

RESOURCE ADEQUACY ISSUES TASK FORCE (RAITF) SCOPE OF WORK

1. Background

On October 6, 2005, National Grid (NG) filed a complaint at FERC asserting in essence that either (a) the NYCA IRM and corresponding locational capacity requirements (LCRs) should be set to the Free Flowing Equivalent IRM or (b) the increase in the NYCA IRM requirement that is caused by Zone J (NYC) and K (Long Island) transmission constraints should effectively be assigned to LSEs serving NYC and Long Island. Following this filing, several parties, including the NYSRC and NYISO, submitted filings either disagreeing with or supporting the NG complaint. On February 2, 2006, FERC dismissed the NG complaint without prejudice. FERC further ordered that the NYSRC and NYISO must file, within 90 days of the order, a report(s) describing the progress they have made in resolving NG's concerns (90 Day Report).

2. Objective

The Resource Adequacy Issues Task Force (RAITF) was established to address the issues raised in the NG complaint and the FERC order. The RAITF's objective is to provide **market participant** input to assist the NYISO and NYSRC **for their consideration** in their preparation of the 90 Day Report, which is due to FERC by May 3, 2006. The RAITF will also review applicable studies/reports and may make recommendations to the NYISO and/or NYSRC regarding potential modifications to the methods, procedures and market rules that affect resource adequacy in New York.

3. RAITF Structure

Co-Chairmen: Curt Dahl, Chairman of the NYSRC's Installed Capacity Subcommittee (ICS), and Glenn Haake, Chairman of the NYISO's Installed Capacity Working Group (ICAPWG)

Membership: the RAITF will be open to all NYISO market participants and NYSRC participants and is expected to include members of ICS and ICAPWG.

4. Tasks

A. Comments on 90 Day Report

The RAITF shall provide input to the NYSRC and NYISO to inform these entities of stakeholder views concerning the issues to be addressed in the 90 Day Report. The RAITF shall also review and comment upon the draft 90 Day Report(s) prepared by the NYISO and NYSRC.

B. Recommendation on IRM/LCR Approach

The RAITF will conduct a review of applicable studies and procedures of the NYSRC and NYISO that relate to resource adequacy for the purpose of making recommendations to the NYISO and/or NYSRC for their consideration concerning:

1. whether stakeholders support revising/modifying resource adequacy policies and the procedures used to address NG concerns/establish, and allocate costs associated with, the IRM and LCRs, and, if so
2. whether such revisions/the approaches used to develop such modifications should ~~take the form of~~ include:
 - a. revising the procedures used to develop the IRM and LCR; and/or
 - b. revising how costs associated with procuring these requirements are allocated among LSEs and/or
 - c. determining what priority, if any, the objective of minimizing the total statewide costs for ensuring reliability should be accorded (P24 of the order)

C. Recommendations on Resource Adequacy–Market Design

In addition, the RAITF may make recommendations to the NYISO regarding proposed market design changes relating to the procedures used to establish, and to allocate costs associated with, the IRM and LCRs that consider such things as cost allocation, market incentives that integrate resource adequacy needs with market signals, short-term and long-term reliability impacts, and the impact of potential changes on existing market designs.

The studies and reports- that the RAITF will review and evaluate include, but are not limited to, the following:

1. Upstate-Downstate Study: this study has been authorized by the NYSRC's Executive Committee (EC) and is scheduled to commence in the Spring of 2006. It is intended to calculate LOLE and quantify the capacity assistance that Upstate and Downstate provide to one another;
2. 2006 IRM Study: this study was completed **[January 31, 2006]**
3. Tangent 45 Methodology: the EC has instructed the ICS to evaluate the Tangent 45 methodology used to calculate the IRM for the 2006 Capability Year and provide a report to the EC of its findings and conclusions. This will include a review of the Free-Flowing Equivalent IRM Methodology. ICS has agreed to report its findings and conclusions to RAITF for its evaluation;
4. Comprehensive Planning Process; Reliability Needs Assessment issued December 21, 2005;
5. ~~others?]~~ The 2006 Locational Capacity Requirements Study approved by the NYISO Operations Committee (OC) on [February 7, 2006]

The RAITF shall prepare a report that sets forth its findings and conclusions regarding the foregoing issues and scope of work.

~~Decisions by NYSRC EC and NYISO Operating Committee on the 2007-2008 IRM and LCRs, respectively, after considering the results of the above analyses and recommendations~~

5. Schedule

A. Deliverables:

- RAITF report on status of its efforts to develop and adopt a Scope of Work RAITF Comments on draft 90 Day Report: ~~[to NYISO Business Issues Committee (BIC) – April 5, 2006; NYISO Operating Committee OC – April 6, 2006; and to NYSRC EC – April 7, 2006;~~
- RAITF reviews and provides comments to the NYISO and NYSRC for their consideration on their draft Report(s) – Dependent on issuance of draft Report (expected in mid-April); ~~Need to discuss~~
- RAITF shall endeavor to report preliminary findings and recommendations for NYISO and NYSRC consideration on issues set forth in Section 4(B), above, ~~shall be delivered sufficiently in advance of the summer 2007 capability period so any changes in New York’s resource adequacy policy can be implemented in time for the summer 2007 capability period by August 1, 2006~~ [Note: Concern that this may effectively foreclose consideration of Section 4(B)(2)(a), above]
- RAITF report on issues set forth in item 4(C): ~~discuss~~ To be determined

B. RAITF Meetings:

- Kick-off meeting – March 1, 2006;
- March 15, 2006 – second meeting
- other meetings to be scheduled