy management consulting firm.](#) "Time never stands still," she observes.

While a state agency, the New York Power Authority, would issue requests for proposals for long-term energy contracts, which in turn would be shaped by a powerful new board, Con Ed customers of necessity would be the buyers of the power in New York City, according to Ashok Gupta, air and energy coordinator for the Natural Resources Defense Council.

The customers who are the most passive about finding the best rates and deals, i.e., homeowners and small business owners, are the ones the system will depend on to buy power under long term contracts made with third-party power plant developers. Large commercial operations, which are more price-sensitive, can't be counted on to be customers because they will opt out by finding other suppliers.

If competition takes off and many customers opt out of buying their power from Con Ed, the utility could be stuck with power that it has acquired at an unmarketable price. Already, a little less than one third of the power supplied comes from marketing firms other than Con Ed, although Con Ed is able to bill for delivery charges, says Lindsay Audin, president of Energywiz Inc., a consulting firm.

Even so, Con Ed issued statement supporting the Mayor's plan. "Con Edison looks forward to working with the mayor's office, and we will continue to make necessary infrastructure investments, and further expand our energy conservation measures to ensure continued reliable electric service to our customers. We support energy-efficiency initiatives and demand side management as a way to help achieve this result." ♦

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