

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England, Inc.) **Docket No. ER07-365-000**
New England Power Pool)

**MOTION FOR LEAVE TO RESPOND AND RESPONSE OF
THE NEW YORK STATE RELIABILITY COUNCIL, LLC**

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 385.213 (2006), the New York State Reliability Council, LLC ("NYSRC") moves for leave to respond and submits this response to the answer of ISO New England, Inc. ("ISO-NE Answer") filed in the captioned proceeding.¹

In support hereof, the NYSRC states as follows:

MOTION FOR LEAVE TO FILE RESPONSE

On December 22, 2006, ISO-NE and the New England Power Pool ("NEPOOL") Participants Committee submitted revisions to Market Rule 1 that are purportedly designed to memorialize the processes and methodologies used to determine the Installed Capacity Requirements ("ICR") for the New England Control Area. On January 17, 2007, the NYSRC submitted a timely intervention and comments in which the NYSRC expressed concern with two aspects of the subject filing: (1) the modeling criteria for emergency assistance from neighboring control areas; and (2) the modeling of tie lines for emergency assistance without regard to New York firm capacity contracts. On February 1, 2007, ISO-NE submitted a motion for leave to answer and an answer to comments and protests filed in this proceeding, including those filed by the NYSRC.

¹ National Grid USA, a member of the NYSRC, does not join in this response.

By this filing, the NYSRC respectfully requests that the Commission grant the necessary waivers of its regulations to permit this response to the answer of ISO-NE submitted in this proceeding. The Commission has permitted answers where, as here, the information provided in an answer will narrow the matters at issue, clarify the record, facilitate the Commission's decisional process and aid in the Commission's understanding of the issues. This response will ensure that the record is complete and accurate to enable the Commission to reach expeditious resolution of these issues.

RESPONSE

NYSRC Stated that Using the “As-Is” Methodology to Determine the Tie Benefits of Neighboring Control Areas Will Produce an Artificially Low ICR and Local Sourcing Requirement (“LSR”) for New England at the Expense of Its Neighboring Control Areas

The ISO-NE Answer states “Using the “As-Is” Methodology to Determine the Tie Benefits of Neighboring Control Areas Will not Produce an Artificially low ICR and [LSR] for New England at the Expense of Its Neighboring Control Areas” (at 27) because use of “As-Is” assumptions are likely to be more accurate than “At-Criterion” (at 28). The ISO-NE Answer (at 29) further states that the Northeast Power Coordinating Council (“NPCC”) uses the “As-Is” case as one of the cases considered in their evaluation and that as long “as the reliability of each area is better than the [Loss of Load Expectation] LOLE criterion, then over-reliance is not demonstrated—although the magnitude of reliance may be a source of concern and discussion.”

This response mixes apples and oranges. The ISO-NE Answer fails to differentiate between Control Area capacity design studies and an NPCC adequacy assessment. The purpose of NPCC assessments is to “[e]valuate on a consistent basis the long range adequacy of NPCC and neighboring regional plans proposed to meet LOLE planning criteria through multi-area

probabilistic assessments.”² The most important element of this description is “on a consistent basis.”

ICR and LSR are capacity design studies which establish the reserve margin requirement for a control area such that the probability of disconnecting any firm loads due to inadequate resources shall be not more than once in ten years. This necessarily involves simulating the capacity requirements at system design levels of LOLE equals 0.1 days per year.

An incompatibility is introduced when considering ISO-NE at LOLE equals 0.1 days per year design levels to compute ICR and LSR while simultaneous modeling of “As-Is” capacity levels for neighboring control areas which have “As-Is” LOLE approaching zero.³ This results in a large inconsistency between the LOLE of ISO-NE (0.1) and its neighboring control areas (approximately zero). A basic functionality of the General Electric Multi-Area Reliability Simulation program (“GE-MARS program”) is that areas with excess reserves will provide assistance to deficient areas in proportion to their shortfalls. The disparate LOLEs resulting from the “As-Is” assumption will produce unrealistically large transfers of outside emergency assistance from neighboring regions and reduce ISO-NE’s ICR and Locational Capacity Requirements (“LCR”) to as low as possible level. This is how the GE-MARS program works. Clearly using inconsistent assumptions of “As-Is” for neighboring control areas and “At-Criteria” for ISO-NE would result in ISO-NE’s ICR and LCR being artificially low at the expense of neighboring control areas.

² Northeast Power Coordinating Council Interregional Long Range Adequacy Overview at 3 (Nov. 28, 2006), *available at* https://www.npcc.org/publicFiles/documents/adequacy/RCCApprovedLongRangeOverview_Dec19_.pdf (“NPCC Long Range Adequacy Overview”).

³ “As-Is” capacity levels considers the New York Control Area (“NYCA”) at approximately 130% Installed Reserve Margin (“IRM”) level as opposed to the 116.5% design level. The NPCC Long Range Adequacy Overview shows LOLEs of ISO-NE's neighboring Control Areas, including the NYCA, at approximately zero. *Id.* at 36.

The importance of consistent LOLE assumptions in GE-MARS modeling was explicitly noted in “Joint NYSRC/NYISO/ISO-NE Tie Benefit Analysis” approved by ISO-NE and the New York Independent System Operator (“NYISO”) (which was included as Attachment 1 to the NYSRC's Jan. 17, 2007 intervention and comments in this proceeding). This study makes very specific statements about the importance of consistency in LOLE when computing tie benefits and emergency assistance between neighboring control areas:

The LOLE indices to be considered will be the NYISO control area LOLE and the ISO-NE control area LOLE considering internal transmission limits. When these both simultaneously attain 0.1 days per year with the minimum amounts of capacity this defines a base case.

Joint NYSRC/NYISO/ISO-NE Tie Benefit Analysis at 2.

The ISO-NE Answer also is silent on NYSRC concerns about the inherent risks of relying on external resources over which ISO-NE has no direct control, particularly given lack of deliverability requirements for emergency assistance. The answer does acknowledge the fact that the NYSRC, the NYISO and ISO-NE are conducting a “Joint Ties Benefit” study and its role to provide guidance and insight about tie benefits. For this reason and those stated above, the Commission should direct ISO-NE to reconsider its proposal to model assistance from neighboring control areas on an “As-Is” basis for the purpose of determining the annual IRM for the New England Control Area, and to submit its proposal for discussion in the context of the Joint Tie Benefit study.

NYSRC Stated that It Is Inappropriate to Model Tie Lines for Emergency Assistance Without Regard to New York Firm Purchases.

The ISO-NE Answer states the NYSRC concern is “unwarranted” because “When performing the ICR calculations, delisted capacity that is supporting a capacity export is removed from the complement of available resources.” ISO-NE Answer at 30.

The ISO-NE Answer heightens NYSRC concerns. Modeling of firm capacity export commitments directly impacts the NYCA IRM and associated LCR calculations. ISO-NE's statement (at 30) it will remove the firm capacity export to NY from complement of available resources indicates ISO-NE may be completely ignoring firm capacity export commitments in calculating its ICR and LSR. This means the physical limitations of the ISO-NE transmission system are completely overlooked in its ability to deliver a firm capacity commitment. This potentially understates ICR and LSR capacity requirements and could have serious reliability ramifications for both NYCA and ISO-NE.

Of equal concern is ISO-NE's repeated reference to "curtailment" of firm capacity export commitments to New York. Under market rules for ISO-NE to participate in the New York capacity market, it is unacceptable to curtail firm capacity export commitments except in the instance where ISO-NE curtails its native load on equal priority. NYSRC considers any "curtailment" of a firm export capacity commitment equivalent to loss of load. ISO-NE must clarify its use of "curtailment" of firm capacity export commitments in LSR and ICR design as this directly impacts NYCA IRM and associated LCR calculations. It is noted that curtailment of firm capacity contracts is inconsistent with NYISO market rules and may jeopardize ISO-NE participation in the NYISO market.

The NYSRC believes this issue should be resolved jointly as part of ongoing joint ISO-NE/NYISO/ NYSRC Ties Benefit Study as discussed in the NYSRC filing.

CONCLUSION

For the foregoing reasons the NYSRC respectfully requests that the Commission accept its response and take action consistent with the comments provided by the NYSRC in this proceeding.

Respectfully submitted,

/s/ Bruce B. Ellsworth

P. Donald Raymond
Executive Secretary
New York State Reliability Council, LLC
14 Thornwood Lane
Fayetteville, NY 13066
Telephone: (315) 637-9002
Email: Raymond40@aol.com

Bruce B. Ellsworth
Chairman
NYSRC Executive Committee
46 Tamarack Road
Hopkinton, NH 03229
Telephone: (603) 746-3447
Email: ellsworth@conknet.com

Dated: February 16, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list in this proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Washington, D.C. this 16th day of February, 2007.

/s/ Claire M. Brennan
Claire M. Brennan
LeBoeuf, Lamb, Greene & MacRae LLP
1875 Connecticut Avenue, N.W.
Washington, D.C. 20009-5728
202-986-8000