

NYISO Consumer Interest Liaison Weekly Summary

July 9 – July 13, 2018

Notices:

- *The Generator Deactivation Solution Solicitation Regarding Deactivation of Pilgrim GT1 and GT2 and related to the Pilgrim GT1 and GT2 Generator Deactivation Assessment is now posted at the link below: [Pilgrim Generator Deactivation Solution Solicitation](#)*
- *During the July 11, 2018 BIC meeting, Aaron Breidenbaugh of Luthin Associates, Inc. was elected Vice-Chair of the BIC*
- *A notice containing the elections made by Developers in the Class Year 2017 Bifurcated Decision Period is posted on the NYISO website. The notice is posted on the NYISO website at the link below, under the "Interconnection Studies" folder and "Notices to Market Participants" subfolder. [Link to NYISO Website](#)*
- *On July 11, 2018, the NYISO posted the Notice of Buyer-Side Market Power Mitigation Determinations for Class Year 2017-1 and the Market Monitoring Unit's Assessment of the Buyer-side Mitigation Exemption Tests for the Class Year 2017-1 Projects. Both are posted at the following link: [Link to NYISO Website](#)*

Meeting Summaries:

Monday, July 9, 2018

Integrating Public Policy Task Force

Carbon Pricing Charter Discussion

Michael DeSocio of the NYISO presented stakeholders with an opportunity to review and propose changes to the IPPTF Charter. Stakeholders used the opportunity to clarify the Mission and Objectives portions of the document. In response to a stakeholder process question, Mr. DeSocio explained that the IPPTF would be concluded upon delivery of a proposal for including the cost of carbon into the wholesale market LBMP. At that point, the NYISO shared governance members would continue to advance the proposal through the NYISO shared governance process to deliver a complete proposal to the BIC for voting.

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Mr. DeSocio noted stakeholder comments for consideration and explained that the NYISO encourages additional written feedback. The final proposal from the IPPTF is due prior to the end of 2018.

LBMP Carbon Impact (LBMP_C)

Ethan Avallone of the NYISO provided an overview of the process to determine the LBMP Carbon Charge (LBMP_C) that will be used for import and export charges and credits at external interfaces as well as calculating the carbon residual allocation. Mr. Avallone explained how the NYISO will calculate the estimated LBMP_C. The NYISO will be unable to capture the exact LBMP_C due to a number of complications. The NYISO is currently examining different methodologies to calculate this estimate. The final calculation methodology will be explained, with examples, and discussed as part of the stakeholder process (MIWG). The NYISO will report the estimated LBMP_C for all 11 Load Zones, as well as for each external interface Proxy Bus. A forecast for each external Proxy Bus and time interval LBMP_C would be provided. The applicable import and export charge and credit (LBMP_C) at each external interface would be available to Market Participants scheduling interchange transactions before Day-Ahead and real-time offer submission deadlines. Stakeholders raised several issues that will need to be addressed as part of the NYISO stakeholder process.

To see the complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg_ipptf/meeting_materials/2018-07-09/IT%20%20LBMP%20Carbon%20Impact%20FINAL.pdf

Application of the Carbon Price to External Transactions

Dr. Nathaniel Gilbraith of the NYISO presented the application of the carbon price in wholesale LBMPs to external energy transactions. Avoiding the distortion of import and export incentives is a consideration in applying carbon pricing to external transactions. The carbon charge proposal is not designed to re-fashion the current external transaction paradigm. The NYISO Straw Proposal incorporates a design to “apply carbon charges to external transaction such that they compete with internal resources on a status quo basis”¹. An alternative approach was considered that would charge/credit external transactions based on the marginal emissions rate of the external market². Dr. Gilbraith led a review and comparison of the above options with stakeholders. The complexity of Option 2 was raised and discussed with stakeholders as the NYISO would be required to forecast the Marginal Emission Rates for each neighboring market. It was noted that allowing external resources to receive carbon payments has been instituted in another ISO and is currently not producing the anticipated results.

The NYISO proposes to apply carbon charges to external transactions such that they compete on a status quo basis, as discussed above with the following rationale:

- The proposal would create a level playing field, on a status quo basis
- The benefits of the alternate proposal are likely smaller than they appear
- The proposal avoids the need to identify marginal emissions in neighboring markets
- The proposal is more transparent than the alternative (“Option #2”)
- The proposal is more practicable than the alternative

Dr. Gilbraith noted that after implementing and gaining experience with the carbon charge, NYISO and stakeholders can review the external transaction component of the market design. To see the complete presentation, please go to:

¹ This was the approach termed “Option 1” in The Brattle Group’s 4/9/18 IPPTF presentation

² This was the approach termed “Option 2” in The Brattle Group’s 4/9/18 IPPTF presentation

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg_ipptf/meeting_materials/2018-07-09/2018-07-09_IPPTF%20carbon-price-externals.pdf

Tuesday, July 10, 2018

Joint Market Issues/Installed Capacity Working Group

Autumn 2018 Centralized TCC Auction Survey and Discussion

Gregory Williams of the NYISO presented the results of the poll of current TCC Market Participants (MPs) to solicit information about the demand for TCCs of various durations in future auctions as well as the desired structure of the Autumn 2018 Centralized TCC Auction. Following the evaluation of the poll results, the NYISO proposes seven rounds for the Autumn 2018 auction. Noting that there is 30% of system capacity currently held by stakeholders as one and two year TCCs, the NYISO will offer:

- 25% of system capacity as one-year TCCs across three auction rounds
- 45% of system capacity as six-month TCCs across four auction rounds

A proposed schedule was provided beginning on August 24, 2018 and concluding with Round 7 during the week of October 5 – 11, 2018. To see the complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2018-07-10/Autumn%202018%20TCC%20Auction%20Survey%20and%20Discussion-FINAL-Approved.pdf

Load Forecasting Manual Update

Arthur Maniaci of the NYISO provided updates to the Load Forecasting Manual consistent with the Behind-the-Meter: Net Generation (BTM:NG) participation model accepted by FERC. Mr. Maniaci led a review of the changes made to the manual by section and explained the reasons for the updates. The updates to the manual were previously reviewed by the Load Forecasting Task Force (LFTF). The LFTF authorized the NYISO to proceed with presenting the draft Load Forecasting manual to the ICAP Working Group. Written comments are encouraged and can be sent to Deckels@nyiso.com. The updated Load Forecasting Manual is scheduled to be presented to the BIC for approval at the August 13, 2018 meeting. To see the complete presentation and redline manual, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_icapwg&directory=2018-07-10

Energy Mitigation Measures for ESRs

Pallavi Jain of the NYISO presented the proposed mitigation measures for Energy Storage Resources (ESRs) in the wholesale energy market. Ms. Jain explained that while ESRs are injecting energy into the grid, the current mitigation measures in place should be sufficient to prevent the abuse of market power. This would require NYISO to calculate a Reference Level for ESRs. Current mitigation measures will not be sufficient for ESRs while they are withdrawing energy. Ms. Jain explained that potential mitigation measures for an ESR in the withdrawing state, may include a bi-directional conduct test and rules regarding decreasing bids in real-time. Stakeholders requested that the NYISO provide detailed examples of how an ESR withdrawing energy could exercise market power. The NYISO responded with a commitment to provide detailed examples for a thorough discussion on the issue at a future working group meeting. The NYISO would also likely have to create a means for ESRs to reflect real-time changes to their opportunity costs while injecting or withdrawing, similar to a thermal unit utilizing a Fuel Cost Adjustment to revise Reference Levels. The NYISO will continue to consider stakeholder feedback as it moves toward the December 2018 compliance filing. To see the complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2018-07-10/ESR_Mitig%20Measures_MIWG_7_10_18.pdf

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New Business

Mark Younger of Hudson Energy Economics raised an issue to the NYISO. Mr. Younger noted the recent proposal by a market participant to repower a coal fired generating station to operate on Compressed Natural Gas (CNG). The CNG would be delivered by truck on a just-in-time basis. Mr. Younger requested that the NYISO review the scenario on a generic basis, to determine the Capacity Market eligibility of a facility with this, or similar, non-traditional fuel delivery system. The NYISO noted Mr. Younger's request for consideration.

Wednesday, July 11, 2018

Business Issues Committee

Motion #1:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve revisions to the Open Access Transmission Tariff, as more fully described in the presentation entitled "Historic Congestion Data: Proposed Enhancements" made to the BIC on July 11, 2018.

Motion passed unanimously with abstentions

****Aaron Breidenbaugh of Luthin Associates, Inc. was elected Vice-chair of the BIC****

Thursday, July 12, 2018

Operating Committee

Motion #1a:

The Operating Committee (OC) hereby approves the Q#540 Connect NY: Edic-to-Pleasant Valley System Impact Study (SIS) report as presented and discussed at the July 12, 2018 OC meeting.

Motion approved unanimously with 2 abstentions

Motion #1b:

The Operating Committee (OC) hereby approves the Q#579 Bluestone Wind System Reliability Impact Study (SRIS) report as presented and discussed at the July 12, 2018 OC meeting.

Motion approved unanimously

Motion #1c:

The Operating Committee (OC) hereby approves the Q#617 Watkins Glen Solar System Reliability Impact Study (SRIS) report as presented and discussed at the July 12, 2018 OC meeting.

Motion approved unanimously

Motion #2a:

The Operating Committee (OC) hereby approves the Q#637 Flint Mine Solar System Reliability Impact Study (SRIS) scope as presented and discussed at the July 12, 2018 OC meeting.

Motion approved unanimously

Motion #2b:

The Operating Committee (OC) hereby approves the Q#637 Flint Mine Solar Options System Reliability Impact Study (SRIS) scope as presented and discussed at the July 12, 2018 OC meeting.

Motion approved unanimously

Motion #2c:

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The Operating Committee (OC) hereby approves the Q#678 Calverton Solar System Reliability Impact Study (SRIS) scope as presented and discussed at the July 12, 2018 OC meeting.

Motion approved unanimously

Thursday, July 12, 2018

Budget and Priorities Working Group

2018 Budget vs. Actual Status

Cheryl Hussey of the NYISO presented the 2018 year-to-date budget vs. actual status. Rate Schedule 1 recoveries are \$1.5M ahead of budgeted revenues through May. Year-to-date budgeted costs vs. actual costs through May reflect a \$2.4M budget under-run. To see Ms. Hussey's complete presentation, please go to:

https://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2018-07-12/MAY%202018%20FINAL%20Budget_vs_Actual%20Results.pdf

2018 Project Prioritization and Budgeting Process

Brian Hurysz of the NYISO presented the results of the 2018 Project Prioritization Process stakeholder scoring survey. A summary of the voting revealed that there was a 44% participation rate on the survey, with all sectors represented. Stakeholder scoring survey comments were provided for review and discussion. Mr. Hurysz led a review of the project priority scores and estimated costs with stakeholders. The scores included the NYISO assigned score and a stakeholder appeal score resulting from the scoring survey. The total cost for all proposed projects, less the continuing EMS/BMS project, is \$38.42M. Mr. Hurysz explained that it was not possible to schedule all proposed projects due to resource constraints, therefore, the final project budget would be lower. A comparison of historic totals of proposed project cost and final project budget for the last four fiscal periods was provided.

The NYISO will provide an initial project budget recommendation at the July 25, 2018 BPWG meeting for stakeholder review and feedback. A revised project budget recommendation will be presented at the August 17, 2018 BPWG meeting.

To see the complete presentation with scoring details, please go to:

https://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=mc_bpwg

FERC Filings

July 13, 2018

NYISO filing of an executed Amended and Restated Operating Agreement (Service Agreement No. 2271) between the NYISO and the New York Transco

July 11, 2018

NYISO and Niagara Mohawk Power Corporation ("National Grid") joint filing of an executed amended and restated small generator interconnection agreement (SA 2219) among NYISO, National Grid and Monroe County, New York

FERC Orders

July 13, 2018

FERC order accepted revisions to allow entities that fund transmission upgrades on External Interfaces sinking into the Rest of State region to receive Capacity Resource Interconnection Service commensurate with the incremental transfer capability created by the transmission upgrade

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Filings and Orders:

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