

November 8, 2019

**VIA EMAIL**

Mr. Wes Yeomans  
Vice President - Operations  
New York Independent System Operator, Inc.  
10 Krey Boulevard  
Rensselaer, NY 12144

Re: Fuel and Energy Security Study

Dear Wes:

On behalf of the City of New York (“City”), I submit these comments on the draft report entitled “Fuel and Energy Security in New York State: An Assessment of Winter Operational Risks for a Power System in Transition” (“Report”). The findings in the Report are generally in line with the City’s understanding of the current fuel supply situation in New York, and the City does not propose that any changes be made to this document. To have ongoing value, this exercise should be revisited periodically, and the City’s comments relate to future iterations of the Report.

The City strongly concurs that an in-depth review of oil storage in New York City is very important. Because of limitations in the gas supply, and the fact that every in-City generator is an interruptible gas customer, back-up fuel supplies remain a significant consideration in ensuring the reliability and resiliency of the electric system, a conclusion that is clearly supported by the Report.

Experience has taught us that off-site oil supplies have limited value if the oil cannot be transported to or utilized by the in-City generating units. The Report correctly reflects this experience, concluding that “New York encounters meaningful reliability challenges when initial inventories of oil are low, and/or the ability to replenish oil supplies is constrained by weather and other factors.”

It is not clear from the Report to what extent on-site oil storage was considered on facility-by-facility basis. A review of the Appendix appears to indicate there was facility-level data gathered, but the analytical results are presented in a holistic fashion. It would be helpful to understand if there are any factors that would limit or prevent oil deliveries to any specific facility. Similarly, the Report does not speak to the amount of oil supply at any facility or the period during which operations could be sustained if deliveries are curtailed. In other words, more granularity in the analysis would be useful.

The City has worked with the in-City generators and Consolidated Edison Company of New York, Inc. for more than six years to understand generator fuel needs, storage capacity, refill ability, and other related factors. The City has reviewed these issues and determined that in general, most facilities should have at least four to five days of on-site reserves. Since reaching this determination, the City has worked with the generators to either maintain or increase their on-site storage capacity, as necessary.

Since circumstances and conditions change over time, the City recommends that the Report be revisited periodically, such as every five years, to identify any changes in storage capacity on- and offsite, back-up fuel usage patterns, or access to back-up fuel supplies. Such a reevaluation also could consider whether any changes in the generators' practices, market rules, or oversight are needed. As part of that effort, an empirical review of the four- to five-day determination should be performed. The City also supports the "option to consider" discussed in the Report that the NYISO should consider identifying the magnitude of dual-fuel capability losses that can be sustained before adverse impacts to reliable winter operations arise.

The second consideration we recommend for future fuel security studies pertains to our changing climate. The City very much appreciates the time and effort the New York Independent System Operator ("NYISO") has committed to its climate study and to understanding how climate changes will affect operation of the electric system. Climatic changes have the potential to affect fuel security, and as the climate study is updated over time, either that study should include a section examining fuel security, or the Report should be modified to examine the nexus, if any, between fuel security and climatic conditions. On this issue, as with the first issue, a granular analysis would be more valuable because it would capture specific site conditions that can affect the ability to resupply facilities in low-lying areas, especially during and after major storms and other similar events.

The third consideration pertains to the gas supply inputs in the Report and the need to revisit the assumptions used over time. The existence of gas moratoria in parts of New York City and Westchester County is well-known. The City does not know how this situation will be resolved. In the interim, there should be periodic monitoring of the availability of gas supply for generating facilities, as is discussed in the Report's "options to consider." As part of the periodic updates discussed above, it would be useful for the NYISO or its consultant to reexamine the gas supply assumptions and associated conclusions in the Report. As appropriate, the assumptions should be revised, and the conclusions modified based on an analysis using the revised assumptions.

Mr. Wes Yeomans  
November 8, 2019  
Page 3

Thank you for your consideration of these comments.

Sincerely,

COUCH WHITE, LLP

*Kevin M. Lang*

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cc: Ke Wei  
Susanne DesRoches