

Statement to Members of the New York Municipal Power Agency Regarding Electricity Imports from Ontario, Canada

A current topic in the news is the subject of national tariffs and, in particular, the actions of Ontario, Canada Premier Doug Ford in imposing a 25% surcharge on exports of electricity from Ontario to New York and his threat to cut off those electricity exports altogether. We know many of our members are fielding calls from the public and the media as to how it will affect supplies and costs of electricity to customers. The simple answer is, probably not enough to notice.

First, as a NYMPA member, the vast majority of your electricity is supplied by the hydro generation at the New York Power Authority's Niagara project in Lewiston, NY. That percentage varies by system, but all together, in 2023 (the most recent year for which statistics are available) Niagara represented approximately 89% of the total supply of electricity to the 34 NYMPA member systems. Ontario's policies regarding electricity exports to New York have absolutely no impact on the supply or cost of your Niagara hydro. So, depending on your system characteristics, on a low demand day (such as spring and fall shoulder months, warm winter days and cool summer days) when your system is using only, or mostly hydro from Niagara, there would be no impact to your system or your customers.

The only potential impact of Ontario's actions would be on the cost of the supplemental energy NYMPA purchases for your system when your hydro allocation is insufficient to meet your system's total energy demand. According to statistics compiled by the New York Independent System Operator (NYISO), in 2023 (again, the most recent year for which data is available) imports of electricity from Ontario accounted for less than 3% of the total load for all of New York State. Moreover, this percentage will vary by season and hourly demand.

The way the NYISO markets work, if electricity from Ontario becomes too expensive (or for that matter is cut off entirely) other, possibly less efficient, generators bidding into the market would likely be available to supply the electricity that would have otherwise come from Canada. In that scenario, the electricity from these other sources will likely cost more than the "pre-tariff" cost of Ontario electricity, but nevertheless they will have the effect of making up for the loss of the Ontario electricity within and across the New York grid.

So, even in the worst-case scenario assuming all Ontario electricity exports are cut off, we would likely see only a marginal impact on the cost of supplemental energy NYMPA would be purchasing, and the effect on any particular NYMPA member system would further be diminished by the percentage of supplemental energy your system requires on any given day, which will vary by season, time of day and day of week.

The bottom line is that 1) as a NYMPA member, you have no risk of losing any of your electricity supply as a result of Ontario's actions, and 2) that in all likelihood, the impact of increased costs to NYMPA customers on any given day as a result of Ontario tariffs will not be significant enough to be noticeable.

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