

NYSRC Installed Capacity Subcommittee

Meeting #61

January 30, 2006

9:30 a.m. – 3:30 p.m.

NYSERDA: 17 Columbia Circle Board Room

Meeting Minutes

Attendees

Members/Alternates Present:

Mr. Curt Dahl (LIPA), Chairman
Mr. Bart Franey (National Grid)
Mr. Steve Jeremko (NYSEG-RGE)
Mr. Carlos Villalba (Con Edison), Secretary
Mr. King Look (Con Edison)
Mr. Rich Wright (CH) – telephone
Mr. Steve Whalen (NYSEG) – telephone

Advisers/Non-member Participants Present:

Mr. Al Adamson (Consultant)
Mr. Greg Drake (NYISO)
Mr. Frank Vitale (Consultant)
Mr. John Adams (NYISO)
Mr. Hebert Joseph (NYPSC)
Mr. John Pade (NYISO)
Mr. Ed Schrom (NYSDPS)

Guests Present:

Mr. Madison Milhous (KeySpan Ravenswood)
Mr. Tim Foxen (NRG Energy) – Telephone - Limited Participation
Mr. Glenn Hake

1 Review and Approval of Meeting Minutes

1.1 November 30, 2005 ICS Meeting (#59)

The group had no additional comments on the draft meeting minutes from meeting #59. The draft was approved as final.

1.2 December 2, 2005 ICS Conference Call (#23)

The group had no additional comments on the draft conference call minutes from conference call #23. The draft was approved as final.

1.3 December 5, 2005 ICS Conference Call (#24)

The group had no additional comments on the draft conference call minutes from conference call #24. The draft was approved as final.

1.4 January 4, 2006 ICS Meeting (#60)

The group reviewed and commented on the draft meeting minutes from meeting #60. Curt Dahl added a sentence in Section 5 "Sensitivity Cases" that explain the basis for the methodology used by the ICS team to perform the sensitivity analyses. ICS agreed to revise the meeting minutes to reflect this addition.

The group made some editorial comments and additions to clarify the "ICS Activities" section.

1.5 January 16, 2006 ICS Conference Call (#25)

The group reviewed and commented on the draft meeting minutes from conference call #25. Mr. Dahl made editorial corrections that were incorporated into the minutes.

1.6 ICS Member Roster

The group reviewed, commented, and made some editorial comments. Steve Jeremko volunteered to re-format the members list.

2 Review of Previous Outstanding Assignments

2.1 Closed

- 1) 59-2 Follow up with GE on the determination of the IRM range that defines the 99.7% confidence interval
- 2) 60-1 Finalize IRM report by Friday January 6, 2006.

2.2 New

- 1) 61-1 Re-format ICS member roster. Steve Jeremko.
- 2) 61-2 Discuss with Bob Bodell the deliverability of Neptune's 660 MW from PJM to LI. Responsible party: John Adams.

2.3 Revised

- 1) 56-1 Write the procedure for the unified method.
- 2) 59-3 Prepare schedule of ICS activities for first half of 2006.

3 2006-2007 IRM Study Report

The ICS group had the opportunity to review and make final comments on the IRM Study report up until January 25th. However although the group had already finalized the report, it received additional comments during this meeting. First the group went over Tom Duffy's comments, made mostly to clarify the difference between the Non-UDR case and the base case and to correct some editorial issues.

Mark Younger had a concern on the accuracy of the IRM result. Specifically Mr. Younger was concerned about the strength of the verbiage that states that a line tangent to the

IRM/LCR curves with an angle of 45° ("TAN 45") intersects at exactly 18% installed reserve margin. Mr. Younger felt that, based on the provided graph, the TAN 45 line intersects the curve at 18%, but by plotting the calculated SRM/LCR points in a graph and joining them with lines, the IRM appears to lie between 18% and 19%. Mr. Younger proceeded to ask the ICS for additional SRM points between 18% and 19%. However, due to the fact that the due date for the report was January 31st, this task was not possible to accomplish. The group explained to Mr. Younger that the curves were built based on an equation derived from a regression analysis. Mr. Younger then asked the group to send him the equations and the regression analysis used in this process.

The ICS proceeded to make editorial changes to the report to fit the fact that the IRM point was decided by the judgment and general agreement of the ICS members, instead of an exact mathematical formula.

As per request of various members of the EC committee, the ICS group added a statistical convergence and confidence interval graph in Appendix A.

Consequently Madison Milhous reviewed with the group a presentation from the ICAPWG related to summer 2005 performance of SCRs and new proposed rule changes for SCRs. Mr. Milhous was concerned that the summer 2005 performance of the SCRs was not reflected in the current IRM calculation. Mr. Milhous asked if the SCRs performance will have an impact in the calculation of the LCRs.

Mr. Pade responded that may not be worth changing the SCRs modeling for one year since historically the SCRs have not performed like summer 2005 and that new procedural changes will increase the incentive to maintain a good performance.

Webex problems throughout the meeting prevented web participants from viewing some of the report modifications.

4 ICS Activities for First Half of 2006

4.1 Proposed Activities

The group concluded that several tasks would impact all the planned resource adequacy studies during 2006; therefore those tasks must be completed first. The following is a preliminary list of the tasks that must be performed before starting any of the planned studies:

- Refine the modeling technique use in the MARS to capture the Athens units' impact on the UPNY/SENY interface.
- Update information from the neighboring pools. The NYCA/NEPOOL study is needed to evaluate the impact of NEPOOL on NYCA since it connects mainly to the East of Central East. King Look proposed a refinement on the modeling of UDRs by having the Cross Sound Cable UDRs modeled as a firm contract. Mr. Look added that the modeling of the Cross Sound Cable UDRs should not reduce the LOLE of New England.
- Define the assumptions to model the Neptune line and deliverability of the 660 MW from PJM. The modeling of the Neptune line will require some investigation of the existing and future capacity resources in Northern New Jersey to the East and West of the Neptune interconnection point.

Steve Jeremko asked to include some activities to discover the dynamics of the MARS calculations and the calculations of the IRM and how they are affected.

Mr. Dahl proposed to ask the EC if the ICS group could drop off the Horizon Year study. In addition, Mr. Dahl proposed to drop off the Fuel Study from the ICS group activities and instead use the Levitan study and go over the PJM and NEPOOL fuel studies.

The group agreed that by the next meeting the group should have a prioritized list of tasks that will be completed by June 2006 to present it on the March 10th EC meeting. Updating NYSRC Policy 5 should be one of the first items on this list.

4.2 Lessons Learn resulted from the 2006 IRM Study

The following is a list of preliminary ideas of lessons learned the group considered:

- Mr. Look started by proposing to test different techniques to Model UDRs. For example, the UDRs could be modeled as firm contracts in MARS instead of moving a generator into NYCA.
- The ICS group should lock the scope of the IRM study by August 1st.
- Mr. Pade proposed a review of the SCRs and EDRPs modeling technique and performance assumptions. Mr. Pade proposal was based on the 2005 performance results and the impact of these two resources shown in the IRM Study sensitivity analysis.

4.3 Immediate changes for the MARS model

Mr. Drake announced the following changes in the model that were not in the 2006-2007 IRM Study to reflect current conditions:

- Apply a higher EFORd to SCR's capacity to reflect summer 2005 measured performance.
- Lower Poletti rolling capacity factor to (35%) for the year. This could be accomplished by running the plant at full capacity during the summer and peak hours.
- Retire the 60 MW Ilion unit of Indeck.
- Enter the new load forecast.

4.4 Purchase order for the GE

Mr. Drake asked the ICS group who would be financially responsible for the Upstate/Downstate study. Bart Franey responded that the results of this study would be incorporated in future ICS studies, therefore should be included in the 2006 resource adequacy study's budget.

5 Review Action Items

See attached action item list.

6 Next Meeting

March 1, 2006 Meeting # 62

Secretary: Carlos Villalba