

# New Capacity Zone Preliminary Boundary Definition and Indicative LCR

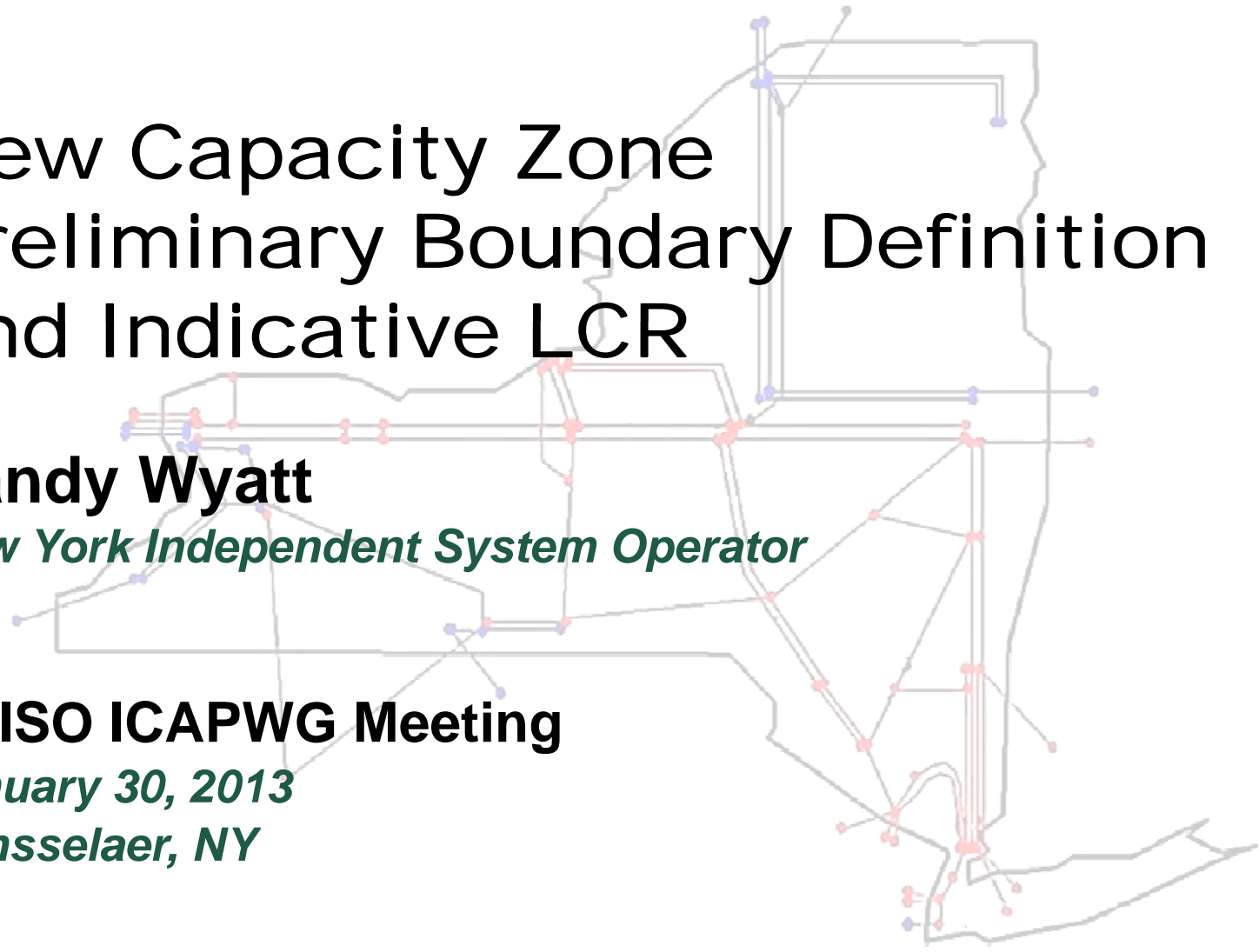
**Randy Wyatt**

*New York Independent System Operator*

**NYISO ICAPWG Meeting**

*January 30, 2013*

*Rensselaer, NY*



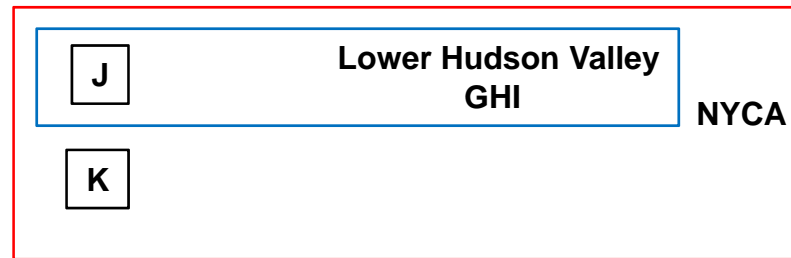
# Process for NCZ Creation

- ◆ **Step 1: Identification of Need for NCZ**
  - *NCZ Study (Highway deliverability constraint test) results presented at the January 14, 2013 ICAPWG meeting, triggers the Services Tariff requirement for the creation of an NCZ*
  
- ◆ **Step 2: Determination of the Boundary for the NCZ**
  - *The boundary of an NCZ could include one or more existing constrained Load Zones on the constrained side of a Highway interface*
  - *The NYISO is proposing a boundary for the NCZ today, and will identify the final boundary after receiving stakeholder input*

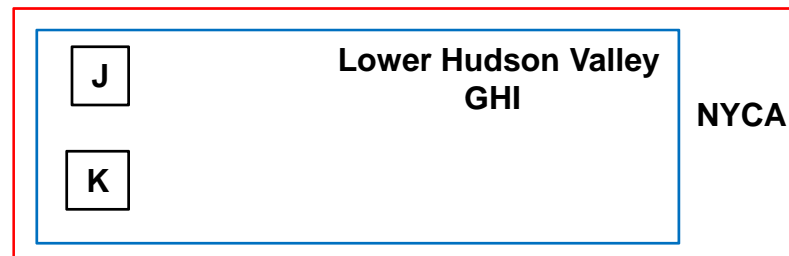
# Determination of NCZ Boundary

- ♦ “The purpose of creating zones is to help the capacity auctions appropriately select and price capacity resources from among those that participate in the auctions in light of all the actual constraints that exist.” (FERC NCZ order, 136 FERC 61,165 at P 58 (2011))
- ♦ The Services Tariff provides that “[i]n determining the ... boundary, the ISO shall consider the extent to which incremental Capacity in individual constrained Load Zones could impact the reliability and security of constrained Load Zones, taking into account interface capability between constrained Load Zones.” (MST §5.16.2)
  - *If Excess capacity in an individual Load Zone within the region of consideration for an NCZ can improve the reliability and security of a potential NCZ, it is the sole consideration for including that Load Zone as part of the NCZ.*
  - *Conversely, Load Zones that are relatively electrically isolated from other candidate Load Zones within the potential NCZ would tend to be a negative indicator for including it in the NCZ.*

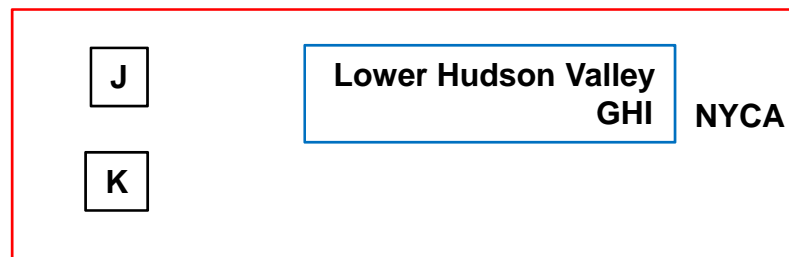
# Candidate NCZ Configurations



**G-J = GHI with Zone J**

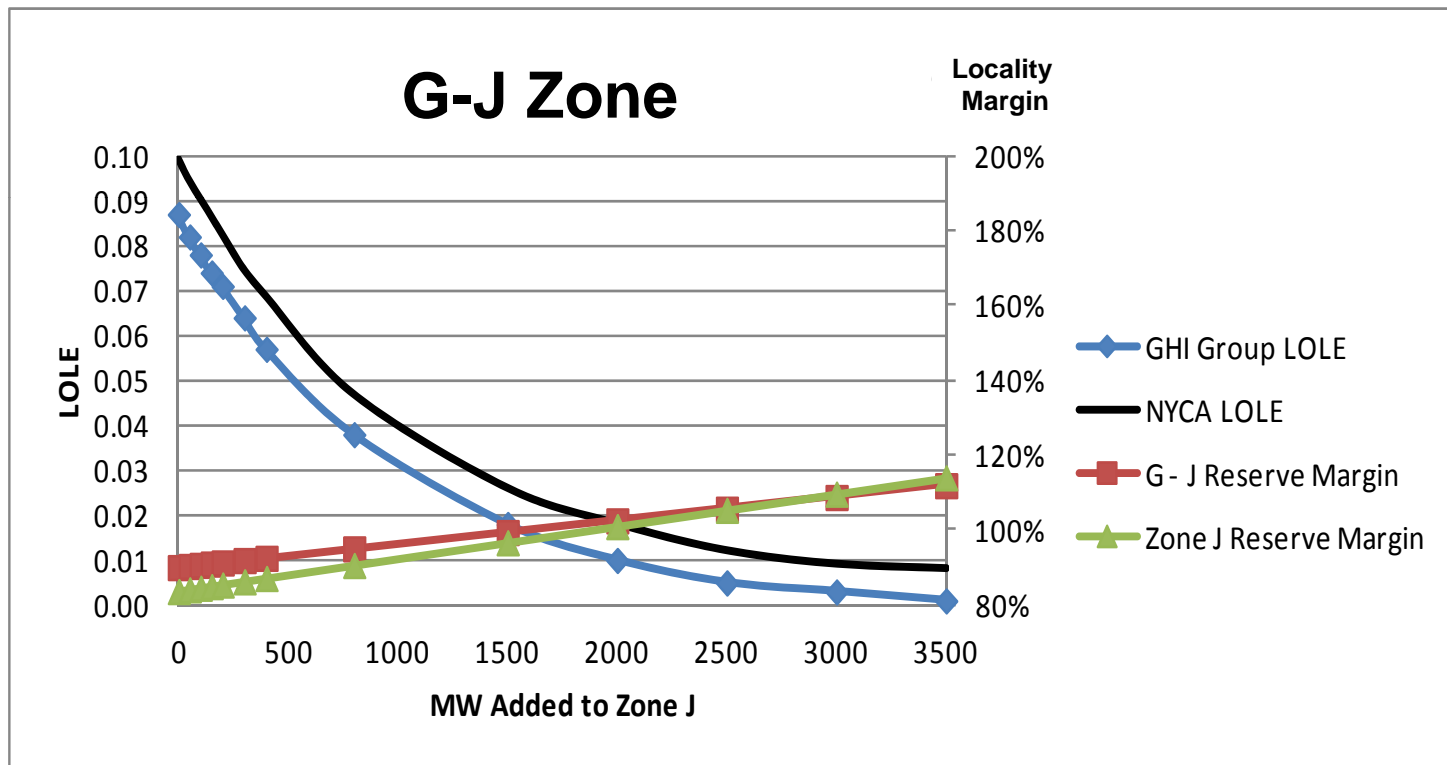


**G-K = GHI with Zones J and K**



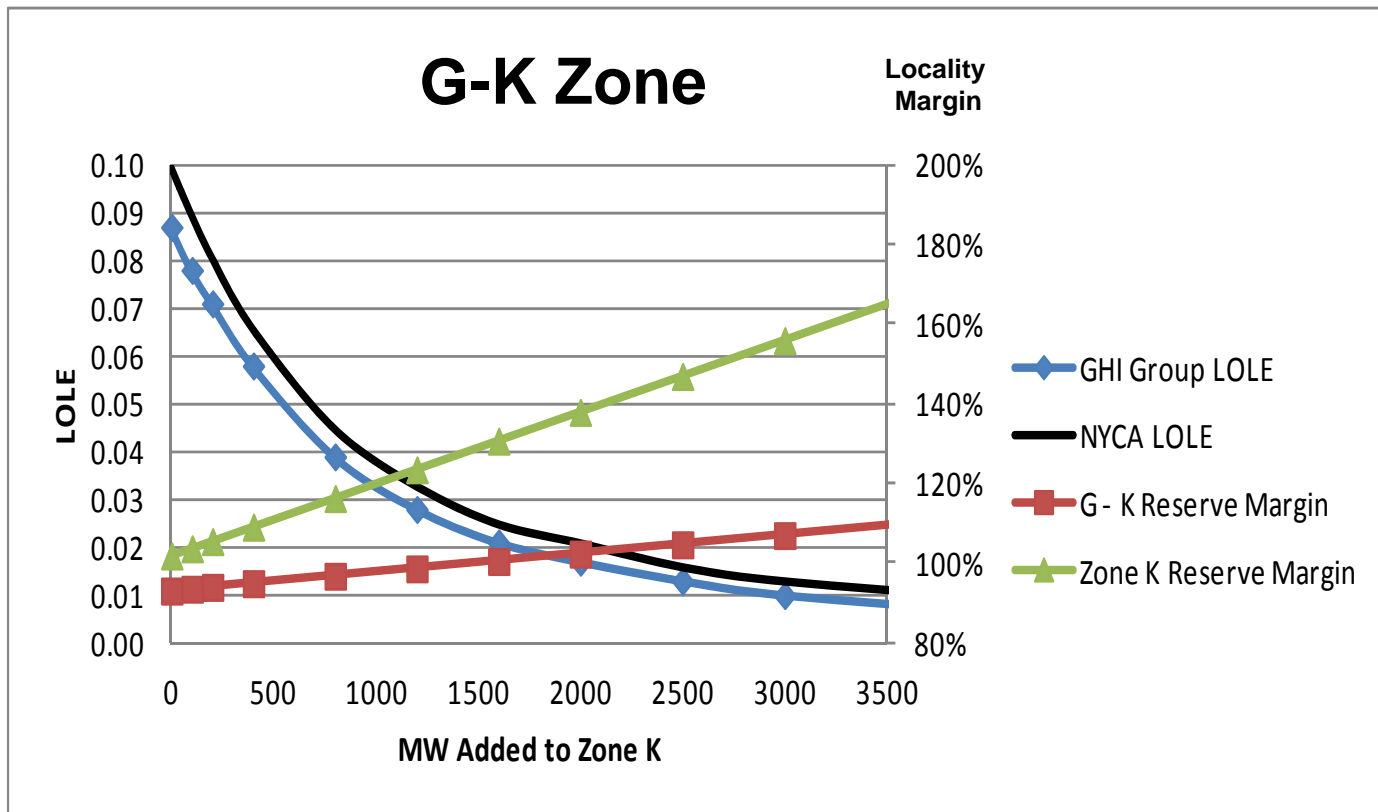
**G-I = GHI as a stand alone Locality**

# Impact of Zone J Capacity Additions on GHI LOLE



**Added capacity in Zone J can improve the reliability of GHI, hence Zone J should be in the NCZ**

# Impact of Zone K Capacity Additions on GHI LOLE



**Added capacity in Zone K can improve the reliability of GHI, hence Zone K should be in the NCZ**

# NCZ Boundary

- ◆ **NCZ Study results show that UPNY/SENY is the binding highway constraint**
- ◆ **NYCA Load Zones G through K are on the constrained side of the UPNY/SENY interface**
- ◆ **Preliminary proposed boundary encompasses Zones GHIJK**

# Indicative NCZ Locational Minimum ICAP Requirement

- ◆ **MST Section 5.16.3 provides that for “each Load Zone or group of Load Zones identified in the NCZ Study as having a constrained Highway Interface” the NYISO shall determine the Indicative NCZ Locational Minimum Installed Capacity Requirement no later than March 1 of each ICAP Demand Curve Reset Filing Year.**
- ◆ **The Indicative NCZ Locational Minimum ICAP Requirement will be used solely for the purposes of establishing the revised ICAP Demand Curves.**



## Determination of Indicative LCR for use in current ICAP Demand Curve Reset

- ◆ **Analysis to determine the Indicative LCR for GHIJK does not change the existing process used for the NYCA IRM studies or to determine Zones J and K LCRs**
- ◆ **Base case for J and K LCRs held constant**

# Preliminary Indicative LCR for G-K\*

**J LCR = 83.5%**

**K LCR = 102.0%**

**G-K LCR = 93.5%**

- \* Preliminary results are with Danskammer in the base case.
- \* The NYISO is revising the analysis to remove Danskammer consistent with the base case used to establish the LCRs approved by the OC on January 17, 2013.

# ICAP Demand Curve for the NCZ

- ◆ The ICAP Demand Curve independent consultant, NERA and Sargent & Lundy, will recommend an ICAP Demand Curve for the NCZ concurrent with its recommendation of the other curves
- ◆ Demand Curve parameters to be identified by NERA/S&L include the zero crossing point, reference point and 1.5X annual revenue requirement
  - *From the FTI Draft Report, Table 21, the change in NYCA LOLE for a MW increase in GHI falls to zero at ~110% of the target capacity requirement.*

## NCZ Pivotal Supplier Threshold

- ◆ **This will be addressed at the Feb 14, 2013 ICAPWG meeting**

# NCZ Schedule

Date	Description
9/1/2012	NCZ Study start date
10/1/2012	ICAPWG meeting:
	NYISO establishes Inputs and Assumptions for the NCZ Study
10/15/2012	Stakeholders' comments on NCZ Study Inputs and Assumptions
11/19/2012	ICAP WG meeting:
	Finalized NCZ Study Inputs and Assumptions
12/11/2012	ICAPWG meeting :
	Conceptual Methodology for determining NCZ LCR
1/14/2013	ICAPWG meeting:
	Report to Stakeholders on results of NCZ Study
1/30/2013	ICAPWG meeting:
	Proposed NCZ Indicative LCR and NCZ Boundaries
	NCZ-Impact Analysis
2/14/2013	ICAPWG meeting presentation/stakeholder discussions
	Proposed NCZ Indicative LCR
	Proposed NCZ Boundaries
	NCZ Pivotal Supplier Threshold
3/1/2013	ICAPWG meeting:
	Determine Indicative LCR for NCZ
	Identified NCZ Boundaries for 3/29 FERC Filing
3/31/2013	NYISO files proposed tariff changes with FERC to establish NCZ (e.g., NCZ Study results, revised Locality definition to include NCZ Boundary)

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