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May 15, 2009

## **DELIVERED ELECTRONICALLY AND BY HAND**

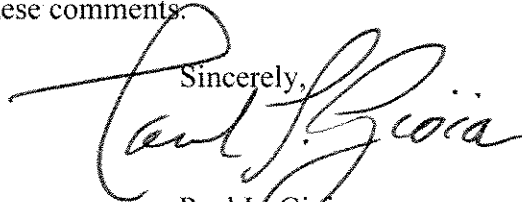
New York State Energy Planning Board  
c/o Suzanne Baker  
NYSERDA  
17 Columbia Circle  
Albany, NY 12203-6399

Re: NYSRC Comments on Interim Report of the Energy Coordinating Working Group

Dear Ms. Baker:

Enclosed please find comments on the Interim Report of the Energy Coordinating Working Group, submitted on behalf of the New York State Reliability Council. Please contact me with respect to any questions on these comments.

Sincerely,



Paul L. Gioia  
Counsel to the  
New York State Reliability Council

101294

May15, 2009

**NYSRC COMMENTS ON  
THE INTERIM REPORT OF THE  
ENERGY COORDINATING WORKING GROUP**

**GENERAL COMMENTS**

The New York State Reliability Council (“NYSRC”) is concerned with the maintenance of the reliability of New York State’s bulk power system.<sup>1</sup> While the NYSRC generally does not take positions with respect to state energy or environmental policy initiatives, such policy initiatives often do have a potential direct or indirect impact on bulk power system reliability. The NYSRC has served as a source of information for state policymakers with respect to the potential impact of state policy on bulk power system reliability, and has consistently urged policymakers to carefully balance the strong public interest in a reliable electric system with other important policy objectives. The NYSRC also has consistently urged policymakers to monitor state energy and environmental programs to determine if system reliability is being adversely affected and to provide sufficient flexibility to permit the modification of such programs if that is determined to be necessary to protect electric system reliability. The NYSRC adopts a similar approach in its comments on the Interim Report of the Energy Coordinating Working Group.

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<sup>1</sup> The NYSRC was formed and approved by the Federal Energy Regulatory Commission in 1999. It is the successor to some of the functions of the New York Power Pool. The NYSRC’s primary responsibilities include the development of reliability rules that must be complied with by the New York Independent System Operator (“NYISO”) in its operation of New York State’s bulk power system, and by the NYISO’s market participants. The NYSRC also is responsible for determining the annual installed reserve requirement (“IRM”) necessary to meet resource adequacy criteria for the New York Control Area.

## **SPECIFIC COMMENTS**

### **Introduction**

The Interim Report identifies the need to reliably meet the State's immediate and near term energy needs, consistent with public health and environmental standards, as one of the primary challenges to be addressed by the 2009 Energy Plan (Interim Report, p. 2-1). The NYSRC agrees with and supports this statement.

## **PRELIMINARY FINDINGS**

### **Finding No. 1**

The Interim Report recognizes that renewable energy and energy efficiency programs may have an impact on electric system reliability, and recognizes that the intermittent nature of wind presents technical challenges to integration with the bulk transmission system so that reliability is not adversely affected. (Interim Report, p.4-5). The NYSRC appreciates this understanding of the challenges posed by the rapid development of renewable resources, and recommends that they be recognized in the SEP. The NYSRC, in coordination with the New York Independent System Operator ("NYISO"), has been considering these potential impacts, and how they may be addressed.

### **Finding Nos. 2, 7 and 9**

These findings address policies and initiatives to reduce greenhouse gas emission and other environmental impacts of energy production. The Interim Report refers to the RGGI program and states that New York State's annual budget of approximately 60 million allowances will be auctioned periodically. (Interim Report, p. 4-16). The NYISO has informed the Department of Environmental Conservation that the

unavailability of allowances to New York generators could pose a threat to electric system reliability. The SEP should recognize this concern.

The NYSRC has formed an ad hoc working group, including the NYISO and representatives of the relevant state agencies, to provide a forum for the sharing of information related to state environmental initiatives, including a discussion of potential reliability impacts. The SEP should recognize the need for a continuing exchange of information and analysis concerning the potential impact of environmental initiatives on reliability, including the cumulative impact of environmental initiatives being implemented by different agencies or different units within an agency.

The NYSRC agrees with the statement in the Interim Report that the increased electrification of the transportation sector could increase electricity demand, and this should be recognized in the SEP.

### Finding No. 3

The projected growth in the use of natural gas raises the possibility of over-reliance on this one fuel source. The NYSRC agrees with the statements in the Interim Report that there could be a pressing need for expansion of natural gas deliverability capacity in the downstate regions, and that the electric sector's demand for natural gas, together with its reliance on interruptible delivery service, have combined to create reliability concerns. (Interim Report, p. 4-8). The NYSRC strongly supports the comprehensive analysis of the adequacy of the natural gas delivery system to meet winter peak requirements, and the interaction of the natural gas and electric systems, referred to in the Interim Report. The SEP should consider the potential impact of the interruption of natural gas supply on generators and reliability, the need for an expansion of gas delivery capacity, and the need for a diversified mix of generation sources. The SEP

should consider the relationship among dual-fuel capability for generators in New York City and on Long Island, the adequacy of our natural gas delivery system, and electric system reliability.

Finding No. 5

The Interim Report recognizes that there must be sufficient local generation and transmission to New York City and Long Island in order to maintain reliability in those areas. (Interim Report, p, 4-16). The SEP also should encourage the development of “defensive strategies”, that would provide greater protection to New York from disturbances that originate outside the state, and that could minimize the impact of such disturbances when they occur. The NYSRC, in collaboration with the NYISO and Northeast Power Coordinating Council (“NPCC”), is currently exploring the feasibility of various defensive strategies.

Finding No. 10

The NYSRC agrees with this Finding that near-term investments in the infrastructure to support liquid fuels for electricity generation will be necessary to ensure supply reliability and flexibility over the short-run. An adequate supply of liquid fuel is necessary to the operation of dual-fuel generators and maintaining reliability when natural gas supplies are not available.