

*Compliance to FERC Order 2003:*  
Energy Resource and  
Network Resource  
Interconnection Services

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*National Grid*  
*NY-ISO BIC*  
*Agenda #15*  
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# Order 2003 Compliance

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- ◆ **Final Order offers interconnecting generators choice of two services:**
  - ◆ **Energy Resource service**
  - ◆ **Network Resource service**
- ◆ **The distinction between these two services follows the PJM model of regional deliverability**
- ◆ **Generators that meet deliverability standard would qualify for Network Resource service and could participate in Capacity market.**



# Why Regional Deliverability?

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- ◆ **Proactively improves transmission infrastructure in sync with generation development**
- ◆ **Operators can fully rely on capacity resources when needed, increasing reliability of region**
- ◆ **Opens markets allowing surplus capacity to reach deficient areas at competitive prices**



# What It Means for New York

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- ◆ **Reduces need to fund inefficient generation for the long term**
- ◆ **Reduces market power in import constrained regions**
- ◆ **Offers a choice for interconnecting generators**
  - **Minimum Interconnection Standard to participate in energy market only**
  - **Deliverability Standard to participate in ICAP market**



## Two Prong Test:

### 1. Deliverability to Load

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- ◆ **Ensures that energy can be provided from the aggregate of capacity resources in the Control Area to load in a sub-area**
  - **Considers what the sub-area must be able to import to remain within Reliability Criteria**
  - **Considers the ability of the transmission system to support delivery to the sub-area**
- ◆ **Will help reduce problems with load pockets**



## Two Prong Test:

### 2. Deliverability from Resources

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- ◆ **Ensures the ability of an area to export capacity resources to the remainder of the Control Area**
  - **Demonstrates that installed capacity in any electrical area can be run simultaneously at peak load, and that the excess energy above load in that area can be exported to the remainder of the Control Area**
- ◆ **Will help reduce problems with locked in generation**



# Locational ICAP

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- ◆ **Fixes minimum resource requirements within import constrained areas as a percent of load**
- ◆ **Will tend to hold existing transmission capacity into import constrained areas at current levels**
- ◆ **Maintains fragmented local markets with no access to broader competition**



# New York Transition Issues to Deliverability

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- ◆ **Make existing system deliverable for resources that choose to offer ICAP**
- ◆ **Determine how to allocate costs for system upgrades to achieve deliverability for existing resources, and also for new resources**
- ◆ **Develop appropriate interim mechanism to fund needed generation in existing load pockets**



# Recommendations

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- ◆ **NYISO Order 2003 Compliance Filing include two interconnection products per the Final Order**
- ◆ **Include a transition/process that will implement compliance features**
  - ◆ **Changes to NY tariff, procedures**
  - ◆ **Determination of cost allocation**
  - ◆ **Market rule implications**