

SUMMARY NOTES
Intermittent Resource Working Group
Holiday Inn, Holyoke, MA
(06/30/06)

The fifth meeting of the Intermittent Resource Working Group (“IWG”) was held on Friday June 30, 2006. This was both an in person and teleconference meeting.

Agenda Item 2. The primary purpose of this meeting was to continue the discussions surrounding the three proposed methods for deriving the Qualified Capacity MW value of intermittent resources in the Forward Capacity Market (“FCM”) presented at the June 21, 2006 Installed Capacity Methodology Review Stakeholder Meeting (“ICWG”). After a brief dialog concerning a request to address, later in the meeting, the need to add an availability adjustment to New IR resources during qualification, the Chair reviewed each treatment, labeled Method A, B, and C with the IWG. After an initial discussion of each Method, the Chair polled the participants on their first and second preference among the methods. Without identifying any participants, the IWG essentially split between those that advocated Method A as their first preference, which would use both a winter and summer Qualified Capacity MW value for compensation in the FCM, and Method C, which would rely only on the summer Qualified Capacity MW value for compensation. The majority of the group reluctantly supported Method B as a potential second preference, provided it reflected a properly calculated weighted approach. Mr. Brian Forshaw offered a suggestion on wording that would require the ISO to determine the weighting factors for each season based on each season’s contribution to system reliability. The idea was that the ISO would have to justify its calculations when it made its annual Installed Capability Requirement filing with the FERC. This proposal ignited a very long and complex discussion on the contributions of IR resources to system reliability over the summer and winter period. The Chair noted several perspectives during this debate that hinged on the extreme positions found in Method A and B. One participant essentially summarized the discussion as an attempt by advocates of Method A and C to adjust Method B until it mirrored their original preferred method. The result was an agreement to add words to Method B that would highlight the debate for the ICWG and make it apparent that a consensus for further development of this approach is contingent on the ISO developing a method to determine the weighting factors for calculating the Qualified Capacity MW values for the summer and winter periods by the fourth quarter of 2006. A primary concern was the timing of the calculations and the need for price certainty early in the process, preferably before the Installed Capability Requirement filing with the FERC. The Chair agreed to attempt and summarize the discussions surrounding Method B when the Draft Proposal is next presented to the ICWG at its meeting scheduled for July 13 and 14.

As noted earlier, the IWG then briefly addressed the need for an availability adjustment for New IR resources under the Treatment of New Intermittent Capacity Resources of the Draft Proposal. The group generally acknowledged that an adjustment might be appropriate, provided specific wording could be developed for review. Mr. Michael

Harrington offered to send the Chair suggested language, and the Chair agree to review and bracket it for discussion at a future meeting.

In addition to the above topics, one of the participants raised concerns at the end of the meeting with the definition of the winter and summer periods found in all of the Methods. There was a suggestion to mimic the definitions being used in the Demand Response Working Group (e.g. 8 months of summer ratings and 4 months of winter), however, after a brief discussion there did not seem to be broad support for addressing this concern at this time. Also, one participant would like to document that an IR resource had the choice of being compensated for its intermittent capacity resource in the FCM under the proposed method for all IR resources or as a “normal” capacity resource that is subject to the FCM availability metric. The Chair agreed to try and find a way to document this understanding within the development of the FCM Market Rules. The meeting was then adjourned.

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