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NYISO Consumer Interest Liaison Weekly Summary

January 11 – January 15, 2016

Notices:

- We are pleased to announce that NYISO's Training Team will be offering the, **in-class, MT-101 Market Overview Course in March**. The MT-101 Market Overview is a one day course which will provide attendees with an introduction to the NYISO markets and their functions. Click [here](#) to register for the course by **February 18, 2016**.
- The **January 20 MIWG meeting has been rescheduled for January 22** from 1 pm - 2:15 pm. The meeting will be held via teleconference only. The agenda and meeting materials are now posted. [Material](#)
- As described in the "**Transparency on Generator Status Updates**" presentation made at the Market Issues Working Group on January 5, 2016, the NYISO posted the first monthly Generator Status Update document on January 13, 2016 in the Generator Status Update folder under the Planning Documents & Resources section of the NYISO's website. The NYISO posted a revised Generator Status Update file on January 14, 2016 noting that a Retirement Notice was issued for Units Huntley 67 and 68, not a Mothball Notice as stated in the January 13 posting. The NYISO will continue to post an updated file monthly on the second Wednesday of each month.
- On January 15, 2016, the ISO/RTO Council ("IRC") filed a request for an **extension of time until March 4, 2016 to respond to the Commission's November 20, 2015 Order** directing all RTOs and ISOs to publicly provide information related to certain price formation issues. A copy of the IRC filing is available on [NYISO's website](#).

Meeting Summaries:

Wednesday, January 13, 2016

Business Issues Committee

Motion 1:

Motion to approve the Minutes of the November 13, 2015 BIC meeting.



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Motion passed unanimously.

Motion 2:

The Business Issues Committee (BIC) hereby approves the revisions to the Ancillary Services Manual, Transmission and Dispatch Operations Manual and the Day-Ahead Scheduling Manual as presented and discussed at the January 13, 2016 BIC meeting with the clarification that the reserve demand curve tables will be included in each of the manuals above.

Motion passed unanimously with abstentions.

Motion 2A:

Motion to amend Motion 2:

The Business Issues Committee (BIC) hereby approves the revisions to the Ancillary Services Manual, Transmission and Dispatch Operations Manual and the Day-Ahead Scheduling Manual as presented and discussed at the January 13, 2016 BIC meeting **with the clarification that the reserve demand curve tables will be included in each of the manuals above.**

Motion passed unanimously.

Wednesday, January 13, 2016

Installed Capacity Working Group

2016 New Capacity Zone Study Report

Steve Corey of the NYISO presented the New Capacity Zone Study for 2016. This study is performed to determine whether any Highway interface(s) are constrained, which would trigger the Services Tariff requirement to file tariff revisions with the Commission to establish a new capacity zone. Mr. Corey led a review of the New Capacity Zone (NCZ) Study methodology and the assumption matrix. All of the Highway interfaces were found to have positive Additional Transmission Capacity, i.e., none of the Highway interfaces were found to be constrained. The conclusion of this 2016 NCZ Study is that there is no need to trigger the Services Tariff requirement for the filing of tariff revisions to establish an NCZ. In accordance with the Services Tariff Section 5.16.4(b), the NYISO will file its determination with the Commission by March 31, 2016. To see the report as presented by Mr. Corey please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-01-13/2016%20NCZ%20Study%20Report_for%20ICAP%20WG.pdf

Renewables and Self Supply Compliance Filing

Dr. Nicole Bouchez of the NYISO presented the proposal for the FERC Order directing the NYISO to revise the buyer-side capacity market power mitigation measures (BSM) to exempt narrowly defined renewable and self-supply resources from Offer Floor mitigation. Dr. Bouchez's presentation for this meeting was limited to the approach to the Renewables exemption. The self-supply presentation will follow in the January 19, 2016 ICAP working group meeting. In the Order, FERC stated "A renewable resources exemption in NYISO should be limited to renewable resources that are both purely intermittent and that have relatively low



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capacity factors and high development costs because these resources have limited or no incentive and ability to artificially suppress capacity prices. In addition, the exemption should limit the total amount of such renewable resources—in the form of a megawatt cap—that may receive the exemption, to further limit any risk that these exempted resources will impact NYISO’s ICAP market prices. ...” (§51). Dr. Bouchez defined Renewables to be an Intermittent Power Resource as defined in the Market Services Tariff (MST 2.9). The NYISO is proposing to have both “exempt technologies” as well as a process for individually evaluating projects that are not exempt under “exempt technologies.” Exempt technology resources would be exempt based on the NYISO’s analysis to determine if that technology has “limited or no incentive and ability to artificially suppress capacity prices.” After gathering information on the costs of intermittent renewables for technology exemption status, the NYISO will publish the list of technologies examined and those determined to be exempt. In response to a stakeholder question on whether or not credits will be included in the cost data of the Renewables being examined, the NYISO committed to discussing the subject internally and returning to a future ICAP WG with a determination. The proposal expects Wind and Solar technologies to have an initial exemption in the current ICAP Demand Curves while in the future the exempt technologies would be reevaluated at the time of the Demand Curve Reset (DCR) process. Individual project evaluations would be done similarly to the exempt technologies evaluation but would use project specific data. The FERC Order has established an effective date of October 9, 2015.

The proposal also establishes a MW cap, acting as a safety valve, to limit the potential impact of the exempt resources on NYISO’s ICAP market prices. The NYISO is proposing a MW cap that applies to all Mitigated Capacity Zones. The MW Cap would be for each Class Year and there would be no rollover of any unused MW. The NYISO is proposing to set the MW cap at 1,000 MW of ICAP. Several stakeholders offered suggestions that were higher or lower than the proposed 1,000 MW while also suggesting that the NYISO consider setting a UCAP cap level. Based on analysis presented at the December 2, 2015 ICAP WG meeting, the NYISO feels the 1,000 MW ICAP cap is appropriate. The NYISO will continue to accept stakeholder input throughout the process. Comments can be sent to either deckels@nyiso.com or nbouchez@nyiso.com. To see the complete presentation by Dr. Bouchez please go to: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-01-13/Renewables%20and%20Self%20Supply%20Compliance%20Filing%20Jan%2013%202016.pdf

Thursday, January 14, 2016

Operating Committee

Motion #1:

The Operating Committee (OC) hereby approves the meeting minutes from November 12, 2015 and December 10, 2015.

The motion passed unanimously by show of hands with an abstention.



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Motion #2:

The Operating Committee (OC) hereby approves the Locational Minimum Installed Capacity Requirements for the 2016/2017 Capability Year as presented and discussed at the January 14, 2016 OC meeting. Such approval recognizes that the New York State Reliability Council has set its Installed Reserve Margin of 17.5% which shall be in effect for the 2016/2017 Capability Year.

The motion passed with 84.64% affirmative votes.

Motion #3:

The Operating Committee (OC) hereby approves the revisions to the Ancillary Services Manual, Transmission and Dispatch Operations Manual and the Day-Ahead Scheduling Manual as presented and discussed at the January 14, 2016 OC meeting with the clarification that the reserve demand curve tables will be included in each of the manuals above.

The motion passed unanimously by show of hands with an abstention.

Thursday, January 14, 2016

LCR Task Force

FTI -- G-J Impact Analysis

Scott Harvey of FTI-Compass Lexecon Electricity Practice (FTI) presented an analysis on changes in downstate LCR's and capacity market clearing and settlement mechanisms within the context of the Unified Methodology. Three potential types of changes to the current design were analyzed:

- *Increasing the Zone K LCR to shift incremental local capacity requirements from Zones G-J to Zone K;*
- *Accounting for the capacity value of excess Zone K capacity in clearing the G-J capacity market;*
- *Shifting the cost responsibility for the existing local capacity requirements.*

Mr. Harvey detailed the analysis of the three methodologies while noting this exercise was informational only, and not an actual proposal. Due to the difficulty of applying definitive costs to Capacity investment, the methodologies were studied using a Net CONE approach and an Auction Price approach. An appendix was attached to the presentation to provide clarity and transparency to the methodology used for the analysis. The results of this analysis indicated to the NYISO and stakeholders that a "band-aid" approach would not provide a solution to the LCR determination issue and a more holistic approach would need to be investigated. To see the complete FTI presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg_lcrtf/meeting_materials/2016-01-14/LHV%20impact%20analysis%20-%20LCR%20Task%20Force%2020150114.pdf

Alternative Methods for Determining LCRs



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Michael DeSocio of the NYISO explained that the NYISO has been considering possible approaches that can be implemented in the near term to ameliorate concerns raised by Central Hudson regarding the methodology the NYISO uses to establish the Locational Minimum Installed Capacity Requirements (LCRs). The NYISO is currently investigating the various approaches recommended by Potomac Economics in the 2014 State of the Market Report (*See 2014 SOM Page 63*) to develop a comprehensive approach to determining LCRs for any Locality. Two significant aspects to any proposal are (i) developing a methodology for determining LCRs based on minimizing total NYCA capacity costs while maintaining minimum reliability criteria, and (ii) allocating capacity costs to LSEs fairly. The NYISO will work with stakeholders and expert consultants to develop a fair and reasonable approach for determining LCRs and the associated cost allocations. Stakeholders requested that any proposals under analysis be shared with stakeholders for input prior to the analysis conclusion. There was also discussion with stakeholders on moving this process to the ICAP WG as it is a Capacity issue. Some stakeholders opined that their organizations utilize different resources for LCRs vs Capacity and it would be more difficult to track the project if it were not kept in the separate LCR Task Force forum. The NYISO noted the input and will give the matter consideration prior to setting the agenda. The NYISO anticipates progress on this effort through the second quarter of 2016 and hopes to include changes into the 2017 LCR process. To see Mr. DeSocio's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg_lcrtf/meeting_materials/2016-01-14/Alternative%20Methods%20for%20Determining%20LCRs%20-%2020160114.pdf

FERC Filings

January 15, 2016

IRC filing requesting an extension of time to respond to FERC's November 20, 2015 order directing all ISOs/RTOS to submit reports concerning certain price formation issues

January 12, 2016

NYISO filing of motion to intervene and comments supporting the NYSRC's proposed 17.5% IRM for capability year 2016-2017

January 12, 2016

NYISO compliance filing of its 2015 annual demand response programs report

FERC Orders

January 14, 2016

FERC notice granting the NYISO's requested 60 day extension to its compliance deadline in this proceeding up and including March 22, 2016



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January 13, 2016

FERC letter order accepting tariff revisions authorizing the NYISO to provide certain market participant information for NYSERDA's New York Generation Attribute Tracking System ("NYGATS"), effective January 1, 2016 as requested

Link to FERC Filings and Orders:

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