



May 17, 2010

VIA FIRST CLASS MAIL AND ELECTRONIC MAIL

Dr. Henry Chao
Vice President, System and Resource Planning
New York Independent System Operator
10 Krey Blvd.
Rensselaer, NY 12144

Request for NYISO Assessment of Special Case Resource (SCR) Performance

Dear Henry:

As proliferation of Special Case Resource Resources (SCR) in the NYCA continues to accelerate, the NYSRC believes it is important to perform a technical evaluation of SCR performance to ensure continued reliable integration and accurate representation of these resources in our technical studies.

SCR's are currently the fastest growing segment of the NYCA resource mix, having increased from under 1000 MW in 2005 to over 2500 MW of capacity in five years. Consistent with the growth in these programs, NY resource adequacy studies (IRM and RNA) have begun to exhibit significant reliance on these resources (e.g. 2010-11 IRM of 18% is based on over 18 calls of SCRs). However it is untested whether we will be able to rely upon a high level of SCR performance in the face of repeated calls. Moreover a NYSRC ICS evaluation completed in 2009 suggests past IRM studies may have overstated the reliability contribution of SCR resources during peak hours most impactive to IRM.

It is noted the NYISO undertook a significant study effort to understand the implications associated with integration of large amounts of wind capacity which presently constitutes less than 1500 MW and is growing at a much slower rate than SCR resources.

Based on the increasing significance of SCR resources as a part of the overall resource mix which is relied upon to satisfy the NYCA capacity needs, the NYSRC is recommending the NYISO perform an evaluation of SCR resources. In particular, the study should evaluate the performance and persistence of SCRs including appropriate peak period discount factors for the diverse constituents comprising the SCR program. This assessment should also determine whether there is a

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limit to the portion of the NYISO resource mix that can be comprised by SCR resources without compromising either the operational flexibility of the NYISO or the likelihood of the NYISO being able to meet LOLE requirements, potential impacts of environmental regulations, etc.

It is suggested the NYISO work with NYSRC Installed Capacity Subcommittee to further define the scope and schedule for this analysis.

Sincerely,

A handwritten signature in cursive script that reads "George Loehr".

George Loehr
Chairman NYSRC Executive Committee

cc: Rick Gonzales
Rana Mukerji
NYSRC Executive Committee