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NYISO Consumer Interest Liaison Weekly Summary

January 30 – February 3, 2017

Notices:

- On February 2, 2017, the New York Independent System Operator (NYISO) released its [Distributed Energy Resource Roadmap](#). With Distributed Energy Resources (DER) poised to transform New York's wholesale electric system, the **Roadmap** offers routes to a future where consumers and emerging technologies support more optimized grid utilization.
- The following organization has been approved for **Party status in the NYISO Governance** as a Non Voting Entity: ---> **Transource New York, LLC**
www.transourceenergy.com
- On January 31, 2017, the New York Independent System Operator **filed, with the NYS PSC**, a verified report regarding the funds received from the credit facilities authorized in the order issued March 18, 2016 in Case No. 15-E-0655. A copy of the filing can be viewed on the NYISO Website [here](#)
- On February 2, 2017, the NYISO issued the **Western NY Public Policy Transmission Need Phase 2 FAQ** document at the link below:
[FAQ Document](#)
- The NYISO has **posted a revised version of the "Locality Exchange Factors for May 2017 – April 2018"** consistent with FERC's directive in its January 27, 2017 Order in Docket No. ER17-446-000. The new Locality Exchange Factors are located at:
http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp
- The [Notice of Class Year 2015 Completion of the Decision/Settlement Process](#) has been posted on the NYISO website at the link below under the "**Interconnection Studies**" folder and "**Notices to Market Participants**" subfolder.
http://www.nyiso.com/public/markets_operations/services/planning/documents/index.jsp
(continued)



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Notices (continued):

*This message is also to inform stakeholders that the **Class Year Start Date** of the next Open Class Year (aka Class Year 2017) will be on **March 1, 2017**. Pursuant to Section 25.5.9 of Attachment S to the NYISO OATT, an Eligible Class Year Project “must elect to enter the applicable Class Year by providing notice to the NYISO by five (5) Business Days after the Class Year Start Date.” Therefore, the Eligible Class Year Project is requested to notify Thanh Nguyen, Manager of Interconnection Projects, via email at tnguyen@nyiso.com prior to 5 PM Eastern Standard Time of March 8, 2017.*

Meeting Summaries:

Tuesday, January 31, 2017

Market Issues Working Group

NYISO’s Integrating Public Policy Project Update

Dr. Nicole Bouchez presented an update on the project for Integrating Public Policy that was introduced to stakeholders in 2016. The project is designed to investigate potential market designs that can fully incorporate the cost of carbon into the NYISO wholesale markets. It will also 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. Work on this issue is coordinated between NYISO staff and the Brattle Group. The Brattle Group has been studying whether incorporating a state policy defined cost of carbon into the wholesale market would improve the overall efficiency of the NYISO energy and capacity markets. This study is referred to as Phase 1 and a resultant draft white paper is due in the first quarter of 2017. There will be two MIWG meetings scheduled in mid-March for a thorough review and discussion of the findings with stakeholders. Additionally, NYISO will conduct Phases 2 and 3 of the Public Policy Project:

- *PHASE 2 --Market Impact Assessment 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*
- *PHASE 3 --Market Rule Assessment Study whether other market products or changes to the existing market structure will be necessary to meet the anticipated reliability needs*

NYISO’s goal is to provide stakeholders with information regarding potential market conditions with the incorporation of renewable resources to meet New York State’s mandate of 50% of the NYCA load. The NYISO will present the study assumptions and an update on Phase 2 of the study at the February 16, 2017 MIWG. Comments are encouraged and can be sent to IPP_Feedback@NYISO.com. To see the complete NYISO presentation, please go to: https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-01-31/NYISO%20Integrating%20Public%20Policy%20Project.pdf



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Consumer Impact Analysis: Transmission Constraint Pricing

Tariq Niazi of the NYISO presented the Consumer Impact Analysis (Analysis) for transmission constraint pricing. The NYISO is proposing the following two changes to its current transmission constraint pricing implementation:

- Apply the graduated Transmission Shortage Cost method to all transmission constraints with a non-zero constraint reliability margin (CRM)
- Change the second step of the graduated Transmission Shortage Cost from \$2,350/MWh to \$1,175/MWh

The Analysis presented the consumer cost impact of the current implementation compared to the proposed implementation. The months of July 2016 and August 2016 were selected for the Analysis as they showed the highest total relaxation MW by month in 2016. Due to the occurrence of a Demand Response call, leading to a Scarcity Pricing Event during August 2016, the NYISO presented the August values with and without the scarcity event.

The result of the analysis indicated a slight reduction in consumer costs with the implementation of the NYISO proposal for both months when the scarcity event was removed from the Analysis. Mr. Niazi noted a request by stakeholders for the NYISO to make the price change at the LBMP /MWh level available.

As the NYISO does with all Consumer Impact Analyses, the impacts on the environment, reliability and transparency were also investigated. No impact is expected concerning the environment from this proposal. Mr. Niazi suggested that the proposed implementation would lead to more efficient pricing of transmission constraints and therefore provide a better signal to investors for improved reliability. Transparency will be enhanced through the posting of a list of transmission facilities and interfaces that have a zero Congestion Relief Margin. To see Mr. Niazi's complete presentation, please go to:

https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-01-31/CIA%20-%20Transmission%20Constraint%20Pricing.pdf

Out of Merit (OOM) Treatment

Ethan Avallone of the NYISO presented a clarification of some elements of the approved Hybrid GT Pricing Improvements project. The NYISO was previously asked to return to the MIWG for clarification of:

- *Which OOM types are eligible to set price*
- *Which OOM types are posted to the NYISO's Operational Announcements*

Mr. Avallone led a review of the Out of Merit (OOM) types available based on ISO action, generator action or transmission owner action and the basic fundamentals of price setting eligibility. If a GT is committed in real time to resolve a constraint that is modeled in the market software, then the GT will be eligible to set price.

Mr. Avallone explained the website posting protocol for OOM notices.

A chart was provided to summarize price setting eligibility by OOM type and posting requirements, including sample messages. To see Mr. Avallone's complete presentation, please go to:



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https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-01-31/OOM%20Treatment%20Jan%20MIWG%20FINAL.pdf

Start-up Bids Treatment

Daniel Noriega of the NYISO presented a follow up to the January 17, 2017 MIWG presentation on the treatment of Start-up Bids. During the prior presentation, stakeholders requested that the NYISO clarify the motivation for allowing generators to increase start-up bids in Real Time (RT). The NYISO pointed out that the benefits of allowing generators to increase Start-up Bids in RT are to enhance market transparency and efficiency. Increasing Start-up Bids in RT could translate into a mechanism to potentially capture price volatility from Day Ahead (DAM) to RT; for example, fuel price variations. This functionality enables more efficient scheduling decisions in RT. This implementation will address two issues regarding the treatment of start-up bids:

- *Generators scheduled for Energy and/or Regulation services in the Day-Ahead Market (DAM) have been able to inappropriately increase their Start-up Bids in RT. This occurs due to the order of precedence for single point and multi-point Start-up Bids.*
- *Generators scheduled for Reserve services in the DAM, who should be allowed to increase Start-up Bids in RT, cannot do so.*

An example was provided and discussed with stakeholders to illustrate how the new process will function. To see Mr. Noriega’s presentation, please go to:

https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-01-31/2017%2001%2018%20Start-up%20Bid%20Treatment%20-%20Rationale.pdf

Thursday, February 2, 2017

System Operations Advisory Subcommittee

NYISO Operations Report – January 2017

Peak Load:

The peak load for the month of 23,526MW occurred on Monday, January 9, 2017 at HB17. The Operating Reserve requirement during the peak was 1,965MW resulting in a minimum total Operating Capacity requirement of 25,491MW.

Reserve Requirements:

Reserve	10 Min Sync	Non Sync	30 Min
Requirement	655	1,310	1,965
For Hour	1253	2,804	4,735
DSASP Cont.	80	0	80

Major Emergencies: None

Alert States: 15

- 1 System Frequency 1 Low 0 High
- 11 Emergency Transfer Declared
- 3 Exceeding Central East Voltage Contingency Limit

The Alert State was declared 15 times during January 2016



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<u>Thunderstorm Alerts:</u>	0
<u>Reserve Activations:</u>	6
<u>Emergency Actions:</u>	None
<u>Purchases:</u>	None
<u>Sales:</u>	None
<u>TLR 3 Declared:</u>	None

Friday, February 3, 2017

Electric/Gas Coordination Working Group

Operational Flow Order (OFO) Gas Curtailment User Guide

Sue Jacon of the NYISO presented an update on the development of the NYISO Expectations of Generator Operation During a Gas Restriction or Interruption User’s Guide. The title has been revised to properly reflect the intent of the document. The NYISO first presented this document at the November 30, 2016 EGCWG meeting. Several stakeholder comments were received during and after the previous presentation and many have been incorporated into the document. Ms. Jacon noted that although the User’s Guide reflects several scenarios that generators may encounter with gas supply, there are still potential situations that a generator will need to discuss with the NYISO. Additional comments are encouraged and can be sent to bullock@nyiso.com. To see the redline and clean versions of the document, please go to: http://www.nyiso.com/public/committees/documents.jsp?com=bic_egcwg&directory=2017-02-03

FERC Filings

February 2, 2017

NYISO filing of notice of effective date for ICAP Demand Curve reset process provisions in Attachment H to the Services Tariff

February 2, 2017

NYISO filing, on behalf of NYPA, of tariff records reflecting the approved settlement of NYPA’s formula rate template and formula rate implementation protocols

January 31, 2017

Joint NYISO and PJM filing of proposed revisions to the Joint Operating Agreement addressing Interchange Scheduling and Market-to-Market Coordination on the ABC Interface and JK Interface after the 1,000 MW Wheel concludes

January 30, 2017

Section 205 filing, on behalf of NMPC, of proposed modifications to the NMPC TSC Formula Rate in Attachment H of the NYISO OATT



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FERC Orders

January 31, 2017

FERC Letter Order accepting revisions regarding fixed block unit pricing logic and directing a compliance filing to establish an effective date

January 31, 2017

FERC Letter order accepted the NYSRC 2017-2018 IRM filing effective February 15, 2017, as requested

January 31, 2017

FERC order granted the HQUS request for waiver of NYISO tariff to allow HQUS to enter the NYISO's 2017 Class Year Study for deliverability evaluation of HQUS's transmission upgrade project

January 31, 2017

FERC letter order accepted the interconnection service agreement among PJM, Lackawanna, and PPL

January 30, 2017

FERC order accepts the NYISO's original August 19, 2011 proposal to allocate demand response costs. NYISO is directed to submit a compliance filing within 60 days of the date of the order to reinstitute the August 19 proposed cost allocation methodology and to designate an effective date for it.

Link to FERC Filings and Orders:

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