

SUMMARY NOTES
Intermittent Resource Working Group
Holiday Inn, Holyoke, MA
(05/22/06)

The third meeting of the Intermittent Resource Working Group (“IWG”) was held on Monday, May 22, 2006. This was both an in person and teleconference meeting.

Agenda Item 2. After introductions, Mr. David LaPlante gave a presentation on System Peak Load Period Definitions. This fifteen-slide presentation may be reviewed on the IWG web site: http://www.iso-ne.com/committees/comm_wkgrps/othr/iwg/mtrls/index.html.

The presentation focused on finding the appropriate metric for determining the Qualified Capacity MW for all intermittent resources. The three methods considered so far by the IWG each propose using a three-year rolling average of median resource generation during System Peak hours. Method A uses the standard 16 hour contiguous peak load period; Method B uses the highest 50 hour summer and 100 hour winter peak load period plus shortage hour events; and Method C uses the Demand Response definition of the peak load period – 1:00 to 5:00 p.m. for June & July, 1:00 to 4:00 p.m. for August, and 5:00 p.m. to 7:00 p.m. for December and January.

The objective of Mr. LaPlante’s presentation was to explore possible improvements to the proposed methods by determining the best set of hours and years to use in rating intermittent resources. The suggestion was to review each type of intermittent resource separately in order to obtain the best possible estimate of generation from each type during the relevant hours of system peak load. This approach would be recommended to the ICWG, and the analysis of the data would be done over the summer of 2006. After discussing the merits of this suggestion and further reviewing the results used to illustrate the proposed Methods, the group agreed to adopt this suggestion.

Agenda Item 3. Continued discussion of the Alternative Straw Proposal began with a consideration of the application of a PER adjustment in the methodology. A brief discussion ensued on the merits of allowing intermittent resources to keep the PER adjustment. However, upon review, it was noted that the Settlement Agreement did not exempt intermittent resources from the PER adjustment. It would thus require a consensus among all of the settlement parties to achieve an exemption, and the group decided to drop any further consideration of such an exemption in the methodology.

The remaining issue in the Straw Proposal concerned the treatment of new intermittent resources. After reviewing the present wording in the revised preliminary straw proposal, the group generally felt comfortable with the intent of the text, provided that a few specific words were clarified to indicate exactly what the “First FCA Delivery Period” meant, and the phrase “ will be set equal to [xx]%” was removed. The Chair, with the help of a committee member, will revise the language to address the wording issues in the next draft of the straw proposal. That draft will incorporate everything discussed at this

meeting and will be labeled “Final Draft” for consideration by the IWG at its next meeting.

The group then moved on to agenda item 4, “Run-of-River Hydro as Existing Capacity”. The Chair informed the IWG of a proposal to revise the current rating procedure for Daily Cycle Hydro resources that has been under consideration for some time by the Daily Cycle Hydro task force of the Power Supply Planning Committee (“PSPC”), which is a sub-group of the Reliability Committee. The definition of “run-of-the-river” hydro resources in the Settlement agreement is causing confusion with the description of hydro resources in Manual 20. The Chair proposed that “run-of-the-river” hydro resources be defined as hydro resources that have absolutely no control over their output. The option for this treatment should be at the discretion of the hydro resource owner. Essentially, the owner could choose to have its hydro resource’s Qualified Capacity MW set using the proposed median generation metric, which would not be subject to availability penalties in the FCM, or to the Summer Claimed Capability Rating (“SCC”) that applies to all Capacity Resources in the FCM and is subject to adjustment by an availability metric. The group discussed this topic at length, and accepted the Chair’s proposal for now, subject to possible further consideration and discussion at its next meeting.

The last subject addressed by the group was a potential difference of opinion on the application of the Winter and Summer Qualified Capacity MW derived by the proposed method. Since the FCM deals with whole year commitments for capacity, some participants believe that the Winter and Summer Qualified Capacity MW ratings should be averaged while others disagree. The proponents for this treatment volunteered to draft a proposal for consideration and discussion at the next meeting of the IWG.

The group agreed to try and reach closure on the Final Draft of its proposal for the development of the methodology for determining the Qualified Capacity MW of intermittent resources at its next meeting, scheduled for Friday, June 16, 2006 at the Holiday Inn in Holyoke, MA. The meeting was adjourned.

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