



# INDEPENDENT POWER PRODUCERS OF NEW YORK, INC

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To: NYISO  
From: Chris LaRoe  
Date: 4/5/12  
Re: Comments on Draft Technical Bulletin 217

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Independent Power Producers of New York, Inc. (IPPNY) and its members who are market participants at the NYISO have long supported the integration of demand side resources into New York's competitive markets. In fact, such integration is often heralded as one of the many benefits created by competitive markets. However, the opportunity granted to market participants is tethered to the rules and guidelines that govern the markets administered by the NYISO. Violations of the NYISO's rules can result in financial harm to other market participants and, most importantly, threaten the reliability of the system.

As the NYISO has presented at stakeholder meetings, base load behind the fence generators were never intended to be SCRs. The NYISO's Services Tariff and its manuals expressly established that the SCR program is an emergency demand response program that is designed to reestablish reserves by removing load from the system or shifting it to on-site generation. That the resource is supposed to operate when the NYISO directs it to is enshrined in §5.12.11, which states: "Responsible Interface Parties may qualify as Installed Capacity Suppliers, ... if their Special Case Resources: (i) are available to operate for a minimum of four (4) consecutive hours each day, *at the direction of the ISO...*" [*emphasis added*] Behind the fence generators that are operating regardless of whether the NYISO requests their operation are not "operating at the direction of the NYISO." They also are not capable of providing relief when the NYISO performs an SCR call because they have already removed a portion of their host load from the NYISO system.

The need to operate at the direction of the NYISO is reinforced in the section of the Installed Capacity manual that addresses SCR performance. Section 4.12.4 of the ICAP manual states: "*A Special Case Resource must make Energy available, for a minimum four (4) hour block (except where environmental constraints that have been previously considered and approved by the NYISO require a shorter block), in amounts that correspond to the Installed Capacity Equivalent of the amount of Unforced Capacity it*

supplies to the NYCA, by reducing Load or *by transferring Load to a distributed generator*. [Emphasis added]. Again, a baseload behind the fence generator cannot perform as required in response to an SCR call because it cannot “make energy available... by transferring load to a distributed generator.” It has already transferred the load to the generator in the absence of the call and cannot provide a response when the call is made.

The treatment of SCRs as emergency resources that respond to enable the NYISO to reestablish or maintain reserves is also presented in the various descriptions of the emergency operating steps in the Emergency Operations Manual. In each case, the NYISO refers to activating the SCRs and counting them toward reserves. In the case of behind the fence baseload generators, they provide no additional relief when called because they have already removed their load from the NYISO system.

Therefore, IPPNY agrees with the substance of Technical Bulletin 217 and believes that any appropriate steps necessary should be taken in an expeditious manner to ensure baseload behind the fence generators are not inappropriately participating in the SCR program.