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5.2 NYISO Protocol for Local Generator Participation

This section describes the circumstances under which state agencies, state authorities, regulated utilities, and non-regulated CSPs may contract with customers who agree to reduce demand on the electricity grid by offloading all or a portion of their own power needs through the operation of emergency generators.

This protocol was agreed upon by the New York Public Service Commission (PSC), New York Department of Environmental Conservation (DEC), New York Energy Research and Development Agency (NYSERDA), New York Power Authority (NYPA), Long Island Power Authority (LIPA), and the NY Independent System Operator (NYISO).

It is understood that prior to Summer 2002, the terms and conditions contained in this protocol are intended to be incorporated into utility demand reduction programs regulated by the PSC and are to be made preconditions to participation in the Emergency Demand Response Program (EDRP) by the NYISO.

5.2.1 Program Limitations

Self-generation customers participating in the program will be activated only by the NYISO emergency demand response program, or the transmission owner (TO) in the event of a localized distribution emergency.

Self generation operated in response to either an EDRP or a TO call shall be limited to no more than 200 hours annually.

All generators that will respond to a "call" for self-generation under the program must be subject to one of the following: (i) a DEC Title V permit, (ii) a DEC state facility permit, or (iii) a DEC facility registration. For those generators registered in EDRP prior to May 2, 2002, evidence of application for or receipt of the appropriate DEC permit must be submitted to the NYISO by May 1. Generators applying for EDRP registration after May 1, 2002 should submit evidence that they have applied for or received the appropriate DEC permit at the time they submit their EDRP registration to the NYISO.

Wherever supplies are available for delivery, program participants utilizing diesel fueled emergency generators will use ultra-low sulfur diesel fuel in generators that will be activated in response to a call, as well as for testing purposes. This fuel requirement applies to all tank fills made during the calendar year in which the customer has contracted to participate in the program.

NYSERDA will make the determination as to when supplies are available for purposes of this guideline.

Where a supply of ultra-low sulfur fuel is not available for delivery and a state agency is the project sponsor, the participating state agency will mitigate the use of regular diesel fuel by purchasing ultra-low sulfur fuel for displacement of regular diesel fuel at a level that is no less than three times the amount of regular diesel fuel that would be expected to have been consumed by generators participating in its emergency self-generation program.

In addition to the above mitigation measures, the program will be limited to:

- a). Model year 1995 or newer generators; or
- b). Model 1994 and older generators must demonstrate, either by generator-specific manufacturer's data or through emissions testing, that NO_x emissions do not exceed 35 pounds per megawatt-hour (lb/MWh). Emissions testing methods for "test and tune" purposes should be

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conducted consistent with industry established protocols (such as the American Society of Testing and Materials [ASTM] D6522-00) and applicable DEC regulations.

5.2.2 Reimbursement of Expenses

NYSERDA will reimburse System Benefits Charge (SBC) eligible customers up to 100% of qualifying costs for expenses involved in preparing for participation in the program. For all non-SBC eligible customers, expenses will be reimbursed by the participating state agency or authority as provided for in the respective demand reduction program.

Eligible expenses include; testing and tuning of emergency generators, advanced metering, communications and control devices, rewiring circuits, installation of transfer switchgear, environmental permitting, selective catalytic reduction technologies, stack modification, operational improvements, cost differential (if any) for use of ultra-low sulfur fuel, and implementation of advanced dual-fuel options.