

Buyer-Side Mitigation Analysis of Increased CRIS Requests

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Examination Period

- ◆ **MST, Attachment H, Section 23.4.5.7.2(b), Part b test**
 - *Compares the three-year average annual price forecast, three Capability Years from the Class Year, to the Unit Net CONE.*
- ◆ **NYISO proposes to use the same three year look ahead rule for increased CRIS requests**

Proposed Rules

CRIS (i) Mitigation Status	Unit Net CONE(n) for CRIS(n)
Exempt Under Part B	Eqn 1
Exempt Under Part A	Eqn. 1 <u>and</u> Eqn. 2
Not Exempt Under Part A or B	Eqn. 1 <u>and</u> Eqn. 2

$$\text{Unit Net CONE}(n) = \frac{\text{COST}(n)}{\text{CRIS}(n)} - \text{EAS}(n) \quad \text{Eqn.}(1)$$

$$\text{Unit Net CONE}(n) = \frac{\text{COST}(i) + \text{COST}(n)}{\text{CRIS}(i) + \text{CRIS}(n)} - [\text{EAS}(n) + \text{EAS}(i)] \quad \text{Eqn.}(2)$$

Scenario #1

- ◆ A new CY2011 project requested 200 MW of CRIS
- ◆ 200 MW of CRIS received in completed CY
- ◆ Project enters the market in 2013; and then submits a request for 30 MW of additional CRIS
- ◆ BSM Examination of 30 MW based on CRIS(i) mitigation determination
 - ◆ If CRIS(i) was exempt under Part A, evaluate under Eqn.1 and Eqn. 2
 - ◆ If CRIS (i) has (or had an Offer Floor, (i.e., regardless of whether all or part cleared at the time of the examination of the 30 MW), evaluate under Eqn.1 and Eqn. 2
 - ◆ If CRIS (i) was exempt under Part B, evaluate under Eqn.1

CRIS(i) not grandfathered for BSM

CRIS(i) =200 MW

CRIS(n) =30 MW

$$\text{Unit Net CONE (230 MW)} = \frac{\text{COST (200 MW)} + \text{COST (30 MW)}}{\text{CRIS (200 MW)} + \text{CRIS (30 MW)}} - [\text{EAS (200 MW)} + \text{EAS (30 MW)}] \quad \text{Eqn. 2}$$

$$\text{Unit Net CONE (30 MW)} = \frac{\text{COST (30 MW)}}{\text{CRIS (30 MW)}} - \text{EAS (30 MW)} \quad \text{Eqn.1}$$

Scenario 2

- ◆ 500 MW project
- ◆ Initial request for 200 MW of CRIS
- ◆ Project evaluated in CY2011
- ◆ Developer accepted 200 MW of CRIS in completed Class Year
- ◆ Project enters the market in 2013
- ◆ Enters CY2013 and requests CRIS for the remaining 300 MW
- ◆ BSM Examination of 300 MW based on CRIS(i) mitigation determination
 - ◆ If CRIS(i) was exempt under Part A, evaluate under Eqn.1 and Eqn. 2
 - ◆ If CRIS (i) has (or had an Offer Floor, (i.e., regardless of whether all or part cleared at the time of the examination of the 300 MW), evaluate under Eqn1 and Eqn. 2
 - ◆ If CRIS (i) was exempt under Part B, evaluate under Eqn.1

CRIS(i) not grandfathered for BSM

CRIS(i) =200 MW

CRIS(n) =300 MW

$$\text{Unit Net CONE (500 MW)} = \frac{\text{COST (200 MW)} + \text{COST (300 MW)}}{\text{CRIS (200 MW)} + \text{CRIS (300 MW)}} - [\text{EAS (200 MW)} + \text{EAS (300 MW)}] \quad \text{Eqn.2}$$

$$\text{Unit Net CONE (300 MW)} = \frac{\text{COST (300MW)}}{\text{CRIS (300 MW)}} - \text{EAS (300 MW)} \quad \text{Eqn.1}$$

Scenario 3

- ◆ 500 MW project_T; initial request of 500 MW CRIS in CY
- ◆ In initial CY 400 MW required no SDU, developer accepted 400MW of CRIS, and rejected 100 MW CRIS (e.g., if there was an SDU cost allocated)
- ◆ After entry in to market, developer requests 150MW MW CRIS
CRIS (n1) = 100 MW (i.e., MW constructed but for which SDU costs were not accepted)
- ◆ CRIS (n2) = 50 MW uprate
- ◆ Include cost of new entry of the existing project if CRIS(i) (i.e., 400 MW) was exempt under part A or (or had, regardless of whether all or part cleared) an Offer Floor
- ◆ BSM Examination of 150 MW based on CRIS(i) mitigation determination
 - ◆ If CRIS(i) [i.e., 400 MW] was exempt under Part A, evaluate 150 MW under Eqn1 and Eqn. 2
 - ◆ If CRIS (i) has (or had an Offer Floor_T (i.e., regardless of whether all or part cleared at the time of the examination of the 150 MW), evaluate under Eqn.1 and Eqn. 2
 - ◆ If CRIS (i) was exempt under Part B, evaluate under Eqn.1

$$\text{Unit Net CONE (150 MW)} = \frac{\text{COST (400)} + \text{Cost (150)MW}}{\text{CRIS (400 MW)} + \text{CRIS(150 MW)}} - [\text{EAS (400 MW)} + \text{EAS(150)}]$$

$$\text{Unit Net CONE (150 MW)} = \frac{\text{COST (150 MW)}}{\text{CRIS(150 MW)}} - \text{EAS (150 MW)}$$

Proposed Net CONE Calculation

- ◆ **The Unit Net CONE calculations shown in Eqns. (1) and (2) would be compared against the capacity price forecast CAPB(n) for the Part B test.**
 - *If Unit Net CONE(n) is less than CAPB(n), the additional CRIS(n) MW are exempt*
 - *If Unit Net CONE(n) is greater than CAPB(n), the additional CRIS(n) MW would have an Offer Floor of the lesser of the default Offer Floor or Unit Net CONE(n).*

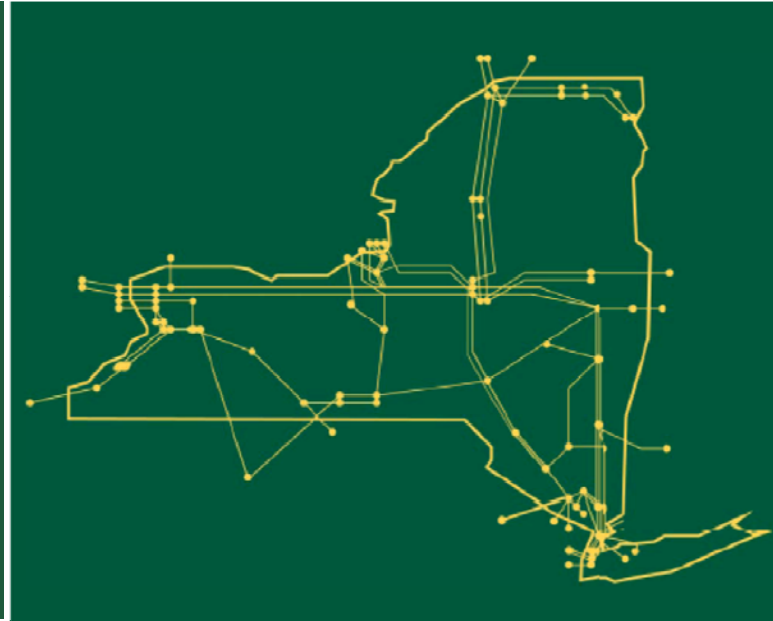
- ◆ **Nothing in this analysis and determination would change the buyer-side mitigation determination (*i.e.*, the exemption or the Offer Floor) for the initial CRIS(i) MW.**

Questions, Comments, Concerns

- ◆ **Please submit comments in writing to Leigh Bullock by March 27, 2012:**

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