

***Draft***

# NY City Steam Exemption

Steam Exemption Specifics

Peripheral Issues

4/6/05 MC Meeting

Agenda #7

# NYC Steam Exemption

- Units supplying the New York City steam distribution system are granted penalty exemption (PURPA-like) due to operating characteristics.
  - Electricity output level is driven by NYC steam load.
  - Steam supply and reserve requirement is a utility service regulated by the PSC.
- The tariff was written when the total capacity of units supplying the city steam utility was 365 MW; this MW level is identified in the tariff language as the number of exempted MW.

# NYC Steam Exemption

- Consolidated Edison is in the process of replacing its old steam supply generators with cleaner and more efficient units with the same steam capacity and 499MW electricity capacity. (Commercial operation to commence May 1)

# NYC Steam Exemption

- The software effort to maintain only 365 MW of exempt capacity in 499MW of steam capacity will be substantial.
- The ISO recommends and the BIC approved a tariff change to raise the exempted amount of steam capacity from 365MW to the 499MW level

# Peripheral Issues

- The BIC also requested that this exemption increase be evaluated as part of a broader scheduling and dispatch rules examination in light of several pending developments such as additional wind energy, combined cycle modeling, 15 minute scheduling, and startup/shutdown penalty examination.
- The ISO agrees and such an examination has been initiated.

## Motion

The Management Committee (MC) approves modifications to Section 3.0(ii) of Rate Schedule 3-A, and Section 4.5(ii) of Article 4 of the Market Services Tariff to increase the current 365 MW exemption from under-generation penalties to up to 499 MW, consistent with the presentation made to the BIC on March 16, 2005, to become effective by May 1, 2005.