

December 8, 2006

Presentation to Price Responsive Load Working Group

On December 5, a presentation was made to the ICAP Working Group, with respect to a proposal to modify the text of Section 4.14 of the ICAP Manual to enable SCRs, located outside of the NYCA, to be combined with a UDR in order to be able to participate in the NYCA ICAP market. A copy is attached.

One of the meeting participants noted that the issue was raised during the CRAM (Centralized Resource Adequacy Model) development, at which time it was decided to postpone consideration. However, this does not mean for all time.

The reaction to the presentation of the meeting attendees was that a number of issues needed to be resolved and coordinated with the CA at the injection point of the controllable transmission line; for purposes of the discussion, it is assumed that the initial contact will be with the ISO-NE. The identified by the attendees include:

- The need to obtain an agreement from ISO-NE, under which it will recognize the demand reduction from the SCR resources in real time and allow the same energy to flow through the transmission line during a load curtailment.
- The energy injected into the transmission line during a load curtailment arises from load reduction at some point within the ISO-NE CA and must either be physically transported to the injection point or equivalent energy must be purchased via the use of financial transactions; it is necessary to specify which approach is acceptable.
- There is a need for ISO-NE to assure the NYISO that scheduled energy will flow through the cable, using the SCR capacity that is backing it, including hours during which SCR resources have not been called upon to operate.
- There is a need to identify a mechanism for ISO-NE to increase the DNI to NY during an SCR call.
- The need to obtain a reciprocity agreement with ISO-NE.

Alternatively, John Charlton stated that the collective SCR resource could become a system resource and be treated as a virtual power plant, which may not be feasible except for a sufficient aggregation (say, 10 to 20 MW) of SCR resources; this would also entail reporting to the NYISO (which normally requires an RTU tied to the T-O to provide data at six-second intervals) using the data from individual SCR sites collected at a single control center.

During the meeting Dave Lawrence agreed to make an inquiry of the reaction of ISO-NE to such a proposal and that would be an appropriate place to start.

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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.