

# NYSRC Installed Capacity Subcommittee

Meeting #95

**January 7<sup>th</sup>, 2009**

**9:30 a.m. – 2:00 p.m.**

Meeting Minutes

**Attendees:**

|  | Present                             | Tel                                 |
|--|-------------------------------------|-------------------------------------|
| <b>Members / Alternates:</b>                                   |                                     |                                     |
| Mr. Curt Dahl (LIPA), Chairman .....                           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Carlos Villalba (Con Edison), Secretary .....              | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Timothy Bush (Generation Owners).....                      | <input checked="" 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"/> |
| Mr. Mark Younger (Slater Consulting - Generation Owners) ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Rajee Mustafa (NYPA).....                                  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| Mr. Rich Wright (CHG&E) .....                                  | X                                   | <input type="checkbox"/>            |
| Mrs. Patricia Caletka (NYSEG-RGE) .....                        | <input type="checkbox"/>            | <input type="checkbox"/>            |
| Mr. Madison Milhous (National Grid).....                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Ms. Hilary Goldman (Con Edison).....                           | <input type="checkbox"/>            | X                                   |
| Mr. Kelvin Chu (Con Edison).....                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Mark Cordeiro (Municipal Power Agency).....                | <input type="checkbox"/>            | <input type="checkbox"/>            |
| Mr. Han Huang (NYPA).....                                      | <input checked="" 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"/> |
| <b>Advisers/Non-member Participants:</b>                       |                                     |                                     |
| Mr. Al Adamson (Consultant) .....                              | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Frank Vitale (Consultant) .....                            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. John Adams (NYISO).....                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Greg Drake (NYISO) .....                                   | <input type="checkbox"/>            | <input type="checkbox"/>            |
| Mr. Frank Ciani (NYISO) .....                                  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Peter Carney (NYISO) .....                                 | <input type="checkbox"/>            | <input type="checkbox"/>            |
| Mr. Arthur Maniacci (NYISO).....                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Mr. Ed Schrom (NYPSC).....                                     | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>Guests Present:</b>   |                                     |                                     |
| Mr. Robert Boyle (NYPA) .....                                  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. John Charlton (NYISO) .....                                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Bill Lamanna (NYISO).....                                  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| Mr. Frank Francis (BEMI) .....                                 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. Clyde Custer (NYISO).....                                  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Ms. Erin Hogan (NYSERDA).....                                  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Mr. John Pade (NYISO-Consultant).....                          | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Mrs. Mary Ann Wilccek (NYISO).....                             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

|   |                          |       |                                     |
|---|--------------------------|-------|-------------------------------------|
| Mr. Sam Krueger (Dynergy, Inc.).....                  | <input type="checkbox"/> | ..... | <input checked="" type="checkbox"/> |
| Mr. Alan Ackerman (Customized Energy Solutions) ..... | <input type="checkbox"/> | ..... | <input checked="" type="checkbox"/> |
| Mr. Paul Gioia (NYSRC).....                           | <input type="checkbox"/> | ..... | <input checked="" type="checkbox"/> |
| Mr. Chris De Graffenried (NYPA).....                  | <input type="checkbox"/> | ..... | <input checked="" type="checkbox"/> |

\*\* Additionally present was Steve Kanach, NYISO market monitoring.

## 1. Action Items

### 1.1. Closed

Minutes 91 finalized and posted on website.

### 1.2. New

Changes/additions to this agenda

- Changes to the agenda – Code of Conduct needs signatures by February 2<sup>nd</sup> meeting. Participants on the phone need to complete and sign the form and send it in. Code of conduct needs to be resent out electronically.
- GADS reports to the EC – will be added as item 4.

Items to add to future meeting agendas

- Considerations in emergency transfer limits memo – Bill Lamana was asked to define energy transfer limits and how they are calculated. Carlos Villalba indicated that energy transfer limits are calculated using same methodology stated in Carlos’s report. Carlos will circulate report/memo to everyone so that it can be verified and agreed upon.
- IRM/LCR automation - Con Edison willing to show NYISO automated program to more easily conduct IRM/LCR runs and sensitivities. Date set at April 2009 for NYISO to disclose the accuracy of the automation software. Carlos Villalba requested to see a copy of the redacted database.
- Regression analysis – Concern about whether or not a regression analysis with highest R squared value and at least 4 points will give better correlation compared to a curve with 5 or 6 points.
- Review Con Edison filing of actual real load reduction resources for March 2009 meeting. Also an issue about how the ISO’s baseline was determined because it is affecting and possibly inaccurately inflating the modeling of real load reduction. For

example, if a resource has a current load below that of the NYISO's baseline or average four month peak load, the amount of load reduction is inflated. This is to be discussed at the March 2009 meeting.

- There was a request for an update on CAIR for February meeting. Additionally, there was a request for an update on any changes in RGGI and HEDD.
- Next meeting, NYISO will identify other proposed areas of improvement for work plan.

### **1.3. Revised Meeting Minutes**

All items were revised and the following items were discussed in detail.

#### **92-1. Meeting 92:**

- Item 2 II, page 2: Include that the 16.2% IRM result was based on a regression curve with the highest R squared correlation with Policy 5.
- Additionally, page 3, it should be stated that there was a consensus that Mr. Dahl recommend the calculated 16.2 IRM to EC.
- Additionally, it was recommended to add that NERC revises its GADS data periodically to reflect updated and correct data figures.

#### **93-1. Meeting 93:**

- Page 2: Include a resolution to Mark Younger's question of methodology for wind study. Should include that the group agreed to review the methodology used to assess the impact of wind generation group (by doing a sensitivity analysis or test in 2009) to help inform the EC of wind impacts.
- Page 3: Item 3: Include Mr. Adamson reviewed the body of a draft IRM report. He indicated that the report needs to be revised to explain LFU and other sections.

#### **94-1. Meeting 94:**

- Discussed how external capacity de rates impacts the IRM/LCR curve and the tan 45 point.

- Moving forward there needs to be a limited scope of what the external capacity study and review will accomplish.
- NYISO is currently doing an external capacity study right now. By next meeting, NYISO should have a short paper to discuss the study and results.
- Issue is that results from initial external capacity were counterintuitive. Results from study where there was no derate on the ties showed NYCA losing reliability. This needs to be examined and discussed whether or not this result makes sense.
- Full curve was not generated for this study. A few points were calculated and indicated a shift towards a loss of reliability.
- NYISO is producing curve right now with ties set at their full value (no derates) and NYISO is seeing (at this point) that it shows a loss of reliability in NYISO. A preliminary report will be discussed at the next meeting. Note that NYISO opened ties less UDR and grandfather contracts. Also, modeling of the neighboring control areas is not changing – or resources are not changing.
- Loop flow question: was NYISO running curve with and without loop flow switch??? NYISO responding yes.
- Suggestion that report disclose how flows or emergency transfers are changing on different runs. This will show how loop flow is effecting the calculations.

## 2. CAIR Impact on IRM

- 2.1. Pete Carney reported on the decision was made by the courts that partially reversed the previous CAIR decision – CAIR is back in play and emission from fossil plants (SOX and NOX) will be reduced over this year and next year (2009 and 2010, effective January 1) and there is a second phase that goes out 5 years. This will result in increased generation costs and increased allowance value. Court did say CAIR rule is fatally flawed though – so concern over whether or not this ruling will be enforceable to agencies due to this statement. Legal uncertainty exists over the CAIR decision; however it is in place as ruled by court.
- 2.2. Although court said that CAIR is flawed, it still ruled that it exists but that the program needs to be redesigned and improved. Pete Carney did not believe that the CAIR program, as it stands, will improve the IRM.
- 2.3. Another question was raised as to the impact of CAIR on reliability – will CAIR rule cause plants to shut down because of NOX and SOX emissions? There isn't clear evidence of this at this time.
- 2.4. \$1000 per ton of NOX equates with a few dollars per MW – therefore it should not impact the IRM. Additionally it's a season program so it doesn't effect peak days and reliability concerns.
- 2.5. Request for a short paper on the impact of CAIR on the IRM and reliability. Look at the \$/MW impact to see if CAIR's impact is material. Report requested to be completed by February or March (a few months) by NYISO (?)
- 2.6. Request for update on CAIR for February meeting.

### **3. 2009 Proposed Work Plan**

#### **3.1. Forward Capacity Market calculation**

- 3.1.1. Put together *issues paper* on some of the key problems effecting the implementation of an FCM for reliability council perspective. Included a draft scope of how to address issue. Approved by EC in last April realizing it was a work in progress.
- 3.1.2. Handed out the latest draft of which EC approved in April of 2008.
- 3.1.3. Develop an IRM 3 years out – begin study in 3 to 4 years from now. Suggestion that 2013 may be a reasonable target year to do this FCM study.
- 3.1.4. There was a suggestion made that ICS confirm all assumptions with EC to ensure that study are valid.
- 3.1.5. Because of the great uncertainty with environmental program impacts and additional wind resources, there was a suggestion to lay out 3 scenarios – base case, high range IRM, and low range IRM. For the base case, use the RNA study. Need to decide how to develop the other two scenarios.
- 3.1.6. Suggestion to do the study on a UCAP basis.
- 3.1.7. Question was raised about the uncertainty of the other two scenarios and whether or not these uncertainties will have a significant impact on estimation of UCAP based IRM level.

#### **3.2. EFORd trend analysis**

- 3.2.1. Scope required for this study.
- 3.2.2. Historical five year rolling average is always used – is this a correct assumption if there is a trend upwards? If there is, than a five year rolling average is not the best way to calculate the historical average EFORd.
- 3.2.3. NYISO did a white paper, which was discussed in a previous ICS meeting, and the issue was that some of the EFORd data was lagging.
- 3.2.4. White paper needs to be redistributed to the group.
- 3.2.5. Suggestion to study FOR prior and after deregulation.
- 3.2.6. 2008 data is worse than 2007 data. Data is showing even more of an upward trend.

#### **3.3. 2010-2011 IRM Study MARS modeling improvements:**

##### **3.3.1. Updated Load Forecast Uncertainty Model (joint LFTF &ICS initiative**

- 3.3.1.1. LFU model for J&K is being worked on.
- 3.3.1.2. Suggestion that this discussion be moved to LFTF; however ICS would like to be updated on status of LFU modeling. A recommendation should be finalized by the spring so that it doesn't affect next year's IRM progress and schedule.

### **3.3.2. Delving more deeply into the wind generation impacts**

- 3.3.2.1. When ICS develops the list of sensitivity cases that ICS recommends to EC, ICS should identify cases that have ability for large distortion. These should be targeted for additional tan 45 analysis.
- 3.3.2.2. ICS needs scope for white paper on how to do sensitivity tests on issues such as wind generation impacts and Greg Drake will be lead on this issue. By next meeting, Greg will provide draft on how to improve sensitivity procedure.

## **4. RTMS report update**

- 4.1. RTMS was preparing a report called "Reliability Compliance Review of 2004 NERC GADS outage data misreporting effect"
- 4.2. Contains 7 recommendations for NYISO and EC
- 4.3. Approved by EC at its last meeting – 2 recommendations will involve ICS.
- 4.4. Request to resend report to ICS – ICS should read it to understand effect of misreporting.
- 4.5. In 2004, there was a compliance issue with a generator that reported false data to the NYISO and last year this generator was reported as non compliance because false data caused market effects.
- 4.6. Concern over false data reporting because it affects EFORs for IRM studies and can have market impacts.
- 4.7. Recommendation that NYISO improve its data collection and review process to eliminate erroneous or errors data before it goes in to EFOR, IRM studies, and MMU (market monitoring unit).
- 4.8. It was decided that NYISO should work with ICS to improve their data collection process and consult with ICS as they develop their improved process. Request for NYISO to report ICS on progress of improving their data collection process.
- 4.9. ICS should also be involved in analyzing FOR trends in NY because of concern over the 2007 data, which showed a reversal of the true EFORs. The EC agreed that ICS and NYISO should investigate this issue and add as a future agenda item.
- 4.10. A scope must be prepared for analyzing FOR trends.

## **5. Next Meeting**

Meeting #96: February 4, 2009, 9:30am – 4:00pm.

Secretary: Carlos Villalba

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