

Agenda Item 2.0

PSPC Meeting 273

March 11, 2010

LSR Calculation Rule Changes

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Objective

Provide a high level overview of the rule changes, relating to calculation of zonal requirements, filed by the ISO with the FERC on February 22, 2010 under “ER10-787-000, Various Revisions To FCM Rules Related to FCM Redesign”

Details can be found at the link below:

- http://www.iso-ne.com/regulatory/ferc/filings/2010/feb/er10-787-000_02-22-10_fcm_redesign_filing.pdf

Calculation of Zonal Requirements

- One of the 9 changes filed with the FERC
- The rule changes revise the methodology for calculating the Local Sourcing Requirements (LSR) for import-constrained Zones.
- These revisions harmonize the use of the local resource adequacy criteria currently used to determine LSR for Capacity Zones and the transmission security criteria used to maintain system operational reliability when reviewing de-list bids for the FCA.
- Both resource adequacy and transmission security based requirements will be developed for each import constrained zone.

Calculation of Zonal Requirements (cont.)

- ISO will continue to calculate a zonal requirement using resource adequacy criteria but the requirement is renamed Local Resource Adequacy Requirements (LRA)
- The current methodology used to calculate LSR will be used to calculate the LRA except that the LRA will be calculated using “at criterion” instead of “as is” system conditions
- The term LSR is retained in the rule revision but the rule changes calculate the LSR for an import-constrained Zone as the amount of capacity needed to satisfy “the higher of” the Local Resource Adequacy Requirement or the Transmission Security Analysis Requirement.

Simply Said

- ISO will continue to calculate:
 - The resource adequacy requirement of an import constrained load zone using the 1 day in 10 LOLE probabilistic methodology but using “at criterion” system conditions
 - The transmission security requirement using the Transmission Security Analysis
- Compare the results of these two requirements
- LSR is the higher of the resource adequacy requirement or the transmission security requirement

