

NAVIGANT
CONSULTING

Potential for Increasing HQ Deliveries to NYCA

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Current Situation

- » Normal Conditions
 - › HQ imports are limited to 1500 MWs
 - 1200 MWs can be delivered or sinked in NYCA
 - 300 MWs can be wheeled to other control areas

- » As Conditions permit
 - › HQ imports can be increased to 1800 MWs
 - 1200 MWs can be delivered or sinked in NYCA
 - 600 MWs can be wheeled to other control areas

ISSUE

- » Allowing increased HQ energy to sink in NYCA, could result in significant economic benefit for loads in New York.
- » Why hasn't this been done in the past?
 - › Actually in NYPP operation, HQ was allowed to exceed 1200.
 - › This was provided that sufficient 10 minute reserve was available to cover the loss of the HQ tie.
 - › Under NYISO operation , ISO has assumed that all imports are capacity and therefore all reserve requirements would need to increase – 10 minute and 30 minute in order to allow this
 - Since this would by necessity have to be done day ahead it has not been allowed thus far.

ISSUE

- » Is this a reasonable assumption?
 - › Day Ahead – probably
 - › Real Time – Probably not
 - Commitment has been done, sufficient capacity has been given a day ahead contract to provide energy and reserves for the day.
 - › Additional energy available as an economy type purchase could be considered energy only
- » The benefit to this type of transaction is that reliability criteria only requires sufficient 10 minute reserve to cover the energy loss.

Proposal

- » In Real time -
 - › When sufficient latent reserve exists to allow an energy delivery above 1200 to sink in NY, HQ should be allowed to bid that in to the hour ahead market.
 - By increasing the delivery to NY it will also serve to create more latent reserve
 - NY loads will benefit as a result.
- » In addition, NYISO should study the ramifications of allowing more imports into NY Day ahead
 - › Basically this involves a cost benefit analysis of increasing the Reserve Requirement dynamically in the day ahead market –
 - Instead of a fixed 1200 MW 10 minute and 1800 MW 30 minute requirement , allow it to vary as the hourly commitment varies.

Going Forward

- » Intent today is to initiate some reasoned discussions on this issue
- » For next time, to begin investigating feasibility ,
 - › Have NYISO develop statistics on latent reserve , by hour , correlated with HQ imports.
 - › Take an initial look at methods to modify SCUC to dynamically adjust the reserve requirement above 1200 MWs , and optimize any increased HQ , or other imports with the cost of reserve.