IRM/LCR Process & Dynamics

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Background

- The NYISO presented their analysis on the required LCRs for the 2015/2016 capability year at this month's OC meeting

- This engendered substantial discussion about what was driving the LCR numbers and whether the methodology needs to be revised.

- The NYISO agreed to coordinate a discussion about the existing IRM/LCR setting methodology and a review of whether the methodology should be revised.

LCR Driving Factors?

- During the discussion, some parties proposed that under the existing IRM/LCR methodology adding capacity to a zone will cause the zones LCR to increase

- I noted that changes in UDR elections could impact the LCR calculations

- A number of parties raised the concern that it is critical to understand how specific drivers impact the LCR determination for each Sub-Zone

The Need To Analyze the Current Methodology

- The first step to determining whether the IRM/LCR setting methodology should be revised is to get a better understanding of how the process responds to changes to the system

- MPs are significantly hampered in getting this understanding because most of the data is appropriately confidential

- Only the NYISO is in a position to perform the analysis

Proposed Analysis

- I have developed some simple sensitivities to provide better understanding of how the existing process works and the factors that will affect it

- The intent of the analysis is to provide information on how discrete system changes will affect the IRM/LCR values in the different zones under the existing methodology

- With the analysis results we can get a better understanding of the current IRM/LCR methodology and whether those results indicate a need to revise the methodology

Proposed Analysis (cont'd)

- Start with the final database for the IRM/LCR that was approved for 2015/2016

- Each Sensitivity is a discrete change to the final database

- Run a complete TAN-45 analysis for each of the sensitivities to determine the IRM and then apply the LCR calculation process for each of the Capacity Zones

- Report the resulting IRM and LCRs for each sensitivity

Sensitivities

- Add a 500 MW generic generator to NYC with the generator EFORd set at the Zone J average

- Add a 500 MW generic generator to Zones G – I with the generator EFORd set at the LHV average

- Reduce UDR elections into NYC by 300 MW

- Increase UDR elections into NYC by 300 MW

- Model the TOTs Projects