

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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December 7, 2010

Donna Pratt
New York Independent System Operator, Inc.
10 Krey Boulevard, Rensselaer, NY 12144
Sent via E-Mail: dpratt@nyiso.com

Re: Solicitation of Comments on NYISO SCR Performance and
Measurement Proposal

Dear Ms. Pratt:

The following reflects the comments of the Staff of the New York State Department of Public Service in response to the solicitation for comments on the NYISO's SCR performance and measurement proposal. Should you have any questions, please feel free to contact me at (518) 473-8178, or via e-mail at: david_drexler@dps.state.ny.us.

1) The NYISO Should Measure Performance Based on Four Hours of Performance, Or Provide Supporting Documentation Why A Six Hour Period Is Necessary

In order to calculate the Special Case Resource (SCR) performance events, the NYISO has proposed to utilize the lesser of the best event performance during six consecutive hours or the performance during the event duration, rather than the current methodology of utilizing the best event performance during four consecutive hours. The NYISO indicated that their reason for going from four hours to six hours was that NYISO operations would like to rely on Demand Response (DR) resources for a longer period of time. However, operations has never expressed this desire before,

or provided any supporting documentation as to why this increased performance is necessary.

DPS Staff is concerned that the proposed change from four to six hours will result in reduced participation of DR resources. Many DR resource providers have indicated that actual performance beyond four hours would suffer as a result of "customer fatigue," and cause them to drop out of the SCR program if six hours of performance is required. Therefore, the NYISO should retain the four hour performance window. Alternatively, the NYISO should provide a sufficient explanation along with supporting documentation as to why a six hour window is necessary from an operations perspective, and the need for such change outweighs the potential for decreased participation of DR resources.

2) The NYISO Should Reflect The Impact of Con Edison's Demand Response Programs By Either Adjusting Participants Load Or Excluding The Hours During Which Those Programs Were Implemented.

The NYISO's proposed Alternative (i.e., Average Coincident Load (ACL) on Page 4 of the presentation) references the calculation of resource baseline using the time window of 1pm to 7 pm - a six hour window. Out of that window, resources will have to choose the top 20 out of 40 hours. The NYISO further proposes that the ACL use the NYCA peak hours and calculate the top 20 of top 40 coincident hours for a resource baseline, excluding NYCA hours in which reliability events were called for SCR, EDRP, or TDRP (Targeted DR Program). However, the NYISO would not exclude events that were called by Consolidated Edison Company of New York, Inc. (Con Edison) for its own DR programs, namely the Rider U (DLRP) and the CSRP.

DPS Staff maintains that the NYISO's failure to exclude Con Edison's DR programs could result in the underestimation of baseline measurement and SCR performance. If a resource is enrolled in either of Con Edison's programs and has been asked to curtail (which is currently premised on 92.5% of peak and proposed to go to 96% of peak) during a NYCA hour, that resources load may be lower than it otherwise would have been, thereby indicating a lower baseline. In order to address this underestimation

of a resources baseline measurement and SCR performance, the NYISO should adjust the DR resources load to the extent it is participating in Con Edison's programs, or exclude the hours during which those programs were called upon from the calculation of NYCA peak load.

Very truly yours,

A handwritten signature in cursive script, appearing to read "David G. Drexler".

David G. Drexler
Assistant Counsel

