Demand Curve Comments
Keyspan Ravenswood

John,

I have comments on the NERA report (8/3/07 version) as follows:

- Page 11, next to last line, under New Technology. Replace "are planned for NYC and" with "in NYC". The line would then read, "LMS100 units in NYC have been offered as a market-based solution..." This is factually accurate, as is the statement that 5 units are in the interconnection cue. "Planned" implies more certainty than the facts would indicate. Note respondents to CRP solicitation indicated that PPA's would be desirable to enable them to procede.
- The model contains a year 1-3 Immaturity Adjustment for the LMS 100, which reflects an EFORd of 12% for the first three years, and 4% thereafter. This results in an Adjusted Demand at Reference. While this is mentioned on p58, and seems reasonable based on the representation of the operating history of the single Basin Electric unit, it is not clear that the Adjustment Demand at Reference, which is $5.40 higher, is included on the NYC plot, nor is the concept incorporated in the text in the front of the document.
- The discussion entitled Number of Units on page 32 is not a good representation of what I understand was done by S&L. At my suggestion, in speaking with Chris Ungate on the S&L review of the single dual fuel LMS100 estimate (provided confidentially to NYISO), the Zone J plot of capital cost vs number of LM6000 units replaced a similar plot for an upstate zone, where it wasn't really relevant. But I actually suggested more. As I understand, these comparisons were made for the LM6000 only, using early estimates, for several zones. There are no similar results for 1 vs 2 LMS100 or 7FA units. No one doubts there is a 1 vs 2 units impact on unitized costs for all three unit types. But this section should better reflect the analysis that was actually undertaken, and the conclusions that can be drawn from that analysis. And if there is any data for the other unit types, it should be included.
- I have difficulty with the explanation of capacity factors of the NYPA LM6000 units provided on page 56. Irecognize of course that this is a sensitive subject, but does the bid data really explain the difference between the 30% capacity factor projected by the model, and lower capacity factor (less than 20%) for the years 2004-2006? Also the fact that historical capacity factors might have been higher is not really relevant. The comparison should be limited to the years analyzed.