

To: William J. Museler,  
President and CEO

Date: April 10, 2001

From: Robert Soeldner,  
Vice President

### **APPEAL AND REQUEST FOR STAY OF LONG ISLAND LOCATIONAL ICAP REQUIREMENTS**

At your request, I have reviewed the appeal of the locational ICAP requirements for Long Island and the related request for a stay submitted by the Long Island Power Authority, the New York Power Authority, the Village of Freeport, and the Village of Rockville Centre (referred to here together as “LIPA”) on April 4, 2001.

#### Background

On February 14, 2001, the Operating Committee approved a 98% locational ICAP requirement for Long Island based on the NYISO staff’s recommendation, derived from a report released by the NYISO staff on February 12, 2001, entitled “Locational Installed Capacity Requirements Study Covering the New York Control Area for the 2001-2002 Capability Year” (“Locational ICAP Study”). LIPA had previously informed NYISO staff that more current data was available, but the more current data was incompatible with the codes used by the ISO. Considerable work needed to be done to resolve the incompatibility, so the earlier data was used. LIPA did not appeal the Operating Committee’s action, but, instead, presented a motion on March 27 requesting that the Operating Committee reduce the locational ICAP requirement for Long Island to 94%. The motion was rejected by the Operating Committee by a vote of 59% to 41%. LIPA has now appealed the decision of the Operating Committee to the Management Committee.

#### Procedural Matters

It is not clear what LIPA seeks to accomplish by requesting a stay. The locational ICAP requirement applicable to Long Island prior to the requirement adopted by the Operating Committee was even higher (107%) than the current requirement (98%). It is clear that an increase in the requirement is not LIPA’s intent, so they really do not want a stay of the current requirement. The present action, rather, amounts to an untimely request for the Management Committee to substitute its judgment for that of the Operating Committee, on ten business days’ notice and without supporting studies by the NYISO, by adopting a locational ICAP requirement for Long Island that is different from the one already approved by the Operating Committee.

## LIPA's Claim

LIPA believes that the 98% locational ICAP requirement established for Long Island by the Operating Committee should be reduced because that figure was calculated using data that fail to reflect what LIPA states were improvements made to a number of generators on Long Island. LIPA asserts that the correct locational ICAP requirement for Long Island is 94% when calculated using updated generator data. LIPA now appeals the Operating Committee's rejection of LIPA's motion to reduce the locational ICAP requirement for Long Island from 98% to 94%.

## Discussion and Recommendations

LIPA states that the generator availability data used in the Locational ICAP Study for Long Island is flawed because more current data is available. The revised data promoted by LIPA must be carefully analyzed for accuracy before it can serve as the basis for a determination of locational ICAP requirements, however. At the time the ICAP Working Group of the NYSRC approved the data used in the statewide installed reserve margin study on which the locational ICAP requirements are based, it was known that more current data was available. Nevertheless, the ICAP Working Group used existing data because it was not possible to fully evaluate the revised data, and no availability trends were discernable. Furthermore, the new availability data presented by LIPA did not include all of the plants on Long Island. Staff correctly concluded that use of only a portion of the plants would not be statistically valid.<sup>1</sup>

LIPA states that the use of the more current data would have resulted in a decrease in the locational ICAP requirement of several hundred megawatts, and states that NYISO staff should have verified that decrease with a sensitivity analysis. Staff correctly concluded that a sensitivity analysis was not appropriate because the issue, if any, was the validity of the data, and not the magnitude of its impact on the locational ICAP requirement. The great impact asserted by LIPA makes it all the more important that the data be validated, since such an impact could only be produced by massive increases in unit availability. Staff correctly concluded that such significant changes require careful scrutiny, especially in light of the NYSRC working group's findings that no availability trends were discernible.

Finally, even if the new LIPA data is accepted at face value, the inconsistency of the new LIPA data with the larger body of data would be inconsistent with the calculation of the statewide reserve margin. The logic supporting a change in the locational ICAP requirement for Long Island would be equally applicable to the Reliability Council's statewide reserve margin study. However, in studies of this nature, new data is developed all the time, and there must be a reasonable cut off point in order to assure the accuracy and consistency of the underlying data. In this case that cut off point was determined by the established procedures of a working group of the Reliability Council, the Executive Committee of the Reliability Council, and the NYISO Operating Committee.

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<sup>1</sup> Subsequent to the Operating Committee meeting on March 27, LIPA presented data that, it said, included the remainder of the plants. Those data have not been evaluated.

### Conclusion

For the reasons discussed above, and after reviewing LIPA's April 5, 2001, correspondence on this matter, I recommend that the 98% locational ICAP requirement that was previously approved for Long Island by the Operating Committee remain unchanged for the Summer 2001 Capability Period. The new data proffered by LIPA should be fully evaluated for inclusion in the next Locational ICAP Study and the next determination of the locational ICAP requirement for Long Island.

R.S.