

NYISO Consumer Interest Liaison Weekly Summary

March 23 – March 27, 2020

Notices:

- As described in the "[Relocating the IESO Proxy Bus](#)" presentation at the January 22, 2020 Management Committee meeting, the NYISO currently anticipates the IESO proxy bus change from the Bruce 500 kV station to the Beck 220 kV station occurring in the Energy Market Model updates scheduled for April 21, 2020.
- The Redline and Clean versions of the **Ancillary Services Manual (M-02)** have been posted to the [Manuals, Technical Bulletins & Guides webpage](#) under Manuals, Under Review. All proposed changes were discussed in the [March 20, 2020 MIWG meeting](#) in anticipation of the upcoming April 8, 2020 BIC meeting and April 16, 2020 OC meeting. The proposed revisions include Dual Participation and Meter Services Entity updates.

Meeting Summaries:

Wednesday, March 25, 2020

Management Committee

Motion #1

Motion to approve the draft December 18, 2019 Management Committee meeting minutes.

The motion passed unanimously with an abstention.

Motion #2

Motion to approve the draft January 22, 2020 Management Committee meeting minutes.

The motion passed unanimously with an abstention.

Motion #3

The Management Committee ("MC") hereby: (i) approves changes to the NYISO's Market Administration and Control Area Services Tariff with regard to the modifications of the participation rules of Energy Storage Resources and updates for Fast-Start pricing as presented to the MC on

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March 25, 2020; and (ii) recommends that the NYISO Board of Directors authorize NYISO staff to file such revisions under Section 205 of the Federal Power Act.

The motion passed unanimously with an abstention.

Thursday, March 26, 2020

Joint Installed Capacity/Market Issues/Price Responsive Load Working Group

Autumn 2020 Centralized TCC Auction Survey and Discussion

Gregory Williams of the NYISO presented the results for the Autumn 2020 Centralized TCC auction survey. As is done for each TCC capability period, the NYISO conducted a poll of current TCC Market Participants (MPs) to solicit information about the demand for TCCs of various durations in future auctions as well as the desired structure of the Autumn 2020 Centralized TCC Auction.

Mr. Williams reviewed the survey results and announced the following preliminary schedule for the Autumn 2020 Centralized TCC auction:

- *25% of system capacity as one-year TCCs across three auction rounds*
- *45% of system capacity as six-month TCCs across four auction rounds*
- *The remaining 30% of system capacity was sold as two-year TCCs in the Spring 2019 Centralized TCC Auction and as two-year and one-year TCCs in the Spring 2020 Centralized TCC Auction*

The final schedule will consider stakeholder input and will follow conferring with the affected Transmission Owners about the proposed auction plans with fewer than 4-rounds per Sub-Auction.

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/11554944/Autumn%202020%20TCC%20Auction%20Survey%20MIWG%2003262020-FINAL-Approved.pdf/149d2bf4-65b3-b0e8-49c0-377b5ce8b4e1>

NYISO ICAP Demand Curve Reset: Updates to Gross CONE Inputs

Kieran McInerney of Burns/McDonnell presented updates to the Gross CONE (Cost of New Entry) discussion for the 2019/2020 Demand Curve Reset (DCR) process. Burns/McDonnell is developing the technology selections and cost inputs for the DCR proxy units by Locality.

Based on a stakeholder suggestion Burns/McDonnell considered the GE LMS100 with and without SCR (Supplemental Catalytic Reduction) as an alternative to the Siemens SGT-A65 unit. Following the evaluation, Burns/McDonnell affirmed the recommendation for the Siemens unit.

Burns/McDonnell also investigated the GE 7HA.02 with a de-rate to emit at a NOx level of 15PPM. The unit would remain the same as previously detailed, with a lower emissions rate (for gas only unit) for consideration of construction without the requirement of an SCR for upstate Localities. The costs were provided for comparison to the original unit.

Additional stakeholder feedback was noted with Burns/McDonnell providing responses to:

- Noise mitigation
 - Costs were estimated equally to all localities
- Switchyard assumption for NYC
 - Gas Insulated Switchgear recommended for NYC (vs. Air Insulated Switchgear)
- Electric interconnection costs for NYC
 - Recommendation to match estimating methodology of other zones using buried line
- Costs for gas interconnection in NYC
 - Recommends utilizing the same cost methodology as other zones

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Additional information on battery energy storage system (BESS) cost estimate components was provided and discussed. Facility costs from the original estimate were not changed, but Mr. McInerney explained the breakdown of costs. It was also explained how losses will be applied to the cost requirement.

Operations and Maintenance (O&M) costs were updated for all technologies and Localities for the following factors:

- *Prevailing Wages*
- *Property Insurance*
- *Lease Cost Assumptions for NYC*
- *Operating Personnel*
- *Variable water usage costs for zone J*
- *BESS Augmentation and VOM Costs*

An appendix was provided with the meeting materials for stakeholder review. In response to stakeholder requests, Burns/McDonnell will incorporate greater detail on the development of costs within the presentation for easier stakeholder reference. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/11554944/Final%20BMcD%20DCR%20ICAPWG%2003262020.pdf/5e44b033-ef0a-4b17-b140-946eb4b25a56>

NYISO 2019/2020 ICAP Demand Curve Reset Continued Modeling Discussions

Todd Schatzki of The Analysis Group (AG) continued with the discussion of the DCR modeling parameters and assumptions.

Mr. Schatzki began the discussion by providing preliminary values for the After-Tax Weighted Average Cost of Capital (ATWACC) to establish a return on equity value. Mr. Schatzki highlighted the factors contributing to the ATWACC and provided the rationale for the values. Some stakeholders raised the issue of incorporating an increasing risk factor due to the potential influx of public policy resources entering the wholesale electrical markets. Mr. Schatzki explained that AG will use several methods to evaluate risk and noted that the DCR structure allows for adjustments for future E&AS (Energy and Ancillary Service) revenues. Mr. Schatzki also noted that AG will accept additional information supporting stakeholder analytics for consideration. The preliminary recommendation for return on equity is set to 12.75%.

Paul Hibbard of AG continued the discussion with the factors used in determining an amortization period for the DCR. Mr. Hibbard explained that the choice of amortization period reflects a balance of considerations which differ by technology. It was also noted that there is a potential to establish a schedule in advance (as part of the DCR) of changing the amortization period assumption over the course of the reset period; noting that assumptions may vary depending on technology. The AG preliminary recommendation is for an amortization period that extends to 2040 for all fossil plants, assuming a fixed 20 year period for battery storage. The recommended length of amortization for fossil plants will shorten over time, accounting for the requirements of the CLCPA. Mr. Hibbard noted stakeholder feedback for consideration.

Next, Mr. Hibbard led a discussion on the fuel cost estimates. The factors used in the fuel hub selection process were detailed for stakeholder reference by zone. Mr. Hibbard presented the AG fuel hub recommendations based on Locality. Zones C and K are still under review before a recommendation can be established.

Charles Wu of AG continued the discussion, presenting the methodology to be used to calculate E&AS revenues for battery storage resources. The net EAS revenue model has been refined to reflect day-ahead (DA) and real-time (RT) information availability. When asked about adding a risk

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premium to the unit's bid, Mr. Wu explained that AG has not yet made a determination and will address the issue at the next presentation.

Mr. Schatzki concluded the presentation with a discussion on the factors to be used in the determination of the Winter to Summer Ratio.

AG will continue to refine the parameters and will return to a future ICAPWG/MIWG meeting for further discussion prior to finalizing the DCR recommendations. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/11554944/Final%20AG%20DCR%20ICAPWG%2003262020.pdf/d9837716-5a65-870c-ef51-ee24ba1d234b>

EA&S Model for DCR

Dan Jerke of Competitive Power Ventures (CPV) presented comments on the Net E&AS revenue model for the 2019/2020 DCR process.

The first area addressed by CPV was the ideal dispatch used in the DCR process for E&AS revenues. Mr. Jerke highlighted that this will likely lower revenues and provided potential remedies for the NYISO to consider.

The second issue was the use of a 2.2% Effective Force Outage Rate under demand (EFORd). Mr. Jerke advocated that the NERC average EFORd is 9.65% (based on 2014-2018) and the DCR E&AS revenue model should reflect a higher rate of forced outage.

The third issue raised by CPV was the opinion that system-wide dual fuel availability is needed to address the decreasing reliability of the natural gas delivery system. Mr. Jerke proposed that AG should consider recommending the inclusion of a dual fuel requirement for the Rest of State reference unit, in addition to the other capacity regions.

Paul Hibbard from AG noted that the issues raised by CPV would be addressed in an upcoming DCR presentation at a future ICAPWG/MIWG meeting.

To see the complete CPV presentation, please go to:

<https://www.nyiso.com/documents/20142/11554944/CPV%20Net%20EAS%20Model%20Presentation%2003-26-20.pdf/d04f6ced-5fea-12d4-13ab-6e52a4492fa3>

Note: Due to time constraints, the "Comprehensive Mitigation Review: Part A Enhancements" presentation was postponed to the Monday, March 30, 2020 ICAPWG/MIWG meeting.

FERC Filings

March 27, 2020

NYISO filing of request for waiver of MST section 26.1.2 re: notarization requirement for 2020 officer certification forms and other documents

March 27, 2020

NYISO 205 filing on behalf of Consolidated Edison Company of New York of an Interconnection Agreement (SA 2515) between Con Edison and Orange and Rockland Utilities, Inc.

March 26, 2020

Notice of Cancellation for the Interconnection Agreement between Niagara Mohawk and Covanta Niagara I, LLC, designated as Service Agreement No. 2205

March 26, 2020

LS Power response to deficiency letter

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March 20, 2020

NYISO filing on behalf of Niagara Mohawk Power Corporation ("Niagara Mohawk") of a Cost Reimbursement Agreement (SA 2528) between Niagara Mohawk and Lake Placid Village, Inc.

FERC Orders

March 25, 2020

FERC notice granting NYISO request for a 14-day filing extension of its compliance deadline regarding the renewable resource exemption

Issued March 25, 2020 FERC Letter Order accepting a Small Generator Interconnection Agreement (SA 2498) between Niagara Mohawk Power Corporation and GR Catalyst Two LLC

Filings and Orders:

http://www.nyiso.com/public/markets_operations/documents/tariffviewer/index.jsp