

Agenda Item 5.0

PSPC Meeting 277

May 13, 2010

Consolidating Installed Capacity Requirement Calculations For Various Forward Capacity Market Auctions

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ICR Calculations for FCM

At present we are calculating, at least, three sets of ICRs for the FCM in a given year:

- The FCA for the three-years-ahead Capacity Commitment Period
- The 2nd ARA for the two-years-ahead Capacity Commitment Period
- The 3rd ARA for the immediate upcoming Capacity Commitment Period

ICR Calculations for FCM (cont.)

In the near future, in a given year, we will have to calculate four sets of ICRs for FCM auctions that would occur during February through June:

- The FCA for the three-years-ahead Capacity Commitment Period
- The 1st ARA for the two-years-ahead Capacity Commitment Period
- The 2nd ARA for the one-year-ahead Capacity Commitment Period
- The 3rd ARA for the immediate upcoming Capacity Commitment Period

Possible Means to Gain Efficiency

- To facilitate the development of the ICRs we would like you to consider:
 - Consolidating
 - the calculation of these values at the same time and
 - with as many common assumptions as possible
 - ISO would continue to calculate four (currently three) sets of ICR values

Possible Efficiency Gains

- Calculating all ICRs at the same time would result in:
 - decrease amount of time required for NEPOOL committee review
 - reduce the number of filings of ICR and related values with FERC each year

FCA Schedule by FCA and ARA

FCM Auctions	FCM Auction Start Date*	ICR Filing Date **	ICR Avail. For Review
FCA 5 for 2014/2015	June 6, 2011	March 4, 2011	December , 2010
FCA 6 for 2015/2016	April 2, 2012	January 2, 2012	November 2011
FCA 7 for 2016/2017	February 4, 2013	November 2, 2012	August 2012
FCA 8 for 2017/2018	February 2014	November 2013	August 2013
FCA 9 for 2018/2019	February 2015	November 2014	August 2014
FCA 10 for 2019/2020	February 2016	November 2015	August 2015
ARA3 for 2011/2012	March 1, 2011	December 1, 2010	September 2010
ARA2 for 2012/2013	May 2, 2011	February 2, 2011	November 2010
ARA3 for 2012/2013	March 1, 2012	December 1, 2011	September 2011
ARA2 for 2013/2014	May 1, 2012	February 1, 2012	December 2011
ARA3 for 2013/2014	March 1, 2013	December 1, 2012	September 2012
ARA2 for 2014/2015	May 1, 2013	February 1, 2013	November 2012
ARA3 for 2014/2015	March 1, 2014	December 1, 2013	September 2013
ARA1 for 2015/2016	June 2013	March 2013	December 2012
ARA2 for 2015/2016	May 1, 2014	February 1, 2014	November 2013
ARA3 for 2015/2016	March 1, 2015	December 1, 2014	September 2014
ARA1 for 2016/2017	June 2014	March 2014	December 2013
ARA2 for 2016/2017	May 1, 2015	February 1, 2015	November 2014
ARA3 for 2016/2017	March 1, 2016	December 1, 2015	September 2015
ARA1 for 2017/2018	June 2015	March 2015	December 2014
ARA2 for 2017/2018	May 1, 2016	February 1, 2016	November 2015
ARA3 for 2017/2018	March 1, 2017	December 1, 2016	September 2016****
ARA1 for 2018/2019	June 2016	March 2016	December 2015

*ARA start dates are preliminary while the FCA start dates are final.

**ICR filing date based on preliminary FCM Auction Start Date

***There is no color code associated with ARA3 for 2017/18 because its ICR filing date is beyond the time of interest for this document

FCA Schedule by Auction Year

FCM Auctions	FCM Auction Start Date*	ICR Filing Date **	ICR Avail. For Review
FCA 5 for 2014/2015	June 6, 2011	March 4, 2011	December , 2010
ARA3 for 2011/2012	March 1, 2011	December 1, 2010	September 2010
ARA2 for 2012/2013	May 2, 2011	February 2, 2011	November 2010
FCA 6 for 2015/2016	April 2, 2012	January 2, 2012	November 2011
ARA3 for 2012/2013	March 1, 2012	December 1, 2011	September 2011
ARA2 for 2013/2014	May 1, 2012	February 1, 2012	December 2011
FCA 7 for 2016/2017	February 4, 2013	November 2, 2012	August 2012
ARA3 for 2013/2014	March 1, 2013	December 1, 2012	September 2012
ARA2 for 2014/2015	May 1, 2013	February 1, 2013	November 2012
ARA1 for 2015/2016	June 2013	March 2013	December 2012
FCA 8 for 2017/2018	February 2014	November 2013	August 2013
ARA3 for 2014/2015	March 1, 2014	December 1, 2013	September 2013
ARA2 for 2015/2016	May 1, 2014	February 1, 2014	November 2013
ARA1 for 2016/2017	June 2014	March 2014	December 2013
FCA 9 for 2018/2019	February 2015	November 2014	August 2014
ARA3 for 2015/2016	March 1, 2015	December 1, 2014	September 2014
ARA2 for 2016/2017	May 1, 2015	February 1, 2015	November 2014
ARA1 for 2017/2018	June 2015	March 2015	December 2014
FCA 10 for 2019/2020	February 2016	November 2015	August 2015
ARA3 for 2016/2017	March 1, 2016	December 1, 2015	September 2015
ARA2 for 2017/2018	May 1, 2016	February 1, 2016	November 2015
ARA1 for 2018/2019	June 2016	March 2016	December 2015

*ARA start dates are preliminary while the FCA start dates are final.

**ICR filing date based on preliminary FCM Auction Start Date

Possible Grouping of ICRs

- The scheduled FCA dates for FCA 5 through FCA 10 and for the various ARAs are shown in the tables in the prior slides
- The color codes group the various auctions indicating the possibility of calculating their ICRs at the same time.
- For example, the ICRs for FCA 5, 2011/2012 ARA 3, 2012/2013 ARA 2 (highlighted in yellow) could be calculated, reviewed and filed at the same time.

Observations

- Even though FCA 5 is scheduled for June 2011,
 - the ICR for FCA 5 is developed based on the 2010 CELT load forecast
 - the auction schedule does not allow the ISO to use the 2011 CELT load forecast to develop the ICR.
 - ICR will have to be developed by December 2010 in order to allow review/action by the proper stakeholders.
 - It is assumed that it will take three months to go through PSPC, RC and PC review.

Observations (Cont.)

- Due to the auction schedule,
 - post-FCA 5 FCAs will all be based on ICR calculated using load forecast data developed for the capability year prior to the auction year.

For example, when the FCA auction month settles to February starting with FCA 7, the ISO will be using a load forecast that was developed 12 months prior to the auction date because it would be nearly impossible for the ISO to develop a new load forecast that could capture the impact of the prior summer's actual load, and have adequate time for calculating the ICR and for stakeholder review and action prior to FERC filing.

Observations (Cont.)

- Given the auction schedules, the ARAs will also be based on ICRs developed using load data from the prior year's CELT report load forecast.

