

NYSRC Installed Capacity Subcommittee

Meeting #103

September 8, 2009

9:30 a.m. – 2:30 p.m.

Meeting Minutes

Attendees

	Present	Tel
Members / Alternates:		
Mr. Curt Dahl (LIPA), Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Carlos Villalba (Con Edison), Secretary	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Kelvin Chu (Con Edison).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. Hilary Goldman (Con Edison).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Madison Milhous (National Grid).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Bart Franey (National Grid).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Steve Jeremko (NYSEG-RGE)	<input type="checkbox"/>	<input type="checkbox"/>
Mrs. Patricia Caletka (NYSEG-RGE).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Edward Gilroy (NYSEG-RGE).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Rajee Mustafa (NYPA).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Han Huang (NYPA).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Glenn Haake (Dynegy, Inc. - Generation Owners)	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Harry Joscher (PSEG Power, LLC).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Chris Wentlent (AES-NY).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Mark Younger (Slater Consulting - Generation Owners)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Mark Cordeiro (Municipal Power Agency).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Richard J. Bolbrock (MEUA/NYMPA)	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Rich Wright (CHG&E)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Advisers/Non-member Participants:		
Mr. John Adams (NYISO).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Peter Carney (NYISO)	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Frank Ciani (NYISO).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Clyde Custer (NYISO).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Greg Drake (NYISO).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Bill Lamanna (NYISO).....	<input type="checkbox"/>	<input type="checkbox"/>

Tracy Landers (NYISO).....	<input type="checkbox"/>	<input type="checkbox"/>
Mariann Wilczek (NYISO)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. Erin Hogan (NYSERDA).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Ed Schrom (NYPSC).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Glenn Haringa (GE Energy).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Gary Jordan (GE Energy).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Al Adamson (Consultant)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Frank Vitale (Consultant)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. John Pade (Consultant)	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Arthur Maniaci (NYISO).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Yannick Vennes (HQ).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Scott Leuthauser (Consultant for H.Q. Services)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Khatune Zanna (LIPA).....	<input type="checkbox"/>	<input type="checkbox"/>

Guests Present:

Mr. Robert Boyle (NYPA)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Frank Francis (BEMI).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Sam Krueger (Dynergy, Inc.).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Alan Ackerman (Customized Energy Solutions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Paul Gioia (NYSRC)	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Chris De Graffenried (NYPA)	<input type="checkbox"/>	<input type="checkbox"/>
Dr. Roy Shanker	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Kathy Whitaker (NYISO)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Wes Yeomans (NYISO)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- Conference call 45 scheduled for September 22nd from 1:30 – 3:00. Call 1866-280-1753 code 1087391. This conference call is to discuss the NYISO preliminary IRM results and an update from the NYISO on the HQ wheel.

1. Review of Meeting Minutes

- Conference call 44 minutes finalized – will be posted after today’s meeting.

2. Action Items

New

103-1. An additional action item added to help action item 66-2 reach completion. The ICS requested that Greg Drake follow up with the NYISO’s

legal department to find out the status of releasing the “masked” database to the parties that signed the confidentiality agreement.

Revised

78-1. Refine PJM East area model and interconnections with NYISO through IPSAC. Include the reserve margin for PJM and we'll revisit. Still open because Bill Lamanna needs to come up with appropriate generation and loads that will be added to the dummy areas in the PJM East Area.

101-2. NYISO to provide data to ICS on average derate of pondage/run of river hydro units for past 5 years and worst year data. Greg Drake was asked to reassign this task because John Charlton was assigned to this task. He is now retired.

102-2. Con Edison working with LFTF group to develop a collaborative LFU methodology. Due date assigned to spring of 2010.

102-5. ICS to determine methodology for removing generation from zone J (including the Astoria East capacity bubble) when generating the IRM/LCR curve. This issue is going to be taken to the Installed Capacity Working Group (ICAPWG) to decide on how to handle this action item. Mark Younger will document the main issues to bring to ICAPWG.

- Lengthy discussion and debate on this action item.
- Discussion about whether you remove bottled generation first or last to calculate minimum requirement.
- The debate dealt with how to shift generation from zone J (where 300 MW of bottled generation exists in Astoria East). Should it be first, last, or prorated?
- Carlos Villalba believes that in calculating the minimum requirement, you first consider zones that have excess generation in comparison to the load and generation that is not effective.. Therefore you consider bottled generation first to remove generation that is not effective. Carlos gave the example that the 300 MW from VFT should be removed first because it can't contribute to getting the required amount of installed capacity for the zone.
- Carlos gave an example that if Zone J's LCR is 80% and all 80% of the generation is available In-City zone J and is not bottled, then Zone J will meet its requirement. If the market was set such that only the generation required to meet reliability is purchased then non-bottled generation will be bought to comply with the requirement and the bottled generation may not be purchased.
- Mark Younger countered with a scenario if a generator shuts down or not all SCRS show up, then Zone J will be forced to purchase bottled generation to meet the 80%. Therefore, in reality, Zone J won't be

purchasing enough since a portion of the procured capacity is undeliverable.

- Curt Dahl questioned that bottled generation should actually increase zone J's minimum requirement because it is ineffective capacity and thus can't help meet this zone's capacity requirement.
- Mark Younger stated that under the reliability and market rules in existence, the bottled generation should be considered last when removed from zone J to calculate the minimum requirement. He stated that the ICS should have to model the possibility that the minimum requirement will include all the generation that is physically located in the zone including Astoria. This includes the possibility of procuring bottled generation in Astoria, which is undeliverable by definition. He further stated that the problem is that the minimum requirement (excluding the bottled capacity) really doesn't meet the 1 in 10 reliability criteria. This can be explained in four statements:
 - 1. Because bottled capacity has a right to sell in the market, some of the MW procured in the installed capacity market could potentially be bottled generation. In effect, this causes the zone to actually need more than its minimum requirement determined without considered bottled generation to be lower than it should be for reliability purposes.
 - 2. It is not correct to ignore that an LSE or a TO has changed its system such to create bottled generation, as Con Edison has done in Astoria. LSE and TOs should not be encouraged to create such bottled generation without consequences when determining their minimum requirement.
 - 3. Further more, without considering bottled generation's potential impact on a zone's reliability to meet its minimum criteria, the ICS and NYISO can be viewed as encouraging bottled generation.
- Carlos proposal is that when calculating the LCR for Zone J in the MARS model, the methodology should be to first remove from VFT, then remove from Astoria pocket, and then remove from J. Carlos's position is that if – after removing the VFT and bottled generation – if there is enough capacity in the zone to meet a LOLE of 0.1 it is fine to calculate the minimum requirement by not counting the bottled generation.
- This proposal is still up for debate on how to best model and calculate the minimum capacity requirement.
- This bottled capacity must be counted towards the IRM because it's grandfathered.
- Mark Younger commented that by not increasing the requirement of Zone J due to bottled generation within the zone sends the wrong price signal to the market.

- Mark Younger and Carlos offered to write up their main arguments and points of this issue and take it to the Installed Capacity Working Group (ICAPWG) and to the next ICS committee meeting.
- Most parties of the ICS were in favor of removing the bottled generation last such that Zone J will have to increase their minimum reserve requirements due to bottled generation.

1. Reliability modeling of proposed Canadian wheel of 700 MW of capacity contracts/sales from New York To New England

- 1.1. HQ submitted a letter to the EC on August 13th, 2009 to summarize their position on the modeling HQ to NYCA emergency assistance in reliability studies.
- 1.2. HQ is in disagreement with the way NYCA models emergency assistance from HQ. HQ stands that none of the 1500 MW interface capability from HQ to NYCA should be counted on for emergency assistance because it historically has been fully utilized to its limit. It shouldn't be use for ICAP modeling or energy sales into NYCA because of the HQ-NYCA-NE wheel. HQ emphasizes that energy wheels are as firm as ICAP wheels – thus NYCA can't curtail or cut this wheel for New York adequacy purposes unless there is transmission constraint issues. Thus, for reliability planning purposes, NYCA should not count on emergency assistance from HQ.
- 1.3. A representative of NYISO operations, Wes Yeomans, attended the meeting to comment on this issue from an operational viewpoint. NYISO operations states that in reality, in a wheel-through energy transaction, if the NYCA find itself in a situation where there is shortage of operating reserve or other energy emergency conditions but there is no unsolvable transmission constraint, it may shed load before it will cut the wheel through. It was also clarified that for energy only wheel through from external areas, if there is an emergency situation, the wheel through maybe curtail pro-rata absent an unsolvable transmission constraint issue. However, energy and/or capacity wheel-through transactions can be cut for system security reasons. As for energy and capacity exports from a New York resource out, Wes said that the NYISO would cut the energy export during a reserve shortage event (with or without an unsolvable transmission constraint), but would cut a capacity-backed export only if there is an unsolvable transmission constraint. Without an unsolvable transmission constraint, the NYISO would shed load before cutting the capacity-backed export.

- 1.4. NYCA currently assumes that 1090 should be modeled in capacity as per the NYCA and the remainder (1500 minus the 1090) is considered emergency assistance. However, HQ's position is that all 1500 MW should be recognized as a firm transaction, regardless of whether it's energy or capacity.
- 1.5. Roy Shanker stated that the current Tariff gives Market Participants (MP) the right to claim the full 300 MW. The Tariff states that a firm transaction between two parties where congestion costs are paid as part of the cost of the sale has the right to firm transmission. Roy stated that this should hold true for HQ's wheel transaction to NE because congestion fees are paid for this sale.
- 1.6. As long as there is a sale scheduled over the interface and congestion costs are paid, NYCA can not use any of this capability as available for emergency assistance.
- 1.7. Wes split up transactions into 4 different categories: 1. External energy transaction wheeled through the NYCA without capacity; 2. External transaction wheeled through the NYCA that's energy and capacity; 3. Energy transaction inside of NYCA to outside control area without capacity; and 4. Energy transaction from inside of NYCA to outside control area with capacity. For wheel through transactions from external areas including transaction 1 and 2, the NYISO will not cut a wheel through NYCA during operating reserve shortage conditions unless there is a transmission security issue other than congestion. Mr. Yeomans acknowledge during this meeting that the topic required further investigation, regarding tariff and Inter-ISO agreements. .
- 1.8. Yannick also stated that the Tariff also states that an external transaction, such as a wheel through, can not be curtailed to the benefit of New York's load. Therefore, a wheel through transaction (with or without capacity) cannot be curtailed in order to create transmission headroom that is in turn used by ISO to call emergency assistance.
- 1.9. In a situation where there is simultaneous inadequacy (loss of generation) that causes a transmission constraint and transfer limit decreases – Wes to check if the wheel would be cut in this situation.
- 1.10. Wes was asked to summarize the situation and to bring this issue to the ICAP working group. This issue is to be discussed and finalized in the ICAP working group on Friday.
- 1.11. Request from the ICS that the ISO have an internal meeting and put all operational situations and concerns over this issue in writing - ISO should

report to the ICAP working group on what implications operations has on the treatment of external sources in our capacity market. Also need ISO to clarify how external pools use capacity from NYCA in their capacity market.

- 1.12. Curt Dahl summarized that since the assumption matrix that was approved by the EC has the equivalent available emergency assistance of 1500 less the 1090 MW contract (i.e. 410 MW), but this needs to be readdressed and finalized after the NYISO comes back with a decision on whether or not it is correct to consider emergency assistance from HQ in light of HQ's position that modeling any emergency assistance over their interface in NYCA is incorrect for adequacy studies.

2. NYISO outage data screening process development

- 2.1. Kathy Whitaker (need to be in the list) gave presentation on the outage data screening process. Kathy is responsible for the collecting the GADS data.
- 2.2. Overview of the GADS EFORD Screening Process was reviewed, which is aimed at improving this process. It will act in parallel to the existing market monitoring processes.
- 2.3. The Screening Process has changed because it is now comparing each generators performance data to its own historical 5 year EFORD calculation. The new process will run an annual report that will show a ranked list of 15 first generators that are different than their historical EFORD data. This will allow the NYISO to quickly identify outliers and investigate these generators reported data and their historical GADS data. However, they are not going to go back and try to validate past historical 5 year data for each generator.
- 2.4. Basically the market participants submit their GADS data into the NxL system (a main database) where it goes through the NYISO's new EFORD screening process. An annual report is generated by the market monitoring group and identifies outliers as noted above. The NYISO produces "suspect" candidates in an annual review to discuss with the ICS. After discussion with the ICS, the Reliability and Security replaces (if deemed necessary) suspect EFORDs in the IRM base case.
- 2.5. Additionally, the screening process will also send an email to individual suspect generators to ask them to re-evaluate their data and report back to the NYISO.

- 2.6. Question about revising replaces suspect data – Mark Younger wanted to know historically, out of the suspect units, how many were revised and by how much. Kathy didn't know the answer off hand.
- 2.7. Mark Younger also suggested looking at day-ahead market information. If a unit hasn't reported an outage but didn't bid into the market, these units should be suspect as to why they didn't bid into the market – this can be checked on a daily basis. Kathy indicated that market monitoring does look at this information.
- 2.8. Scheduling database doesn't show the whole story, either, because they always look at planned outages. However, they never revise if an outage doesn't happen – so it's an incomplete story. Kathy's group is looking to investigate if they can use various pieces of information from groups such as market monitoring and scheduling and get these groups to basically talk to each other to investigate "suspect" units.
- 2.9. A suspect unit is deemed "suspect" when the NYISO can't understand, explain, or justify why their variance from their historical average exists.
- 2.10. Carlos Villalba raised a question as to why the NYISO has to wait for GADS data to be reported by generators when they have the daily data available in their real time market operation data. Kathy responded that NYISO does not currently have a system or process that can automatically identify what generators are in the capacity market, which generators bid and which got accepted, and how far each generator is off from its base point value. It was also brought up that what if a unit's bid is accepted but at a lower output – which could distort the generators capability or performance for that day.
- 2.11. Carlos Villalba asked whether or not Forced Outage Data is reported and monitored or if EFORd is reported and used in the MARS model. He clarified that Equivalent Forced Outage Rates on Demand (EFORd) considers only when a unit is in demand and Forced Outage Rates do not. Carlos pointed out that if EFORd information is used in the MARS model, it is incorrect because the program determines whether or not a unit is on demand.
- 2.12. It was also suggested that analysis and screening take place every quarter or more frequently than once a year.

3. Preliminary 2010 IRM Study Results

- 3.1. Frank Ciani reviewed the results with the group.

3.2. There was much debate over the SCRs and the loop flow and external capacity results. Additionally, there was much discussion over the issue of curtailing emergency assistance.

3.3. A conference call on September 22nd was scheduled at 1:30 to discuss and finalize the 2010 IRM study results

4. Review of Forward Capacity Market IRM Study report

4.1. Still an open item – study results aren't what were expected.

4.2. The IRM/LCR curves don't line up for J and K; NYISO to come back with new curves.

4.3. NYISO in process of contacting GE to seek help for the horizon study because the curve for J and K are not lined up as to be expected.

4.4. NYISO to document the study thus far to provide to GE to help figure out why the curves don't line up (tan 45 points are different).

5. MARS Database “Information Use Agreement”

5.1. Carlos Villalba asked the NYISO when the NYISO was going to submit the database from the 2009 IRM to Con Edison and LIPA according to the agreement. Greg Drake responded that there were still some legal issues with the neighboring pools database and the data masking from GE.

6. Next Meetings

September 30, 2009 – Meeting#104

November 4, 2009 – Meeting#105

November 30, 2009 – Meeting#106

Meeting #103 – Minutes from September 8th, 2009, 9:30am – 2:30pm.

Secretary: Carlos Villalba

Prepared by: Hilary J. Goldman

(Con Edison)
