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Subj Modeling of External Areas In the ERP MARS Database
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Bill –

At the meeting you indicated that we had a complete enough discussion of the external area modeling so that there was not a need to send anything in writing. Nonetheless, I am sending a summary of my points at the meeting so that we can avoid any possible confusion.

Changes to the External Modeling in the NYISO's ERP MARS analysis

1. All external interfaces should be represented at their full physical capacity less the amount of known long-term contracts. In the IRM analysis the interfaces are also derated for the maximum amount of economy external capacity that we will allow into our control area. By NYSRC directive the amount of economy external capacity that can be allowed is limited to the amount that will not impinge upon the emergency support.

In the ERP we should assure that we are not understating the potential for emergency support. Capability of emergency support can fluctuate because of changes in our neighbors available resources or system configuration. By derating for only the known long-term contracts we will assure that we have not artificially restricted the amount of emergency support. This will assure that we allow all emergency support into the system that would be allowed to occur in the future years IRM modeling. Artificially suppressing the emergency support will result in the NYISO ERP process overstating the needs for capacity within the state and thereby overstate the need for backstop solutions.

2. In the IRM analysis the amount of resources in external areas are limited to the lesser of the existing resources or the level of external resources required for the external area to meet its minimum

reliability requirement. For the past several years the NYISO has performed the ERP MARS analysis of the need for capacity by freezing the external representation from the IRM MARS database. Some of the NYISO's neighboring areas have been below their minimum reliability requirements in the IRM analysis and the process of just taking the IRM MARS representation has been to carry that deficit forward. The result has been to understate the amount of emergency support that the NYISO would get after these regions add capacity and improve their own reliability. This overstates the reliability need in the NYISO and makes the NYISO ERP process inconsistent with the IRM modeling that would occur for the future years when the new capacity has been added in the neighboring area.

To correct this problem the NYISO should model known capacity additions, retirements and forecast load growth in the neighboring control areas until these regions achieve their minimum target reliability requirements. At that point the representation of the external area can be frozen. Making this change will make the ERP modeling consistent with how the IRM would be modeled when faced with the same information. As such, it will come as close as we can reasonably expect to matching the capacity requirements that would be identified by the IRM analysis and that will ultimately drive our capacity markets. Failing to make the change will overstate our need for capacity and will effectively result in the NYISO identifying reliability needs that are being driven, in part, by capacity needs in our neighboring markets that the neighboring markets have already made plans to meet.

If you have any questions about this proposal then please email me or call me at 518-286-1937.

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