

BSM for SCRs

NYISO ICAP/MIWG/PRLWG

May 20, 2020



advanced
energy
management
alliance

Agenda

- Executive Summary
- Overview of recent FERC Orders
- Next steps

Executive Summary

- The Feb 20, 2020 FERC Order directs NYISO to exclude distribution-level DR revenues from the offer floor for SCRs; neither the May 12, 2020 FERC Order nor the revised NYISO tariff compels NYISO to include such revenues in the offer floor for SCRs
- NYISO’s Compliance Filing to FERC should remove the “State Program Language,” but consistent with its tariff and the February 20 Order in EL16-92-001 and ER17-996-000, propose to continue to exclude revenues from distribution-level DR programs toward the SCR offer floor
- At a minimum, before submitting a Compliance Filing, the NYISO should seek clarification from FERC



*These comments represent the collective consensus of AEMA, although they do not necessarily represent the individual positions of AEMA member companies.

Relevant Sections of the February 20, 2020 Order

“However, SCRs’ offer floors should include only the incremental costs of providing wholesale-level capacity services. **At this time and based on the record before us,** we find that payments from retail-level demand response programs designed to address distribution-level reliability needs are not properly considered to be received ‘for providing Installed Capacity,’ and therefore should be excluded from the calculation of SCRs’ offer floors. Payments from retail-level demand response programs that are designed to address distribution-level reliability needs **are for providing a service that is distinct from providing ICAP.**” – PP 18 [emphasis added]

Relevant Sections of the February 20, 2020 Order

“Using the paper hearing established in this order, we will begin our evaluation of retail-level demand response programs with those programs addressed in the complaint. The information currently contained in the record on these retail-level demand response programs is both stale and limited, however. We therefore reopen the record in this proceeding for a paper hearing to give parties an additional opportunity to submit evidence as to which specific retail-level demand response programs addressed in the complaint are designed to address distribution-level reliability needs and whether these retail-level demand response programs address solely distribution-level reliability needs.” PP 20

Takeaways from the February 20 Order

- FERC believes that payments from retail-level demand response programs that are designed to address distribution-level reliability needs are for providing a service that is distinct from providing ICAP
- FERC directed NYISO to exclude revenues from retail-level DR programs from the SCR Offer Floor calculations
- FERC believed the record was stale regarding these distribution-level programs, and ordered a Paper Hearing to decide whether it would be appropriate going forward to exclude program revenues from the offer floor

Relevant Sections of the May 12, 2020 Order

“Despite NYISO’s claims to the contrary, the Commission never accepted, and indeed expressly rejected, the State Program Language at issue.... However, in the June 2012 Compliance Filing NYISO did not mark the State Program Language as either newly proposed or pending in a different proceeding, and it was not part of the previously accepted Services Tariff language.” - PP 19

Relevant Sections of the May 12, 2020 Order

“Section 35.10(b) of the Commission’s regulations requires that any change to previously filed tariffs must be ‘marked . . . showing additions and deletions . . . by either highlighting, background shading, bold text, or underlined text,’ or strike-through for deletions. Section 35.10(c) goes on to state that ‘only those revisions appropriately designated and marked under paragraph (b) of this section constitute the filing’ and Commission acceptance of unmarked portions will not ‘constitute acceptance of such unmarked changes.’ Because NYISO did not appropriately mark the State Program, Language in the June 2012 Compliance Filing, pursuant to section 35.10(c), the Commission’s acceptance of the June 2012 Compliance Filing in the June 2013 Order did not constitute acceptance of the State Program Language.” – PP 20

Relevant Sections of the May 12, 2020 Order

“As NYISO points out, the Commission has not accepted any revisions to Section 23.4.5.7.5 of the Services Tariff since the June 2013 Order. Therefore, the currently effective Services Tariff language is what the Commission accepted in the June 2013 Order absent the State Program Language. We clarify that the State Program Language should be omitted for SCRs entering all mitigated capacity zones. We direct NYISO to submit a compliance filing within 45 days of the date of this order, to be effective as of the date of this order.” PP 20

Takeaways from the May 20 Order

- The removal of the “State Program Language” was technical in nature
- Nowhere in the May 20th Order did FERC reverse their finding from the February 20th Order “that payments from retail-level demand response programs designed to address distribution-level reliability needs are not properly considered to be received ‘for providing Installed Capacity,’ and therefore should be excluded from the calculation of SCRs’ offer floors. ”

Remaining Language in MST Section 23.4.5.7.5 after Removing State Program Language

“The Offer Floor for a Special Case Resource shall be equal to the minimum monthly payment for providing Installed Capacity payable by its Responsible Interface Party, plus the monthly value of any payments or other benefits the Special Case Resource receives from a third party for **providing Installed Capacity**, or that is received by the Responsible Interface Party **for the provision of Installed Capacity** by the Special Case Resource.”

Key Takeaways

- Nowhere in either Order has FERC suggested that distribution-level DR programs are “for providing Installed Capacity”
- While FERC directed a Paper Hearing, they never suggest that in the interim that NYISO should treat these distribution-level programs as “providing Installed Capacity”
- Therefore, there is no section of the NYISO tariff that compels the NYISO to include revenues received from distribution-level DR programs toward the offer floor

Next Steps

- The NYISO's Compliance Filing to FERC should remove the State Program Language, but consistent with its tariff and the February 20 Order, propose to continue to exclude revenues from distribution-level DR programs toward the SCR offer floor
- *Only if* FERC decides at the conclusion of the Paper Hearing that revenues from distribution-level DR programs should be included in SCR Offer Floor calculations should NYISO begin to include such revenues
- At a minimum, NYISO should seek Clarification before submitting a Compliance Filing

QUESTIONS?