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December 5, 2006 ICWG Meeting

Draft Proposal to Modify the Text of ICAP Manual (version 6.2)

Submitted for Discussion to the ICAP WG Meeting of December 2006

This proposal is to the NYISO to modify the text of the ICAP Manual (version 6.2) as follows:

- 1) Section 4.14 addresses issues relevant to UDRs, which when combined with Unforced Capacity that can be delivered to a NYCA Locality, qualifies the Unforced Capacity to be treated as if it were located in the NYCA Locality.

The text refers to Unforced Capacity, which implicitly includes, but does not explicitly identify an SCR. The text of Section 4.14 states only that the Unforced Capacity must be deliverable to the Interconnection Point. This language is clear with respect to a generator, but does not explicitly include the requirements to be met by an SCR.

The text of Section 4.14.3 only states that the Installed Capacity must be identified with an identifiable physical location. Please revise the text of Section 4.14.3 to clarify that, for an SCR, the identifiable physical location may be a retail account located anywhere within the external control area, behind which service entrance the SCR is located. Also, please clarify the definition of deliverability to the NYCA interface; e.g. include in the text a statement that financial transactions qualify; energy may be purchased in the day-ahead market in the zone of the retail account location to the NYCA interface, whether or not SCRs have been called upon to curtail loads in the NYCA Locality. Further, for an external control area, in which there are no "localities" for capacity (today, both ISO-NE and PJM fit this category), can the day-ahead energy be purchased at the point of injection into the controllable cable?

- 2) The first paragraph of Section 4.14.5 states that UDRs, when combined with qualified Unforced Capacity, may be sold in an NYISO-administered Installed Capacity Auction, without requiring the allocation of External Installed Capacity Rights.

The following text provides the information submission requirements for External Unforced Capacity Suppliers who wish to supply Unforced Capacity associated with UDRs. However, to learn the requirements,

the reader is referred to Section 4.9.1, which states that it is applicable to External Generators, System Resources and Control Area System Resources. The text should be modified to state that it includes SCRs and the text should also be modified to explicitly identify the requirements of a SCR.