NYSRC Installed Capacity Subcommittee

Meeting #49

February 2, 2005

9:30 a.m. – 3:30 p.m.

NYISO: Washington Ave Ext. Conference Room WD

Meeting Minutes

Attendees

Members/Alternates Present:

- Mr. Curt Dahl (KeySpan/LIPA), Chairman
- Mr. Bart Franey (National Grid)
- Mr. Steven Jeremko (NYSEG)
- Mr. Harry Joscher (PSEG Power) – Telephone
- Mr. Steve Whalen (NYSEG) – Telephone
- Mr. Rich Wright (Central Hudson)
- Mr. King Look (Con Edison), Secretary

Advisers/Non-member Participants Present:

- Mr. John Adams (NYISO)
- Mr. Al Adamson (Consultant)
- Mr. Greg Drake (NYISO)
- Mr. Steve Keller (NYPSC)
- Mr. Ed Schrom (NYPSC)

Guests Present:

- Mr. John Charlton (NYISO) – Limited Participation
- Mr. Phil Fedora (NPCC) – Telephone
- Mr. Bill Lamanna (NYISO) – Limited Participation
- Mr. Madison Milhous (KeySpan Ravenswood)
- Mr. John Pade (NYISO) – Limited Participation

1. **Discuss and Approve Meeting Minutes**
   The Meeting Minutes from Meeting #48 (held on January 5, 2005) were reviewed. Due to the extent of the comments received, a revised draft of the Meeting Minutes will be sent out on February 3, 2005 to the ICS team for final review by February 10, 2005. Pending the comments received on the revised draft, the Meeting Minutes from Meeting #48 will be made final.

2. **Review Previous Outstanding Assignments**
   Action Items List #48 was reviewed and resulted in closing out items 39-01, 48-2, 48-3 and 48-4 and in re-scheduling item 48-1 until March 2, 2005. See Action Items List for specifics.

3. Impact of Cedars Unit

In the 2005 IRM Study, by including the Cedars unit as part of the Base IRM Case, the IRM was raised from 17.3% to 17.6%. Curt indicated that the EC has asked the ICS to report back on the reason for this anomaly.

Greg Drake indicated that removing the Cedars unit using the internally unconstrained transmission case showed no impact on the IRM.

Greg next presented preliminary results of the impact of removing upstate capacity on the IRM. Starting with the 2005 Base IRM Case, Greg removed Cedars and Ginna and the IRM dropped to 16.8%. When Cedars, Ginna and Bowline 1 were removed from the 2005 Base IRM Case, the resulting IRM was 16.6%. When Cedars, Ginna, Bowline 1 and Bowline 2 were removed from the 2005 Base IRM Case, the IRM dropped to 16.1%.

Curt Dahl and Bart Franey asked Greg Drake to review with the ICS team how capacity is shifted in the determination of the locational capacity requirements. Greg said that perfect capacity is shifted out of New York City and/or Long Island until the LOLE reaches 0.1. The amount of perfect capacity shifted is then converted to installed capacity using an availability factor. Curt indicated to Greg the availability factor might have to be re-evaluated.

Greg then presented results of removing capacity in lieu of adding load to reach LOLE of 0.1 in determining the IRM. In removing capacity, Greg reduced proportionately the DMNC values of the units in the GE-MARS database. The results showed that starting with the "as found" case in the 2005 IRM Study, removing capacity yielded a 17.3% IRM (about 2700 MW of capacity removed), which is comparable to the 17.6% of the 2005 Base IRM Case (about 2400 MW of load added).

John Adams said he spoke with Gary Jordan of GE on reducing capacity versus adding load to reach 0.1 LOLE in determining the IRM. According to John, GE said that adding load or reducing capacity should be consistent and yield close results.

Curt summarized that location matters and that Cedars reduced the load carrying capability of the New York Control Area (NYCA), which led to a higher IRM.

As a new action item (AI # 49-1), Bart Franey and Al Adamson will draft a white paper on the Cedars issue.

Also as a new action item (AI # 49-2), Greg Drake will run an IRM case that instead of adjusting load proportionately throughout the state, adjusts only the load in zones J and K while keeping the upstate load at their forecasted level until a NYCA 0.1 LOLE is reached.

4. LCR/IRM Methodology

John Adams reviewed with the ICS a preliminary LCR/IRM curve. John noted that on the LCR/IRM curve, the x-axis should be changed from "Installed Reserve Margin" to "Specified Installed Reserve Margin". The preliminary curve shows that at the 2005 Base IRM of 17.6%, the corresponding LCRs are 78.3% for NYC and 99% for LI. Some ICS members sought clarification as to why the preliminary curve shows 78.3% LCR for NYC when the 2005 Base IRM shows 83% for NYC. King Look explained that the 83% NYC from the 2005 Base IRM is not an LCR but is really the "as found" installed capacity in NYC as a percent of NYC's adjusted load in the 2005 Base IRM. On the contrary, as John Adams explained, the LCR is the locational installed capacity required as a percent of the forecasted peak load in the transmission constrained zone, given a specified installed reserve margin requirement within NYCA.

Steve Jeremko asked what would be the action plan going forward. Curt replied that ICS would continue with the LCR/IRM study, take into consideration the Cedars unit, and focus on anchoring the LCRs vs. IRM. Curt asked John Adams if anchoring is still a good idea. John replied that the NYISO would need to look at how the LCRs and IRM are done before anchoring. John indicated that if the LCRs and the IRM are determined properly, there might not be a need for anchoring. Al Adamson said that because the IRM has uncertainty (as acknowledged by the EC), the LCRs being a function of the IRM would also have uncertainty. Curt indicated that establishing the LCRs in accordance with NYSRC reliability rules belongs with the NYISO. The ICS will wait until the NYISO comes out with the 2005 Locational Installed Capacity Requirements Study later this month (February 2005) before proceeding with the LCR/IRM study.

5. Preparation for the 2006-2007 IRM Study

Curt Dahl indicated that Bart Franey had asked could the IRM schedule accommodate a change in IRM. Curt said Paul Gioia is looking into this matter. Curt indicated NYSRC Policy 5 would have to be updated to accommodate the possible changes. If NYSRC were ever to change the IRM, it would need to file with FERC. Therefore, the schedule would need to accommodate the time FERC would need before approving any IRM changes.

5.1. Outside World Model

Greg Drake informed the ICS team that the NPCC CP-8 Working Group is in the process of updating the data in their models, which should be complete by March 2005. ICS will use the NPCC CP-8 data to update its outside world model.

Curt asked Greg Drake if GE could assist in developing a simpler representation of the outside world, as opposed to 13 ISO-NE areas, 11 PJM areas and 3 Ontario areas. *As a new action item (AI # 49-3), Greg Drake will work with GE to update the outside world model.*

5.2. Fuel Availability

Curt mentioned that John Charlton (NYISO) had indicated that there was no fuel availability issue at peak load. Al Adamson discussed NPCC B-4 transmission review guideline extreme system contingency analyses, one of which may be fuel availability. The discussion on fuel availability went beyond the EC's request to ICS to look at the incentives for generators to sell natural gas during emergencies.

Bart Franey said he would investigate the issue of incentives for generators to sell natural gas during emergencies. A white paper will be prepared to address the various aspects of fuel availability, which will include the following:

- Incentives for generators to sell natural gas during emergencies
- What PJM is doing with respect to fuel diversity and availability in the RPM
- Extreme system contingency analysis

As a new action item (AI #49-4), Curt Dahl will develop a draft white paper on the fuel availability issue.

5.3. Coal Retirements

Ed Schrom led the discussion on the announced coal unit retirements. *As a new action item (AI # 49-5), Ed Schrom will tabulate the list of coal unit retirements, with projected retirement dates. Also as a new action item (AI # 49-6), Greg Drake will assess the impact of the announced coal retirements using the 2005 Base IRM Case.*

5.4. 711 MW Derate

Curt suggested that the 711 MW derate needs to be assessed whether or not it will have to be updated for the 2006-2007 IRM study. *As a new action item (AI # 49-7), Greg Drake will check the summer 2004 data to determine if the 711 MW derate needs to be updated.*

6. Lessons Learned Review – A Year's Perspective

ICS discussed both Steve Jeremko's draft write-up of the lessons learned and Curt Dahl's list of issues. Curt would like to combine his list and Steve's write-up into a summary of the modeling and study assumption issues, including ICS actions, for the next NYCA IRM study. Curt indicated that he would like to send this summary to the EC. *As a new action item (AI # 49-8), Al Adamson will prepare a summary of the modeling and study assumption issues, including ICS actions.*

7. Committee Reports

- **Planning** - Bill Lamanna reported on the status of the NYISO's Deliverability Report. The report will be filed in early February with FERC as a compliance filing.
- **Capacity** - John Charlton gave an update of the ICAP Working Group. The NYISO have filed with FERC the new ICAP demand curves. FERC is expected to make its decision by early March.

- **Load** - John Pade went over the preliminary NYCA peak load forecast (broken out by transmission owner).

8. Other Business

8.1. NERC SAR on Resource Adequacy
Al Adamson reported that NERC has delayed the release of the draft standard authorization request (SAR) on resource adequacy. The initial draft of the SAR is now expected to be out on February 17. Al will forward the draft SAR to the ICS team for review and for discussion at the next ICS meeting on March 2. Comments are due to NERC by mid-March.

9. Review Action Items
See attached action item list.

10. Next Meeting
Meeting #50: March 2, 2005, 9:30am – 3:30pm.

Secretary: King Look