

Consumer Impact Analysis: 2013 Project List

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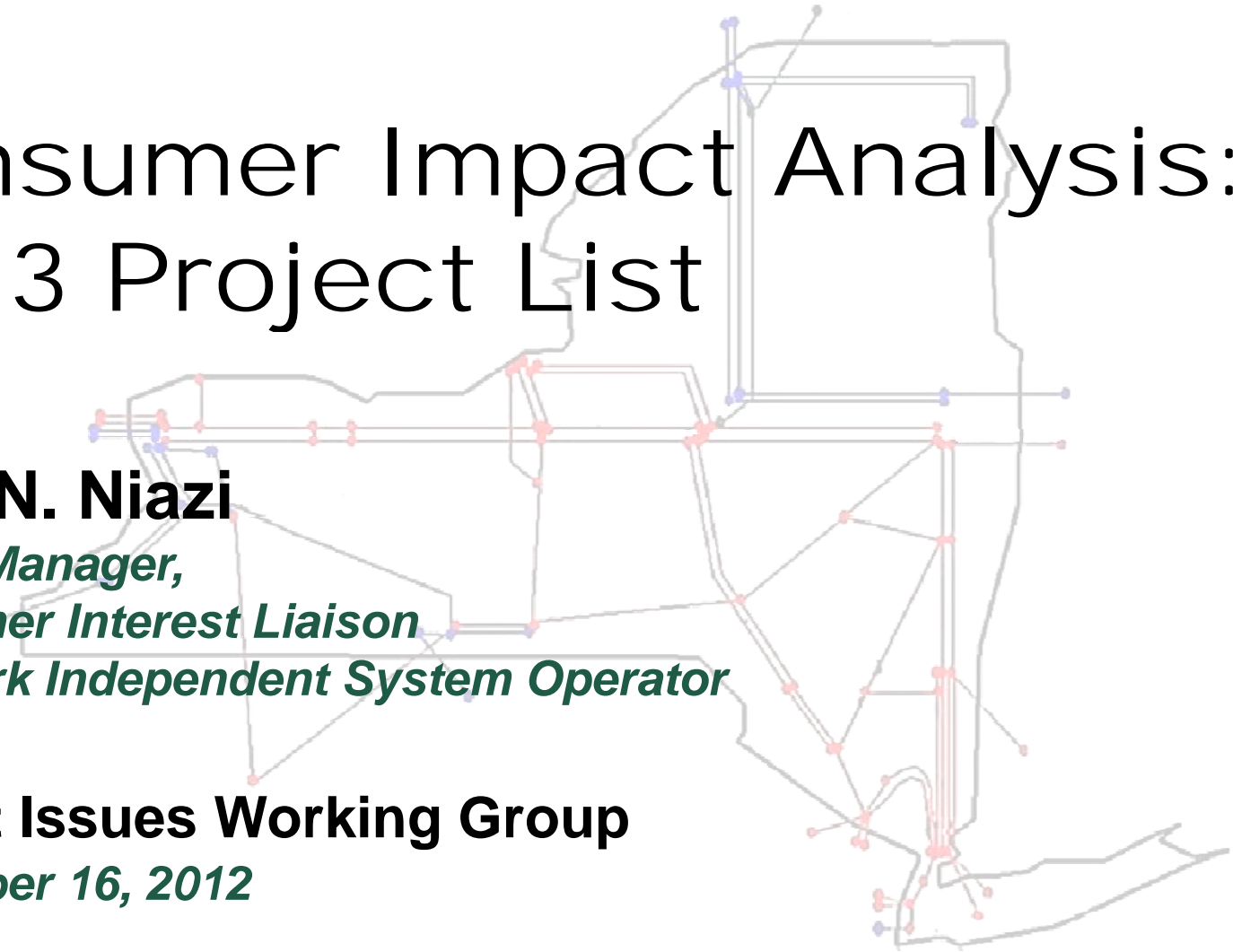
Consumer Interest Liaison

New York Independent System Operator

Market Issues Working Group

November 16, 2012

KCC



Update on 2012 Projects

- ◆ **Ancillary Services Mitigation**
 - *Completed*
- ◆ **Frequency Regulation Compensation**
 - *Completed*
- ◆ **Additional Capacity Zones**
 - *Underway*
- ◆ **Scarcity Prices**
 - *Present at Nov. 16 MIWG*
- ◆ **Mixed Integer Programming (MIP)***
 - *Completed*

** Added to the list of 2012 projects at the request of Market Participants*

Analysis Guidelines

- ◆ **Anticipated net production cost impact of \$5 Million or more**
- ◆ **Expected consumer impact from changes in energy or capacity market prices is greater than \$50 Million per year**
- ◆ **Incorporates new technology into NY Markets for first time**
- ◆ **Allows or encourages a new type or category of market product**
- ◆ **Creates a mechanism for out-of-market payments for reliability**

Identification of 2013 Projects

- ◆ **Significant Market Design Concepts**
 - *Approved in the budget process*
- ◆ **FERC directives (compliance filings) where the NYISO has implementation flexibility**
- ◆ **Emergent stakeholder issues**

2013 Proposed Projects

- ◆ **Additional Capacity Zones**
 - *Continued from 2012*
- ◆ **Demand Response: Real-Time Energy Market**
- ◆ **Coordinated Transaction Scheduling: PJM**
- ◆ **DRIS-SCR Provisional ACL**
- ◆ **Selection of Most Economic Generating Technology**

Demand Response: Real-Time Energy Market

- ◆ ***Description:*** Develop market rules to integrate demand response resources into NYISO's real-time energy markets.
- ◆ ***Benefit:*** Real-time participation by demand response resources may provide benefits as it will provide an alternative source of supply
- ◆ ***Screen:*** Allows or encourages a new type or category of market product

Coordinated Transaction Scheduling: PJM

- ***Description:*** Improve interchange scheduling efficiencies between NYISO's economic based scheduling models and PJM's physical transaction modeling

- ***Benefit:*** Reduction in production cost and consumer costs by improving consistency of prices and schedules and maximizing the utilization of the transmission system to deliver power from the low cost to high cost area

- ***Screen:*** Significant net production cost impact and expected change in market prices

DRIS-SCR: Provisional ACL

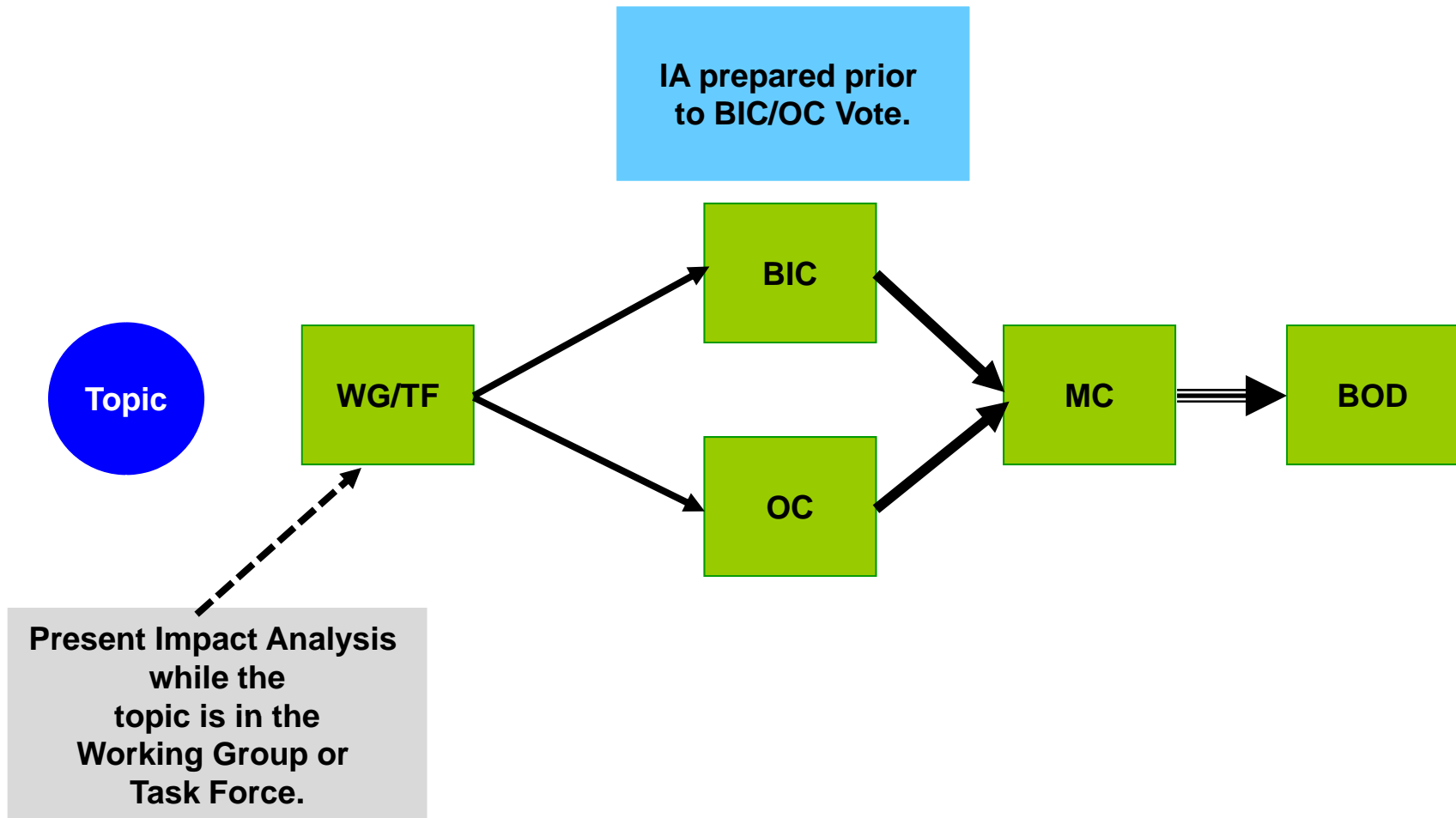
- ◆ ***Description:*** Implement changes in the Demand Response Information System (DRIS) to support market rule changes specifically related to SCRs enrollment with a Provisional Average Coincident Load (ACL)
- ◆ ***Benefit:*** Improvements to existing market rules and closing gaps identified by stakeholders to reduce barriers to participation.
- ◆ ***Screen:*** Emergent stakeholder issue

Selection of Most Economic Generating Technology

- ◆ ***Description:*** The 2011 State of the Market (SOM) report recommended that the NYISO select the most economic generating technology to establish demand curves for the capacity market
- ◆ ***Benefit:*** Not using the most economic technology can result in Demand Curves that lead to inefficient levels of investment and sustained surpluses. Demand Curves based on more economic default resource will lead to more realistic investment choices and lower overall market costs
- ◆ ***Screen:*** Emergent stakeholder issue

Impact Analysis - Process Map

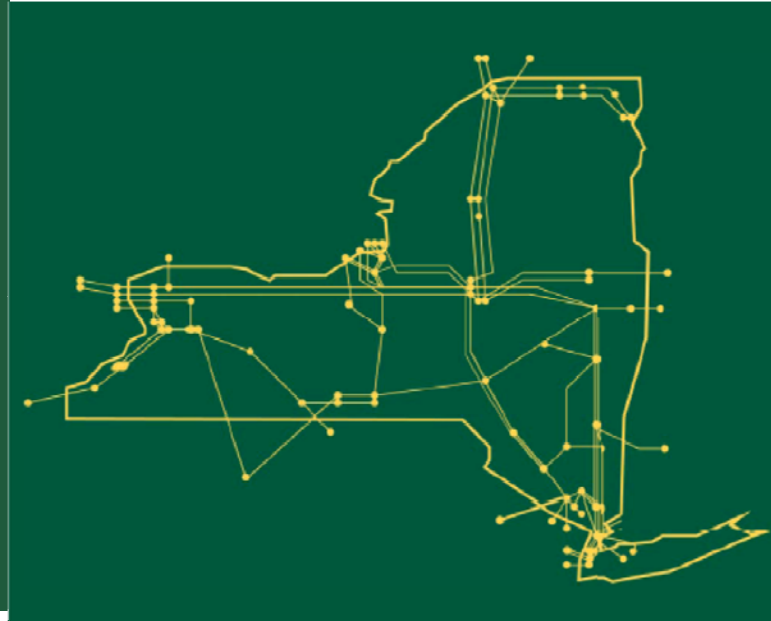
NYISO SHARED GOVERNANCE PROCESS



Next Steps

- ◆ **Presentation to:**
- ◆ **November 28 MC**

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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