

# NYSRC Installed Capacity Subcommittee

Meeting #107

January 5, 2010

9:30 a.m. – 2:30 p.m.

Teleconference

Meeting Minutes

## Attendees

	Present	Tel
Members / Alternates:		
Mr. Curt Dahl (LIPA), Chairman .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Carlos Villalba (Con Edison), Secretary .....	<input type="checkbox"/>	<input 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 checked="" 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 type="checkbox"/>
Mr. Glenn Haake (Dynergy, Inc. - Generation Owners) .....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Harry Joscher (PSEG Power, LLC).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Chris Wentlent (AES-NY).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Mark Younger (Slater Consulting - Generation Owners) .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Mark Cordeiro (Municipal Power Agency).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Richard J. Bolbrock (MEUA/NYMPA) .....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Rich Wright (CHG&E) .....	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Erin Plasse – filling in for 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 type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Clyde Custer (NYISO).....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Greg Drake (NYISO).....	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>
Ms. Erin Hogan (NYSERDA).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Ed Schrom (NYPSC).....	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Frank Vitale (Consultant) .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. John Pade (Consultant) .....	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Arthur Maniaci (NYISO).....	<input type="checkbox"/>	<input type="checkbox"/>
Yannick Vennes (HQ).....	<input type="checkbox"/>	<input type="checkbox"/>
Scott Leuthauser (Consultant for H.Q. Services) .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Khatune Zannat (LIPA).....	<input type="checkbox"/>	<input type="checkbox"/>

Guests Present:

Mr. Robert Boyle (NYPA) .....	<input type="checkbox"/>	<input checked="" 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 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 type="checkbox"/>
Liam Baker (US Power Gen).....	<input type="checkbox"/>	<input type="checkbox"/>
Wes Yeomans (NYISO) .....	<input type="checkbox"/>	<input type="checkbox"/>

**1. Action Items**

**Closed**

**66-2.** NYISO no longer believes it needs IMR/LCR automated calculation tool from Con Edison. NYISO is going to pursue using a super computer to improve computational time.

**99-2.** Item closed – Legal note received. ICS committee was in favor of closing this item. From now on, SCR/EDRP forecast for zones A through D, zones E through I, and zone J and K will be provided – Mark Younger requested that the NYISO provide this information earlier to the ICS committee members.

**101-7.** Closed – same request as 105-4.

**105-5.** Closed – merged with 102-5.

### **Revised**

**98-4.** NYISO has sent 0t.09 output files from the loop flow analysis to Con Edison. Con Edison and NYISO have agreed to go over output files and results to confirm that the loop flow switch in the “NO” position actually improves reliability of NYCA’s transmission system and reliability. Con Edison and NYISO to report to the ICS by next meeting on this analysis.

**100-5.** NYISO to first review with legal the transmittal of the SAS code to Con Edison for analysis and validation that the EFORD and Transition rates are similar calculations. Request for Kelvin Chu to give presentation after performing analysis to ICS committee.

**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 to reassigned this task to Frank Ciani to replace J. Charlton’s efforts on this action item.

**102-4.** The ICS requested the NYISO to document and circulate to the ICS group a paper on the final modeling methodology used to model generation sources in NYCA that are contracted/sold to New England’s Forward Capacity model (sales from F to NE and sales from G to NE). Greg Drake and Mark Younger came to a conclusion on modeling methodology. ICS asked that Greg Drake provide to ICS documentation on this finalized methodology.

**102-5.** Action item revised and set for discussion at February 2nd meeting. A report has been circulated and the ICS committee will be ready to discuss the correct methodology to determine a specific zone’s reliability requirements if there is bottled generation present. Additionally, this action item now covers the new proposed method of shifting resources from and to zones A, C, D, J and K based upon a UCAP ratio method. A working group is to be formed at the next meeting after ICS members comment on the proposal circulated.

**105-1.** Carlos Villabla and Bill Lamana must get together to verify RECO model by February meeting.

**105-3.** NYISO (Frank Ciani) to send out the 0t.09 files for the sensitivity of modeling purchase contracts as contracts by February 2<sup>nd</sup>

### **New**

**107-1.** Discuss revisions to Policy 5 to ICS committee by March 2010 meeting.

**107-2.** Discussion on the Forward capacity market / Horizon Year Study – Greg Drake and Al Adamson to circulate to the ICS members the scope and scenario changes for the study. The NYISO is collaborating with GE on how to best perform the upcoming Horizon Year Study and complete the original report that referenced 2008/2009 data.

**107-3.** NYISO to conduct an investigation of the excess reliance on EOPs (especially SCRs) in the MARS 2010 IRM basecase. Study to be performed to see effect of running model as is (with the actual excess capacity of about 24% in NYCA) to see the affect on the number of times that SCRs and other EOPs are called. NYISO also to investigate actual SCR performance and response rates.

**107-4.** Request for Pete Carney to present a high level overview of the impact of environmental regulations on generation sources, particular zones, etc. Also requested to present summary on environmental initiatives/regulations discussed at January DEC meeting.

**107-5.** Form a committee to gather comments from action item 102-5 (new methodology for shifting capacity) to determine appropriate methodologies to shift capacity. These methodologies will then be used in the NYISO 2010 IRM base case and the results will be compared and presented to the ICS committee at the March meeting.

**107-6.** Issue a report to the Executive Committee on the results of the Horizon Year Study in April of 2010.

## **2. Locational Study Update (provided by Greg Drake)**

- 2.1. Presentation sent out to Operating Committee (O.C.) to explain change between IRM database and LCR database is the updated load forecast. Updated load forecast is lower in NYC and Long Island. This caused downward pressure on locational requirements in NYC and Long Island. NYISO is recommending keeping LCR for NYC at 80% but drive down Long Island's LCR to 104.5% instead of 104.9%. Both the IRM and LCR cases were run with the State having a 17.9% reserve margin requirement.
- 2.2. O.C. votes on the final LCR this upcoming Thursday (January 7<sup>th</sup>, 2010).
- 2.3. Greg Drake will send out a presentation to the ICS committee outlining the NYISO's recommendations for the LCR.

## **3. 2010 Workplan – Kickoff Discussion**

- 3.1. Capacity shift methodology
  - 3.1.1. ICS members will review presentation and paper that Kelvin Chu and Carlos Villalba prepared and were circulated to the group. ICS members will provide comments by the next meeting in February. After comments

are collected and discussed, Curt Dahl proposed to form a committee to analyze and test the new collectively determined methodology/methodologies using NYISO IRM base case. The committee members will report findings back to the ICS during the March Meeting. The recommended committee members are: Mark Younger, Kelvin Chu, Carlos Villalba, Hilary Goldman, Greg Drake, and Frank Ciani.

- 3.1.2. NYISO proposed to do an initial run using the new methodology but without using the SCR and their effective rate and external contracts in the EFORD zonal calculation. This was countered by some members of the ICS, stating that since SCRs and external contracts are part of our capacity resources and market, they should be included in the zonal EFORD calculation.
  - 3.1.3. Mark Younger discussed a previous study of interest that proposed to use the average of the capacity across all the zones proportionately and EFORDs in across all zones. Currently, the methodology uses capacities and EFORDs averaged per zone. The reason for this is because the current methodology assumes that the if the system has a loss of capacity, then the loss of capacity can occur in zones A, C, and D while not occurring in zones F, B, H, and I. It was questioned whether or not NYCA has this ability.
  - 3.1.4. This discussion on this agenda item ended with Curt Dahl's direction to the ICS members to respond to the proposed shifting/removing capacity methodology presented by Kelvin Chu (emailed to the group) with comments and suggestions. At the February meeting, the comments and suggestions will be discussed and a sub-committee will be designated to investigate this issues that arise from February's meeting further through testing and analysis.
- 3.2. Divergence of tan 45 points between LI and In-City Zones
- 3.2.1. An anomaly has occurred in recent base case studies where the tan 45 IRM point for Zone J and Zone K are not approximately equal. This is a concern because it is unclear whether this is a MARS programming issue or whether this anomaly is due to a spreadsheet type error or a poor assumption.
  - 3.2.2. GE is to be a lead player with NYISO in this area of concern.

3.2.3. Greg Drake to send out action items/work scope developed with GE to the ICS by the February meeting.

3.2.4. This issue will be placed on the agenda for the February meeting. This is an open action item – but this study needs to be conducted prior to summer to get ready for the next base case IRM study.

#### **4. Forward Capacity Market (FCM) IRM Study Methodology Issue**

4.1. Issue about anomalous results on FCM simulation. NYISO is working with GE on this study.

4.2. NYISO would like to change the name of the study from the FCM study to the Horizon Year Study.

4.3. Greg Drake informed the group that the NYISO and GE are working together to complete the first Horizon Year Study report that used the 2008 database to build upon. The issue at hand is that the tan 45 points for J and K weren't approximately equal and the group is trying to figure this out.

4.4. Curt Dahl suggested that NYISO and GE focus on the Horizon Year Study for the upcoming year. Greg Drake agreed that the new study is a priority; however the best time to conduct the next Horizon Study would be in April because the new GOLD book DMNC values and the new EFORds will be available over the most recent five year period. Curt Dahl agreed and suggested that Greg Drake provide the ICS committee with an opportunity to review and comment on an updated scope of the study before the next meeting in February.

4.5. It was questioned who was requesting this type of study and Mr. Dahl responded stating that the Executive Committee is still requesting this study despite their recent decision to relinquish their request for a Forward Capacity Market study. The reasoning behind this is because of their interest in having some sort of study to prepare and analyze the near-term future market.

4.6. An action item was created for the new Horizon Year Study to be performed by April 2010.

#### **5. Policy 5 Revision**

5.1. Al Adamson will provide a list of the items that could potentially be incorporated into the revision of Policy 5 by the February meeting.

5.2. Greg Drake requested to work with Al Adamson on this action item so that the NYISO could offer insight, input, and suggestions.

#### **6. High Use of EOPs in 2010 IRM**

- 6.1. Concern among the ICS members on the increase level of reliance on the EOPs in 2010-2011 base case. For example, the number of times the SCRs were called increased to 18 times in this years latest base case. Additionally, the voltage reduction measures increased as well as other emergency operating procedures.
- 6.2. The committee discussed the issue of a diminishing return for SCRs in terms of an emergency supply resource. For example, the performance of the SCRs diminishes while the reliance on them increases. Should there be an upper bound or limit to the number of times we can call SCRs per year?
- 6.3. Scott Butler from Con Edison asked if the MARS model has a fundamental modeling error because realistically, SCRs aren't called 18 times per year. Curt Dahl pointed out that it is important to understand that the model looks at a design-criteria system where there is much less excess capacity than what physically and realistically exists (thus the model is overly conservative).
- 6.4. The increase in the use of SCRs and the remaining EOPs is due to an increase in the EFORDs of zones J and K, an increase in the number of participating SCRs or growth in SCRs, the load forecast uncertainty, and the priority in which each EOP is called upon.
- 6.5. It was pointed out that in previous studies, we were also modeling a higher performance factor for SCRs (0.92 compared to 0.74 in the 2010-2011 basecase) which in itself can increase the number of times SCRs are called upon. This is because as the UCAP assistance from SCRs decreases with a diminishing performance factor, more SCRs are called upon to compensate for this loss of assistance.
- 6.6. Greg Drake suggested that a model be run for the 2010-2011 system "as is" or "as found" that has a realistic approximation of the amount of excess capacity in the system (around 24% compared to the study's reserve margin of 17.9%) and observe, for each load level, how many SCRs are called upon. This study can also be used to analyze how the frequency of SCR calls changes with amounts of excess capacity in the State. The committee agreed this would be a good study to conduct and Curt Dahl assigned this study as a committee action item.

## **7. Environmental – Impact and timing of different regulations/presentation for January DEC meeting**

- 7.1. Curt Dahl requested that Pete Carney identify rules and regulations – even on the horizon – that could affect NYCA capacity, particularly generators availability to operate.
- 7.2. Thought process is that NYISO would have studies conduct that show that particular regulation measurements and goals could increase the Installed Reserve Margin by a particular amount.
- 7.3. Mark Younger requested that the NYISO provide a presentation that compares the similarities and differences of the regulations that are being proposed or planned or in effect, again specifically summarizing how certain regulations affect particular units. The presentation should identify each initiative, what the goal of the initiative is, what its target metrics are, how the initiative will impact the operation of particular generation resources, and what these generation resources need to do to comply. This request was made into a new action item.
- 7.4. Curt Dahl requested that Pete Carney put together a summary about the units effected by the regulations presented in the January DEC meeting (in January). Curt Dahl will send Pete Carney an invitation to the next ICS meeting.

#### **8. IRM – how does it impact us? ICAP to UCAP translation issue.**

- 8.1. Steve Jeremko brought up the issue of how the NYSEG wants to investigate how IRM changes affect the UCAP.
- 8.2. Steve Jeremko requested that everyone read up on the summary he sent the committee surrounding this issue.
- 8.3. This report is proposed to be supplemental report to the IRM report.
- 8.4. This will be discussed again at the next meeting. Steve Jeremko will send some additional information about how the study was conducted so that everyone in the ICS is informed on the issue.
- 8.5. Curt Dahl brought up the issue that the UCAP translation is dependent upon an EFORD forecast and will this study use the EFORD five year rolling average or the latest 18 month EFORD data available?
- 8.6. Steve Jeremko will provide a white paper on the study to the committee.
- 8.7. Curt Dahl requested everyone to provide comments on the report by the next meeting.

#### **9. MARS Database “Information Use Agreement”**

9.1. Contracts must be masked by GE and then the database will be released to those parties who signed the information use/confidentiality agreement.

## **10. Next Meetings**

- 10.1. Next meeting will be Feb 2nd, 2010 – Meeting 108
- 10.2. Meeting 109 – March 3rd
- 10.3. Meeting 110 – March 31st

Meeting #107 – Minutes from January 5th, 2010, 9:30am – 2:30pm.

Alternate Secretary: Hilary J. Goldman

*(Con Edison)*

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