

NYSRC INSTALLED CAPACITY SUBCOMMITTEE

Meeting No. 23

September 24, 2002

9:30 a.m. – 2:30 p.m.

NYISO Washington Ave Extension

Meeting Minutes

Attendees

Members/Alternates Present:

Mr. Curt Dahl (KeySpan/LIPA) – Chairman
Mr. Kevin Donnelly (Con Ed) – Secretary
Mr. John Kobuskie (NYSEG)
Mr. Carl Courant (NYPA) (Teleconference)
Mr. Larry Eng (NMPC) (Teleconference)
Mr. Peter Chamberlain (Wholesale Sector) (Teleconference)
Mr. Michael Hogan (CHGE) (Teleconference)
Mr. Mark Cordeiro (Municipals) (Teleconference)

Advisers/Non-member Participants Present:

Mr. Alan Adamson (Consultant)
Mr. Greg Drake (NYISO)
Mr. Frank Vitale (Consultant)
Mr. Ed Schrom (NYPSC)
Mr. Art Desell (NYISO)

Other interested Parties:

Mr. George Smith (NYSRC)
Mr. John Charlton (NYISO)
Ms. Laurie King-Pircher (Rochester G&E)
Ms. Erin Hogan (NYSERDA)
Mr. Matthew Mahoney (Hunton & Williams) (Teleconference)
Mr. Steve Whalen (NYSEG) (Teleconference)
Ms. Joy Hart (1st Rochdale Cooperative) (Teleconference)
Mr. Richard Grehl (Con Edison)
Mr. Peter Andelino (Keyspan)

Members/Non-members/Advisers Absent:

1. 2003-04 IRM Study

No updates for this meeting.

2. ICAP to UCAP Translation Issue

2.1 “Resource Adequacy Shortfall” Presentation – NYISO/Charlton

NYISO presented how the Unforced Capacity Requirement (UCAP) is calculated from the Installed Capacity Requirement (ICAP).

The UCAP requirement is equal to: $ICAP \times (1 - \text{weighted equivalent WEFOR } 10 \text{ yr Avg})$. The ICAP requirement is $(1 + \text{the Installed Reserve Margin (IRM)})$. The IRM is calculated by the NYSRC. For the Summer 2002 Period, the IRM was 18%, making the ICAP requirement 118% of the peak load forecast.

The supply that each generator can contribute is its UCAP value, which uses a 12-month rolling average EFOR'd to value its contribution. The supply UCAP is determined for each unit by: the Maximum Demonstrated Net Capacity of the unit $\times (1 - \text{EFOR'd of 12 month rolling avg.})$.

2.2 Discussion of the problem

The UCAP requirement is translated from the ICAP requirement by a 10-year average outage rate and the supply is translated using a 12-month rolling average EFOR'd, which has created a problem. With the 12-month outage rate being approximately 5% and the 10-year WEFOR being at approximately 10%, there is not enough capacity being purchased in the NYCA to meet the reliability requirements. The group discussed whether this was a foreseen or unforeseen consequence of the translation, if the system was operating as designed and why the system works in PJM.

2.3 Discussed proposed NYISO Interim Solution.

The NYISO proposed translating both the ICAP requirement and the Supply for the generators by the same value. This value will be the average of the 6 most recent 12 month rolling average EFOR'ds. Averaging 6 EFOR'ds smoothes the value. The requirement is translated by this value and each generators contribution towards the supply is translated by their individual performance over this same interval.

2.4 Response to NYSRC EC

A white paper detailing these results will be drafted to the EC. Below is a short summary.

The NYSRC Installed Capacity Subcommittee (NYSRC ICS) determined that the result of the UCAP translation for the 2002 summer period is a violation of Reliability Rule A-R2. Reliability Rule A-R2 requires that the LSE's in the NYCA procure sufficient resource capacity to meet the statewide IRM as determined from A-R1. The NYSRC ICS calculated the IRM at 18%; therefore the ICAP requirement is 118% of the peak forecasted load. Regardless of what type of translation the NYISO performs they may not violate the NYSRC rules. The UCAP translation must acquire the required 118% ICAP for compliance with the rule.

The NYISO proposed solution does not guarantee that 118% is purchased as required. If the actual generators selected to supply capacity have a lower combined EFOR'd than the overall group EFOR'd (which was used to translate the requirement), then there may be a shortfall. The NYISO will look at ways to ensure compliance and insist the

translation shortfall would be very small if any occurs. The procedure does not guarantee 118% will be procured statewide, but the NYISO stated they believe they will be in Compliance with reliability rule A-R2 as required. They will continue to look at alternative measures to ensure after this winter, that the UCAP method ensures 118% capacity is procured.

3. Other Business

No other business discussed.

4. Review Action Items

No new action items. No new status updates for existing Action Items. The list remains current from the Conference Call #14 on September 20.

5. Next Meeting

October 7, 2002 - 9:30am - 3:30pm

Secretary: Kevin Donnelly