

MINUTES

NEPOOL POWER SUPPLY PLANNING COMMITTEE (PSPC)

Meeting No. 243

March 13, 2008

The Doubletree Hotel

Westborough, MA

Present

Maria Agustin (Secretary)
Wayne Coste
Fernando DaSilva
James Douglass
Bill Fowler
James Gawronski
Thomas Kaslow

Bill Killgoar
Phil Smith
Pam Stonier
Wayne Whittier
Gary Will
Peter Wong (Chair)

Affiliation

- ISO New England Inc.
- ISO New England Inc.
- FPL Energy, LLC
- ISO New England Inc.
- Sigma Consultants
- The United Illuminating Co.
- FirstLight Power Resources, Inc., Dynegy Power Marketing, Inc. & Calpine Energy Service, LP
- Long Island Power Authority
- Mirant New England LLC
- Vermont Dept of Public Service
- Maine PUC
- MA DPU
- ISO New England Inc.

Teleconference

Erik Abend
Bob Amelang
Ken Bekman
Nicholas Bosse
Dorothy Capra
Ken Dell Orto
Dave Ehrlich
David Errichetti
Mike Erskine
Yuri Fishman
Jim Hyland
Glenn McCarthy
Scott Myers
Tim Morrissey
Jim Platts (Part Time)
Helve Saarela (Part Time)
Afshin Salehian
Frank Vitale
Sharon Weber

Affiliation

- EPIC
- CVPS
- Consolidated Edison Energy, Inc.
- Hydro-Quebec
- ANP Funding I, LLC
- Competitive Power Ventures
- ISO New England Inc.
- Northeast Utilities System Companies
- Central Maine Power Company
- Keyspan Energy
- MMWEC
- Day Pitney LLP
- Dominion Power
- ISO New England Inc.
- ISO New England Inc.
- NSTAR
- New York State Reliability Council
- PPL EnergyPlus, LLC

1.0 – Administrative

1.1 – Chair Report

Mr. Wong welcomed everyone to the 243rd meeting of the NEPOOL PSPC and informed the committee that Mr. Ehrlich will review the ISO's 2008 CELT Long-Run Load Forecast as identified in Agenda Item 1.3.

1.2 – Tentative Agenda for Future PSPC Meetings

Mr. Wong reviewed changes to the Tentative Agenda for Future PSPC Meetings document. The PSPC discussed the treatment of Demand Resources (DR) within the Forward Capacity Market (FCM) and how to model this in the calculation of the Installed Capacity Requirement (ICR). Mr. Wong stated that he will add an agenda item to the next meeting to further discuss how to model DR within the ICR calculation.

1.3 – 2008 CELT Long-Run Forecast

Mr. Ehrlich reviewed his presentation entitled “*RSP08 Long-Run Forecast of Energy and Seasonal Peaks for ISO-NE and the New England States.*” He stated that the economic forecast from *economy.com* and the revised modeling methodology have been reviewed by the NEPOOL Load Forecast Committee (LFC). The PSPC discussed how Other Demand Resources (ODR) are treated within the Load Forecast and also discussed the declining trend in system Load Factor.

Mr. Ehrlich informed the PSPC that he will present the ISO's 2008 CELT Long-Run Load Forecast to the Planning Advisory Committee (PAC) at their March 19th meeting.

2.0 – Tie Benefits Calculation Methodology

2.1 – Matrix of Issues

Mr. Coste reviewed a document containing a matrix of tie benefit methodology issues. Mr. Wong added that the objective for the PSPC today, is to eliminate proposals that do not meet the criteria of the FERC directive and to develop a final tie benefits proposal that the Committee is willing to support.

Mr. Bekman questioned what will be the procedure for resolving differences in the proposals' methodology. Mr. Wong replied that the PSPC will continue to discuss the relevant issues until the deadline for the Compliance Filing. If the PSPC cannot resolve these issues, then the various proposals concerning tie benefits may need to be submitted to the Reliability Committee (RC) for vote.

The PSPC discussed the matrix of issues, line by line, in an effort to decide if the issues were relevant to the FERC filing or if they should be tabled for discussion after the filing has been submitted.

Key points of the discussion where:

Assistance Priority – The PSPC agreed that Canadian Control Areas would assist other Canadian Control Areas prior to providing assistance to the U.S. and vice versa.

Deterministic Calculation – Mr. Wong stated the ISO position that the probabilistic calculation of individual Control Area tie benefits was the most robust methodology because it does not assign 100% of the tie benefits from Québec to New England, but would instead allow sharing of tie benefits with other Control Areas. Mr. Errichetti stated his company's position is to continue to support a deterministic calculation of the Québec Control Area tie benefits as was previously used within the 2007 Tie Benefits study.

Other Areas to Model – Mr. Fishman stated his position that as much geographical area as possible should be modeled in the tie benefits analysis to take advantage of load diversity. Mr. Killgoar noted his position was that the PJM Control Area should be included in the tie benefits model since they are interconnected with New York and modeling PJM could impact tie benefits from New York. The PSPC decided that this issue may need further discussion after the upcoming Compliance Filing.

Internal Transmission Constraints – The PSPC discussed modeling internal transmission constraints within New England as well as in outside Control Areas. They decided that this issue may also need to be addressed after the upcoming Compliance Filing.

Methodology for Modeling of External Control Areas – Mr. Fishman noted that his proposal calls for modeling external systems so that they are no more reliable than New England, to ensure that New England does not over rely on its neighbors for tie line benefit support. In response to Mr. Coste’s request for clarification on the modeling methodology, Mr. Fishman agreed to develop a procedure on how to accomplish such modeling.

Tie Benefits for All Ties – Mr. Fowler questioned whether the LIPA proposal’s included determining a tie benefit value for each of the New York AC tie-lines. Mr. Bekman stated that the modeling could group the AC ties into Southern New York and Northern New York AC ties and then determine a value for each group.

2.2 – Discussion of Issues Raised

The PSPC discussed, in more detail, the issue of modeling internal transmission constraints. Mr. Fowler requested an example showing how the Local Sourcing Requirements (LSR) addresses with the issue of internal transmission constraints within New England. Mr. Vitale stated that New York’s locational requirements are different than New England’s LSR and does not eliminate internal transmission constraints within New York.

Mr. Fowler questioned whether it was possible to develop a full-sized model of the New York system which would include just a few internal transmission constraints in order to gauge the overall effect on tie benefits results. Mr. Bekman suggested modeling New York as two zones, “up-state” and “down-state.” Mr. Coste stated that Mr. Bekman’s suggestion may not be adequate and that New York may need to be modeled with at least five sub-areas.

3.0 – 2006 Marginal Emissions Rate Analysis (MEA)

Ms. Saarela reviewed the preliminary results of the 2006 Marginal Emissions Rate Analysis with the PSPC. She noted that a significant increase in gas-fired generation beginning in 2003 most likely accounts for the decreasing system average of marginal emissions rates over the past several years. In response to a question, she stated that the lower value for total New England generation in 2006 is primarily due to lower demand for electricity due to changing economic conditions.

Mr. Wong informed the PSPC that the Environmental Advisory Group (EAG) has also reviewed the preliminary results of the 2006 MEA report. The next step will be to present the draft results to the PAC. Mr. Wong requested that any comments that the PSPC may have on the draft MEA findings be sent to Ms. Saarela.

4.0 – Draft Report on ICR for 2008/2009

Ms. Agustin requested that all comments on the Draft Report on ICR for 2008/2009 be provided to her by Thursday, March 20th. After that date, the report will be finalized and used in support of the ICR for 2008/2009 when it is filed with the FERC.

5.0 – Assumptions for 2011/12 ICR and 2010/11 Recalculation of ICR

Due to time constraints, the PSPC decided to table their review of the preliminary assumptions for 2011/12 ICR and the recalculation of the 2010/11 ICR until their next meeting.

6.0 – Next Meeting

The next meeting of the PSPC is scheduled for 9:30 am, March 28, 2008 at the offices of ISO-NE.

Respectfully Submitted,

Maria Agustin
Secretary, NEPOOL Power Supply Planning Committee