

UNITED STATES OF AMERICA 90 FERC ¶ 61,313  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;  
William L. Massey, Linda Brethitt,  
and Curt H. Bert, Jr.

New York State Reliability Council  
ER00-1671-000

Docket No.

ORDER ACCEPTING FOR FILING REVISED INSTALLED  
CAPACITY REQUIREMENT

(Issued March 29, 2000)

In this order, the Commission accepts for filing a revised  
Installed Capacity Requirement (ICR), effective March 17, 2000.

Background

On February 22, 2000, the New York State Reliability Council, L.L.C. (NYSRC), pursuant to the terms of the NYSRC Agreement between the NYSRC and the New York Independent System Operator (New York ISO), a jurisdictional public utility, which had previously been filed with and accepted by the Commission, filed a revised ICR for the New York Control Area for the year beginning May 1, 2000, and ending April 30, 2001. The NYSRC requested the Commission approve the filing effective no later than March 17, 2000, so that the revised ICR could be in place for the installed capacity auction to be conducted by the New York ISO on March 31, 2000.

The NYSRC was established by the NYSRC Agreement between the NYSRC and the New York ISO.<sup>1/</sup> Under the NYSRC Agreement, the NYSRC is responsible for establishing a statewide annual ICR. In accordance with the NYSRC Agreement, the NYSRC initially adopted the ICR that was in effect under the New York Power Pool, which was a statewide reserve requirement of 22 percent. Further, the NYSRC Agreement provides that any changes to the ICR must be filed with and approved by the Commission. Pursuant to its obligation under the NYSRC Agreement to establish a statewide ICR annually, the NYSRC conducted a study on reserve margin requirements in the New York Control Area and determined the statewide reserve margin should be reduced from 22 percent to 18 percent for the year beginning May 1, 2000, and ending April 31,

1/ See Central Hudson Gas & Electric Corp., et al., 83 FERC ¶ 61,352 (1998), Central Hudson Gas & Electric Corp., et al., 87 FERC ¶ 61,135 (1999), and Central Hudson Gas & Electric Corp., et al., 88 FERC ¶ 61,138 (1999).

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2001. Based on this NYSRC statewide reserve margin finding of 18 percent, the New York ISO will determine an ICR for each load serving entity in the New York Control Area.

In support of its filing, the NYSRC states that the reserve margin study was performed by New York ISO staff at the request and under the direction of the NYSRC, using a state-of-the-art computer model called the Multi-Area Reliability Simulation (MARS) program. The NYSRC claims that the MARS program includes detailed load, generation, and transmission capacity representation for the New York Control Area (as well as for interconnected control areas), and the model calculated the probability of generating unit outages, coupled with peak-loads, to determine expected capacity shortages. The NYSRC states the reserve margin study determined that the statewide reserve margin could vary between 11.8 and 17 percent. Thus the NYSRC asserts that the proposed use of a reserve margin of 18 percent is conservative.

Notice of NYSRC's filing was published in the Federal Register, 65 Fed. Reg. 11,567 (2000), with comments, protests and interventions due on or before March 14, 2000. Timely, unopposed motions to intervene without comments or in support of the NYSRC filing were made by: (1) the New York ISO, (2) the Long Island Power Authority and its operating subsidiary, LIPA, (3) Niagara Mohawk Energy Marketing, Inc., (4) Enron Power Marketing, Inc., and (5) PG&E Generating and PG&E Energy Trading-Power, L.P. Motions for leave to intervene out-of-time without comments and in support were filed by: (1) Southern Energy Bowline, L.L.C., Southern Energy Lovett L.L.C., and Southern Energy NY-Gen, L.L.C., (2) Niagara Mohawk Power Corporation, and (3) the New York State Electric & Gas Corporation. A timely motion to intervene and protest was made by Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., and Central Hudson Gas & Electric Corporation (collectively, the Protestors). NYSRC filed an answer in response to the Protestor's comments.

The Protesters object to the NYSRC filing on three grounds. One, the New York ISO, having only commenced operations on November 18, 1999, is inexperienced in running the New York transmission system and lowering the reserve margin requirement before the New York ISO's first auction for installed capacity could jeopardize electric reliability in New York during the 2000 Summer Capability Period. Two, during the record loads experienced last summer, 1999, the reduced 18 percent statewide reserve margin might not have been sufficient to meet New York's electricity demand, and it would be imprudent to reduce the margin in view of that experience. Three, the

assumptions relied upon in the reserve margin study may be flawed, particularly in regard to reliance on assistance from neighboring regions.

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## Discussion

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (1999), the timely, unopposed motions to intervene serve to make the parties that filed them parties to this proceeding. We will grant the unopposed motions to intervene out of time, given the filers' interests in this proceeding, the early stage of this proceeding, and the absence of any undue prejudice or delay. Although answers to protests generally are prohibited under 18 C.F.R. § 385.213(a)(2)(1999), we nevertheless find good cause to allow NYSRC's answer in this proceeding because it assists us in the decision making process.

Under the NYSRC Agreement, the mission of the NYSRC is to promote and preserve the reliability of electric service in New York. One of the NYSRC's obligations under the NYSRC Agreement is to establish a statewide annual ICR. In order to fulfill that obligation, the NYSRC, with the assistance of New York ISO staff, conducted a reserve margin study using the MARS program and concluded that an adequate reserve margin for the year May 1, 2000, through April 30, 2001, could vary between 11.8 and 17 percent. The NYSRC then determined that it would be prudent to set the statewide reserve margin above the high case scenario at an even more conservative 18 percent. This revised reserve margin requirement has received the 9 out of 13 super-majority vote of the NYSRC Executive Committee required by the NYSRC Agreement.

The New York ISO is a jurisdictional public utility, and pursuant to our ISO Principle No. 4, the New York ISO should have primary responsibility in ensuring short-term reliability of transmission grid operations under the ISO's control. The NYSRC Agreement covers the short-term reliability matters that are the subject of this ISO Principle, as well as other reliability matters. In addition, certain reliability provisions may affect the rates, terms and conditions of jurisdictional transmission and power sales services that are within our exclusive jurisdiction. For example, in accepting the NYSRC Agreement in our prior order, we stated that any dispute between the New York ISO and the NYSRC concerning a reliability rule that affects not only reliability but also matters subject to our jurisdiction under the FPA (such as a transmission line loading relief rule that affects the curtailment provisions of the New York ISO tariff) must be resolved directly by the Commission. 2/

The NYSRC Agreement accepted by the Commission provides that any revisions to the ICR will be filed with the Commission. In

2/ See Central Hudson Gas & Electric Corporation, 83 FERC ¶ 61,352 at 62,412 (1998).

this instance, we have reviewed the revised ICR for purposes of determining whether it would have any adverse effect on jurisdictional matters. We have concluded that the revision does not appear to have an adverse effect on matters within our exclusive jurisdiction.

Finally, we find good cause to grant waiver of the 60-day prior notice requirement to allow for an effective date for the revised ICR of March 17, 2000, as requested.<sup>3/</sup>

The Commission orders:

(A) The revised ICR is hereby accepted for filing with an effective date of March 17, 2000, as requested, as discussed in the body of this order.

(B) The New York State Reliability Council will be informed of rate schedule designations at a later date.

By the Commission.

( S E A L )

David P. Boergers,  
Secretary.

<sup>3/</sup> See, e. g., Central Hudson Gas & Electric Corp., et al., 60 FERC ¶ 61,106 at 61,338-39, reh'g denied, 61 FERC ¶ 61,089 (1992).