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NYISO Consumer Interest Liaison Weekly Summary

May 16 – May 20, 2016

Notices:

- The NYISO is getting started on the **process for developing and prioritizing projects for 2017**. These projects are reviewed and discussed with Stakeholders in the Budget and Priorities Working Group (BPWG). In addition to feedback provided in these meetings, you can also provide written feedback to Member Relations Liaisons or to your Stakeholder Services Representatives. The initial project candidate list is **planned for presentation/discussion at the June 3rd BPWG**. An [overview of the process for 2017 was presented at BPWG on May 6th](#). There will be additional review and discussion opportunities in June, July, August and September, before the project list is presented to the Management Committee and the NYISO Board of Directors.
- The NYISO made **buyer-side mitigation determinations** for newly-enrolled Special Case Resources in Mitigated Capacity Zones for the month of June 2016, in accordance with the MST Att. H Section 23.4.5.7.5. Of the SCRs evaluated, a total of 79 kW in Zone J was determined to be not-exempt and subject to an Offer Floor.
- **Media Release on May 19, 2016:**
The New York Independent System Operator (NYISO) reported on May 19, 2016 that electricity supplies in New York State are expected to be adequate to meet forecasted demand this summer, with a total of 41,874 megawatts (MW) of power resources available to meet an estimated peak demand of 33,360 MW.
- On 5/13/16, the New York Independent System Operator filed with the Supreme Court of the State of New York Albany County of a notice of motion to dismiss the verified petition of Boundless Energy NE, LLC. (Index No. 1200-16)
A copy of the filing can be viewed later on the NYISO Website at:
http://www.nyiso.com/public/webdocs/markets_operations/documents/Legal_and_Regulatory/Other_Filings/Other_Filings/20160513%20NYISO%20Ntc%20Mtn%20NYS%20SprmCrt_cmbnd.pdf
- Today the New York Independent System Operator filed, with the NYPSC, **verified report regarding the costs and expenses associated with the credit facilities** authorized by the March 18 Order issued by NYPSC. (Case 15-E-0655)
A copy of the filing can be viewed on the NYISO Website [here](#)



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Meeting Summaries:

Monday, May 16, 2016

Electric System Planning Working Group

Reliability Cost Allocation Methodology

Zach Smith of the NYISO presented the proposed Reliability Cost Allocation Methodology tariff revisions. The NYISO presented and discussed the proposed modifications to the reliability cost allocation methodology at five ESPWG meetings through 2014 and 2015. The NYISO's RMR compliance filing proposed to revise its current reliability cost allocation methodology to allocate RMR or transmission-related costs for resource adequacy and transmission security-related Reliability Needs. The NYISO also proposed to remove the sunset provision from its existing resource adequacy cost allocation methodology. In response, FERC notes that the proposed revisions to the reliability cost allocation methodology are beyond the scope of the RMR proceeding, but stated that the NYISO may propose the revisions as part of the Order 1000 compliance proceedings or may make a separate FPA section 205 filing with appropriate stakeholder support. The NYISO proposes to re-file as a 205 filing the previously filed revisions to its current reliability cost allocation methodology to allocate transmission related costs. The revised Reliability Cost Allocation Methodology will include:

- Resource Adequacy Section 31.5.3.2.1
- BPTF Thermal Transmission Security Section 31.5.3.2.2
- BPTF Voltage Security Section 31.5.3.2.3
- Dynamic Stability Section 31.5.3.2.4
- Short Circuit Section 31.5.3.2.5

Mr. Smith explained the cost allocation methodology and the hierarchy of cost allocation, while noting that the sunset date will be removed. The proposed cost allocation methodology will be presented for OC approval at the May 19, 2016 meeting followed by MC and Board of Directors consideration in anticipation of a June 20, 2016 FERC filing. To see the complete presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_espwg&directory=2016-05-16

Wednesday, May 18, 2016

Business Issues Committee

Motion #1:

Motion to approve the March 17, 2016 and April 13 2016 meeting minute as amended.

Motion passed unanimously.

Motion #2:



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The Business Issues Committee (BIC) hereby approves the proposed changes to the Installed Capacity Manual and Emergency Demand Response Program Manual as presented and described at the May 18, 2016 BIC Meeting.

Motion passed unanimously with abstentions.

Wednesday, May 18, 2016

Installed Capacity Working Group

Capacity Market Mitigation Rule Enhancements

Lorenzo Seirup of the NYISO presented an overview of potential enhancements to the existing ICAP market mitigation rules to solicit stakeholder feedback. The NYISO will be introducing individual topics in a phased approach to fully examine each aspect. The areas for enhancement that have been identified to date by Potomac Economics (MMU) and the NYISO are:

- Buyer Side Mitigation
 - *BSM Forecast*
 - *Mitigation Study Period*
 - *BSM Test Methodology*
 - *BSM Offer Floor Modification*
- Supply Side Mitigation
 - *Pivotal Control Threshold*

Mr. Seirup detailed the specific aspects of the above areas that will be examined for enhancement. The process will begin with a NYISO presentation on Forecast Enhancements in the Buyer-side Mitigation Rules following this presentation. The NYISO will consider input received at the meeting and is requesting written comments as the process develops. To see Mr. Seirup's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-05-18/ICAP_Mitigation_Enhancements_Overview%20May182016.pdf

Forecast Enhancements in the Buyer-side Mitigation (BSM) Rules

Julia Popova of the NYISO presented the first in a series of potential enhancements to the existing ICAP market mitigation rules. Under the current BSM Forecast rules, units that have exited the market for various reasons and that might not re-enter service are modeled as “in-service.” FERC^[1] and Potomac Economics^[2] (MMU) have recommended that the NYISO and stakeholders consider modifications to the BSM Forecast in reference to the inclusion rules.

Under the current rules, including units that are expected to not be in-service could:

- *over-estimate the amount of capacity*
- *understate the forecasted prices*
- *lead to over-mitigation*

Excluding these units could have the opposite effect.

^[1] New York Independent Sys Operator, Inc., 143 FERC ¶ 61,217 at P 111 (2013) at P 111

^[2] 2013, 2014, and 2015 State of the Market Reports



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The outage classifications under consideration are (Dr. Popova indicated that a rule addressing UDRs is under development):

- Forced Outage
- ICAP Ineligible Forced Outage (“IIFO”)
- Mothball Outage and mothballed
- Retired
- relinquishing or transferring CRIS
- Partial long-term derate
- Catastrophic Failure
- Noticed Intent to Return from a Mothball Outage/Retired/IIFO
- Noticed intent to Mothball/Retire/IIFO
- RMR unit

Dr. Popova provided details on what would constitute an “Inclusion Test,” which was proposed to evaluate whether a resource might re-enter (or not exit) in a given time period (relevant to the BSM Forecast).

Five potential design concepts, with pros and cons, were offered for discussion:

1. Historic Trend
2. ICAP Eligibility Category
3. Publicly Available “class average” Going Forward Costs
4. Unit Specific Going Forward Costs
5. Methodology based on market signals

Dr. Popova noted that the five concepts were offered with the purpose of generating stakeholder discussion and feedback. The NYISO will use the feedback (as well as future written comments) to develop a comprehensive approach. Additional comments can be sent to jpopova@nyiso.com or deckles@nyiso.com. To see the NYISO proposal, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-05-18/Forecast%20Enhancements%20BSM%20May182016.pdf

Buyer-side Mitigation (BSM) Examination of New Special Case Resources (SCRs) in NYC: Update on Methodology and Administration

Julia Popova of the NYISO presented an update on the methodology and administration of the BSM examination of new SCRs in New York City. On March 19, 2015, FERC issued an Order (150 FERC FERC ¶ 61,208) on rehearing and clarification, and the NYISO’s 2012 compliance filing, regarding an input in the NYISO’s Tariff rule for Buyer-side Mitigation evaluation for new SCRs enrolled in NYC. The Order required the NYISO to modify the test to no longer exclude certain payments and benefits in its BSM determination (the “Benefit Exclusion Rule”). The further tariff revisions filed by the NYISO in compliance with the March 2015 Order only apply to new SCRs in NYC. Dr. Popova detailed the SCR BSM evaluation process the NYISO currently employs. NYISO requires all RIPs for SCRs in NYC to provide in detail:



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- *Description of programs that they are eligible for*
- *Description of the capital expenditures & assets*
- *Total amount of subsidy/rebate/incentive payments to be received*
- *Its estimates of annualized and levelized costs of such capital expenditures*

The NYISO then reviews and verifies all submitted data. The current RIP data submission timeline only provides the NYISO with approximately five business days to evaluate a new SCR. Evaluation of capital expenditures and payments and benefits associated therewith is challenging in that period of time. To see the presentation in its entirety, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-05-18/Buyer-side%20Mitigation%20of%20SCR%20May182016.pdf

Thursday, May 19, 2016

Operating Committee

Motion #1:

The Operating Committee (OC) hereby approves the meeting minutes from the April 12, 2016 and May 4, 2016 meetings.

The motion passed unanimously by show of hands.

Motion #2:

The Operating Committee (“OC”) hereby recommends that the Management Committee approve, and that the Management Committee recommend that the Board of Directors approve, amendments to the cost allocation methodology for the reliability planning process and related provisions contained in Sections 31.5 and 6.10 (Schedule 10) of the NYISO’s Open Access Transmission Tariff, as more fully described in the “Reliability Cost Allocation” presentation made to and as discussed at the OC on May 19, 2016.

The motion passed unanimously by show of hands with abstentions from Indeck, Mercuria, PSEG, and NRG.

Motion #3:

The Operating Committee has reviewed Con Edison’s procedures for compliance with Application No. 69 of the NYSRC Rule I-R3, and hereby approves such procedures as presented and discussed at the May 19, 2016 meeting.

The motion passed unanimously by show of hands with abstentions from Indeck and Mercuria.

Motion #4:

The Operating Committee has reviewed PSEG Long Island’s procedures for compliance with Application No.70 of the NYSRC Rule G-R3, and hereby approves such procedures as presented at the Operating Committee meeting on May 19, 2016.

The motion passed unanimously by show of hands with abstentions from Indeck and Mercuria.



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Motion #5:

The Operating Committee (OC) hereby approves the 2016 Summer Operating Study as presented and discussed at the May 19, 2016 OC meeting.

The motion passed unanimously by show of hands.

Motion #6:

The Operating Committee (OC) hereby approves the 2016 Summer Fault Current Assessment as presented and discussed at the May 19, 2016 OC meeting.

The motion passed unanimously by show of hands with abstentions from Indeck and Mercuria.

Motion #7:

The Operating Committee (OC) hereby approves the Q#497 Bull Run Wind System Reliability Study Scope as presented and discussed at the May 19, 2016 OC meeting.

The motion passed unanimously by show of hands with abstentions from Indeck and Mercuria.

Friday, May 20, 2016

Market Issues Working Group

2015 State of the Market Report – Energy and AS Market Highlights

Pallas LeeVanSchaick of Potomac Economics (MMU) presented highlights from the 2015 State of the Market Report (SOM) for the NYISO Energy and Ancillary Services (AS) markets in 2015. Electricity prices fell by 32% to 49% when compared to 2015 as a result of lower natural gas prices and mild weather. Flows across western New York and the Central-East Interface accounted for 61 percent of the \$539 million in day-ahead congestion revenue. Mr.

LeeVanSchaick selected several sections of the report for discussion with stakeholders:

- Average All-In Price by Region
- Congestion in the DA & RT Markets
- Fuel Use and Gas Prices in Eastern NY
- Day Ahead Market Congestion Uplift
- Balancing Congestion Uplift

The MMU noted the list of Energy and AS market recommendations for NYISO and stakeholder consideration (recommendation numbers are from the 2015 SOM complete report):

- 8. Modify the capacity market and planning process to better account for capacity that is exported to neighboring control areas from import-constrained capacity zones.*
- 9. Eliminate transaction fees for CTS transactions at the PJM/NYISO border.*
- 10. After the ConEd-PSEG wheeling agreement expires, work with PJM to coordinate scheduling of the associated controllable lines (i.e., the A, B, C, J, and K lines) to minimize production costs across the two regions.*



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- 11. Operate certain PAR-controlled lines to minimize production costs and create financial rights that compensate affected transmission owners.*
- 12. Adjust look ahead evaluations of RTD and RTC to be more consistent with the timing of external transaction ramp and gas turbine commitment.*
- 13. Consider enhancing modeling of loop flows and PAR-controlled lines to reflect the effects of expected generation, load, and PAR-controls on line flows more accurately.*
- 14. Modify criteria for GTs to set prices in the real-time market by allowing GTs to be eligible to set price in the final pricing pass and incorporating start-up costs.*
- 15. Model 100+ kV transmission constraints in the DA and RT markets using economic commitment and dispatch software.*
- 16. Dynamically adjust operating reserve requirements to account for factors that increase or decrease the amount of reserves that must be held on internal resources.*
- 17. When a transmission constraint cannot be satisfied, utilize graduated transmission demand curves to set constraint shadow prices*
- 18. Work with generators in NOx bubbles to ensure their RACT compliance plans use the most economic compliance option available.*
- 19. Consider allowing generators to submit offers that reflect certain energy storage and fuel supply constraints in the day-ahead market.*
- 20. Enhance recognition of gas system limitations when scheduling resources to provide operating reserves.IX*
- 21. Improve assumptions in the commitment logic of the DAM to avoid scheduling uneconomic gas turbines.*

Mr. LeeVanSchaick presented highlights for the Capacity Market on May 5, 2016 to the Installed Capacity Working Group. The MMU will present an overview of the 2015 SOM and recommendations at the May 25, 2016 Management Committee meeting. Questions and comments are encouraged and should be sent to either deckles@nyiso.com or pallas@potomaceconomics.com. To see the presentation by Mr. LeeVanSchaick at this meeting please go to:

https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2016-05-20/NYISO%202015%20SOM%20Report-Presentation%2051716%20for%20MIWG.pdf

To see the complete 2015 SOM, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/documents/Studies_and_Reports/Reports/Market_Monitoring_Unit_Reports/2015/NYISO%202015%20SOM%20Report_5-05-2016.pdf

FERC Filings

May 16, 2016

NYISO filing of data response to the Office of Energy Policy and Innovation's April 11, 2016 data request regarding energy storage resources



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May 19, 2016

NYISO filing of a motion for extension of compliance deadline to file additional revisions to several areas of its proposed reliability must run tariff provisions

May 18, 2016

NYISO compliance filing of tariff revisions regarding requirements of the Public Policy Transmission Planning Process directed by the FERC's April 18, 2016 order.

May 18, 2016

NYISO filing of a request for clarification or rehearing of FERC's April 18, 2016 order on NYISO's proposed tariff revisions regarding its Public Policy Transmission Planning Process

FERC Orders

May 19, 2016

FERC letter order accepting the NYISO's March 11, 2016 compliance filing of tariff revisions to add a verification requirement to the exemption from physical withholding evaluation for generators that indicate they are unable to provide output in the Real-Time Market because doing so would require the Generator to burn unauthorized natural gas

May 18, 2016

FERC data request for a filing, within 10 days, of additional information and data to support the NYISO's March 29, 2016 comprehensive scarcity pricing tariff filing

May 18, 2016

FERC letter order accepting compliance tariff revisions effective April 3, 2015, as requested

May 17, 2016

FERC Order accepting the NYISO's proposed Behind-the-Meter Net Generation tariff provisions, some to become effective May 19, 2016 and some to become effective on or after October 1, 2016.

Link to FERC Filings and Orders:

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