

NYSRC Installed Capacity Subcommittee

Meeting #84

January 30st, 2008

9:30 a.m. – 2:00 p.m

Meeting Minutes

Attendees

| | Present | Tel |
|---|-------------------------------------|-------------------------------------|
| Members/Alternates : | | |
| Mr. Curt Dahl (LIPA), Chairman | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. Carlos Villalba (Con Edison), Secretary | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. Timothy Bush (Generation Owners)..... | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Bart Franey (National Grid) | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Steve Jeremko (NYSEG-RGE) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mr. Mark Younger (Generation Owners) | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Rajee Mustafa (NYPA)..... | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Rich Wright (CHG&E) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mrs. Patricia Caletka (NYSEG-RGE) | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Madison Milhous (KeySpan) | <input type="checkbox"/> | <input type="checkbox"/> |
| Mrs. Jane Shin (Con Edison) | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Mark Cordeiro (Municipal Power Agency)..... | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Han Huang (NYPA)..... | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Chris Graphen (NYPA)..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Advisers/Non-member Participants: | | |
| Mr. Al Adamson (Consultant) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. Frank Vitale (Consultant) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. John Adams (NYISO)..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. Greg Drake (NYISO) | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Ed Schrom (NYPSC)..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. Steve Keller (NYPSC) | <input type="checkbox"/> | <input type="checkbox"/> |
| Guests Present: | | |
| Mr. Frank Granz (NRG)..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mr. John Charlton (NYISO) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. Yuri Fishman (LIPA)..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. Phil Smith (Mirant)..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mr. Frank Ciani() | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. Clyde Custer (NYISO)..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Ms. Erin Hogan (NYSERDA)..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mr. Harry Joscher (PSEG Power, LLC)..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mr. Glenn Haake (Generation Owners)..... | <input type="checkbox"/> | <input type="checkbox"/> |
| Mr. John Pade (NYISO-Consultant)..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mr. Kelvin Chu (Con Edison)..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

1. Meeting Minutes

Not available

2. Action Items

2.1. Closed

77-2. Forecast Accuracy: Mr. Clyde Custer gave a presentation on the variances between forecasted load and weather normalized actual load. This was very informative presentation, especially if ICS decides to use data from the previous year's forecast for future IRM calculations. The ICS members decided that since we have not been able to produce the following year's forecast on time during the last two years, there is not a compelling reason to use the forecast produced during the two years prior for the new IRM study year.

2.2. New

84-1. NYISO will ask GE to review the results regarding the Upstate/Downstate study.

84-2. Develop a scope of work for developing a forward-looking IRM.

84-3. Proposals for the TAN 45 methodology

84-4. Curt will call Peter Wong to propose a methodology to evaluate the New England tie-benefits similar to the one used by GE on the Upstate/Downstate study

84-5. NYISO to contact Peter Carney for a presentation

84-6. John Charlton to send the Forward Capacity Market document proposal

2.3. Revised

74-1. Mr. Custer updated the group by stating that the NYISO has reviewed the tariff language in regards to the capacity market. Next meeting the NYISO will make a presentation regarding this issue.

78-1. Refine PJM East area model and its interconnections with NYISO through IPSAC to better model the RECO load and the Neptune line. The due date on this item was moved to June so that it will occur after an IPSAC meeting.

3. Upstate/Downstate Status

Mr. John Pade reminded the group about the 3 year commitment that the group made to the Upstate/Downstate study to verify that its conclusion is still valid. Mr. Pade started by describing the process GE used for the study then listed the database tables that were reviewed at the start of the study, such as the contracts table and the pool priority table. Mr. Pade assured the group that the methodology and assumptions used for the verification were the same that GE used in the study. Mr. Pade reported that the equilibrium point was reached at 4600 MW using ICAP and at an approximate LOLE of 0.06 days/year for both super-zones. According to Mr. Pade the next step is to compare the equilibrium on the basis of UCAP.

Mr. Pade affirmed that this exercise would include all scenarios that were included in the Upstate/Downstate study and that the purpose of this review is merely verifying that there is not a significance variation in the subsidy found in the study.

Mr. Curt Dahl asked Mr. Pade to get GE involved to review the few changes to the database and to review that the assumptions of the methodology have not changed.

4. Forward-Looking IRM Calculation

Mr. Dahl briefed the group regarding the Executive Committee's request to find out what was involved in calculating a forward-looking IRM. Mr. Dahl mentioned that one of the drives for this request is that PJM and ISONE have already designed forward-looking capacity markets.

Mr. John Charlton reported that the NYISO's ICAPWG has been brainstorming the structure of a forward market. Mr. Charlton added that the ICAPWG is leaning towards a market that is half voluntary and half obligated.

Mr. Carlos Villalba asked Mr. Charlton if the forward market in PJM and NE would affect the market prices in New York since generators may commit part of their capacity in the forward market to manage risk, thus lowering the amount of generation offered to NYCA. Mr. Charlton answered saying that approximately $\frac{3}{4}$ of the capacity market is settled with bi-laterals. For example, 1080 MW of import rights from PJM are grandfathered and belong to NYCA, of which most of them have bi-laterals, therefore there is very little flexibility.

Mr. Dahl asked Mr. Charlton to send the ICS members a presentation or a copy of the framework ICAPWG is working with. Mr. Al Adamson questioned how the IRM will be use in the forward market if half of it would be on a voluntary basis.

5. ISONE Tie Benefits Study Update

Mr. Frank Vitale reported highlights from February 21st ISONE meeting to the group. He reported that Mr. Peter Wong may not have taken into consideration the NYSRC's request about the use of a NYCA system that is less reliable than criteria for conservatism. Mr. Vitale added that the study and its methodology is probably still using the NYCA system "as found".

Mr. Wong apparently asked Mr. Drake for the PJM and Ontario databases, but Mr. Drake will not be able to provide these databases since they are proprietary information. Mr. Dahl was concerned that this fact may be used as an excuse not to use these neighboring pools.

Mr. Villalba noted that the NE Tie Benefits study is trying to accomplish a goal that is similar to that of the Upstate/Downstate study. Mr. Dahl offered to propose to ISONE's Mr. Wong to use GE to perform his study using a similar methodology to the one the NYISO used.

Mr. Kelvin Chu then reported that the ISONE was open for proposals and that they need to file their study with FERC by June 23. Mr. Chu added that Mr. Wong had received 5 proposals by the day of the meeting.

6. 2009/10 IRM Study Kickoff

6.1. EC Task (TAN 45 Methodology)

Mr. Dahl opened an Action Item to revise the Policy 5 regarding the setting of the IRM based on a polynomial approximation.

6.2. RGGI and HEDD

The ICS members agreed that a white paper from an expert in RGGI and HEDD is needed, including a list of the units affected by these two programs.

6.3. Wind Turbines

In response to an email sent by Mr. Mark Younger, the ICS members discussed the implications of the additional wind generation that is expected in-service by the summer of 2008 which was not included in the IRM study. The amount of wind generation that may be added to NYCA by the summer of 2008 is 418 MW supplied by the following units: The following information was provided by the NYISO at a later date and is included here in the minutes for reference and the member's information:

| <u>Unit</u> | <u>MW</u> |
|-------------------|-----------|
| Munnsville | 34.5 |
| Bliss Windfield | 72 |
| Clinton Windfield | 80 |

| | |
|------------------------|------|
| Ellenburg Windfield | 79.5 |
| Prattsburgh Windpark | 79.5 |
| Ellenburg II Windfield | 21 |
| Clinton II Windfield | 21 |
| Bliss II Windfield | 30 |

In addition to the units above, the following wind projects, totaling 484 MW, have recently received from the NYSDPS their Certificate of Public Convenience and Necessity (CPCN) and have the potential to be in-service before the summer of 2008:

| Unit | MW |
|-----------------------|-----------|
| Sheldon Energy | 112.5 |
| Wethersfield Windpark | 127.5 |
| Chateaugay Windpark | 108 |
| Jordanville | 136 |

Mr. Younger's email expressed concern regarding the criteria the ICS used to determine the amount of wind generation that would be installed in NYCA by 2008. Mr. Villalba also expressed a concern that if the total wind generation were to be included in the 2008 study, the IRM most likely would have been higher. Mrs. Hogan said that the key to forecasting the amount of wind generation relies in knowing the status of their processes with NYSERDA and the NYSDPS, both of which are confidential. In addition, wind parks are built rather quickly once all the permits are granted. Many companies could erect the wind towers within 6 months of the completion of their permitting process. Since the study assumptions are due in September, a project could obtain its certificate in October and be built by the following summer, yet not make it to the model. Apparently there are no construction restrictions due to the winter season. In such a case, it would be difficult at best to decide which wind projects to include in any given the IRM study.

The ICS members agreed that a methodology must be developed for the determination of wind penetration. NYISO and NYSERDA will review internal processes to determine the yearly wind generating capacity penetration.

Mr. John Adams informed the group that the NYISO is projecting more than 3300 MW of wind generation to be connected in Area-D. However Area D currently cannot support more than 400 MW, consequently there will be a large amount of wind generation that could not be dispatched if all these projects materialized.

6.4. Diesel Generation Bill

Mr. Dahl informed the group about the Diesel Generation Bill that restricts operation of diesel powered electrical generation systems in areas

identified as not meeting certain federal air quality standards for ozone. This Bill is specifically designed to block generators greater than 100 kW that are participating in the SCR and EDRPs programs.

For more information see:

<http://assembly.state.ny.us/leg/?bn=A07434>

7. NYISO Tie Benefits & LCR Study Status

In regards to the NYCA tie benefits with the neighboring pools study, Mr. Adams informed the group that the NYISO will review the current 2755 MW amount of external capacity by February 15.

Concerning the LCR status, Mr. Adams reported that there will be some adjustments to load forecast totaling 60 MW to adjust to the final load forecast for summer 2008 finalized in February. These new loads will be the basis for the calculation of the LCRs.

8. Next Meeting

Meeting #85: March 5, 2008, 9:30am – 4:00pm.

Secretary: Carlos Villalba
