

NYSRC Installed Capacity Subcommittee

Conference Call #18

December 17, 2002

9:30 a.m. – 12:00 p.m.

Teleconference Minutes

Attendees

Members/Alternates Present:

Mr. Curt Dahl (KeySpan/LIPA) – Chairman
Mr. Kevin Donnelly (Con Ed) – Secretary
Mr. John Kobuskie (NYSEG)
Mr. Mark Cordeiro (Municipals)
Mr. Carl Courant (NYPA)
Mr. Bart Franey (NationalGrid)
Mr. Peter Chamberlain (Wholesale Sector)
Mr. Michael Hogan (CHGE)

Advisers/Non-member Participants Present:

Mr. Greg Drake (NYISO)
Mr. Frank Vitale (Consultant)
Mr. Alan Adamson (Consultant)
Mr. John Adams (NYISO)
Mr. Ed Schrom (NYPSC)
Mr. Steve Keller (NYPSC)

Other interested Parties:

Mr. Roger Clayton (Executive Committee)
Mr. Mayer Sasson (Con Ed – Executive Committee)
Mr. George Smith (Executive Committee)
Mr. Mike Mager (Executive Committee)
Mr. Mathew Mahoney (Hunt and Williams)
Mr. Howard Frommer (PSEG Power NY)
Mr. Jim Scheiderich (Select Energy)
Mr. Yuri Fishman (LIPA)
Mr. Dave Yannarell (PTL Energy Plus)
Mr. John Charlton (NYISO)

Members/Non-members/Advisers Absent:

Mr. Larry Eng (NMPC)
Mr. Art Desell (NYISO)

1. Meeting Minutes Review

- 1.1.** Meeting Minutes for Conference Call #16 on November 21, 2002 and Conference Call #17 on December 3 were delayed for discussion during conference call #19 scheduled for Friday, December 20.

2. 2003 – 2004 IRM Study

The chairman started the meeting by providing background information on the Installed Reserve Margin (IRM) study results. The Installed Capacity Subcommittee submitted a draft report to the Executive Committee. At that time, the results were preliminary and sensitivity runs were still required. The sensitivity runs unmasked some problems with the MARS model being used.

The first problem with the sensitivity results was for the NYCA Isolated from the outside world case. The results were in the area of 40% IRM requirement which were not in line with previous years results requiring 26-28% IRM. This uncovered a modeling error on two large hydro units (St. Lawrence and Niagara). Once this modeling error was corrected, another error surfaced in the interconnected base case. The external areas were proving too much assistance to the NYCA. The new outside world representation came from the updated CP-8 database, which caused an unrealistic amount of emergency assistance to be available. Based on this, the ICS has decided to go with last year's representation of the outside world.

Going forward, table 1A and 1B will be generated to document each change from last year parametrically for both the interconnected case and the isolated case. This way each individual change can be evaluated and explained. Action item 24-1 was issued to track development of table 1A and 1B.

The new analysis is revealing a more dramatic change when changing load shapes from 1995 to 1998. Due to time constraints, the splinter group is recommending that the ICS return to the 1995 Load Shape and conduct a thorough study this spring 2003 about the load shape. The NYISO study this past summer justified why the 1998 Load shape is a better predictor of what we should expect as a load shape, then the conservative 1995 load shape. But, because the review during the summer included preliminary MARS results that had errors built in, resulting in only a small reduction in IRM, ICS felt this change was satisfactory at the time. With the results using the repaired model being much more drastic, more time is required to ensure the change of load shape is the only reason for the reduction in required IRM. The 1995 load shape has 15 days within 95% of the peak load day and 1998 load shape has only 5 days within 95% of the peak, so even though 1998 is closer to the average, it may not best represent the top 20 days which are the most significant risk. More time is required to evaluate a load shape change.

Dynamic transfer limits are also being removed this year, returning the model to last year's limits, until a more detailed analysis can take place on their effect as well.

The outstanding action items were discussed. The splinter group went back and checked that last year's model did not contain Forced Outages for the entire plants at Niagara and St. Lawrence. This was completed, closing action item 23-6. The splinter group checked the EOP steps to ensure there is no double counting of voluntary curtailment, EDRP and SCR's. This was completed closing action item 23-7. Lastly, the splinter group ensured the external import limits were not being violated, closing action item 23-8.

Schedule going forward: Issue Table 1A and 1B with preliminary results. Discuss during conference call on 12/20/2002. Evaluate the results further and distribute to EC by 12/23/2002. Complete all the sensitivity runs by 12/27/2002. Final report issued by ICS by 12/31/2002. Final Report to EC on 1/3/2003.

3. Committee Reports

3.1. NYISO ICAP WG Report

A brief update was provided by Howard Frommer concerning the demand curve proposal. It was voted down at BIC. Options are being discussed concerning bringing it to the Management Committee and the Appeal Board at the NYISO.

4. Other Business

None

5. Review Action Items

Distribute Table 1A and 1B prior to next meeting.

6. Next Meeting

Conference Call # 18 Scheduled for December 20 from 9:30 am – 1:30 pm.

Secretary: Kevin Donnelly