ICS Report to Executive Committee

March 1st, 2023 ICS Meeting #274

Prepared for: March 10th, 2023 EC Meeting
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4.1.1 Policy 5 Interface Transition Rate Modification Discussion / PSEG/LI Transition Rate Proposal

PSEG/LI presented a suggested method for modifying Policy 5 cable transition rate determinations following instances of cable replacements following long outage periods.

- Examples to consider included full/partial cable replacement and corresponding adjustment of forced outage hours or a prorated amount rather than continue with the previous 5-year historical data.
- The 5 year historical forced outage events associated with the section remediated would be removed or replaced (removal vs. replacement and possible replacement value to be determined through stakeholder discussion)
- The 5 year historical forced outage events not associated with the reconductoring/remediation would remain included in the overall transition rate calculation
- The adjusted historical performance data will remain until being rolled off from the 5-year history. Forced outage events associated with the reconductored cable section after the reconductoring will be included in the transition rate calculation using current methodology for the subsequent IRM Studies

NYISO and ICS Consultants position:

- It is important that resource adequacy studies represent the potential risk to the system from forced outages and the LIPA proposal disregards that because it simply resets the cable outage rate thereby all the history of poor performance. The resulting IRM and LCRs would undervalue reliability risks.
- In this regard the LIPA proposal fails to adequately describe how to represent the risk of failures on a given facility. In addition, as the LIPA proposal grants exception based on individual circumstances, adopting such proposal leads to inadequate and inconsistent representation of risk on the NYCA system as a whole.
- It is also important that there be strong incentives in place to maintain the performance of assets similar to the EFORd construct for generators. Ignoring past history or spreading the poor performance around amongst other entities dampens this incentive and shifts costs.
- The level of effort to comprehensively evaluate this question is very significant and would take away valuable resources from both the IRM setting process and the implementation of the strategic initiatives
- The NYISO does not support embarking on this comprehensive analysis for all the reasons above.

Several other complicating aspects of such a Policy change were discussed, which included:

- Potential expansion to Generators, which also have historical Transition rates applied
- Establishment of threshold criteria for applying an alternate method
- Adequate representation of overall system risk if a particular interface is adjusted lower
- Potential to apply an alternate method in the converse condition (e.g. recent history significantly worse or degrading)

ICS members were surveyed for their position and either supported maintaining the existing methodology or abstained from a firm position at this time.

The ICS allowed for the issue to be taken back to the respective members for further consideration at the April ICS meeting.

4.1.2 Functionally Unavailable Capacity Discussion

Mark Younger presented data on Functionally Unavailable Capacity in the NYCA. Selected observations and recommendations:

- NYCA Nuclear units frequently fall short of operating at their combined DMNC ratings particularly during the highest load periods (Summer), posing a potential risk to reliability.
- The Resource Adequacy Modeling used by the NYISO assumes that any generator that is not forced out (fully or partially) will operate at its DMNC rating (if needed). We need additional information on whether the partial derates are being captured in the unit EFORd calculation.
- The MMU has identified approximately 470 MW of emergency supply that has extremely limited availability and was not accessed on critical days during 2021.
- The NYISO should reconsider whether this emergency supply should count as capacity.
- The riskiness of these units is not represented correctly in the IRM/Resource Adequacy studies because they do not incorporate the higher outage risk of the UOLe capacity.
- If these units are going to be able to continue to claim the emergency rating as capacity then there needs to be a correction to the unit's outage risk in Resource Adequacy Modeling.
- The NYISO has an active project reviewing corelated outages and may lead to changes to rules to determine DMNC ratings.
- The NYISO/NYSRC should look at a combination of revising the DMNC rating for the nuclear units to represent peak period operation and making a change to the IRM modeling similar to the summer maintenance treatment to represent the failure of the nuclear units to operate at full DMNC ratings.

The ICS will monitor developments and progress of the NYISO project regarding this issue for potential future action.