NYISO Consumer Interest Liaison Weekly Summary

December 3 – December 7, 2018

Notices:

- *The NYISO has posted an announcement regarding the use of a **10 MW constraint reliability margin (CRM) for certain secured 115 kV facilities in the January 2019 Balance-of-Period Auction** and all subsequent Winter 2018-2019 Balance-of-Period Auctions at the following **link**. This posting can be found on the NYISO website under **TCC Data and Information** > Information and Announcements > 2018.*

- *The NYISO **Board of Directors met yesterday** (December 6, 2018) **to make its determinations regarding the proposed AC Transmission projects.** After careful review and deliberation, the Board reached a unanimous decision and is now developing the appropriate documentation of this decision. The Board expects to release its decision on or before December 27. This statement can be found on the NYISO website under Planning/CSPP/Public Policy Documents/AC Transmission PPTN - **here***

- *At the request of stakeholders, **the NYISO is providing information on the load shapes, wind output shapes, and run-of-river hydro output shapes that are inputs in the capacity value analysis performed by GE**. The files are posted with the December 6th, 2018 ICAPWG meeting materials: **nyiso.com/icapwg?meetingDate=2018-12-06***

- *The **Carbon Pricing Proposal** has been posted at: **Carbon Pricing Proposal***

Meeting Summaries:

Monday, December 3, 2018

Integrating Public Policy Task Force

Treatment of Existing REC Contracts

Michael DeSocio of the NYISO provided an update to the Carbon Pricing Proposal in reference to entities with Renewable Energy Credit (REC) contracts. Following considerable discussion, the

NYISO has determined that it is no longer recommending that the proposal include a mechanism for charging resources with pre-existing REC contracts the $LBMP_C$. Mr. DeSocio noted the rationale for the decision:

- ***REC payments are not solely linked to carbon abatement or avoidance.***
  - *REC payments consider multiple state policy objectives.*
  - *REC payments are intended to support renewable resources under all future uncertainties including fuel cost and environmental regulations.*
  - *Withholding the $LBMP_C$ from resources with pre-existing RECs without establishing that RECs were designed solely for carbon abatement would unfairly target one set of resources within the NYCA, which is contrary to NYISO's mission to operate open, fair and non-discriminatory competitive markets.*

The NYISO encourages feedback which can be sent to: ipptf_feedback@nyiso.com.

Analysis of a New York Carbon Charge (Updated)

Samuel Newell of the Brattle Group (Brattle) provided updates to the analysis of the implementation of a carbon charge to wholesale prices. Brattle was asked to perform additional analysis with some alternative assumptions. The additional analysis by Brattle entailed:

- *Analyzed carbon charge-induced repowering, effects on NOx emissions, and delayed construction of new transmission*
- *Updated MAPS-based customer cost analysis*
  - *Added 2022 scenario*
  - *Revised quantity of contracted RECs for "claw-back" calculation*
  - *Revised 2030 nuclear retention assumptions*
- *Updated scenario assumptions on future MW value of offshore wind and nuclear generation retirements*
- *An updated version of the spreadsheet with 2022 modeling results and buildup tables has also been posted on the IPPTF Meeting Materials website here.*

Mr. Newell presented the methodology and the results of the additional analysis.
To see the complete presentation, please go to: https://www.nyiso.com/ipptf?meetingDate=2018-12-03

Tuesday, December 4, 2018

Joint Electric System Planning Working Group/Transmission Planning Advisory Subcommittee

Study Scopes

Q# 746
Peconic River Energy Storage Project
150MW
Suffolk County, NY
Recommended to the OC for approval

Q#760
Moses-Adirondack Advanced Power Flow Control Project
115kV Series Compensation
Zone D – Zone E
Recommended to the OC for approval

Class Year 2017 Update

Ed Cano of the NYISO provided an update to the Class Year 2017 process. A new timeline has been posted to the TPAS/ESPWG meeting materials. Also, the Class Year 2019 process is anticipated to begin in May or June 2019.

Comprehensive System Planning Process Review

Yachi Lin of the NYISO presented a review of the Comprehensive System Planning Process (CSPP) and led a discussion with stakeholders on providing direction for improvements to the process. This process follows the short term planning process improvement review recently completed with an in-depth project to improve the CSPP. The objective of this project is to review the existing processes and recommend revisions and enhancements for discussion with stakeholders, leading to the development of tariff revisions for stakeholder and Board approval, and filing with the FERC under Section 205 of the Federal Power Act. To begin the discussion, Ms. Lin led a review of the current process to familiarize market participants with a complete summary of the existing process for a common starting point. Flowcharts were provided illustrating the four components that make up the CSPP:

- **Reliability Planning Process (RPP)**
- **Local Transmission Planning Process (LTP)**
- **Economic Planning Process (CARIS)**
- **Public Policy Transmission Planning Process (PPTPP)**

The potential improvements to the process will be guided by four major principle concepts, developed by NYISO staff:

1. *Be an authoritative source of information and identify comprehensive system planning needs.*
2. *Efficiently identify and implement solutions for reliability needs.*
3. *Favor market-based solutions while enabling efficient transmission solutions.*
4. *Comply with FERC Order Nos. 890 and 1000*

A preliminary conceptual CSPP structure was provided as a guideline for potential improvements and the four concept principles above were detailed as a starting point for future discussion. The next presentation will take place at the December 19, 2018 ESPWG and comments received will be considered in the presentation.

To see the presentation materials, please go to:
https://www.nyiso.com/documents/20142/3740322/CSPP_proposal.pdf/cb2ab73c-1af6-1552-3f2a-9f2ec47de3b6

Cost Containment Straw Proposal

Yachi Lin of the NYISO presented the Straw Proposal for the Treatment of Capital Costs in Proposed Public Policy Transmission Projects, otherwise referred to as Cost Containment. The NYISO developed the Straw Proposal following extensive discussion with market participants and project Developers, along with a review of the procedures and tariffs of other ISOs and RTOs.

Carl Patka of the NYISO led a review of the Straw Proposal highlighting the major sections for continuing discussion with stakeholders. The Straw Proposal consists of:

- Introduction
  - Describing the process
- Cost Containment Elements
  - Defining which project costs will be subject to cost containment
- Cost Containment Exclusions
  - Defining elements of a project that are unforeseeable costs
- Cost Containment in Evaluation and Selection

- Cost Containment Filing and Enforcement

The NYISO is seeking comments on the process for consideration in the next presentation, scheduled for December 19, 2018. The NYISO anticipates a completed proposal for governance action leading to a March 2019 filing with FERC. To see the Straw Proposal, please go to: https://www.nyiso.com/documents/20142/3740322/Cost%20Containment%20NYISO%20Straw%20Proposal.pdf/41ef0ab0-adce-f5db-8114-6afd539ac10e

Wednesday, December 5, 2018

System Operations Advisory Subcommittee

NYISO Operations Report – November 2018

Peak Load:

The monthly peak load of 21,503 MW occurred on Thursday, November 15, 2018 at HB17. The Operating Reserve requirement during the peak was 1,965MW resulting in a minimum total Operating Capacity requirement of 23,648 MW.

Reserve Requirements:

Reserve	10 Min Sync	Non Sync	30 Min
Requirement	655	1,310	1,965
For Hour	1,345	1,982	3,548
DSASP Cont.	105	0	105

Major Emergencies: None

Alert States: 18

8 Emergency Transfer Declared
1 System Frequency Low
7 Shortage of 10 Minute Synchronized Reserve
1 Shortage of 10 Minute Total Reserve
1 Exceeding Central East Voltage Contingency Limit

The Alert State was declared 7 times during November 2017

Thunderstorm Alerts: 0 Total 0 Hours

Reserve Activations: 13

Emergency Actions: None

TLR 3 Declared: 0 for a total of 0 hours

Thursday, December 6, 2018

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

Net Benefit Test Methodology – FERC Order 745

Dr. Chhandita Das of the NYISO presented the Net Benefit Test (NBT) methodology for FERC Order No. 745 compliance. The NBT determines the price each month at which the benefits to spot market power purchasers from a reduction in the spot price of power would be greater than the payments to demand response providers.

The NBT methodology consists of eight steps. Dr. Das led a review of the following process steps with stakeholders:

Step 1: Compile Supply Offers for the Reference Month
Step 2: Update Supply Offers for Changes in Resource Availability
Step 3: Combine the Hourly Adjusted Offers to Create Hourly Supply Curves
Step 4: Adjust Offers for Changes in Fuel Prices
Step 5: Create an Average Supply Curve

Step 6: Smooth the Average Supply Curve
Step 7: Identify Heat Rate Net Benefit Threshold
Step 8: Calculate Net Benefit Threshold LBMP

Dr. Das detailed the research conducted for the compliance filing using 2009 – 2011 data. Based on the original research, the methodology specified using the offers in the range of $5/MWh to $350/MWh to form the supply curve. Analyses of recent months revealed some issues with the current offer range as there are several factors that can influence the relevant offer range. Dr. Das highlighted possible issues and offered potential solutions the NYISO has investigated.

The NYISO will proceed to analyze the portion of the hourly supply curves that fall in the range between $5 and the observed maximum generator DAM LBMP for the Reference Month. The NYISO will report the offer cap used for the analysis along with other publication requirements. The technical bulletin will be updated to reflect the enhancement.

To see the complete presentation, please go to:
https://www.nyiso.com/documents/20142/3832196/745_Methodology_MIWG_NYISO.pdf/8c8c401d-9559-d28d-7378-a60fc93c243e

Capacity Value Study Summary

Zachary T. Smith of the NYISO provided a review of the background and assumptions of the GE Consulting "Value of Capacity Study" (Study) with stakeholders. The presentation was intended to clarify several issues in the Study and provide a common starting point for a thorough discussion of the Study results.

Mr. Smith led a discussion of the comments received from stakeholders to assist in providing a more clear and common understanding of the Study assumptions and methodology.

Mr. Smith led a review of the capabilities of the GE MARS software that was used by GE to perform simulations for the Study. GE personnel were available to assist in the explanation of the abilities of the software and provide a deeper understanding of how the software was used in this capacity.

Mr. Smith also led a detailed review of the process used to establish the Installed Reliability Margin (IRM) for the New York Control Area (NYCA) and how and why the GE MARS model is utilized in this process.

Mr. Smith explained the differences between a study to determine Effective Load Carrying Capability and a study to determine Capacity Value. The NYISO chose to conduct a Capacity Value Study to compare the value of resources with duration limitations to existing system resources as the NYISO anticipates increased penetration of duration limited resources to replace existing resources in the NYCA in the near future. The approach and methodology of the Capacity Value Study was detailed while explaining the process for adding and removing Capacity.

The two cases used in the Study, the Base Case and High Wind with High Solar, were detailed for clarity using multiple scenarios of resource penetration and hour durations.

Mr. Smith referenced other studies that stakeholders had requested the NYISO to review to compare and contrast the methodologies used for potential benefit for application in the GE Study. The referenced studies varied in assumptions, load curves and specific resources making them not comparable to the methodologies used for the Capacity Value study in New York. Mr. Smith also noted additional studies the NYISO had evaluated prior to the decision to proceed with GE using the GE MARS product.

Following this review of the Capacity Value Study assumptions and results, the NYISO intends to continue the discussion on the expansion of the capacity market in upcoming ICAPWG discussions with stakeholders. Comments are encouraged and can be sent to deckels@nyiso.com and ztsmith@nyiso.com.

To see the complete presentation, please go to:
https://www.nyiso.com/documents/20142/3832196/Capacity%20Value%20Study%20Summary.pdf/e43f7c7b-cada-04be-05b2-95c1d9e1f007

FERC Filings

December 7, 2018

Letter informing the Commission that technical filing difficulties have been resolved and that the NYISO has successfully filed Form 3-Q

December 4, 2018

NYISO compliance filing to set an effective date of December 18, 2018 for Order No. 831 offer cap tariff revisions

December 3, 2018

NYISO filing of compliance with the Commission's February 15, 2018, Order No. 841 concerning Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators

FERC Orders

December 4, 2018

FERC order accepted the cost reimbursement agreement (SA No. 2437) between Niagara Mohawk Power Corporation and Mid-Atlantic Interstate Transmission, LLC

December 4, 2018

Order accepted the filing of updated transmission depreciation rates to revise Niagara Mohawk Power Corporation's Wholesale Transmission Service Charge formula rate

December 4, 2018

FERC order accepted revisions to certain power supply contracts within Table 1A of Attachment l to the OATT effective December 18, 2018, as requested

Filings and Orders:

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