

Views, on behalf of the NYISO, in the matter of using Summer DMNCs, year-round, to set the UCAP value of ICAP/UCAP Resources

- The Summer peak load IS the critical load and the basis for all ICAP Requirements. It sets the requirement year-round. Planned and random outages, random load patterns, and weather anomalies (Hot or Cold), in any combination can occur at any time of the year.
- Steps in Supply, UP on November 1, and DOWN on May 1, do not reflect the true system operating requirements or correct market signals.
- IRM studies assume ALL winter DMNC capacity is available in the Winter capability Period, yet the Market effectively drives 1500 MWs out (i.e. shutdown).
- Summer DMNC based UCAP will allow an more optimal mix of base load, cycling, and quick start units in the Winter months (i.e. more peaking capacity) and at the same time more flexible and lenient outage scheduling.
- Send the Correct Market price signals month to month, in NYISO ICAP auctions until we can develop a rational longer term product design.
- Better coverage for weather anomalies such as April, 2002. The fact that it has never happened does not mean anomalies don't occur, and have.
- A NY, NE and PJM study group (JCAG) has already proposed to converge in this direction ASAP. Seems issue. PJM uses Summer capability year-round.
- FERC NOPR calls for longer term future adequacy plans probably of 1-year minimum duration, 3-5 years in future. One basic measurement is needed. Early experience is necessary.
- This does not mean that we will not use Winter DMNCs. Winter tests will be needed for operations and reliability studies, and were required by NYSRC rules. This point may be negotiable.
- Resources with excess winter capacity would not be precluded from selling that Energy but would not be required to bid or offer that capacity. They would be subject to normal mitigation rules (i.e. reasonable bidding practices in accordance with normal bidding rules).
- There would be No derates from Winter DMNC for EFORD calculations
- Using Summer DMNC year-round will not preclude Resources from bidding/selling available excess Winter Energy. They will still be required to "Bid, Schedule or Notify" the NYISO of its ICE (ICAP equivalent of UCAP certified), the maximum of which would be its Summer DMNC

JWCharlton, NYISO
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