

Proposed Tariff Revisions Related to the DR Backstop

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NYISO, Rensselaer, NY

Topics

- ◆ **Approach to Proposed Tariff Revisions**
- ◆ **Review of Proposed Tariff Revisions**
- ◆ **Next Steps**

Overview of NYISO's DR Backstop Model

- ◆ At the March 30, 2015 Joint ICAP and Price-Responsive Load Working Group Meeting, the NYISO presented details of a DR Backstop design:
 - *Load Serving Entity (LSE) receives a credit to its capacity requirement for Demand Side Resources enrolled for it in its Zone, with a maximum credit limited to the LSE's Unforced Capacity Requirement(s), including Locational Requirements*
- ◆ The DR Backstop design tariff revisions will not be filed until FERC provides guidance

Approach to Proposed Tariff Revisions for the DR Backstop

- ◆ Existing program rules and concepts were retained except where necessary to reflect changes in the way demand response is proposed to be recognized in the NYISO's markets under the DR Backstop design
- ◆ Developed new terminology and revised existing terms
 - *To clearly distinguish the new program from the SCR program*
- ◆ Created a new section (5.11.5) in the Market Administration and Control Area Services Tariff for the program that will replace the SCR program
 - *Placed a copy of existing SCR tariff language in the new section and incorporated new or revised terminology as applicable*
 - *Added language to specify obligations of the LSE and the link between the LSE and the Responsible Enrolling Party (REP)*
 - *Added language for a mid-Capability Period transition*

Retention of SCR Tariff Language

- ◆ **Existing SCR language was retained in sections that will continue to apply until the close-out of the Capability Period in which the effective date of the new program occurs**
- ◆ **Detail of retained tariff language is provided later in this presentation**

Summary of Proposed Tariff Revisions for the Capacity Requirement Offset Program

- ◆ Modified existing and created new terms and definitions
- ◆ Created new section for the program
 - *Section 5.11.5 Capacity Requirement Offset Program*
- ◆ Modified existing sections that reference the SCR program to allow for orderly Capability Period close-out
 - *Section 5.12.11.1 Responsible Interface Parties*
 - *Section 5.12.12 Sanctions Applicable to Installed Capacity Suppliers and Transmission Owners*
 - *Section 5.14 Installed Capacity Supplier Shortfalls and Deficiency Charges*

Proposed Terms and Definitions

Mapping of SCR Program Terminology to Capacity Requirement Offset Program Terminology

<u>Existing SCR Program Term</u>	<u>Capacity Requirement Offset Program Term</u>
Special Case Resource Program	Capacity Requirement Offset Program
Responsible Interface Party (RIP)	Responsible Enrolling Party (REP)
Special Case Resource (SCR)	Capacity Offset Demand Resource
UCAP	UCAP _c
ICAP	ICAP _c
SCR Aggregation	Capacity Offset Demand Resource Aggregation
Average Coincident Load of a SCR Aggregation	Average Coincident Load of a Capacity Offset Demand Resource Aggregation

Appendix A provides a comprehensive list of all terms introduced or modified for the Capacity Requirement Offset Program

Revisions to MST Section 2 Definitions

- ◆ Created new terms based on adjusted SCR program definitions
 - *Example: Capacity Requirement Offset Program created as a new term with definition based on the SCR program definition*

- ◆ Created new terms when an existing SCR program definition was not easily adjusted
 - *Example: Capacity Requirement Offset created as a new term to define the credit that may offset a LSE's Unforced Capacity Obligation*

Revisions to MST Section 2 Definitions - continued

- ◆ Renamed existing SCR program terms and modified for use with either program
 - *Example: Capability Period Load Zone Peak Hours renamed from Capability Period SCR Load Zone Peak Hours*
- ◆ Appendix A lists all terms from MST Section 2 with proposed revisions for the Capacity Requirement Offset Program

Proposed Tariff Language for the Capacity Requirement Offset Program

Section 5.11 Requirements Applicable to LSEs

- ◆ Updates made to reflect that demand response resources will no longer be offered as supply but can offset an LSE's Capacity Requirements
 - *Section 5.11.2 LSE Obligations*
 - Added language to reflect that the LSE Unforced Capacity Obligation will be offset by the amount of its Unforced Capacity Credit as described in Section 5.11.5
 - *Section 5.11.4 LSE Locational Minimum Installed Capacity Requirements*
 - Added language to reflect that the LSE Unforced Capacity Obligation will be offset by the amount of its Unforced Capacity Credit as described in Section 5.11.5

Section 5.11.5 Capacity Requirement Offset Program

- ◆ **Created new section to describe how an LSE may offset its Unforced Capacity Obligation with a Capacity Requirement Offset**

Section 5.11.5.1 Responsible Enrolling Parties

- ◆ Based on current Section 5.12.11.1 Responsible Interface Parties
- ◆ Added language to describe the link between the LSE and its appointed REP
 - *The REP, as the enrolling party, will have access to DRIS to perform enrollment, testing, and reporting tasks*
 - The REP can choose to provide the LSE with DRIS user privileges
 - *However, the LSE will bear ultimate responsibility for REP actions associated with the Capacity Offset Demand Resource including enrollment, testing, reporting, and settlements*
- ◆ Removed reference to the EDRP
- ◆ Removed language for submitting a Minimum Payment Nomination
- ◆ Removed language for the sale of SCR UCAP in ICAP auctions
- ◆ Removed language related to energy payments for verified load reduction during a SCR event or test

Section 5.11.5.2 UCAP_c and ICAP_c Calculation

- ◆ Created new section to describe the determination of the value of the Capacity Requirement Offset provided by a Capacity Offset Demand Resource
 - *Added reference to ISO Procedures for the determination of a Capacity Offset Demand Resource's UCAP_c*
 - *The ICAP_c of a Capacity Offset Demand Resource is its ICAP Credit equivalent of its UCAP_c*

Section 5.11.5.3 Average Coincident Load of a Capacity Offset Demand Resource

- ◆ **Based on Section 5.12.11.1.1 Special Case Resource Average Coincident Load**
- ◆ **Updated to reflect terms of the Capacity Requirement Offset Program**
- ◆ **Average Coincident Load calculations remain the same**

Section 5.11.5.4 Use of a Provisional Average Coincident Load

- ◆ **Based on Section 5.12.11.1.2 Use of a Provisional Average Coincident Load**
- ◆ **Updated to reflect terms of the Capacity Requirement Offset Program**
- ◆ **Added language for a mid-Capability Period transition**
 - *A Demand Side Resource enrolled as a SCR with a Provisional ACL in the Capability Period in which Section 5.11.5 becomes effective cannot be enrolled in the Capacity Requirement Offset Program for the remainder of that Capability Period*

Section 5.11.5.5 Reporting a Demand Side Resource Change of Load or Demand Side Resource Change of Status

- ◆ **Based on Sections 5.12.11.1.3 Reporting of a SCR Change of Load or SCR Change of Status; 5.12.11.1.3.1 SCR Change of Load; and 5.12.11.1.3.2 SCR Change of Status**
- ◆ **Includes Section 5.11.5.5.1 Demand Side Resource Change of Load and Section 5.11.5.5.2 Demand Side Resource Change of Status**
- ◆ **Replaced “SCR” with “Demand Side Resource” to reflect renaming of the terms to apply to resources in either the Capacity Requirement Offset Program or the SCR Program**
- ◆ **Updated to reflect terms of the Capacity Requirement Offset Program**

Section 5.11.5.5.2 Demand Side Resource Change of Status

- ◆ **A REP will be responsible for demonstrating the performance of its Capacity Offset Demand Resource in the second performance test in the Capability Period if the resource had a change to its ACL that obligates it to perform in the second performance test, even if the second performance test occurs after Section 5.11.5 becomes effective, and the resource was enrolled as a SCR during the first performance test**

Section 5.11.5.6 Average Coincident Load of a Capacity Offset Demand Resource Aggregation

- ◆ **Based on Section 5.12.11.1.4 Average Coincident Load of a SCR Aggregation**
- ◆ **Updated to reflect terms of the Capacity Requirement Offset Program**
- ◆ **Calculation of the Average Coincident Load of a Capacity Offset Demand Resource Aggregation remains the same**

Section 5.11.5.7 Use of an Incremental Average Coincident Load

- ◆ Based on Section 5.12.11.1.5 Use of an Incremental Average Coincident Load
- ◆ Updated to reflect terms of the new program
- ◆ Added language for determining the maximum increase allowed to the $ICAP_c$ of a resource when enrolling with an Incremental ACL that is equal to or greater than twenty percent and less than thirty percent of the applicable ACL:
 - *If the Demand Side Resource was enrolled as a SCR in the NYISO's SCR program in the Capability Period being used for evaluation, the maximum eligible Installed Capacity of the Special Case Resource shall be used as the maximum eligible $ICAP_c$ of the Capacity Offset Demand Resource*

Section 5.11.5.7 Use of an Incremental Average Coincident Load - continued

- ◆ **Added language for a mid-Capability Period transition**
 - *A Demand Side Resource enrolled as a SCR with an Incremental ACL in the Capability Period in which Section 5.11.5 becomes effective cannot be enrolled in the Capacity Requirement Offset Program for the remainder of that Capability Period*
 - *A REP will be responsible for demonstrating the performance of its Capacity Offset Demand Resource in the second performance test in the Capability Period if the resource had a change to its ACL that obligates it to perform in the second performance test, even if the second performance test occurs after Section 5.11.5 becomes effective, and the resource was enrolled as a SCR during the first performance test*

Section 5.11.5.8 Deficiencies and Sanctions Applicable to Load Serving Entities Participating in the Capacity Requirement Offset Program

- ◆ **Created new section in 5.11.5 to include both deficiencies and sanctions**
 - *Section 5.11.5.8.1 Applicable Deficiencies*
 - *Section 5.11.5.8.2 Applicable Sanctions*
- ◆ **Placed a copy of applicable SCR tariff language from sections 5.12.12 and 5.14 into this new section**

Section 5.11.5.8.1 Applicable Deficiencies

- ◆ **Based on Section 5.14.2 Installed Capacity Supplier Shortfalls and Deficiency Charges**
- ◆ **Updated to reflect terms of the new program**
- ◆ **Added language to clarify that deficiencies will be assessed to the Load Serving Entity that received the Capacity Requirement Offset**
 - *Section 5.11.5.8.1.1 Shortfall for Provisional ACL*
 - *Section 5.11.5.8.1.2 Shortfall for Incremental ACL*
 - *Section 5.11.5.8.1.3 Shortfall for Demand Side Resource Change of Status*
 - *Section 5.11.5.8.1.4 Shortfall for Responsible Enrolling Party Portfolio Performance*

Section 5.11.5.8.2 Applicable Sanctions

- ◆ **Based on Section 5.12.12.2 Sanctions for Failing to Comply with Scheduling, Bidding, and Notification Requirements**
- ◆ **Updated to reflect terms of the new program**
- ◆ **If sanctions are imposed, they will be assessed to the Load Serving Entity that received the Capacity Requirement Offset**

Proposed Modifications to the Existing SCR Program Tariff Language

Retention of SCR Tariff Language

- ◆ For the NYISO to complete the administration of the final Capability Period of the SCR program, all provisions related to that administration need to remain in the tariff until those operations are complete, such as:
 - *Event data reporting*
 - *Provisional ACL Verification data reporting*
 - *Incremental ACL Verification data reporting*
 - *Performance Factor and Shortfall calculations*
- ◆ Includes definitions as well as sections in 5.12 and 5.14 related to the SCR program

Section 5.12 Requirements Applicable to Installed Capacity Suppliers

- ◆ **Removed reference to Responsible Interface Parties**
 - *Section 5.12.1 Installed Capacity Supplier Qualification Requirements*
 - *Section 5.12.3 Installed Capacity Supplier Outage Scheduling Requirements*
 - *Section 5.12.5.1 Generators, System Resources, Energy Limited Resources, Responsible Interface Parties, Intermittent Power Resources, Limited Control Run-of-River Hydro Resources and Municipally Owned Generation*
- ◆ **Section 5.12.5.1**
 - *Added language to recognize that a RIP's responsibilities continue beyond the effective date of Section 5.11.5 if it had enrolled SCRs in the Capability Period in which the Capacity Requirement Offset Program becomes effective, or in the two immediately preceding Capability Periods*

Section 5.12.6.1 UCAP Calculations

- ◆ **Added language to indicate SCRs are no longer authorized to supply Unforced Capacity beyond the effective date of Section 5.11.5**

Section 5.12.11.1 Responsible Interface Parties

- ◆ **Changed section name to: “Rules for Responsible Interface Parties that Provided Installed Capacity Prior to the Effective Date of Section 5.11.5 of this Services Tariff”**
- ◆ **Added language to recognize that a RIP’s responsibilities continue beyond the effective date of Section 5.11.5 if it had enrolled SCRs in the Capability Period in which the Capacity Requirement Offset Program becomes effective, or in the two immediately preceding Capability Periods**
 - *To include all reporting and performance obligations related to its activity in the SCR program*

Section 5.12.11.1 Responsible Interface Parties - continued

- ◆ **Added language to indicate that the RIP shall remain a Customer until its obligations under the Services Tariff and ISO Procedures have been met**
- ◆ **Removed language no longer applicable following the effective date of the Capacity Requirement Offset Program**

Section 5.12.11.1.1 Average Coincident Load of a Special Case Resource

- ◆ **Restructured section title**
- ◆ **Added language to recognize that a RIP's responsibilities continue beyond the effective date of Section 5.11.5 if it had enrolled SCRs in the Capability Period in which the Capacity Requirement Offset Program becomes effective, or in the two immediately preceding Capability Periods**

Section 5.12.11.1.2 Use of a Provisional Average Coincident Load

- ◆ **A RIP's responsibilities continue beyond the effective date of Section 5.11.5 if it had enrolled SCRs in the Capability Period in which the Capacity Requirement Offset Program becomes effective, or in the two immediately preceding Capability Periods**

Section 5.12.11.1.3 Reporting of a SCR Change of Load or SCR Change of Status

- ◆ **Includes Section 5.12.11.1.3.1 SCR Change of Load and Section 5.12.11.1.3.2 SCR Change of Status**
- ◆ **Replaced “SCR” with “Demand Side Resource” to reflect renaming of the terms to apply to resources in either the Capacity Requirement Offset Program or the SCR Program**

Section 5.12.11.1.3.2 SCR Change of Status

- ◆ A RIP's responsibilities continue beyond the effective date of Section 5.11.5 if it had enrolled SCRs in the Capability Period in which the Capacity Offset Requirement Program becomes effective, or in the two immediately preceding Capability Periods
 - *A RIP will be responsible for demonstrating the performance of its SCR in the second performance test in the Capability Period if the resource had a change to its ACL that obligates it to perform in the second performance test, even if the second performance test occurs after Section 5.11.5 becomes effective, and the resource is not enrolled in the new program*

Section 5.12.11.1.4 Average Coincident Load of a SCR Aggregation

- ◆ **No changes**

Section 5.12.11.1.5 Use of an Incremental Average Coincident Load

- ◆ **A RIP's responsibilities continue beyond the effective date of Section 5.11.5 if it had enrolled SCRs in the Capability Period in which the Capacity Requirement Offset Program becomes effective, or in the two immediately preceding Capability Periods**

Section 5.12.12.2 Sanctions For Failing to Comply with Scheduling, Bidding, and Notification Requirements

- ◆ **Added language to recognize that a RIP's responsibilities continue beyond the effective date of Section 5.11.5 if it had enrolled SCRs in the Capability Period in which the Capacity Requirement Offset Program becomes effective, or in the two immediately preceding Capability Periods**

Section 5.14.2 Installed Capacity Supplier Shortfalls and Deficiency Charges

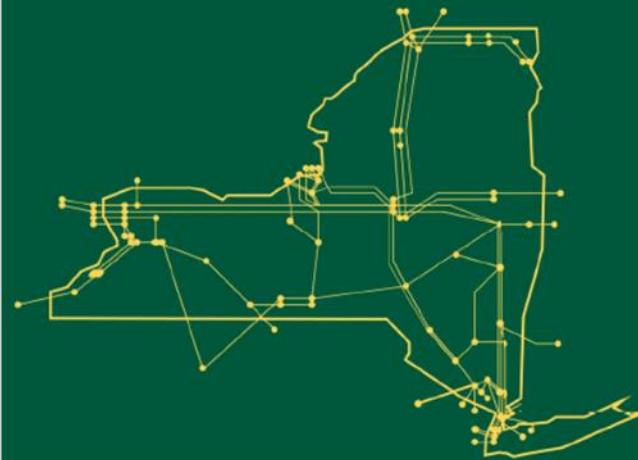
- ◆ **Added language to recognize that a RIP's responsibilities continue beyond the effective date of Section 5.11.5 if it had enrolled SCRs in the Capability Period in which the Capacity Requirement Offset Program becomes effective, or in the two immediately preceding Capability Periods**
 - ***Section 5.14.2.1 General Provisions***
 - ***Section 5.14.2.3 Additional Provisions Applicable to RIPs***
 - **Section 5.14.2.3.1 Shortfall for Provisional ACL**
 - **Section 5.14.2.3.2 Shortfall for Incremental ACL**
 - **Section 5.14.2.3.3 Shortfall for Demand Side Resource Change of Status**
 - **Section 5.14.2.3.4 Shortfall for Responsible Interface Party Portfolio Performance**

Next Steps

- ◆ Please send comments to:
 - *Debbie Eckels by May 8, 2015 at:*
deckels@nyiso.com

- ◆ Return to a May ICAPWG with:
 - *Responses to comments received*
 - *Continued discussion of topics within this presentation*

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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APPENDIX A

MST Section 2 Definitions

Revisions are Proposed to the Following MST Section 2 Terms and Definitions

- ◆ Adjusted Actual Load
- ◆ Average Coincident Load (ACL)
- ◆ *Average Coincident Load of a CODR Aggregation*
- ◆ Capability Period SCR Load Zone Peak Hours
- ◆ *Capacity Offset Demand Resource (CODR)*
- ◆ *Capacity Requirement Offset (CRO)*
- ◆ *Capacity Requirement Offset Program*
- ◆ *CODR Aggregation*
- ◆ Demand Side Resource
- ◆ Expected Load Reduction

Italicized terms denote terms new for the Capacity Requirement Offset Program

Revisions are Proposed to the Following MST Section 2 Terms and Definitions - continued

- ◆ *ICAP Credit (ICAP_c)*
- ◆ Incremental Average Coincident Load
- ◆ Monthly Average Coincident Load
- ◆ Monthly SCR Load Zone Peak Hours
- ◆ Net Average Coincident Load
- ◆ Provisional Average Coincident Load
- ◆ Qualified Change of Load Condition
- ◆ Qualified Change of Status Condition

Italicized terms denote terms new for the Capacity Requirement Offset Program

Revisions are Proposed to the Following MST Section 2 Terms and Definitions - continued

- ◆ Resource
- ◆ *Responsible Enrolling Party*
- ◆ SCR Change of Load
- ◆ SCR Change of Status
- ◆ SCR Load Change Reporting Threshold
- ◆ Special Case Resource
- ◆ Supplier
- ◆ *UCAP Credit (UCAP_c)*
- ◆ Verified Average Coincident Load

Italicized terms denote terms new for the Capacity Requirement Offset Program

APPENDIX B

Mapping of Tariff Sections from the SCR Program to the Capacity Requirement Offset Program

<u>Existing SCR Program Tariff Section</u>	<u>Proposed Capacity Requirement Offset Program Tariff Section</u>
5.12 Requirements Applicable to Responsible Interface Parties	5.11 Requirements Applicable to LSEs
N/A	5.11.5 Capacity Requirement Offset Program
5.12.11.1 Responsible Interface Parties	5.11.5.1 Responsible Enrolling Parties
N/A	5.11.5.2 UCAP _c and ICAP _c Calculation
5.12.11.1.1 Special Case Resource Average Coincident Load	5.11.5.3 Average Coincident Load of a Capacity Offset Demand Resource
5.12.11.1.2 Use of a Provisional Average Coincident Load	5.11.5.4 Use of a Provisional Average Coincident Load

Mapping of Tariff Sections from the SCR Program to the Capacity Requirement Offset Program - continued

<u>Existing SCR Program Tariff Section</u>	<u>Proposed Capacity Requirement Offset Program Tariff Section</u>
5.12.11.1.3 Reporting a SCR Change of Load or SCR Change of Status	5.11.5.5 Reporting a Demand Side Resource Change of Load or Demand Side Resource Change of Status
5.12.11.1.3.1 SCR Change of Load	5.11.5.5.1 Demand Side Resource Change of Load
5.12.11.1.3.2 SCR Change of Status	5.11.5.5.2 Demand Side Resource Change of Status
5.12.11.1.4 Average Coincident Load of a SCR Aggregation	5.11.5.6 Average Coincident Load of a Capacity Offset Demand Resource Aggregation
5.12.11.1.5 Use of an Incremental Average Coincident Load	5.11.5.7 Use of an Incremental Average Coincident Load

Mapping of Tariff Sections from the SCR Program to the Capacity Requirement Offset Program - continued

<u>Existing SCR Program Tariff Section</u>	<u>Proposed Capacity Requirement Offset Program Tariff Section</u>
N/A	5.11.5.8 Deficiencies and Sanctions Applicable to Load Serving Entities Participating in the Capacity Requirement Offset Program
5.14.2 Applicable Deficiencies 5.14.2.1 General Provisions	5.11.5.8.1 Applicable Deficiencies
5.14.2.3.1 Shortfall for Provisional ACL	5.11.5.8.1.1 Shortfall for Provisional ACL
5.14.2.3.2 Shortfall for Incremental ACL	5.11.5.8.1.2 Shortfall for Incremental ACL
5.14.2.3.3 Shortfall for SCR Change of Status	5.11.5.8.1.3 Shortfall for Demand Side Resource Change of Status
5.14.2.3.4 Shortfall for Responsible Interface Party Portfolio Performance	5.11.5.8.1.4 Shortfall for Responsible Enrolling Party Portfolio Performance
5.12.12.2 Sanctions for Failing to Comply with Scheduling, Bidding, and Notification Requirements	5.11.5.8.2 Applicable Sanctions