

NYSRC Installed Capacity Subcommittee

Meeting #54

June 29, 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 (LIPA), Chairman
Mr. Bart Franey (National Grid)
Mr. Steve Jeremko (NYSEG-RGE)
Mr. Rich Wright (Central Hudson) - Telephone
Mr. King Look (Con Edison), Secretary

Advisers/Non-member Participants Present:

Mr. John Adams (NYISO)
Mr. Al Adamson (Consultant)
Mr. Greg Drake (NYISO)
Mr. Steve Keller (NYPSC)
Mr. Ed Schrom (NYPSC)
Mr. Frank Vitale (Consultant)

Guests Present:

Mr. John Charlton (NYISO) – Limited Participation
Mr. Glenn Haringa (GE) – Telephone, Limited Participation
Mr. Bill Lamanna (NYISO) – Limited Participation
Mr. Madison Milhous (KeySpan Ravenswood)
Mr. Cenk Yildirim (NYISO) – Limited Participation

1. Review and Approval of Meeting Minutes

1.1. Meeting #52-A (i.e., “Summit Meeting”) on 5/20/05

The Meeting Minutes from the Summit Meeting (held on 5/20/05) were reviewed. A motion was made and accepted to finalize these minutes with some editorial corrections.

1.2. Meeting #53 on 6/1/05

The Meeting Minutes from Meeting #53 (held on 6/1/05) were reviewed. A motion was made and accepted to finalize these minutes with some editorial corrections.

1.3. Conference Call #19 on 6/13/05

The Meeting Minutes from Conference Call #19 (held on 6/13/05) were reviewed. A motion was made and accepted to finalize these minutes with some editorial corrections.

2. Review of Previous Outstanding Assignments

Action Items List #53 was reviewed and resulted in closing out items 49-3, 51-2, 52-1, 52-3, 52-5, and 53-2. The scheduled completion date for item 51-4 was changed from 6/1/05 to 8/3/05.

3. Review of 2006-2007 IRM Study Work Plan Matrix

3.1. LCR/IRM Relationships

- Under the unified method using the 2005-2006 IRM Study base case assumptions, the lowest IRM point on the curve is 16.29%, which is 25 MW in perfect capacity above the asymptotic unconstrained case IRM of 16.2%.
 - *As a new action item (#54-1), Greg Drake will prepare a written procedure for the unified method, outlining the derivation of the LCR/IRM curve and the unconstrained case.*
- Five options for anchoring the relationship between Locational Capacity Requirements (LCR) and Installed Reserve Margin (IRM) were discussed, as described below.
 - Default Option: NYSRC will use current year LCRs as the minimum LCRs to derive the base case IRM. The Default Option follows the current Policy 5 Procedure and represents a temporary fallback option in case none of the anchoring options is approved by the EC in time for the 2006-2007 IRM Study.
 - Option 1: NYSRC will provide NYISO with a curve segment to select the LCRs, which will set the anchor point for the base case IRM.
 - Option 2a: NYSRC will use the anchor point where the slope is negative tangent 45° to set the base case IRM. The negative tangent 45° anchor point approximates the present anchoring relationship (IRM = 17.6%, NYC LCR = 78%, LI LCR = 99%).
 - Option 2b: NYSRC will select an anchor point between the unconstrained case and the negative tangent 45° point to set the base case IRM.
 - Option 3: NYSRC will provide NYISO with a curve segment ranging from the unconstrained case to the negative tangent 45° point to select the LCRs, which will set the anchor point for the base case IRM. The base case IRM will further consist of two parts: a free-flowing equivalent statewide IRM applicable to all load in the state and a supplemental IRM applicable to load only in zones J and K.

- ICS members at the meeting were polled for their support, which showed two TOs (i.e., LIPA and Con Edison) supported Option 2a, two TOs (i.e., National Grid and NYSEG) supported Option 3 and one TO (Central Hudson) abstained. In addition, of the two consultants present at the time of the poll was taken, one supported Option 2a and the other one abstained. Some of the ICS members mentioned that GE at previous discussions had indicated a preference for Option 3.
- Madison Milhous expressed the following observations and opinions:
 - He is concerned with the LCR and IRM processes and the governance issue.
 - He suggests that only Options 2a or 2b are workable for NYSRC, but prefers Option 2a because the tan 45° point is more precisely definable and represents a “balance point” of LCR and IRM changes. This would define the minimum LCRs, and the NYISO could recommend higher levels to cover uncertainties.
 - Under Option 1, by giving a curve segment to the NYISO, the IRM process could be thrown open to debate by the market participants.
 - Option 3 would create an additional requirement (i.e., supplemental ICAP) on the LSEs in zones J and K, and would require restructuring the market to implement this requirement. This would have to be addressed by the NYISO (BIC/ICAPWG), not the NYSRC.

3.2. Resource Capacity Availability

This agenda item was not discussed due to lack of time. Curt Dahl will schedule a conference call before the next ICS meeting to reconvene ICS to complete the agenda items not discussed at today’s (June 29th) meeting.

3.3. Wind Power Modeling

This agenda item was not discussed due to lack of time.

3.4. Outside World Representation

This agenda item was not discussed due to lack of time.

3.5. Monte Carlo Error Range Analysis

Greg Drake has prepared a work scope for the Monte Carlo Error Range Analysis. However, this agenda item was not discussed due to lack of time.

3.6. Horizon Year

This agenda item was not discussed due to lack of time.

4. Review of 2006-2007 IRM Study Assumptions Matrix

This agenda item was not fully discussed due to lack of time. Only the Transmission System Model of the 2006-2007 IRM Study Assumptions Matrix was discussed. According to Bill Lamanna, most of the update of the transmission topology is done. Curt Dahl asked Bill Lamanna to complete the update of the transmission topology for MARS by mid-July.

5. Separate Upstate and Downstate Installed Reserve Margins (IRMs)

- NYSEG-RGE at the 6/1/05 ICS meeting requested ICS to evaluate as a sensitivity case separate upstate and downstate IRMs.
- John Adams and Greg Drake indicated that they have some preliminary results. ICS requested to see the study scope before any results should be reviewed. Steve Jeremko will prepare the study scope per action item #53-3.

6. Committee Reports

John Charlton briefed ICS of the following items addressed at the NYISO ICAP Working Group:

- Implementing the DMNC verification process
- Automating the UCAP auction market
- Proposing rule change to make SCR requirements more precise
- Continuing to follow developments of the capacity markets in New England and PJM
- Beginning to see interests in wheel-through of capacity and energy from HQ to PJM

7. Other Business

None reported.

8. Review Action Items

See attached action item list.

9. Next Meeting

August 3, 2005 Meeting # 55

Secretary: King Look