

NYSRC Installed Capacity Subcommittee

Meeting #48

January 5, 2005

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. Steven Jeremko (NYSEG)
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. Greg Drake (NYISO)
Mr. Ed Schrom (NYPSC)
Mr. Frank Vitale (Consultant)

Guests Present:

Mr. John Charlton (NYISO) – Limited Participation
Mr. Craig Gruber (Electrotek)
Mr. Glenn Haringa (GE), Limited Participation by Telephone
Mr. Hebert Joseph (NYPSC)
Mr. Bill Lamanna (NYISO) – Limited Participation
Mr. George Smith (EC Member, Unaffiliated) – Telephone

1. Discuss and Approve Meeting Minutes

The Meeting Minutes from Meeting #47 (held on November 30, 2004) were reviewed. A motion was made to finalize these minutes with one minor editorial correction.

2. Review Previous Outstanding Assignments

Action Items List #47 was reviewed and resulted in re-scheduling the planned completion date of item 39-01 until February 2, 2005. See Action Items List for specifics.

3. Feedback from the Executive Committee (EC)

Curt Dahl reviewed the EC's vote on the IRM at their December 10, 2004. The EC officially approved 18% as the IRM for the May 2005 – April 2006 capability period. The final vote tally was 9 votes for to 4 votes against. Curt extended thanks to all ICS members, advisers and participants for their effort on the IRM study.

3.1. National Grid's Proposed IRM

During the December 10, 2004 EC meeting, National Grid proposed, that beginning this year the internally unconstrained transmission case should be used to set the NYCA IRM. The EC voted against this measure.

At the request of an EC member, ICS is to further discuss National Grid's proposal. On behalf of National Grid, Bart Franey gave a presentation to the ICS, discussing the basis for their proposal. Curt Dahl then informed the group that the National Grid presentation did not provide anything new – adding that these issues were presented to the EC on two other occasions prior to the EC's December 10, 2004 meeting. Al Adamson recommended that most of the information presented should be included in the Annual IRM "Lessons Learned" report.

3.2. Incorporating Fuel Availability in Reliability Assessment

The EC has requested ICS to consider in the 2006-2007 IRM Study, the incentives for generators to sell natural gas during emergencies. ICS will investigate what others (e.g., PJM) are doing with respect to incorporating fuel availability in resource adequacy requirements. *As a new action item (AI # 48-1, Steve Jeremko will report back to ICS on the PJM Reliability Pricing Model (RPM) treatment of fuel availability / diversity.*

John Adams indicated that Levitan had studied the impact of a natural gas pipeline break on electric generation in New York State and Levitan concluded that 600 MW would be at risk due to one natural gas pipeline break.

3.3. IRM Impact of Cedars Unit

The transfer of the 200-MW Cedars unit from Hydro Quebec into NYCA resulted in lowering the NYCA LOLE but raising the IRM. This dynamic is a reflection of the location of the Cedars unit and the current procedure used for converting 0.1 LOLE to IRM. However, the IRM impact of the Cedars unit does differ from findings made in the Deliverability Study reported by Bill Lamanna. Bill stated that the NYISO's IITF has concluded that there is no deliverability issue with Cedars.

The EC has requested ICS to resolve the issue of Cedars raising the IRM. Greg Drake reported that a 100 MW capacity addition to the 2005 Base IRM case in zone D reduced the NYCA LOLE from 0.099 to 0.091 and the same 100 MW capacity addition to zone K reduced the NYCA LOLE from 0.099 to 0.069. In both cases, 1500 iterations were used. Greg was asked to redo the analysis using the internal unconstrained transmission case. *As a new action item (AI # 48-2),*

Greg Drake will start with the internal unconstrained transmission case and add 100 MW to zone D (upstate) and then to zone K (downstate) to see if they yield the same LOLE. Also as a new action item (AI # 48-3), Greg Drake will evaluate the impact of reducing upstate capacity on the 2005 Base IRM. Greg Drake will also evaluate the impact of reducing capacity instead of adding load to maintain LOLE of 0.1.

4. Lessons Learned Reviewed – A Year’s Perspective

Review of the lessons learned will be deferred to the next ICS meeting on February 2, 2005.

5. LCR/IRM Methodology

Greg Drake reviewed with the ICS the following three draft procedures he had sent out prior to the ICS meeting:

- Development of Locational Requirements versus Installed Reserve Margin in NYCA
- Proposal for Setting Locational Requirements in NYCA – Equalized Risk Methodology
- Procedure for Setting Locational Requirements in NYCA (this procedure is currently used by the NYISO)

It was noted that in the procedure to develop the locational requirements versus IRM, the IRM is varied as the independent variable to solve for the locational requirements. Therefore, the locational requirements (as a percent of forecasted peak load) should be plotted along the y-axis and the IRM should be plotted along the x-axis. Previous conceptual curves have shown the IRM to be on the y-axis and the locational capacity to be on the x-axis.

As a new action item (AI # 48-4), Greg Drake will calculate the LCR/IRM curve. ICS will review and discuss the LCR/IRM curve via teleconference call prior to the next ICS meeting. The next draft of the LCR/IRM white paper will include the LCR/IRM curve and the accompanying procedure used to develop the curve.

6. Committee Reports

- **Planning** - Bill Lamanna reported on the NYISO’s 10-year reliability planning process and the NYISO’s IITF’s Deliverability Study.
- **Capacity** - John Charlton reported on the status of NYISO’s proposed ICAP demand curve in addition to capacity market developments in PJM and ISO-NE. John also reviewed issues that will be addressed at the upcoming NYISO ICAP Working Group meeting.

7. Other Business

Al Adamson reported that NERC is planning to post for industry review and comment a standard authorization request (SAR) on resource adequacy. The initial draft of the SAR should be out by mid-January and comments will be due to NERC by mid-February. ICS will discuss the SAR at the February 2, 2005 ICS meeting.

Al Adamson also reported that Ontario's IMO is now known as the IESO, which stands for "Independent Electric System Operator".

8. Review Action Items

See attached action item list.

9. Next Meeting

Meeting #49: February 2, 2005, 9:30am – 3:30pm.

Secretary: King Look