nationalgrid

April 28, 2008

Dr. Henry Chao
Mr. William Lamanna
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, NY 12144

Subject: Comments of National Grid on Base Case Modeling Assumptions Used in the 2009 Comprehensive Reliability Planning Process

Dear Dr. Chao and Mr. Lamanna:

As requested at the April 9, 2008 Electric System Planning Working Group ("ESPWG"), National Grid has the following comments to the assumptions that will be used in the base case modeling for future Comprehensive Reliability Planning Processes ("CRPP").

Modeling of External Ties

Currently, it appears that in the modeling of external ties in the Reliability Needs Assessment ("RNA"), the NYISO holds constant a combined derate of 2,755 MW in order to account for external sales of ICAP into New York. National Grid has a concern that this is too aggressive. By assuming a combined transaction limit of 2,755 MW, the RNA erodes some of the emergency assistance capability ("tie benefits") from neighboring systems. Assuming that the amount of ICAP sales in New York should have no impact on LOLE in near terms resource adequacy studies (e.g., IRM), National Grid believes that maintaining a constant derate of 2,755 MW throughout in the ten year planning horizon will actually have an effect on LOLE in the later study years. As a result, the NYISO may needlessly be triggering a reliability solutions well ahead of a true reliability need.

Furthermore, per the 2008 RNA (see, Table 3.3) the NYCA resource margin in 2013 is 110.1%. If you add 2,755 MW of ICAP imports to the NYCA resource margin, you get a 117.6% total resource margin. The obvious concern from this data is that it will be very difficult if we need a reliability solution in 2013 to either defend: (1.) paying for 2,755 MW of external resources because it is not useful in maintaining statewide LOLE criteria; or, (2.) being allocated costs for a statewide reliability project given the statewide ICAP obligations are likely met (assuming the IRM in 2013 is 17.5% or less). Therefore, National Grid recommends that the NYISO adjust the amount of imports so that they do not impact LOLE for each study year in the RNA.

Interface Limits

National Grid has concerns with use of the limits in the 2008 Summer Operating Study. Our concern is that in the operating study, lines can be ignored on an interface because they have

a low distribution factor. However, in actual operation, these lines could have overloads requiring operator action, including the possible reduction in transfers. A planning analysis should clearly take into account these lower voltage lines in evaluating the total interface.

Defining Underlying 115 kV System As Local in All Cases

As National Grid has discussed before, there is a need for stakeholders in ESPWG to discuss and define solutions that are clearly local in nature, and must be planned and constructed by the local Transmission Owner, and those solutions that should come through the CRPP. National Grid has a concern that the current CRPP treats all problems occurring on the underlying 115 kV transmission system as being a local need even when such problems occur due to a contingency on the 230 kV and above transmission system. National Grid believes that the NYISO has an obligation to notify the Transmission Owner when these problems occur, but when these problems have an impact on the 115 kV and below transmission system due only to contingencies and criteria on the 230 kV and above system, the CRPP and market should have an opportunity to respond. Clearly, problems that occur on the local system that are not due to facilities within the NYISO's planning process are clearly the responsibility of the Transmission Owner. National Grid looks forward to further discussions of this issue with stakeholders at future ESPWG meeting and other forums.

National Grid appreciates the opportunity to comment. Questions on these concerns can be directed to Bart Franey at Bart.Franey@us.ngrid.com or (315) 428-5136; and Joseph Hipius at Joseph.Hipius@us.ngrid.com or (315) 428-5783.

cc. Terron Hill
Carol Sedewitz