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August 14, 2017

Costa G. Constantinides, Chairman
Environmental Protection Committee
New York City Council
250 Broadway, Suite 1808
New York, NY 10007

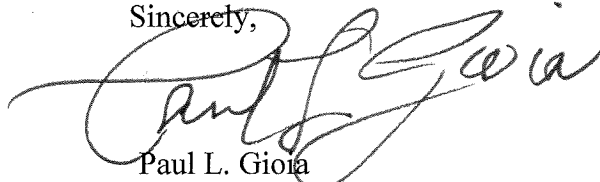
Dear Chairman Constantinides and Members of the Environmental Protection Committee:

Attached for your consideration are comments submitted on behalf of the New York State Reliability Council ("NYSRC") regarding the Committee's consideration of proposed legislation to accelerate the transition from the use of No. 4 fuel oil to No. 2 fuel oil by electricity generating stations in New York City.

The Committee should note that the NYSRC takes no position on the passage of the proposed legislation and provides these comments for informational purposes only.

Please contact me if you have any questions concerning these comments.

Sincerely,



Paul L. Gioia
Counsel to the NYSRC

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August 11 2017

New York City Council Committee on Environmental Protection

Comments on Council Bill 1465

Submitted On Behalf of the New York State Reliability Council

INTRODUCTION

The new York State Reliability Council (NYSRC) is a non-profit entity established by the Federal Energy Regulatory Commission (FERC) in 1998 at the time of the reorganization of the electricity industry in New York State and the formation of the New York Independent System Operator (NYISO) and the competitive wholesale electricity markets, to ensure that state and federal reliability criteria would be maintained in the newly formed competitive markets. The NYSRC's primary functions are the establishment of the Reliability Rules that must be complied with by the NYISO and all market participants in the operation of the state's bulk-power electricity system, and the establishment of the state-wide Installed Reserve Margin to ensure that there will be sufficient resources to meet all of the electricity needs of New York State.

On June 22, 2017, William Murray and Samara Swanston of the Committee on Environmental Conservation sent a letter to the NYSRC Chair, Curt Dahl, enquiring as to whether the NYSRC was able to submit comments on Bill 1465. These comments are submitted in response to that inquiry. The NYSRC does not take a position on whether Bill 1465 should be enacted. Our only purpose is to provide information that may be of use to the Committee in its consideration of the bill.

BACKGROUND

The NYSRC establishes Reliability Rules for the New York State bulk-power system that are more stringent or more specific than the reliability requirements established by the Northeast Power Coordinating Council (NPCC) and the North American Electric Reliability Corporation (NERC). The NYSRC's Reliability Rules are intended to address the special reliability needs of the New York State bulk-power system. One of the major factors for these more stringent

reliability requirements is the special characteristics of electricity system that serves New York City and the very serious consequences of a loss of power to the City. These consequences relate to the City's dense population, the large number of high rise buildings that rely on elevators, and the reliance of the New York City transportation system on electricity. Another factor is the important role the City plays in global finance and communications. History has shown that power interruptions in New York City have very significant public health and safety consequences, as well as very significant financial consequences.

NYSRC COMMENTS

The NYSRC has adopted several Local Area Operation Rules that impose more stringent reliability requirements for the operation of the electricity system in New York City. One of these is Reliability Rule G.2: Loss of Gas Supply – New York City. This rule provides as follows:

The NYS Bulk Power System shall be operated so that the loss of a single gas facility does not result in the loss of electric load within the New York City zone.

In order to comply with this Rule, Con Edison must rely on in-city generators that have dual fuel capability and that are able to swap from natural gas to a liquid fuel source in the event of the sudden interruption of gas fuel supply, the loss of gas pressure, or unavailability of gas supply to the generator. In-city generators that are in the NYISO's Minimum Oil Burn (MOB) program must successfully complete tests of their ability to automatically swap from natural gas to a liquid fuel source when required to do so.

The NYSRC considers the ability of in-city generators to maintain the capability to swap from natural gas to a liquid fuel source when gas supply becomes threatened or unavailable to be of significant importance in maintaining electric system reliability in New York City.

Eastern Generation noted in its testimony submitted on April 24, 2017 that the enactment of Council Bill 1465 “ ... will make it difficult and uncertain for the AGC [Astoria Generating Company] to maintain oil burning capability that is required for reliability purposes by the NYSRC and ConEd.” The NYSRC notes that AGC owns and operates the Astoria Generation Station in Queens which has the capacity to produce 959MW of electricity and is a major component of the current in-city dual fuel generation capacity.

CONCLUSION

The NYSRC urges the Committee to discuss with Eastern Generation its concerns regarding the enactment of Bill 1456 and to take whatever action the Committee considers to be reasonably necessary to avoid the loss of dual fuel generation capacity in New York City.

A handwritten signature in black ink, appearing to read "Curt Dahl".

Curt Dahl P.E.

Chairman

New York State Reliability Council

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