

# NYISO Consumer Interest Liaison Weekly Summary

November 6 – November 10, 2017

## Notices:

- The final version of the Ancillary Services Manual ([M-02](#)) has been posted to the [NYISO Manuals & Guides webpage](#) under the 'Manuals>Operations' folder on the [NYISO Manuals & Guides](#) webpage. Version 4.9 of the manual has replaced the prior version 4.8.
- Per Section 7.04 of the ISO Agreement, Management Committee members must advise the President of the NYISO by November 30, 2017, in writing, of the sector in which they choose to participate for 2018. If a Party is qualified to participate in more than one sector, it shall advise the NYISO President, in writing, of the sector in which it chooses to vote. Attached please find the [2018 sector confirmation form](#), a link to the [list of sector definitions](#), and the link to the [current committee membership roster](#). **Please review your organization's representation and notify Kirk Dixon of any changes or updated contact information.**  
**Reminder:** In addition to this annual update, please remember the NYISO's Tariff requires that notification be submitted to the NYISO within 30 days of any change to your affiliate information.

Sector confirmation letters should be addressed to:

**Mr. Brad Jones, NYISO President and CEO**  
**New York Independent System Operator**  
**10 Krey Blvd.**  
**Rensselaer, NY 12144**

Electronic versions of the sector confirmation letter, addressed to Mr. Jones, can be sent to Kirk Dixon ([kdixon@nyiso.com](mailto:kdixon@nyiso.com)).

## Meeting Summaries:

**Monday, November 6, 2017**

### **Installed Capacity Working Group**

Annual Update for 2018-2019 ICAP Demand Curves

Zachary Smith of the NYISO led an overview of the annual process to update the Demand Curve reference points. The winter-to-summer (WSR) ratio and the gross cost of new entry (CONE) were provided at prior ICAPWG presentations. The final component required for the update process was to

---

***Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings.***

calculate the updated net energy and ancillary services (E&AS) revenue offset. Mr. Smith highlighted the steps used in the process and provided the reference points to be used for the 2018/2019 Demand Curves as:

- NYCA \$10.04
- G-J \$16.42
- NYC (J) \$20.84
- LI (K) \$14.25

The data and results will be posted on the NYISO ICAP Market Data site available at

[http://www.nyiso.com/public/markets\\_operations/market\\_data/icap/index.jsp](http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp) under **Reference**

**Documents > Demand Curve Reset Annual Updates > 2018**. To see the complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2017-11-06/DCR%20AU%202017%2011062017%20ICAPWG.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-11-06/DCR%20AU%202017%2011062017%20ICAPWG.pdf)

### Performance Assurance Study

Dr. Paul Hibbard of Analysis Group (AG) presented a summary of the AG Performance Assurance Study (Study) Report. The NYISO commissioned AG to perform the Study to identify resource performance considerations and various market design options for the NYISO and stakeholders to consider. The Study investigated three areas:

- **Performance Topics**
  - *Availability*
  - *Fuel assurance*
  - *Operational parameters*
  - *Comparability*
  - *Demand response*
- **Performance mechanisms considered by Northeast RTOs**
  - *Comparing initiatives by peers to existing NYISO market design features*
- **Options for NYISO and stakeholders to consider going forward**
  - *Potential market design concepts moving forward*

Dr. Hibbard highlighted options for the NYISO and stakeholders for future market design considerations, providing benefits and drawbacks for each option. It was noted that the options are suggestions only and AG found no areas of immediate or high priority concern. The Study Report has been posted with the November 6, 2017 ICAPWG meeting materials and, in response to stakeholder requests, will also be posted to the NYISO website under Studies and Reports. The NYISO has posted stakeholder comments in response to the Study Report. To see the complete presentation and associated materials, please go to:

[http://www.nyiso.com/public/markets\\_operations/committees/meeting\\_materials/index.jsp?com=bic\\_icapwg](http://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=bic_icapwg)

### Consumer Impact Analysis: Alternative Methods for Determining LCRs

Tariq Niazi of the NYISO presented a follow-up to the Consumer Impact Analysis (CIA) for the Alternative Methods for Determining Locational Capacity Requirements (LCRs). The initial CIA was presented at the October 11, 2017 ICAPWG and stakeholders requested additional information at that time. Mr. Niazi provided the requested additional information including:

- Locality cost responsibility up to Installed Reserve Margin (IRM) requirement
- Total cost for each Locality (as opposed to delta of methodology)
- Historical percentage of excess used for the long term consumer impact

---

**Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings.**

The historic three year percentage of excess was provided for winter and summer for NYCA and the three Localities. Mr. Niazi provided the additional information for capacity costs in the same tabular form as used in the initial CIA, noting that the deltas between the cost of the current LCR methodology and the optimized LCR methodology did not change significantly when the cost of the total requirement was calculated.

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

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2017-11-06/CIA%20-%20For%20Additional%20Alternative%20LCR%20Determination%20ZOS2.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-11-06/CIA%20-%20For%20Additional%20Alternative%20LCR%20Determination%20ZOS2.pdf)

#### Consumer Impact Analysis: On Ramps & Off Ramps with Rules to Create and Eliminate Localities

Tariq Niazi of the NYISO presented the Consumer Impact Analysis (CIA) for the On Ramps & Off Ramps with Rules to Create and Eliminate Localities. Numerous Locality elimination working group presentations have been made to and discussed with stakeholders from 2014 to present. Mr. Niazi noted that the Consumer Interest Liaison provided a similar CIA in December 2015 for a project labeled Mechanism to Eliminate Capacity Zones (Localities). The methodology for the current Analysis was presented to and discussed with stakeholders at the September 28, 2017 ICAPWG meeting. Mr. Niazi performed analysis on the potential cost impacts to consumers for:

- *Premature elimination of Localities*
- *Timely creation of Localities*
- *Keeping Localities in place longer than needed*
- *The impact of uncertainty on Demand Curve reset peaking plant amortization*

The assumptions for all scenarios were provided for and discussed with stakeholders. The analysis reflected capacity cost increases in the elimination and creation scenarios primarily as a result of retiring supply due to improper price signals for investment or continued operation.

The analysis of the impact on uncertainty employed the assumption of a shorter capital recovery range of periods, resulting in an escalation of the Demand Curve Reference Price in the G-J Locality. The higher reference price for the G-J Locality results in a cost increase for the G-J and NYC (J) Localities<sup>1</sup>. In response to stakeholder requests, the CIA will be reposted with the November 6, 2017 meeting materials and will include some minor updates to labeling of data for increased clarity. To see the complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2017-11-06/CIA%20-%20On%20Ramps%20and%20Off%20Ramps.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2017-11-06/CIA%20-%20On%20Ramps%20and%20Off%20Ramps.pdf)

#### On Ramps & Off Ramps with Rules to Create and Eliminate Localities

David Allen of the NYISO provided updates to and a summary of the proposed market design to create On Ramps and Off Ramps with Rules to Create and Eliminate Localities. Mr. Allen summarized the proposed market design and led a review of the N-1-1 criteria methodology with the headroom rationale that will be employed for Locality elimination and creation.

NYISO proposes that the majority of parameters for the ICAP Demand Curve for a new Locality would be developed as part of the quadrennial Demand Curve Reset (DCR) with the DCR independent consultant developing peaking plant data for all 11 Load Zones. Indicative LCRs would be established when the new Locality is proposed. Peaking plant location underlying the ICAP Demand Curve for a

---

<sup>1</sup> Although the increase of the G-J Demand Curve Reference Price does not directly influence capacity prices in the J Locality, prices rose in the J Locality as a result of price cascading, as the G-J capacity price was higher than the calculated J Locality price.

new Locality will be determined based on the data/assumptions developed during the quadrennial DCR and updated as part of annual Demand Curve update process. Mr. Allen noted that this timeline would not lengthen the DCR process timeline.

The NYISO will return to an ICAPWG to finalize mitigation issues and further discuss stakeholder comments and concerns. The NYISO anticipates a stakeholder vote at the December 13, 2017 BIC meeting to inform stakeholders of the candidate Locality creation & elimination rules that are being developed and indicate the magnitude of stakeholder support for the design well in advance of implementation. To see the presentation please go to:

[http://www.nyiso.com/public/markets\\_operations/committees/meeting\\_materials/index.jsp?com=bic\\_icapwg](http://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=bic_icapwg)

## **FERC Filing**

### **November 7, 2017**

NYISO filing of reply comments regarding Grid Reliability and Resilience Pricing Rules proposed by the Secretary of Energy.

### **November 9, 2017**

Reimbursement Agreement No. 2386 between Niagara Mohawk and Mid-Atlantic Interstate Transmission

## **FERC Orders**

### **November 9, 2017**

Order accepting in part and rejecting in part NYISO's Order No. 831 compliance filing regarding amendments to existing caps on incremental energy offers and directing further compliance

### **November 9, 2017**

Order No. 831-A granted in part and denied in part requests for rehearing and clarification of Order No. 831 which addressed incremental energy offer caps in markets operated by RTOs and ISOs

### **Filings and Orders:**

[http://www.nyiso.com/public/markets\\_operations/documents/tariffviewer/index.jsp](http://www.nyiso.com/public/markets_operations/documents/tariffviewer/index.jsp)