

To: NYSRC Executive Committee

From: Reliability Compliance Monitoring Subcommittee

Date: August 14, 2005

Subject: New York Control Area Resource Adequacy Assessment for the 2005-2008 Period

The NYSRC Reliability Rules require that the NYISO annually prepare a New York Control Area (NYCA) resource adequacy assessment for the near-term period, including a review of New York City (NYC) and Long Island (LI) locational capacity adequacy (see Reliability Rule K-R2 and Measurement K-M2b). In accordance with this requirement, the NYISO prepared the attached report, *Annual Assessment of Resource Adequacy Covering the New York Control Area for the Years 2005-2008*, dated July 7, 2005. At its July 7, 2005 meeting RCMS concluded that this report is in full compliance with the requirements of the above rule.

Based on its review of the report and other considerations, RCMS has made the overall conclusion that NYCA, New York City (NYC), and Long Island should meet their current IRM and locational capacity requirements (LCR) through 2007. However, in 2008 NYCA, NYC, and LI will all fall short of their current capacity requirements if the current trends in project delays as described below continue. Specific conclusions are as follows:

1. Uncertainty surrounds future capacity additions, including the ability to obtain necessary siting and environmental permits, the ability to obtain financial backing, fuel prices and supply, and construction delays. As a result of these impediments, proposed new generating projects have slowed, resulting in a number of generator projects being delayed. To illustrate this issue, a review of the same planned generation projects that are shown in the 2003, 2004 and 2005 NYISO assessment reports has indicated that, on average, planned facilities have experienced an average delay in excess of two years over the 2003-05 period.
2. The State's Article X siting law expired in 2002. Until this law is renewed or an equivalent enacted, it will be difficult for new generation to be installed on a timely basis.
3. *New York Control Area* – The NYCA should meet or exceed its current 18.0 % installed reserve margin requirement through 2007, even if planned resource additions are limited to those under construction and are delayed. However, the adequacy of the reserve margin for 2008 will be at best marginal, or may even fall short of an 18% requirement, if the present project completion delay trend continues.

- 4 *New York City* – NYC should meet or exceed its current 80% locational capacity requirement (LCR) through 2007, even for normal delays in planned resource capacity additions. However, the LCR adequacy for 2008 would fall short of the current 80% requirement if present project delay trends continues.
- 5 *Long Island* - As with NYC, Long Island capacity should be adequate through 2007 to meet its current 99% LCR requirement. However, if present project delay trend continues, the LCR adequacy for Long Island will fall short in 2008.

It is crucial that planned projects be completed on schedule. Otherwise, the possibility of insufficient capacity in NYCA, NYC, and Long Island in 2008 could lead to load shedding in excess of the NYSRC 0.1 days per year loss-of load expectation criterion, together with an excessive number of voltage reductions and other emergency procedures.