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NYISO Consumer Interest Liaison Weekly Summary

February 13 – February 17, 2017

Notices:

- *BioUrja Power, LLC has been approved as a member of the Other Supplier Sector.*
---> BioUrja Power, LLC
www.biourja.com
- *A [redline](#) and [clean](#) version of the Transmission Expansion and Interconnection Manual (M-23) has been posted to the [NYISO Manuals & Guides webpage](#) under the 'Manuals>Under Review' folder.*
The updates to this manual reflect the recent tariff revisions, add additional detail regarding interconnection study methodology, clarify existing practices and procedures, and add additional attachments to help educate interested parties regarding the NYISO's interconnection process.

Meeting Summaries:

Wednesday, February 15, 2017

Installed Capacity Working Group

Alternative Methods for Determining LCRs

Zachary Stines of the NYISO presented an update on the process to investigate alternative methods for determining Locational Capacity Requirements (LCRs). Mr. Stines began with a review of the current process and the efforts conducted through 2016. Two numerical examples were provided to illustrate the current methodology being employed. The design statement and guiding principles of any potential new design were reiterated:

- *Develop a robust, transparent, and intuitive (predictive) process for developing proper capacity requirements that maintain reliability while producing a lower cost solution*

Mr. Stines also identified that the alternative methodology developed in 2016 seeks to minimize total cost of capacity at the reliability criterion (LOLE less than or = 0.1). Cost is defined as the



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Unit Net CONE used to develop each ICAP Demand Curve. The alternative methodology utilizes linear approximation as the computational method.

An outline of the project development for 2017 included the following six phases:

1. Proof of Concept
2. Refine Methodology
3. Market Simulations
4. Defining Process
5. Demonstrating Market Benefits
6. Final Market Design

Mr. Stines detailed the six phases, including the objective and specific tasks for each phase while noting stakeholder feedback. Along with the 2017 project timeline, the project is being coordinated with the New York State Reliability Council (NYSRC) Installed Capacity Subcommittee (ICS) and listed as a monthly action item on their agenda. The optimizer Unit Net Cone curves have been updated with the final FERC approved peaking technology used to develop the ICAP Demand Curves that were accepted in January 2017 and also used in the 2017 Installed Reserve Margin (IRM) Base Case. The NYISO will now complete Phase 1 by presenting simple sensitivities to demonstrate a proof of concept. Stakeholder feedback was noted and is encouraged throughout the process. To see the complete NYISO presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-02-15/ICAPWG_2-15-17_AlternativeMethodsforLCRs_v13.pdf

ICAP Manual Updates for Capacity Exports from Import Constrained Localities

Zachary T. Smith of the NYISO presented updates to the Installed Capacity (ICAP) Manual to incorporate changes for Capacity Exports from Import Constrained Localities. Mr. Smith highlighted sections 2.6, 3.4, 3.6.2 and 4.9.5 as the revised sections and proceeded to explain the specific changes. The NYISO will consider stakeholder input received at the meeting and will return to a March ICAPWG to review further revisions prior to seeking stakeholder approval. To see the complete presentation including the Draft ICAP Manual please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_icapwg&directory=2017-02-15

Annual ICAP & Demand Response Reports

Stephanie King of the NYISO presented an update on the status of the annual Installed Capacity (ICAP) and Demand Response (DR) reports. At the December 12, 2016 ICAP Working Group meeting, the NYISO initiated a discussion with stakeholders regarding filing a request with FERC to discontinue its compliance obligation to submit the Annual ICAP Report and Semi-annual Demand Response Report. At the December ICAPWG meeting, stakeholders requested that the NYISO describe in further detail each section of the reports that the NYISO wants to discontinue and the alternative report or site where this information will be available to stakeholders (e.g., posting to the NYISO's website). Ms. King detailed each section of the



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reports while noting specific stakeholder feedback. Additional feedback on the reports can be sent to deckles@nyiso.com. The NYISO will continue to consider stakeholder comments and will return to a future ICAPWG to discuss these changes with stakeholders prior to filing changes with FERC. To see Ms. King's complete presentation, please go to: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-02-15/Annual%20ICAP%20Report%20ICAPWG_2-15-17.pdf

Thursday, February 16, 2017

Market Issues Working Group

Real-Time Start-up Cost Treatment

Daniel Noriega of the NYISO presented an update to the proposal to revise the Real-Time (RT) Start-up Bid Treatment. The NYISO presented the proposal at the January 26, 2017 MIWG and stakeholders requested clarification on some principles and additional information on the proposal. A request was made for the NYISO to contact its Market Monitoring Unit (MMU) and discuss the proposal. A representative of the MMU voiced their support of the NYISO proposal by telephone and pointed out that the Day-Ahead Margin Assurance Payment (DAMAP) eligibility criteria could require revisions. Under the NYISO's proposal, if a Generator capable of starting in 30 minutes or less was scheduled in the DAM to provide energy and/or regulation, and it increases its Start-up Offer in RT, it would become ineligible for DAMAP. If a Generator capable of starting in 30 minutes or less was scheduled in the DAM to provide non-synchronous reserves, its Start-up Offer would not have been considered for the award. Consequently, under the NYISO's proposal, a Generator capable of starting in 30 minutes or less that is scheduled in the DAM to provide non-synchronous reserves should remain eligible for DAMAP. Similarly, if the Generator is not capable of starting in 30 minutes or less, it will remain eligible for DAMAP. The NYISO intends to present the proposed Tariff revisions at the February 28, 2017 MIWG. The NYISO will then bring this proposal to the March BIC and MC meetings for stakeholder approval. If the proposal does not gain sufficient support at those meetings, the NYISO will stop pursuing this proposal and will focus on making the software consistent with the existing Tariff language. To see Mr. Noriega's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-02-16/Start-up%20Bid%20Treatment.pdf

Emergency Energy Transaction Charges with ISO-NE

Pallavi Jain of the NYISO presented the update to the Emergency Energy Transaction Charges with ISO-NE. The Coordination Agreement between ISO-NE and NYISO includes provisions for Emergency Energy transactions. ISO-NE is moving to 5- minute Energy Markets settlements in response to Order 825 and is therefore proposing revisions to its Emergency Energy settlements formula with NYISO. To clarify the settlement language in the Coordination Agreement, ISO-NE and NYISO are detailing that Emergency Energy Charge is the sum of the charges for each real-time interval for the duration of the Emergency Energy transaction. The NYISO is anticipating an April 2017 FERC filing. To see Ms. Jain's complete presentation,



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please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2017-02-16

NAESB Digital Certificate Transition Project – Update

Brian Davis of the NYISO presented an update to the transition to the North American Energy Standards Board, Public Key Infrastructure (NAESB-PKI) digital certificate platform. The NAESB-PKI certificate will be unique to the individual and organization and will be administered by a third party. Mr. Davis highlighted the differences between the NAESB-PKI process and the current NYISO process. Some stakeholders voiced concerns with ongoing issues with the certificate “sandbox environment”. Mr. Davis noted that the NYISO is currently working toward a solution and provided his contact information for additional assistance with the issues. A timeline was provided of important dates prior to full compliance with NAESB in May 15, 2017. Several past NYISO working group presentations were provided as reference material for the process. To see the complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-02-16/MWIG%20NAESB%20Cert%20Project%20Update%20-%20Feb%202017.pdf

Transmission Constraint Pricing

Mike DeSocio of the NYISO presented an update to the proposal to revise transmission constraint pricing. Mr. DeSocio led a review of the analysis leading to this requirement and detailed the NYISO proposal. Following the Consumer Impact Analysis presented at the January 31, 2017 MIWG meeting, stakeholders requested further information regarding the results shown for Long Island. The NYISO examined the events of August 12, 2016 further to better understand the drivers of the cost impacts identified for Long Island in the Consumer Impact Analysis. Mr. DeSocio provided detailed analysis of the issue and discussed the analysis with stakeholders. Separately, as requested, the NYISO has posted transmission constraint data with the meeting materials. Additional information relating to the effects on hourly energy prices was also provided and explained. The NYISO will seek governance approval at the March BIC and MC and anticipates a June 2017 software implementation. Comments and questions can be directed to Mike DeSocio at mdesocio@nyiso.com. To see Mr. DeSocio’s complete presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2017-02-16

Integrating Public Policy Project Market Impact Assessment: Study Description and Impact Review

Dr. Nicole Bouchez presented the study description and assumption review for Phase 2 of the Integrating Public Policy project. The project is designed to:

- *Investigate potential market designs that can fully incorporate the cost of carbon into the wholesale markets, and*



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- *Determine whether other wholesale products or alternatives for incorporating the cost of carbon into the wholesale market could improve market efficiency and address potential market impacts*

Several prior presentations were noted for stakeholder reference.

Dr. Bouchez noted the work of The Brattle Group (Brattle) as Phase 1 of the project. Brattle will study whether incorporating a state policy defined cost of carbon in the wholesale market would improve the overall efficiency of the NYISO energy and capacity markets.

The NYISO, through the first and second quarters of 2017 for Phase 2, will study the impacts of decarbonization goals on the current NYISO energy and capacity markets from the high penetration of low carbon or carbon-free resources. This study will help determine whether the existing wholesale market construct is sufficient to sustain reliable operations, maintain necessary generation, while incenting new generation where and when needed to meet reliability needs. NYISO's goal is to provide stakeholders with information regarding potential market conditions with the incorporation of renewable resources to meet 50% of the NYCA load.

Michael Swider of the NYISO presented a description of the study assumptions for discussion with stakeholders. Historical market dates were suggested for the study and the NYISO is seeking stakeholder feedback on criteria for selecting dates for the study. A table was provided illustrating the assumptions to be used for additions to the Supply portion of the study. Mr. Swider explained what sources were used to derive values while noting stakeholder input.

NYISO intends to provide the following study results to stakeholders:

- *NYISO Energy Market LBMPs*
- *NYISO Ancillary Service Prices*
- *NYISO Capacity Market Clearing Prices*
- *Curtailments of renewable resources due to transmission constraints*
- *Levels of imports and exports*

The NYISO will also include qualitative descriptions of the market changes. Preliminary results of the Study are anticipated in late March or early April 2017. Comments are encouraged and can be sent to IPP_feedback@nyiso.com. Dr. Bouchez noted that all feedback provided will be periodically posted. To see the complete presentation from the NYISO, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-02-16/NYISO%20Integrating%20Public%20Policy%20Project%2020170216.pdf

Friday, February 17, 2017

Special Transmission Planning Advisory Subcommittee

Scope Under Consideration for Recommendation to the OC for Approval

Q522

NYC Energy Project

Kings County, NY

79.9MW

Approved



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Q393
Berrians East Repower Project
Queens County, NY
508MW Summer 584MW Winter
Approved

Q468
Galoo Island Wind Project
Oswego County, NY
110.4MW
Approved

Q498
Tioga County Power Interconnection Project
Tioga County, NY
563MW Summer 606MW Winter
Approved

Q523
Dunkirk Unit 2 Project
Chautauqua County, NY
75MW
Approved

Q524
Dunkirk Units 3 & 4 Project
Chautauqua County, NY
370MW
Approved

FERC Filings

February 17, 2017

NYISO compliance filing to exempt new Special Case Resources from the buyer-side market power mitigation rules effective February 3, 2017

February 15, 2017

NYISO compliance filing to remove the inclusion of selective catalytic reduction emissions controls from the peaking plant design for the NYCA ICAP Demand Curve

February 14, 2017



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NYISO compliance filing to provide notice of the expected effective date for the tariff amendments revising the NYISO's pricing logic for Fixed Block Units

February 13, 2017

IRC filing of comments in response to the Commission's proposal regarding electric storage resources and distributed energy resource ("DER") aggregations in the capacity, energy, and ancillary service markets operated by ISO/RTO.

February 13, 2017

NYISO filing of comments in response to FERC's NOPR on Electric Storage Participation in Markets Operated by RTOs and ISOs

February 13, 2017

NYISO protest of NRGCS' request for waiver of tariff provisions that impose penalties on RIP who enroll SCRs and fail to deliver the full amount of UCAP sold in ICAP auctions

February 15, 2017

NMPC amendment filing to correct typographical errors in the transmission service charge formula rate template originally filed on January 30, 2017

FERC Orders

There were no FERC Orders issued to NYISO for this week.

Link to FERC Filings and Orders:

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