

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System
Operator, Inc.

Docket No. ER05-428-000

NOTICE OF STAFF TECHNICAL CONFERENCE

(March 10, 2005)

Take notice that a staff technical conference will be held on Monday, March 21, 2005, at 10 a.m. (EST) and, if necessary, on Tuesday, March 22, 2005, at the Federal Energy Regulatory Commission, 888 First Street N.E., Washington, DC 20426, in a room to be designated.

As explained in the Commission's order directing staff to convene a technical conference,¹ the purpose of the conference will be to address specific issues relating to the appropriateness of the specific parameters to be used by the New York Independent System Operator, Inc. (NYISO) in calculating the Installed Capacity (ICAP) Demand Curves for Capability Years 2005/2006, 2006/2007, and 2007/2008. Thus, staff is particularly interested in understanding how different assumptions for these issues will affect the Annual Reference Value, and potential interdependencies between different assumptions. Staff is looking for specific and factual recommendations on the parameters that should be used and why they are appropriate.

Staff has identified the following specific issues:

1. Load Shapes

Does the 2002 load shape used in the Levitan analysis represent normal weather? If not, what load shape does represent normal weather?

2. Modeling Assumptions

Is it necessary to reflect recent new capacity additions in NYCA in the modeling of future net revenues?

3. Accuracy/Appropriateness of Peaking Unit Characteristics

Are the operating characteristics of the assumed peaking units (the 7FA and LM6000) used by Levitan reasonable? If not, what are reasonable operating characteristics?

¹ *New York Independent System Operator, Inc.*, 110 FERC ¶ 61,201 (2005).

Is the ability of these units to participate in ancillary services and day-ahead markets, particularly given their environmental permits, important in determining the parameters of the demand curve?

4. Peaking Unit Costs

Are the capital cost assumptions and financing periods used in the Levitan analysis reasonable? If not, what assumptions are reasonable?

5. Scarcity Component

Should the NYISO have included an adjustment for the scarcity component in their derivation of the Annual Reference Value, and if so, what adjustment is reasonable?

What were the assumptions used to develop the scarcity component?

Are the assumptions consistent with the Levitan analysis?

6. Local Siting Costs and Constraints

Should local costs and constraints be included in development of costs for a representative peaking unit?

Are Keyspan-Ravenswood's points concerning local siting issues, such as fixed gas transportation costs and local property taxes, correct?

7. Impact on Demand Curve Parameters

How do you reflect potential interdependencies between different assumptions?

8. Should the Zero Crossing Point be changed? If so, what should be the Zero Crossing Point, and why?

9. Is it reasonable to include an adjustment reflecting winter and summer capacity levels in the Annual Reference Value for NYCA Demand Curve? Is it reasonable to not include a similar adjustment for the New York City Demand Curve?

Those persons interested in speaking at the conference should send a short e-mail to David.Kathan@FERC.gov listing their name, title, affiliation, address, and a short (one paragraph preferred) description of the topic(s) they wish to discuss. Staff will prepare an agenda for the conference based on the responses received. Staff will determine the identity and times allotted for speakers. We encourage parties sharing the same position on an issue(s) to coordinate their efforts and designate the fewest number of speakers possible to present their positions.

The conference will be transcribed. Transcripts of the conference will be immediately available from Ace Reporting Company (202-347-3700 or 1-800-336-6646) for a fee. They will be available for the public on the Commission's e-Library seven calendar days after FERC receives the transcript. The e-Library is accessible to the public on the Internet at <http://ferc.fed.us/docs-filing/elibrary.asp>.

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All interested parties and staff are permitted to attend the conference. For more information about the conference, please contact David Kathan at 202-502-6404 or e-mail David.Kathan@FERC.gov.

Magalie R. Salas
Secretary