

To: John M. Adams

From: George Loehr, Chairman, NYSRC Reliability Monitoring Subcommittee (RCMS)

Date: April 13, 2001

Subject: Review of NYISO Compliance with NYSRC Rule 3.1.2, Locational Capacity Responsibility

RCMS has reviewed the NYISO report, *Locational Installed Capacity Requirement Study*, covering the 2001-02 capability year. The report concludes that for this period, the minimum locational capacity requirements for New York City and Long Island to meet the NYSRC Reliability Rules should be 80% and 98% of peak load, respectively,

Based on our review of the report and discussions with NYISO staff, RCMS finds that the subject NYISO study and its primary conclusions are in *full compliance* with NYSRC Reliability Rules.

We do, however, have the following questions and comments concerning the report:

1. Finding #3 states that "after the summer 2001, the NYCA will not be able to meet the NPCC LOLE criterion unless additional resources are committed or load growth abates." Assuming that all new resources that are planned for 2001 are installed, what additional resource capacity is required to meet the present 2002 load forecast?

The process to provide the load forecast for 2002 begins this fall and completes in January. Until we have this and can incorporate it into the MARS model, we cannot know the amount of additional resources needed to meet the 2002 load forecast.

2. Finding #4 states that from this study, the locational capacity requirements for Long Island can be reduced from the 2000 requirement of 107% of peak load, to 98% in 2001. Please provide the updated system conditions and other factors that have permitted this locational capacity requirement reduction.

Response: Most of the improvement is due to increasing the import capability on the Island. Comparing the 2000 Locational Study's Table-1 vs this year's Table-1 shows a 226 MW increase in this import capability. It also shows that capacity growth outgrew load growth by 52 MW.

3. We are most concerned with Finding #5. It suggests that the NYC and LI locational capacity requirements stated in Finding #4 (80% and 98%, respectively) could be permitted to be reduced if the statewide installed reserve margin (IRM) were to increase

above the base case requirement of 17.1%. Following completion of the technical study, *New York Control Area Installed Capacity Requirement Study for the Period May 2001-April 2002* (dated 12/14/00), the NYSRC Executive Committee concluded that the final statewide required IRM should be set higher (18%) than the base case IRM requirement to account for the possibility of unforeseen system conditions that were not incorporated into the reliability model. If such conditions were to occur, while at the same time allowing lower NYC and LI locational capacities, the result could be a less than adequate electric supply and an increased possibility of load curtailments during the 2001 summer, particularly in the NYC and LI areas. We, therefore, encourage the NYISO to reconsider Finding #5.

Response: We agree with the Executive Committee's conservative approach to setting the statewide IRM. The same margin that was applied over that technical study's finding of 17.1% (ie, .9%) could be applied to this statement as well. In light of Finding #6, we agree that Finding #5 is extraneous.

If you have questions, please do not hesitate to contact me.