

Dear Dave Lawrence and Will Dong,

The NYISO proposed treatment for solar resources in the Winter capacity markets is not a fair representation of its reliability value. Unlike the summer peak as shown in Chart 2, which rises rapidly to a flat peak in the hours of 14 – 18, the winter peak is much more level as shown in Chart 1, with two peaks. The NYISO proposes to use only the hours 16 – 20 to determine the UCAP value of solar resources. This would ignore the reliability value solar resources contribute towards the first peak, which occurs during hours 8 – 16. As shown on Chart 1, 2/28/11, the second peak is a very minor one rising only 1,000 MW above the first peak, and the NYISO proposal would not account solar resources with any reliability value. In addition, the diverse conditions during the six month winter period (November through April) can also result in high loads and stressed system conditions during mid-day periods, especially during warm spells in November and April. This strongly suggests that there is reliability value outside the four winter hours proposed by the NYISO.

Ideally, we would like to see the NYISO develop a weighting across the afternoon and evening hours based on the contribution of the loss of load. The weighting of the two solar capacity values can be better determined by calculating the reliability contribution using a Loss of Load probability model, which would presumably have positive reliability benefits for all hours from 8 AM through 10 PM. The NYISO can then use the ratio as determined by that analysis for a weighted capacity value.

Alternatively (perhaps until a more rigorous analysis can be performed), we would propose a weighting based on the two relative peaks for solar capacity values, one for the ramp up to the first peak between 10 and 12 and a second for the ramp up to the second peak from 16 – 18, and then to average the two values. This should better account for solar resources' reliability value.

Another concern is the NYISO proposed treatment would send a bias to the market to build solar resources behind the meter, as such resources would be able to receive capacity value for both summer and winter seasons.

Norman Mah
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Chart 1

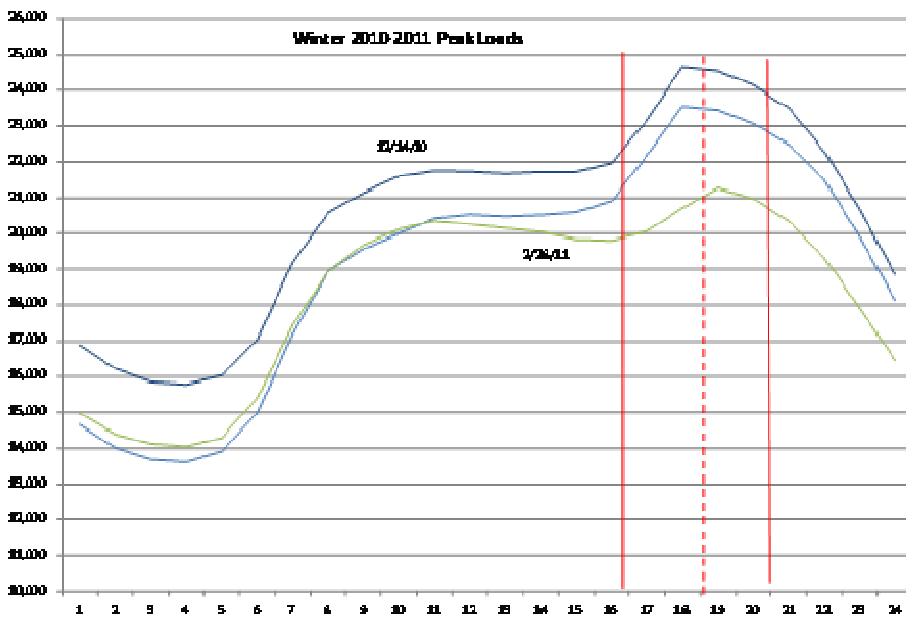


Chart 2

