

# **New Capacity Zone Impact Analysis: Response to Stakeholders Comments**

A faint background map of New York State is overlaid with a complex network of lines representing a power grid. The lines are thin and grey, with various colored dots (red, blue, purple) at the nodes or substations. The map shows the state's outline and major geographical features like the Hudson River and the Erie Canal.

**Tariq N. Niazi**  
**Senior Manager,**  
**Consumer Interest Liaison**  
*New York Independent System Operator*

**Installed Capacity Working Group**  
*December 3, 2012*  
**KCC**

# **Proposed Agenda**

- ◆ **Background/Overview**
- ◆ **Zonal Boundaries**
- ◆ **Questions Regarding Zone K**
- ◆ **Treatment of External Resources**
- ◆ **Next Steps**

# Background/Overview

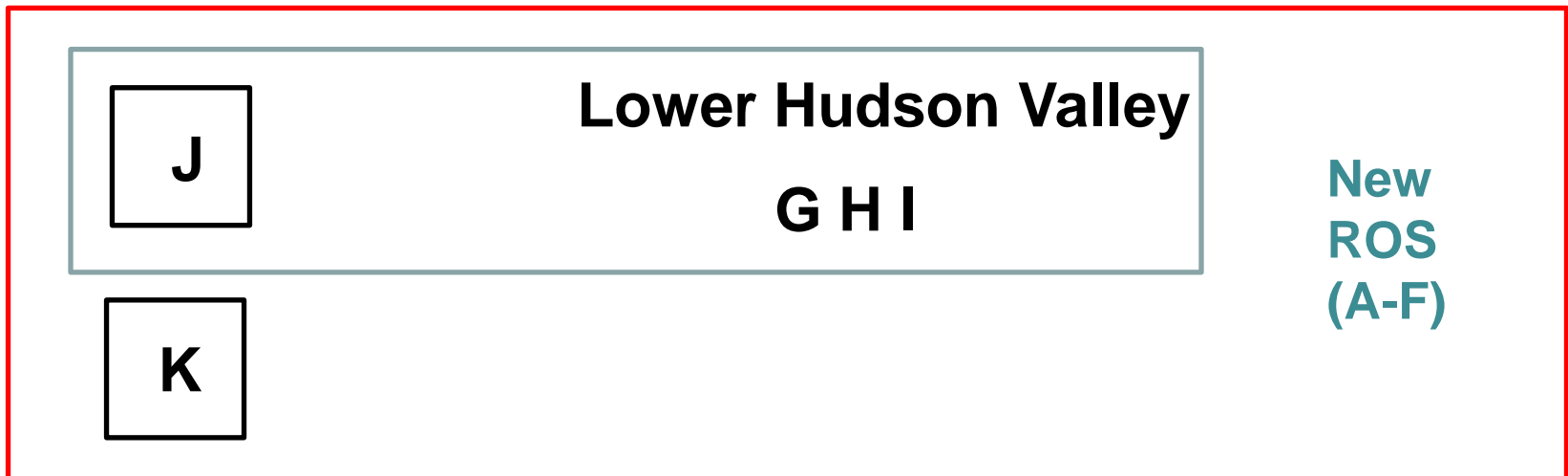
- ♦ **On September 11, 2012, the NYISO made a presentation on how we will conduct the New Capacity Zone (NCZ) Impact Analysis**
- ♦ **Since the final boundaries of the NCZ and other inputs needed for the Impact Analysis, like the Demand Curves and Locational Minimum Installed Capacity Requirements (LCRs) for the NCZ, are not known at this time, we will have to make certain assumptions to conduct the Impact Analysis**
- ♦ **To address this uncertainty, we will conduct the Impact Analysis for more than one set of assumptions**
- ♦ **This presentation responds to stakeholder questions that were raised at the September 11, 2012 meeting**

# Zonal Boundaries

- We will look at two possibilities:
  - A Lower Hudson Valley Capacity Zone consisting of zones G, H & I with Zone J nested within it

## Lower Hudson Valley Only Design

NYCA

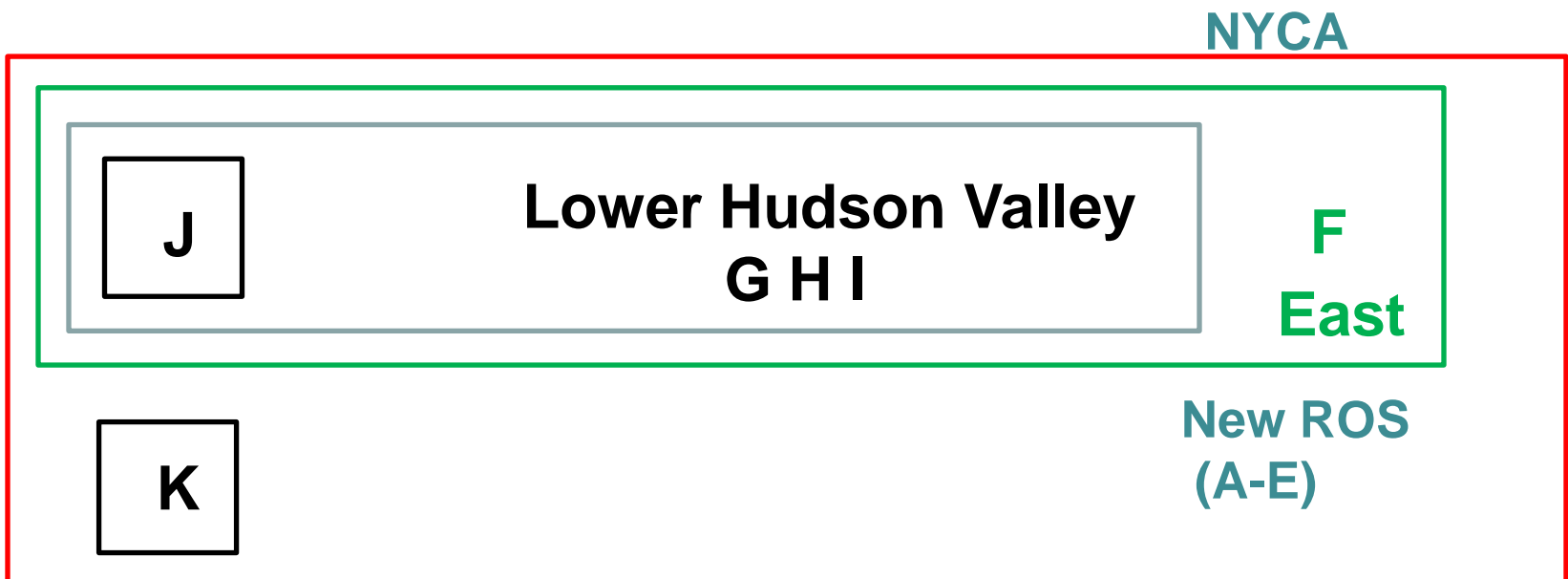


New  
ROS  
(A-F)

## Zonal Boundaries, Contd.

➤ A capacity market design with two new capacity zones: a new Lower Hudson Valley Zone (G, H, I & J) and an East zone consisting of zones G, H, I, J & F. The Lower Hudson Valley Zone would be nested within the east Zone

### Lower Hudson Valley Plus F (East) Design



# Stakeholder Questions Regarding Zone K

- ◆ **Several Stakeholders asked why Zone K will not be nested within the new Lower Hudson Valley Zone?**
- ◆ **There are two major reasons:**
  - *From a resource adequacy perspective, Zone K has been self sufficient including contracts with internal and external resources (New England, PJM and Nine Mile Point)*
  - *Zone K is not as integrated as Zone J with the NYCA transmission system in Zones G, H & I*

# **Zones G, H & I have a much stronger link with Zone J than with Zone K**

- ◆ **A MARs analysis severing ties between Zone K and Zone I indicated that Zone K can maintain an LOLE of 0.1**
  - *This indicates that Zone K does not have to rely on Zones G, H & I for capacity in order for NYCA to meet its LOLE criteria*
- ◆ **A similar MARs analysis for Zone J, that severed its ties with Zone I indicated that the Zone J LOLE exceeded 0.1**
  - *This indicates that Zones J relies on Zones G, H & I for capacity in order for the NYCA to meet its LOLE criterion*

# **Indicative Locational Capacity Requirements (Indicative LCRs)**

- ◆ **Indicative LCRs for the New Capacity Zone will be identified by the NYISO as part of the process of determining the ICAP Demand Curve for the proposed NCZ (Indicative LCRs presented to stakeholders in January 2013 with final determination with stakeholder input completed in March 2013)**
- ◆ **Actual LCRs for any FERC-accepted NCZ would be determined in early 2014, along with the other LCRs**
- ◆ **We will use Indicative LCRs for conducting the Impact Analysis**



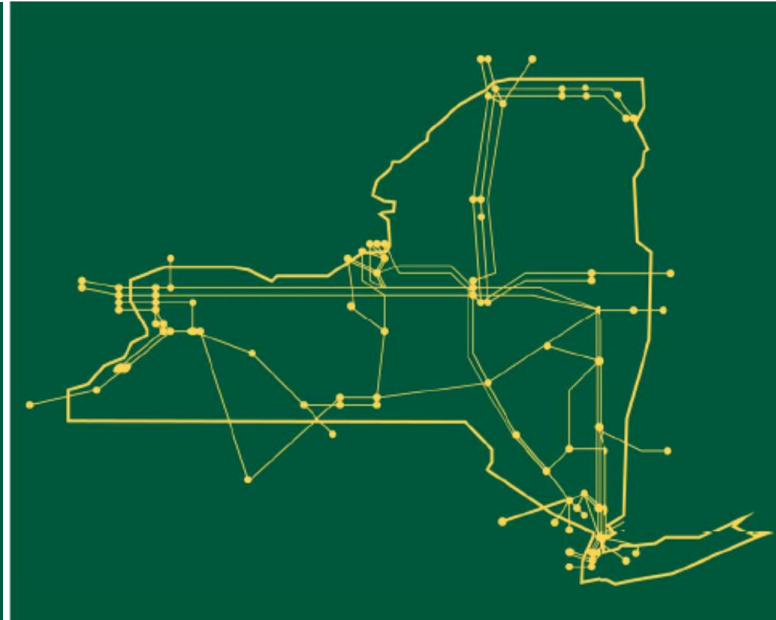
# External Resources

- ◆ It will be assumed that external capacity not associated with UDRs will sink in the new ROS, rather than the NCZ.

# Next Steps

- ◆ **Conduct the Empirical Analysis**
- ◆ **Report Back to ICAP**
- ◆ **Report to BIC**
- ◆ **Report to MC**

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



*[www.nyiso.com](http://www.nyiso.com)*