

NYISO Consumer Interest Liaison Weekly Summary

May 8 – May 12, 2017

Notices:

- The monthly *Generator Status Update* document has been posted on the NYISO's website. The posting is located in the *Generator Status Update* folder under the *Planning Documents & Resources* section at the following link: [Generator Status Update](#)
- On May 3, 2017 the New York Independent System Operator filed, with the New York State Public Service Commission, comments on DPS Staff's Initial Findings Report regarding natural gas service to electric generators (Case 17-G-0011). A copy of the filing can be found on the Legal and Regulatory page on [NYISO.com](#).
- A revised **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.

Meeting Summaries:

Monday, May 5, 2017

Budget and Priorities Working Group

2018 Project Prioritization and Budgeting Process

Brian Hurysz of the NYISO presented the update to the 2018 Project Prioritization and Budgeting process. Mr. Hurysz presented the NYISO responses to stakeholder feedback received at the previous BPWG meeting. A stakeholder had requested that the NYISO indicate which projects will be included in the stakeholder survey. In response the NYISO has split the project list into two sections for clarity, "Included in survey" and "Not included in survey". A second stakeholder request was made for information on any projects that may develop as a result of the FERC Technical Conference of May 1 and May 2, 2017. Mr. Hurysz deferred to Robb Pike of the NYISO to explain that no new NYISO projects came directly as a result of the conference but there are several projects currently underway and scheduled for 2018 that pertain to coordination with State policy.

Mr. Hurysz led a review of the 2018 Project Candidates, highlighting proposals that have been added or changed since the prior BPWG presentation. To see Mr. Hurysz's complete presentation, please go to: http://www.nyiso.com/public/committees/documents.jsp?com=mc_bpwg&directory=2017-05-08

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Alternative LCR – Reliability Impact Alternative

David Clark of the Long Island Power Authority (LIPA) presented a proposal to add a project to the 2018 Project Prioritization and Budgeting process to explore basing capacity prices on the incremental reliability contribution new capacity might have in each zone. While acknowledging the NYISO currently has an effort underway on this subject, Mr. Clark proposed an alternative that in LIPA's opinion would remove sensitivity to annual changes in relative locational E&AS (energy and ancillary services) revenues, tie cost allocation to reliability needs, reduce reliance on NYISO's deliverability test, and reduce consumer costs. The NYISO will add this proposal to the 2018 Project Prioritization and Budgeting process with a project description for stakeholder consideration. To see Mr. Clark's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2017-05-08/Reliability%20Impact%20Alternative.pdf

The Need for and Design of a Ramping Product

David Clark of the Long Island Power Authority (LIPA) presented a proposal to add a project to explore the need for and design of a ramping product to the 2018 Project Prioritization and Budgeting process. Mr. Clark provided the reasons that LIPA feels this project would be valuable to the market. The NYISO will add this proposal to the 2018 Project Prioritization and Budgeting process with a project description for stakeholder consideration. To see Mr. Clark's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2017-05-08/The%20Need%20for%20and%20Design%20of%20a%20Ramping%20Product.pdf

On/Off Peak TCCs -- 2018 Project Prioritization

Michael Kramek of Boston Energy Trading and Marketing (Boston Energy) presented a request to add On /Off Peak Transmission Congestion Contracts (TCCs) to the 2018 Project Prioritization and Budgeting process. Mr. Kramek provided benefits that On/Off Peak TCCs would bring to the market and noted that the NYISO is the only RTO/ISO that does not offer On/Off Peak TCCs. The NYISO will add this proposal to the 2018 Project Prioritization and Budgeting process with a project description for stakeholder consideration. To see Mr. Kramek's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2017-05-08/NYISO%20On_Off%20Peak%20TCCs.pdf

Interconnection review

Kelly Joseph of NRG Energy presented a request to add a project to review and reform the Interconnection Process to the 2018 Project Prioritization and Budgeting process. NRG believes there is a need to streamline the process and the proper way for a comprehensive review is through the assignment of a project team. The NYISO will add this proposal to the 2018 Project Prioritization and Budgeting process with a project description for stakeholder consideration.

Harmonize Deadlines for UCAP Bilateral Transactions

Mathieu Plante of Hydro Quebec, US (HQ) presented a request to add a project to adjust deadlines to properly align transactions between the NYISO and HQ to the 2018 Project Prioritization and Budgeting process. Mr. Plante explained that the benefit to the market would consist of reduced financial risk to market participants. The NYISO will add this proposal to the 2018 Project Prioritization and Budgeting process with a project description for stakeholder consideration.

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Tuesday, May 9, 2017

**Joint Transmission Planning Advisory Subcommittee/Interconnection Issues Task Force
Scopes Under Consideration for Recommendation for OC Approval**

Q#520 Rolling Upland SRIS

Wind

72.6MW Summer/Winter

Madison County, New York

Recommended to OC for approval

Q#521 Bull Run II SRIS

Wind – Alternative to Q#520

448.97MW Summer/Winter

Madison County, New York

Recommended to OC for approval

Q#596 Alle Catt II Wind SRIS

Wind

381.1MW Summer/Winter

Cattaraugus County, New York

Recommended to OC for approval

Q#612 South Fork Wind SRIS

Wind

98MW Summer/Winter

Suffolk County, New York

Recommended to OC for approval

Studies Under Consideration for Recommendation for OC Approval

Q#432 South Perry Transformer SIS

Transformer

Wyoming County, New York

Recommended to OC for approval

Q#525 Western NY Link SIS

Transmission

White Plains and Rochester, New York

Recommended to OC for approval

Comprehensive Interconnection Process Improvements

Thinh Nguyen of the NYISO presented the proposed updates to the Comprehensive Interconnection Process Improvements. Mr. Nguyen stated that the objective of this process is to improve the efficiency of the interconnection process while maintaining the necessary reliability evaluations and treating Developers equitably. A timeline of the process was provided reflecting the anticipated schedule for completion and filing the changes with FERC in November 2017. Mr. Nguyen detailed changes to several sections of the process, including:

- *Administrative Process Improvements*
- *Class Year Study Process Improvements*

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- *Other Study Process Improvements*
- *Clarifications regarding cost recovery for System Delivery Upgrades (SDUs) and Incremental Transmission Congestion Contracts (TCCs) for SDUs*
- *Other Tariff/Manual Clarifications*

Mr. Nguyen noted stakeholder feedback and encouraged comments in writing as the NYISO continues to refine the proposal. The NYISO will return to the June 2, 2017 IITF meeting to present responses to stakeholder feedback. Comments can be sent to kdixon@nyiso.com. To see Mr. Nguyen’s complete presentation, please go to:

https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc_tpas/meeting_materials/2017-05-09/IITF_01b%20-%20Queue%20Improvements_050917%20IITF_FINAL.pdf

Tuesday, May 9, 2017

System Operations Advisory Subcommittee

NYISO Operations Report – March 2017

Peak Load:

The peak load for the month 21,689 MW occurred on Wednesday March 15, 2017 at HB19. The Operating Reserve requirement during the peak was 1,965MW resulting in a minimum total Operating Capacity requirement of 23,654 MW.

Reserve Requirements:

Reserve	10 Min Sync	Non Sync	30 Min
Requirement	655	1,310	1,965
For Hour	1,335	3,287	5,671
DSASP Cont.	78	0	78

Major Emergencies: None

Alert States: 27

5 System Frequency 3 Low 2 High

3 Emergency Transfer Declared

19 Exceeding Central East Voltage Contingency Limit

The Alert State was declared 21 times during March 2016

Thunderstorm Alerts: 1

Reserve Activations: 7

Emergency Actions: None

Purchases: None

Sales: None

TLR 3 Declared: None

NYISO Operations Report – April 2017

Peak Load:

The peak load for the month 19,192 MW occurred on Thursday, April 6, 2017 at HB11. The Operating Reserve requirement during the peak was 1,965MW resulting in a minimum total Operating Capacity requirement of 21,157 MW.

Reserve Requirements:

Reserve	10 Min Sync	Non Sync	30 Min
Requirement	655	1,310	1,965
For Hour	1,025	2,245	4,570

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DSASP Cont.	82	0	82
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Major Emergencies: On April 4, 2017 a Major Emergency was declared at 20:59 when generation was lost in ISONE causing Central East VC to exceed 105%.
The Major Emergency was terminated at 21:06.

Alert States: 11
2 System Frequency 2 Low 0 High
5 Emergency Transfer Declared
3 Exceeding Central East Voltage Contingency Limit
1 Shortage of 10 Min Synchronized Reserve

The Alert State was declared 16 times during April 2016

Thunderstorm Alerts: 1

Reserve Activations: 6

Emergency Actions: SCR Test 4/6/2017 HB18 Zone J

Purchases: None

Sales: None

TLR 3 Declared: None

Tuesday, May 9, 2017

Installed Capacity Working Group

Forecasting the ICAP Reference Point in Buyer-Side Mitigation Determinations: Review of Proposal, Mechanics and Examples

Jonathan Newton of the NYISO presented the updated proposal for forecasting the ICAP Reference Point in Buyer-Side Mitigation (BSM) determinations. The NYISO began the process in 2016 and is returning to the ICAP Working Group with further details and illustrative examples, incorporating stakeholder feedback on how it proposes to forecast the ICAP Reference Point during the Market Study Period (MSP). The NYISO proposes to align its application of the BSM rules with the annual ICAP Demand Curve update rules. Mr. Newton explained the proposed methodology that will estimate the ICAP reference point by:

- *Escalating the effective ICAP Demand Curve peaking plant gross CONE*
- *Reasonably estimating the peaking plant net EAS revenues*
- *Estimating the WSR*

This methodology is consistent with the current tariff provision on escalating the ICAP Demand Curves and under the NYISO's separate proposal to revise the BSM rules on escalation and inflation to align with the ICAP Demand Curve annual update rules. Mr. Newton explained the mechanics of the methodology and provided an example of how the process would be applied. Stakeholders provided feedback at the meeting and were encouraged to offer comments after by email to deckles@nyiso.com.

To see Mr. Newton's complete presentation, please go to:

https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-05-11/Forecasting%20the%20ICAP%20Reference%20Point%20for%20BSM_May%2011%202017_FIN_AL.pdf

[11/Forecasting%20the%20ICAP%20Reference%20Point%20for%20BSM_May%2011%202017_FIN_AL.pdf](https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-05-11/Forecasting%20the%20ICAP%20Reference%20Point%20for%20BSM_May%2011%202017_FIN_AL.pdf)

Escalation Factor and Inflation Rate in Buyer-Side Mitigation Rules: Clarifying one Proposed Revision to Annually Adjusting Offer Floor

Jonathan Newton of the NYISO presented the updated proposal to determine the Escalation Factor and Inflation Rate in Buyer-Side Mitigation (BSM) Rules. Based on stakeholder comments received at the April 4, 2017 ICAPWG meeting, the NYISO is presenting the incremental change to the tariff

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revisions below related to annually adjusting Offer Floors. The revision intends to add clarity to the version of that same tariff provision presented at the meeting. The tariff revision was presented as below:

- *MST Att. H 23.4.5.7 –*
 - *Offer Floors shall be adjusted annually using the inflation rate that is the twelve month percentage change in the index for the general component of the escalation factor (“Inflation Rate”) that is the most recent of (a) the Inflation Rate identified in the index accepted by the Commission after a periodic review in an ICAP Demand Curve Reset Filing Year, as of October 1 of the ICAP Demand Curve Reset Filing Year, and (b) the Inflation Rate in the Annual Update of the relevant effective ICAP Demand Curves published under Section 5.14.1.2.2.1 of the Services Tariff.*

The tariff language will be presented at the May 17, 2017 BIC meeting with a proposed motion for a vote. To see Mr. Newton’s presentation, please go to:

https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-05-11/Escalation%20Factor%20and%20Inflation%20Rate%20in%20BSM_ICAPWG_05112017_FINAL.pdf

Alternative Methods for Determining LCRs

Zachary Stines of the NYISO presented updates to the proposal to evaluate an alternative Locational Capacity Requirement (LCR) methodology. Following the April 4, 2017 presentation to the ICAPWG, General Electric Consulting (GE) made minor modifications to the optimization tool to provide more granular results. Also, the NYISO had GE perform several sensitivities based on:

- *Entry/Exit of Capacity*
- *Changes in Net CONE (Cost of New Entry)*
- *Changes in Transmission Capability*

The sensitivities were run using the NYISO final 2017/2018 Capability Year LCR Base Case and maintaining the approved Installed Reserve Margin (IRM) of 18%. The results compared the optimization methodology to the current LCR methodology. Mr. Stines led a review of the simulation results, noting that in all cases, the optimization methodology provided a lower overall cost solution. The optimization methodology also produced less volatility in LCR changes in response to additions and subtractions of capacity than the current LCR methodology results. Mr. Stines noted that a minor anomaly in the results is likely from the introduction of capacity inserted into the model using a specific zonal derate factor rather than a zonal average derate factor, which led to non-intuitive results in some instances. In response to stakeholder suggestions, Mr. Stines acknowledged that future simulations will be adjusted to resolve that inconsistency.

Sensitivities incorporating changes to the Locational Net CONE curves resulted in intuitive results, using an extreme change of +/- \$50/kW/year, helping to verify the proof of concept for the study. The results indicated that the Net CONE can have an impact on the final optimized LCRs and demonstrates the importance of developing robust methodology for determining the cost curves.

Prior to reviewing the results of the sensitivities on changes in transmission capability, Mr. Stines acknowledged the limitations of these sensitivities since changes in UPNY-SENY transmission would likely result in a change to the IRM. Mr. Stines went on to review the results of the sensitivities and discussed that a future sensitivity will seek to confirm that the optimal Zone J LCR is dependent on the downstream constraints by increasing Dunwoodie South limit to observe if the optimal Zone J LCR decreases.

The NYISO also demonstrated how transmission security would be incorporated into the optimization tool through the use of a lower bound on LCR changes. This was demonstrated by performing a sensitivity while placing a lower bound on the Zone J LCR. The results indicate that a lower bound still results in a lower cost and reduced volatility when compared to the current methodology. Mr. Stines noted that the next phase of the project will investigate the process for determining and potential levels of the transmission security bounds.

Mr. Stines explained that the next steps in the process will be to continue to refine the optimization methodology while investigating any observed anomalies from the first phase in an effort to gain a more complete understanding of any secondary effects. The study will also seek to investigate the impact of the cost curves' shape on the optimization and to develop a robust methodology for creating the cost curves.

Comments are encouraged and can be sent to deckles@nyiso.com for consideration. To see Mr. Stines' complete presentation, please go to:

https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-05-11/ICAPWG_5-11-17_AlternativeMethodsforLCRs_vFinal.pdf

FERC Filings

May 9, 2017

NYISO filing of an implementation agreement (SA 2336) with TC Ravenswood, LLC regarding recovery of its costs to generate electric energy using fuel oil in lieu of natural gas in furtherance of New York State Reliability Council Local Reliability Rule G.2

May 8, 2017

NYISO Order No. 831 compliance filing re: Offer Caps in Markets Operated by RTOs and ISOs

May 8, 2017

NYISO motion to intervene and comment re: the Potomac Economics v PJM complaint alleging that certain tariff provisions impose a "pseudo-tie requirement"

FERC Orders

May 12, 2017

FERC letter order accepted NYISO tariff revision regarding enhancements to the Day-Ahead Margin Assurance Payment ("DAMAP") program rules. Effective July 1, 2017 as requested.

May 12, 2017

FERC letter order accepted NYISO compliance filing re: Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets, subject to further compliance with effective date notification.

Link to FERC Filings and Orders:

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