

# LCR Process Review

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**LCR Task Force**

*March 5, 2015*

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# Administrative

- ◆ Introductions
- ◆ Approach to Meeting
- ◆ Provide a starting reference for task force members for consistent understanding of objectives, issues, and processes
  - *Discuss background information*
  - *Discuss expressed concerns with LCR process*
  - *Discuss existing processes*
- ◆ Discuss topics for next meeting, but don't discuss specifics of alternatives or solutions at this meeting
- ◆ Discuss meeting schedule

# Issue Statement

- ◆ **Some stakeholders have expressed concerns with the existing Locational Capacity Requirements (LCRs) process because:**
  - *When load decreases and resources increase, then requirements in G-I may increase*
  - *If the requirements increase, then Load Serving Entities (LSEs) need to buy more capacity.*
  - *This seems counter-intuitive when new resources are available to respond to a need.*

# Background of Request

- ◆ **NYISO was asked by the Operating Committee to work with the ICAP WG to take the lead in considering an alternative process to calculate LCRs to address the concerns raised**
- ◆ **NYISO extended to stakeholders an invitation to participate on a LCR Task Force to consider the issue**
- ◆ **NYISO is coordinating the effort to scope the request, consider alternatives and perform analysis of potential viable options, as resources permit**

# Installed Reserve Margin

- ◆ **A Power Grid requires Installed Reserve Margin (IRM) to operate its generating fleet and provide customers with reliable service**
- ◆ **There are infinite ways to calculate the LSE obligations to provide for the IRM and LCRs**
- ◆ **In NY, the Transmission Owners (TOs) reached an agreement to balance the obligation for the IRM between the upstate (north of NYC; Zones A-I) LSEs and the downstate LSEs (NYC & LI; Zones J & K)**
- ◆ **Roughly 50% of the peak electrical demand in NY is in Zones A-I and 50% in J & K**

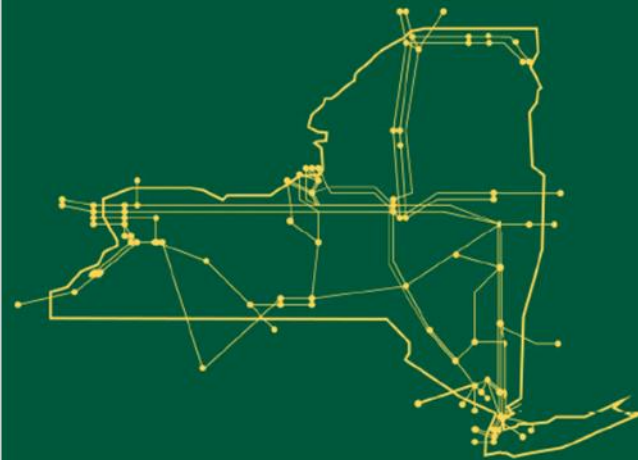
# Background of Unified Methodology

- ◆ **Unified Methodology is a two step process**
  - *Step 1 (referred to as the Tan 45 method): Develop a curve with varying IRM versus locational requirements in Zones J & K, where all points on the curve will provide a one day in ten year (0.1) Loss of Load Expectation (LOLE)*
  - *Use a 45 degree line to intersect the curve and provide a 50% balance point*
  - *Step 1 is administered by NYSRC*
  - *Step 2 (LCR Method): Starting with the IRM as a reference, determine the locational requirements of Zones J & K and the G-J Locality*
  - *Step 2 is administered by NYISO*
- ◆ **Both steps use the GE Multi-Area Reliability Simulation (MARS) program, which uses a Monte Carlo probabilistic simulation to evaluate the LOLE**

# Creation of New G-J Locality

- ◆ **NYISO was directed by FERC to create a new Locality based on the outcome of study**
- ◆ **NYISO created the G-J Locality**
- ◆ **An LCR has to be established for each Locality, so the NYISO developed a process to calculate the G-J requirement without impacting the existing Tan 45 process**

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