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NYISO Consumer Interest Liaison Weekly Summary

August 8 – August 12, 2016

Notices:

- A [redline](#) and a [clean](#) version of the **Market Participant User’s Guide (UG-01)** have been posted on the [NYISO Manuals & Guides](#) webpage under the ‘User’s Guides > Under Review’ folder.
The Market Participant User Guide has been revised to include updates pertaining to Behind the Meter Net Generation.
- On August 8, 2016 the New York Independent System Operator filed, with the NY PSC, **comments in response to the June 22, 2016 State Register NOPR in Consideration of NYISO’s Western New York PPTN Viability and Sufficiency Assessment (Case No. 14-E-0454)**. A copy of the filing can be viewed [here](#).

Meeting Summaries:

Tuesday, August 9, 2016

Joint Electric System Planning/Market Issues/Installed Capacity Working Groups/Transmission Planning Advisory Subcommittee

Transmission Security 2nd Pass and Scenario Results

Kevin DePugh of the NYISO presented the results of the Transmission Security 2nd Pass and Scenarios for the 2016 RNA. Following the June 22, 2016 ESPWG meeting, stakeholders were given until the new July 5, 2016 lock-down date to report local system updates. NYISO then finalized the Base Cases and identified the final 2nd Pass Reliability Needs. Mr. DePugh highlighted the updates provided for the 2nd Pass. The NYISO Reliability Needs remaining after the 2nd pass evaluation are in the table below:

Zone	Owner	Monitored Element	Year of Need
C	NYSEG	Oakdale 345/115 2TR	2017
K	LIPA	East Garden City-Valley Steam (#262) 138	2017



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The Transmission Security results for the Western NY Public Policy scenario and the 90/10 Forecasted Load scenario were provided. To see the complete presentation by Mr. DePugh, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2016-08-09/Agenda%202002_RNA_TS_2nd_Pass_Scenario_Results.pdf

2016 RNA: Updated Draft Report

Laura Popa of the NYISO presented the updated draft report for the 2016 RNA. Ms. Popa led a review of each section of the report and highlighted revisions made since the last presentation. Ms. Popa noted that after incorporating the 2nd pass results (above) the updated draft 2016 RNA report will become the proposed final 2016 RNA report. The next step in this process is to present the proposed final RNA Report for final review at the August 25, 2016 ESPWG/TPAS meeting. To see the clean and redline versions of the draft 2016 RNA, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_espwg&directory=2016-08-09

Generator Deactivation Process – Proposed Solution Selection Methodology

Zach Smith of the NYISO presented an update to the generator deactivation process. Mr. Smith provided the proposed solution selection methodology and responded to stakeholder requests for clarification on the overall proposed generator deactivation process. A schedule of stakeholder review meetings was provided culminating with an anticipated September 19, 2016 compliance filing. To see the information provided by Mr. Smith, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_espwg&directory=2016-08-09

Order 1000 Compliance Filing related to the use of “Transmission Owner”

John Buechler of the NYISO presented the proposed revisions to the OATT to comply with FERC Order 1000. Mr. Buechler noted the definitions of the following terms:

- Transmission Owner
- Member Systems
- Investor-Owned Transmission Owners

Mr. Buechler led a review of the process and provided a matrix of required tariff revisions . There will be additional discussions with stakeholders at the August 25 and September 7, 2016 ESPWG meetings to refine tariff language prior to the September 13, 2016 compliance filing to FERC. To see the revisions as presented by Mr. Buechler, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_espwg&directory=2016-08-09

Wednesday, August 10, 2016
Installed Capacity Working Group



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Forecast Enhancements in the Buyer-side Mitigation Rules

Julia Popova of the NYISO presented framework and concepts of the updated NYISO proposal to enhance the forecast used in the Buyer-side Mitigation (BSM) examination of the Class Year process. The proposal delineates criteria by which existing generating units are to be included in and excluded from the forecast for the purpose of the BSM examination; in addition, an inclusion test is proposed for units that do not meet the automatic inclusion or exclusion criteria. Some stakeholders opined that the inclusion test could result in speculation by the NYISO. The proposed inclusion test was detailed and discussed with stakeholders. Illustrative examples of a unit in Mothball status and a unit in ICAP Ineligible Forced Outage (IIFO) status were provided to demonstrate the mechanics of the inclusion test process. The NYISO will continue to consider stakeholder comments as the process develops into a final proposal. To see Ms. Popova's complete presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_icapwg

Revised RMR Claw-back Rules

Lorenzo Seirup of the NYISO presented the proposed revision to the Reliability Must Run (RMR) Claw-back rules. In its April 21, 2016 Order, FERC directed the NYISO to incorporate a mechanism which requires NYISO to claw-back the greater of the allowed Capital Expenses^[1] (CapEx) or the Above Market Revenue (AMR). NYISO requested rehearing of FERC's claw-back rule for three reasons:

- *NYISO's proposed rules already addressed market power concerns*
- *Gens that provide RMR service may not be able to recover their going-forward costs under the formula FERC instructed NYISO to implement*
- *Requiring Generators that are providing RMR service to refund the Availability and Performance incentives will remove these Generators' incentive to perform while they are operating under an RMR Agreement if they expect to return to the market*

NYISO proposed to work with its stakeholders to develop a more appropriate set of rules, but FERC has not yet ruled on the NYISO's rehearing request. In the absence of a ruling, the NYISO proposed a claw-back process to comply with the Order that would allow Generators to make monthly payments in order to pay back the higher of the CapEx('s), minus depreciation, or the AMR. Interest would be applied to the payments. An example was provided to illustrate how the process would function. The NYISO suggested a time period of 36 months or the equivalent term, in months, of the RMR but was receptive to stakeholder feedback on the term. Examples were provided to demonstrate how the interest would be calculated. Mr. Seirup noted the compensation method would be employed for Generators that both (a) are required to remain in service beyond their requested deactivation date, and (b) are required to remain in operation past the 180th day of the Generator Deactivation Notice Period. Stakeholder input received at and after this discussion will be considered for future presentations.

^[1] Consistent with P 128 of FERC's Order, allowed "Additional Costs" that are Capital Expenses are not subject to claw-back.



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To see the complete presentation please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-08-10/Clawback%20Presentation%2008_03_16.pdf

NYISO 2015/2016 ICAP Demand Curve Reset

Representatives from Analysis Group, Inc. (AG) presented their response to several comments received on their draft report regarding the ongoing ICAP Demand Curve reset that was released on June 23, 2016. Paul Hibbard of AG began by detailing updates that will be included in their Final Report. The updates include:

- Updated data:
 - All costs (gross CONE, net Energy and Ancillary Service (EAS) revenues, and reference point prices) will be expressed in \$2017, using current escalation factors
 - Locational based marginal prices (LBMPs), ancillary service prices and cost data updated to reflect the period August 1, 2013 through 2016
 - Data will be further updated in conjunction with NYISO Staff's Final Recommendations to reflect final values based on the period from September 1, 2013 through August 31, 2016
 - Winter-to-summer ratio (WSR) values updated through August 2016 (reflecting final WSR values for period from September 1, 2013 through August 31, 2016)
 - LOE-AF developed using 2016 CARIS Phase 2 database
- Additional numerical sensitivities for F-Class frame unit in gas only without SCR configuration in Load Zones C, F, and G (Dutchess County)

AG addressed the comments received and explained the basis of the AG recommendations.

Stakeholder comments addressed by AG included:

- *Stakeholders requested that the net EAS revenue estimates be modified to account for increased revenues from NYISO's recent shortage pricing enhancements (i.e., Comprehensive Shortage Pricing)*
- *Further description of the logic utilized by the net EAS revenues model for ensuring compliance with environmental run-time limitations for either the CO2 New Source Performance Standard (NSPS) or NOx synthetic minor source (when operating without SCR) for compliance with New Source Review (NSR)*
- *Stakeholders requested a review of the current 2.2% assumed EFORD rate in determining net EAS revenues*
- *Stakeholders requested a review of natural gas fuel transportation adders*
- *Stakeholders provided feedback on several site selection issues, including gas interconnection costs, site elevation costs in Load Zone J, System Deliverability Upgrade (SDU) costs and the use of Orange County for Load Zone G*
- *Stakeholders requested a review of productivity factors and labor rates*
- *Stakeholders requested a review of payment in lieu of taxes (PILOT) rates outside of NYC and recommended the use of a 0.5% tax rate*



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- Stakeholders requested a review of back-up fuel requirements, including total fuel use and limitations within net EAS revenue estimates calculation

In response to a stakeholder request, Mr. Hibbard provided a detailed comparison of the AG and Potomac Economics’ net Energy and Ancillary Service revenue models. It was noted that the primary drivers of different results were the inclusion of the level of excess adjustment factors (LOE-AF) in AG’s model, as well as the use of nodal instead of zonal prices in Potomac’s model, especially as it pertains to Load Zones J and K.

AG also provided information regarding preliminary updated values for the LOE-AF using the 2016 CARIS Phase 2 database. AG will release their Final Report on or before August 19, 2016.

To see the presentation in its entirety, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-08-10/AG%20ICAPWG%208%2010%202016%20Final.pdf

Thursday, August 11, 2016

Budget and Priorities Working Group

2016 Project Schedule Milestones -- Update

Ryan Smith of the NYISO presented an update on the 2016 Project Schedule Milestones. Mr. Smith began by announcing that three initiatives have risen to the urgency that they will require other projects to be reprioritized. The initiatives are:

- Replacement of the CE/PSEG Wheel
- Treatment of Capacity Exports from Localities
- Integration of Public Policy

Efforts are underway on the above initiatives and will require resources previously assigned to other projects. Mr. Smith provided a list of the projects chosen for reprioritization, including:

- Performance Assurance – Study
- Model Zone K as Export Constrained
- Develop Rules for Elimination of Capacity Zones or Achievement of Price Convergence
- RMR Cost Recovery
- Rate Schedule 1 Technology Automation
- Fuel Assurance – Constrained Fuel Supply Bidding
- RTC-RTD Forecast Horizon Coordination Improvements

Mr. Smith explained why the above projects were selected and updated the commitment status for each.

Mr. Smith continued the presentation by updating stakeholders on other projects that have a change in commitment status. The following projects were listed and Mr. Smith described the reasons for the change in status:

- | | |
|---|------------------|
| • Enterprise Information Management: Data Integration Phase 2 | Critical/Overdue |
| • Behind the Meter: Net Generation Integration | On Schedule |
| • Automate ICAP Import Rights | On Schedule |
| • ICAP AMS Enhancements Phase 3 | At Risk/Delayed |



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- Energy Storage Optimization Delayed (to Q3)
- Wholesale Market Alignment with the NY PSC REV Proceeding Complete
- NAESB Public Key Infrastructure Complete
- Regulated Transmission Cost Recovery - Phase 2 Complete
- Settlements Sub Accounts On Schedule
- Transmission Outage Application Platform Upgrade At Risk/Delayed

To see the complete 2016 Project Schedule Milestone Update presentation, please go to:
http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2016-08-11/2016%20Project%20Schedule%20Milestone%20Update.pdf

2017 Project Prioritization & Budgeting Process

Ryan Smith of the NYISO presented the initial project budget recommendation. A table was provided to show the recommended budget for each product area, totaling \$35.55 million. Mr. Smith explained that a large part of the budget is related to the multi-year EMS/BMS project. Mr. Smith presented the project recommendations by product area, while identifying the projects that were not selected. Resource limitations were listed as the main reason several projects could not be recommended for 2017. Stakeholders offered suggestions on why specific projects not selected should receive additional consideration by the NYISO. Mr. Smith noted the comments and will review the selections as requested. Some stakeholders opined that internal facing Information Technology (IT) projects should not be in the project prioritization process as they are necessary to the operation of the NYISO and should be part of the separate IT budget. The next step in the process is to consider stakeholder feedback received at the meeting and prior to August 19, 2016 and return to the August 31, 2016 BPWG with a revised project budget recommendation. To see the presentation and associated Project Candidate Descriptions, please go to:

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

Verbal Update – FERC Fee Estimate

Cheryl Hussey of the NYISO spoke to the recent notice that FERC has assessed the NYISO \$12.4 million in fees for the period of October 2015 – September 2016. A request for stakeholder feedback pertaining to estimated FERC fees for the period of October 2016 – September 2017 was made by the NYISO and no comments were received on the issue. The NYISO estimate for FERC fees for the period of October 2016 – September 2017 is \$12.5 million.

FERC Filings

August 9, 2016



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NYISO 205 filing of proposed revisions designed to align the amount of revenue retained by the NYISO with the NYISO's budgeted revenue requirement or its actual costs for the prior year

FERC Orders

August 12, 2016

FERC letter order accepting the NYISO's proposed Reliability Cost Allocation Methodology, effective August 18, 2016 as requested

Link to FERC Filings and Orders:

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