

NYISO Consumer Interest Liaison Weekly Summary

November 26 – November 30, 2018

Notices:

- *The NYISO has posted the **Locational Minimum Installed Capacity Requirement (“LCR”) Determination process document** that will be used to establish the LCRs under the newly accepted tariff revisions (commonly referred to as the Alternative LCR process). The document is found at the following link, under “Reference Documents > LCR Calculation Process”:
<https://www.nyiso.com/documents/20142/1408199/LCR-determination-process.pdf/2854dc25-301e-c506-1d88-2b13e0284ca1> The NYISO will no longer use the previous LCR document, which it had used before the recent tariff revisions. Additionally, the NYISO has posted final 2019-2020 cost curves (also referred to as Net CONE Curves) for use in determining the LCRs for the 2019-2020 Capability Year. The curves are found in the above web link.*

Meeting Summaries:

Monday, November 26, 2018

Integrating Public Policy Task Force

Additional Updates to the Carbon Pricing Proposal

Ethan Avallone of the NYISO updated the NYISO’s carbon pricing proposal. In response to stakeholder feedback, the NYISO revised its proposed treatment of carbon free resources bidding opportunity costs. The NYISO is now proposing to use non-zero carbon bid adjustments for carbon-free resources bidding opportunity costs when calculating LBMP_C. Resources that bid opportunity costs typically do so in order to defer operation during periods of low prices in favor of periods of higher prices; the carbon pricing proposal is expected to raise the opportunity costs for these resources. The NYISO had originally proposed that a \$0 carbon bid adjustment be used to calculate LBMP_C when such resource were marginal. A high level example was provided to demonstrate the impact of this proposal on external transactions.

To see the complete presentation, please go to: <https://www.nyiso.com/ipptf?meetingDate=2018-11-26>

Wednesday, November 28, 2018

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Load Forecasting Task Force

Preliminary Weather Adjustments for Summer 2018

Arthur Maniaci of the NYISO provided an update to the development of the 2019 ICAP Forecast. The NYISO continues to receive data from Transmission Owners (TO) with updated 2018 load values. Mr. Maniaci provided tables with the load data, by TO district, and explained the steps taken by the NYISO using weather normalization, losses, growth data and other factors to produce the 2019 Forecast. The final 2019 ICAP Forecast will be completed and posted in December 2018. To see the complete presentation, please go to: <https://www.nyiso.com/lftf>

2019 Climate Study – Scope of Work

Arthur Maniaci of the NYISO presented the proposed Statement of Work needed for the Request for Proposal (RFP) to choose a consultant for the 2019 Climate Study. The Climate Study is being undertaken to examine issues regarding resilience and reliability associated with climate change, and to develop potential market solutions.

Phase I will be conducted in 2019. Mr. Maniaci highlighted the objectives for Phase I of the project:

- *Develop long-term NYCA load forecasts through year 2050*
- *Identify variables and appropriate accounting measures for the set of anticipated changes through this period*

Six steps were detailed for the completion of Phase I beginning with the analysis of previous studies and forecasts and concluding with a report to stakeholders for discussion. Mr. Maniaci noted the importance of selecting a consultant and keeping stakeholders apprised of the study progress and introduced a process for reporting on each step of the project.

Phase II and Phase III of the study will follow the Phase I final report through 2020 and 2021, respectively.

To see the complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg_lftf/meeting_materials/2018-11-28/2019%20Climate%20Study.pdf

Thursday, November 29, 2018

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

Quarterly Report on the New York ISO Electricity Markets Third Quarter of 2018

Pallas LeeVanSchaick of Potomac Economics (MMU) presented the quarterly State of the Market report for the third quarter of 2018. Mr. LeeVanSchaick reported higher prices for Q3 2018 compared to Q3 2017 primarily due to higher natural gas prices and higher load levels. There were consistently high levels of Out of Merit (OOM) commitments required to maintain adequate operating reserves in NYC load pockets during the quarter. The MMU had recommended addressing this issue in several past reports (#2014-12, #2017-1 and #2017-2).

Mr. LeeVanSchaick briefly highlighted additional market metrics for stakeholders. To see the complete presentation, please go to:

https://www.nyiso.com/documents/20142/3758748/NYISO%20Quarterly%20Report_2018-Q3_11_12_2018.pdf/cc65cb16-1b68-6f11-bea0-ff8be965b1fb

Load Pocket Thresholds

Sue Jacon of the NYISO presented the methodology used to set Load Pocket Thresholds (LPTs) for the NYC load pockets. In 2002, FERC required NYISO to set narrow LPTs in parts of NYC to limit the possible exercise of market power by In-City generators during transmission-constrained intervals. The NYISO plans to review the process and determine if it is necessary to make adjustments to the process

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for better market efficiency. In response to stakeholder's questioning the need for the review, Ms. Jacon noted several reasons to review the current methodology, such as topology changes, low gas prices and the expiration of the ConEd/PSEG wheel in late 2017. The NYISO is concerned that as a result of consistently low LBMPs, the LPTs become a larger component in comparison to supplier's offers and could eventually result in over-mitigation.

The NYISO is seeking feedback from stakeholders to determine if the current LPT process requires updating. This presentation was intended to begin the discussion with stakeholders. The next presentation will provide in-depth details on the LPT process to allow stakeholders to gain a deeper understanding of the methodology and evaluate the current process.

Comments are encouraged and can be sent to sjacon@nyiso.com. To see the complete presentation, please go to:

https://www.nyiso.com/documents/20142/3758748/Load%20Pocket%20Thresholds_ICAPWG_MIWG_11_29_2018.pdf/b13d2236-9b5e-45b6-271f-c4f96f388392

Distributed Energy Resources: Capacity Market Updates and Schedules

Zachary T. Smith of the NYISO provided updates and a proposed schedule for the discussion of expanding Capacity Market eligibility. During the October 9, 2018 presentation and in subsequent comments on Expanding Capacity Eligibility, several stakeholders requested additional analysis from GE Consulting and an opportunity for an in-depth discussion of the assumptions and conclusions of the Valuing Capacity for Resources with Energy Limitations (Study). Mr. Smith provided a schedule through January 31, 2019, beginning with a detailed discussion of the Study with stakeholders and additional analysis performed by GE Consulting since the October 9, 2018 presentation.

Stakeholders requested an additional meeting to allow for responses to the Study clarifications and additional analysis by market participants. The NYISO will consider the ability to schedule an additional meeting.

In response to a NYISO request for clarification of stakeholder concerns, stakeholders responded that there are issues with both the Study and the NYISO proposal for partial Capacity payments, as presented on October 6, 2018. The NYISO noted that the original payment proposal will be adjusted as a result of the pending discussion with stakeholders on the results and conclusions of the Study.

Mr. Smith led a review of the comments received on the issue and preliminary responses and clarifications from the NYISO. Stakeholders noted that the list of comments was incomplete and the NYISO acknowledged that the list was not a complete accounting of all feedback but assured stakeholders that all comments will be addressed in the process.

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/3758748/DER%20Capacity%20Market%20Updates%20and%20Schedule.pdf/2ea38d70-2616-53fb-17c9-2888e79becf3>

Friday, November 30, 2018

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

Meter Service Entity Design Updates

Michael Ferrari of the NYISO provided an update to the Meter Service Entity proposal. The NYISO is developing the new MSE construct to authorize entities to provide meter services to DER

Aggregations in the Dispatchable DER and reliability-based (SCR and EDRP) demand response programs. The MSE rules will be included with the tariff revisions to integrate the DER participation model.

NYISO drafted a new Rate Schedule 9 (RS9) to recover NYISO costs for the oversight of MSEs. The ISO will calculate the charge as a fixed annual fee per MSE per Aggregator and an annual fee per DER

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facility meter. The NYISO costs of MSE program administration will be determined prior to the start of a calendar year, based on the estimated degree of MSE organization participation and DER participation. In response to a stakeholder question, the NYISO noted that there is no way to accurately predict what the cost will be due to lack of data on the number of potential market participants affected by the program.

Mr. Ferrari detailed the sanctions and penalties that may be imposed for actions that fail to comply with NYISO meter data accuracy and submission requirements, including financial penalties and potential disqualification from the program.

MSEs are expected to engage all affiliated and non-affiliated customers without preference or prejudice with respect to providing metering services and are prohibited from disclosing non-public information and the use of anyone as a conduit to release non-public information.

Comments are encouraged and can be sent to DER_Feedback@nyiso.com. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/3759319/DER%20Market%20Design%20-%20Meter%20Service%20Entity%20Design%20Updates.pdf/4ee326f7-5dfb-fecb-ae09-f17008dd3233>

External Resource Performance & Eligibility

Amanda Carney of the NYISO presented the proposal to enhance delivery of the energy corresponding to the capacity that external capacity suppliers sold into the NYISO markets when the energy is called upon for reliability.

As stated in a July 31, 2018 presentation by the NYISO:

“If the NYISO issues an SRE (a request to a capacity supplier) notice on its website for capacity in an external Control Area that sold in the NYCA for the month, then all external capacity suppliers that are required to offer their energy at the external proxy(s) identified in the NYISO’s posted notice shall take all of the actions specified below to ensure delivery of energy from their designated capacity resources, to either the Locality or to the NYCA, as applicable to the SRE call:

- 1) for the entire duration of the SRE call, fulfill the SRE bid request for the ICAP equivalent of the UCAP sold, i.e., submit all necessary bid(s) at prices that will ensure the scheduling of both the resource and the export to the NYCA to the greatest extent possible; and***
- 2) a. the resource must be operating for the entire duration of the SRE call, and
b. the resource must be available up to the ICAP equivalent of the UCAP sold for the entire duration of the SRE call; and***
- 3) if the transaction(s) is/are scheduled in the energy market, flow the capacity-backed transaction(s) to the appropriate Proxy Generator Bus at the NYCA border”***

Stakeholders requested clarification on several issues pertaining to an SRE call, such as:

- Details on the bidding and selection of which resources are required
- Lack of clarity on cost guarantees when offering in energy at low price to get scheduled
- More explicit language on bidding requirements if penalties are applied for non-acceptance
- Issues concerning external control area transmission constraints preventing flow from resource
- Notification process to resources needs improvement beyond web posting

The NYISO committed to providing a detailed review with stakeholders of the SRE commitment process for external Capacity Suppliers at the next ICAPWG meeting and noted all stakeholder feedback for consideration prior to the next meeting.

Ms. Carney explained the rationale for the penalty structure for non-compliance with the requirements. The calculation for the penalty was presented and discussed with stakeholders and examples of the

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calculation were provided. It was noted that if an external transmission outage is located anywhere from the generator step-up to the point of withdrawal (for a controllable tie line) or the NY interface (for an AC interface), and the outage prevents an external capacity supplier from delivering energy to the NYCA during an SRE, then that capacity supplier will be subject to the new penalty. This is required due to the lack of visibility and control of external transmission by NYISO Operations. Some stakeholders suggested that this treatment is not consistent with the treatment of internal suppliers to which the NYISO will give further consideration prior to a finalized proposal.

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/3759319/External%20SRE%20Penalty%20Proposal.pdf/8e21c7ea-975c-e0e3-113f-6e8e45002e5f>

Informational LCR Results

Dr. Nathaniel Gilbraith of the NYISO presented the informational Locational Capacity Requirement (LCR) results. The presentation provides informational LCR results using updated Installed Reserve Margin (IRM) study assumptions and the NYISO’s FERC-accepted LCR calculation method while building on earlier preliminary values.

The inputs to these values incorporate the GE MARS input to the “IRM Final Base Case”, the Transmission Security Limits (TSL) and the 2019/2020 Capability Year Net CONE Curves as established in the LCR determination process.

The informational LCRs were provided and contrasted with the previous values using the 2018/2019 cost curves and presented to the ICAPWG on November 5, 2018:

2019 IRM Final Base Case	NYCA	G-J	NYC	LI	LOLE	Total Cost (MM\$)*
LCRs 2018-19 Cost Curves	116.8%	93.1%	83.2%	103.5%	0.100	\$5,001.9
LCRs 2019-20 Cost Curves	116.8%	93.6%	82.8%	103.5%	0.100	\$5004.0
Change	0.0%	0.5%	-0.4%	0.0%	0.000	

* Total cost as calculated by the LCR production software, at the level of excess, considering Net CONE Curves.

Following the New York State Reliability Council vote on the 2019 IRM in December 2018 and the determination of the final ICAP Load Forecast, the NYISO will calculate the Final LCR determination and present the values to the January 17, 2018 Operating Committee meeting.

To see the complete presentation, please go to:

https://www.nyiso.com/documents/20142/3759319/ICAPWG_11-16_alternate-lcrs-update.pdf/462c60e1-0e77-1cf7-b0b0-375efa599abc

FERC Filings

November 29, 2018

NYISO motion for a 15 day extension of the filing deadline for FERC Form 3-Q

November 27, 2018

NYISO Notice of Termination of Clear Choice Energy, LLC from the ISO-Administered Markets

FERC Orders

November 26, 2018

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Order accepted NYISO's notice of an effective date of October 31, 2018 for tariff amendments to comply with Order No. 745 directives regarding demand response compensation in organized wholesale energy markets

Filings and Orders:

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