

NYSRC Installed Capacity Subcommittee

Meeting #44

September 1, 2004

9:30 a.m. – 3:30 p.m.

NYISO: Washington Ave Ext. Conference Room WD

Meeting Minutes

Attendees

Members/Alternates Present:

Mr. Curt Dahl (KeySpan/LIPA), Chairman
Mr. Bart Franey (National Grid)
Mr. Michael Hogan (CHG&E)
Mr. Steven Jeremko (NYSEG)
Mr. Harry Joscher (PSEG Power)
Mr. Steve Whalen (NYSEG) – Telephone
Mr. Carlos Villalba (Con Edison)
Mr. King Look (Con Edison), Secretary

Advisers/Non-member Participants Present:

Mr. John Adams (NYISO)
Mr. Al Adamson (Consultant)
Mr. John Charlton (NYISO), Limited Participation
Mr. Greg Drake (NYISO)
Mr. Phil Fedora (NPCC) – Telephone
Mr. Sephir Hamilton (CHG&E)
Mr. Mike Mager (Multiple Intervenors) – Telephone
Mr. Ed Schrom (NYPSC)
Mr. Frank Vitale (Consultant)
Mr. Glenn Haringa (GE), Limited Participation by Telephone

Members/Non-members/Advisers Absent:

Mr. Jordan Brandeis (NYPA)
Mr. Peter Chamberlain (Wholesale Sector)
Mr. Mark Cordeiro (Municipals, Co-Op Sector)

1. Discuss and Approve Meeting Minutes

The Meeting Minutes from Meeting #43 (held on 8/2/04) were reviewed and approved as final.

2. Review Previous Outstanding Assignments

Action Items List #43 was reviewed and resulted in the closure of items 42-1 and 43-3. See Action Items List for specifics.

3. IRM Study Preparation

3.1. Assumptions Matrix for 2005-2006 IRM Study

Curt Dahl summarized for the ICS his discussions at the 8/13/04 EC meeting – the EC approved the assumptions matrix with editorial changes and the EC was in general agreement with the white paper, “Adjusting for the Current Overstatement of Resource Availability in Resource Adequacy Studies”. A copy of the final assumptions matrix (to the EC) will be distributed to the ICS.

3.2. Preliminary MARS Study Results

Greg Drake discussed the latest draft IRM results, showing the impact of the recommended assumptions for the 2005-2006 IRM base case, relative to the 2004-2005 IRM base case.

The discussion focused on the impact of the following assumptions: (a) forced/partial outage rates and DMNC derate, (b) Special Case Resources and EDRP Resources, (c) transmission cable forced outage rates, and (d) the Cedars unit (200 MW, 5% EFORd, in zone D).

Between the 8/1/04 ICS meeting and this ICS meeting on 9/1/04, the DNMC derate was revised to 711 MW, which was part of the assumptions matrix approved by the EC on 8/13/04. As a result, the impact of the recommended assumptions on forced/partial outage rates and DMNC derate is now +0.6%, relative to the 2004-2005 IRM base case. The DNMC derate was modeled as a load modifier and follows the load shape. As a new action item (AI # 44-2), Greg Drake will re-run the DNMC derate case by derating the generating units that had the actual DNMC derates.

The impact of the recommended assumptions on Special Case Resources and EDRP Resources are –0.1% and +0.4%, respectively, relative to the 2004-2005 IRM base case. The ICS tried to rationalize these results and asked for a comparison by zone of the Special Case Resources and EDRP Resources between last year’s and this year’s IRM studies. As a new action item (AI # 44-1), Greg Drake will provide this comparison.

The impact of the recommended assumptions on transmission cable forced outage rates is +0.7%, relative to the 2004-2005 IRM base case. This impact is due primarily to modeling the Cross Sound Cable (CSC) as an interface tie instead of continuing with last year’s assumption of modeling CSC as a capacity resource. In this year’s study, CSC is modeled as a 330 MW tie to a dummy area with an infinite tie to New England. Because CSC is modeled as an interface tie to an external control area, reserve-sharing becomes a contributing factor to the impact of CSC. Curt Dahl said he needs to further review the CSC modeling assumption and may later request a sensitivity case of modeling CSC as a capacity resource instead.

The impact of the Cedars unit is +0.2%, relative to the 2004-2005 IRM base case. The Cedars unit increases the IRM, because it does not reduce LOLE and because of the way the IRM is defined, i.e., generation divided by adjusted load. The Cedars unit contributes 200 MW to the generation numerator in the IRM formula but the adjusted load denominator does not change significantly, reflecting the lack of impact of the Cedars unit on LOLE. The Cedars unit is not part of the assumptions matrix approved by the EC on 8/13/04.

Sensitivity cases to quantify the impact of intrastate transmission were requested. As a new action item (AI # 44-3), Greg Drake will run the sensitivity case of removing all intrastate transmission limits. Also as a new action item (AI # 44-4), Greg Drake will run the sensitivity case of zero forced outage rates on all intrastate transmission.

Given the schedule to complete the IRM study, a conference call has been scheduled on 9/15/04 for ICS to discuss the latest preliminary IRM base case results. As a follow-up to today's meeting, Greg Drake will inform the ICS the time and dial-in phone number for the 9/15/04 conference call.

3.3. ICS' Advisory Position on the IRM

Curt Dahl informed the ICS that the EC at the 8/13/04 EC meeting agrees with ICS taking on an advisory position on the IRM. The next step is for ICS to agree among itself on the format as to how it will fulfill this new role.

4. Draft IRM/LCR White Paper

Al Adamson discussed with the ICS the draft IRM/LCR white paper and the comments he had received prior to the meeting. There was general agreement with the concept presented in the draft IRM/LCR white paper. However, details on the minimum LCR (MLCR) and the adder to the MLCR need to be developed. A 3% adder to the MLCR was discussed at the meeting. Curt Dahl expressed concern that a 3% adder to Long Island's MLCR may not be equitable. As a new action item (AI # 44-5), Curt Dahl will prepare a work scope for General Electric (GE) to develop a proposal to concurrently determine the IRM and LCR on a risk-adjusted basis. As a new action item (AI # 44-6), Al Adamson will provide a revised draft of the IRM/LCR white paper.

5. Integrating Sensitivity Cases and Probabilities into the IRM

Al Adamson discussed with the ICS the initial list of low range and high range sensitivities he prepared, with inputs from the Transmission Owners (TOs) per AI # 43-3. Each of the low range and high range sensitivities is assumed to have a 20% probability of occurrence. Each of the base case assumptions is assigned a 60% probability of occurrence. The list also included "what if?" sensitivity cases. The list was revised at the meeting, incorporating the comments from the ICS. Curt Dahl will seek approval from the EC at the 9/10/04 EC meeting to integrate sensitivity cases and probabilities into the IRM.

6. GE Evaluation of “Study Year” Issue in MARS Program

Glenn Haringa reported that there are about 3,600 MW of new generating capacity in New England in 2005, while only some of these new generating units were in service in 2003. GE will determine whether or not all these generating capacity will have to be included in the MARS database for the IRM study. Also, the load shapes used will have to be adjusted to align the days in the load shapes with the calendar days of the study year. According to Glenn Haringa, GE’s evaluation of the “study year” issue will be complete one week following today’s ICS meeting.

7. Committee Reports

John Charlton reported on the status and schedule of the NYISO’s development of the new ICAP demand curves. John Charlton also discussed a couple of key issues relating to the ICAP demand curves, which are the installed cost of a new gas turbine by location (i.e., upstate, New York City and Long Island) and the difference between the historical and the estimated energy and ancillary service revenues in the Levitan Study. Steve Jeremko indicated that PJM has retained a consultant to review the NYISO’s Levitan Study.

8. Other Business

8.1. Overview of PJM Future Capacity Construct

John Charlton provided a brief description of PJM’s Reliability Pricing Model (RPM), which will establish a forward market for capacity of up to four years into the future. Steve Jeremko will seek further information from PJM on their Reliability Pricing Model (RPM) and Variable Resource Requirement (VRR), after which, he will report his findings to ICS.

8.2. Introduction of New ICS Member

Sephir Hamilton was introduced as the new ICS member from Central Hudson Gas and Electric.

9. Review Action Items

See attached action item list.

10. Next Meeting

Meeting #45: October 5, 2004, 9:30am – 3:30pm.

Secretary: King Look