

ISSUE: ICAP - SCR DIRECT METER OPTION



Comments Provided to PRLWG

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New York Aggregation Dispatch
Center

Relevant Considerations

These units support grid reliability

- The primary purpose of the ICAP market is to assure grid reliability.
- On-site DG units that operate continuously are part of the resource base that supports the reliability of the grid.
- While some of these units do operate, in parallel with the grid, for long continuous periods, they are not 100% reliable and the facility in which they are located must pay monthly ICAP charges, even if they fail to operate for a single 15-minute period as necessary. It is fair for these units to be able to sell ICAP when they are on-line to cover their ICAP costs when they are out of service.
- For example, in Zone K, LIPA encourages DG units to operate during the summer peak period, but the facilities that operate DG units risk a demand charge of \$18.65/kW-month that is imposed if the unit stops for even 15-minutes during a month. Also, some continuous CHP units have backup generators, which do not run continuously, but support grid reliability (since the facility is grid-connected) and they must also be direct-metered in order to capture their contribution.

Relevant Considerations

Direct Metering is Not Only of Interest to CHP Units

- Many on-site CHP units can no longer afford to operate continuously due to high natural gas prices. These units will either be shut down permanently or can keep operating during high-demand periods on the strength of ICAP payments if located in Zones J & K. Since these units do not provide the total loads of most facilities, the logical category for them is ICAP/SCR – Generator.
- SCR/ICAP – GENERATOR is a category that provides an opportunity for SCRs that partially curtail to maximize their contributions.

Recommendation

- Continue Direct Metering. The DG units that participate in the program do support grid reliability and some may shut down in the future (due to high gas prices), to the detriment of grid reliability, if they are not able to participate as ICAP/SCR – Generators.
- Since many of the direct metered units operate during the coincident peak (CP) but pay monthly demand charges, the NYISO could require LSEs to include the capacity provided to the grid by these DG units when reporting their CP demands.