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## NYISO Consumer Interest Liaison Weekly Summary

May 23 – May 27, 2016

### Notices:

- *The Summer 2016 Capacity Assessment has been posted to the link below:  
[MC Meeting Material](#)*
- *Chesapeake Trading Group, LLC has been approved as a Non Voting Entity*
- *The new **Rock Tavern - Ramapo 76 Line** was expected to be placed in service on Friday, May 27, 2016.*
- *Consistent with New York's Reforming the Energy Vision (REV) initiative, the New York Independent System Operator (NYISO) **announced new market rules that will enable certain on-site generation resources** to participate in New York's wholesale electricity markets. The changes in NYISO's federal tariff will help promote distributed generation, strengthen system resiliency, and improve grid reliability and operational flexibility.  
[Press Release](#)*

### Meeting Summaries:

Monday, May 23, 2016

#### **Credit Policy Working Group**

#### Revisions to Collateral Investment Options

Sheri Prevratil of the NYISO presented a revision to the collateral investment option that is currently impacted by the Securities and Exchange Commission money market mutual fund ( MMMF) rule changes. NYISO staff, in consultation with BlackRock, has determined that a governmental MMMF is an investment option that would provide appropriate liquidity and stability of principal required by the NYISO and would be exempt from the new MMMF rules. Effective August 1, 2016, NYISO will be replacing BlackRock's MuniFund with BlackRock's FedFund Institutional as an investment option.

The NYISO will inform Market Participants, via email, of the collateral investment option change and inform them that all funds currently within the MuniFund will be transferred into the



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FedFund unless they formally elect one of the other available investment options in writing. A copy of the Market Participant Collateral Election Form was provided for illustration. To see Ms. Prevratil's presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_spwg\\_cptf/meeting\\_materials/2016-05-23/05232016%20CPWG%20Revision%20to%20Collateral%20Investment%20Options.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_spwg_cptf/meeting_materials/2016-05-23/05232016%20CPWG%20Revision%20to%20Collateral%20Investment%20Options.pdf)

#### Foreign Guaranty Discussion

Sheri Prevratil of the NYISO presented research and analysis pertaining to foreign guaranties, as requested by Market Participants. The NYISO researched and analyzed the use of foreign guaranties by other ISOs and RTOs as well as the enforceability of foreign guaranties. Ms. Prevratil explained the current tariff provisions regarding NYISO's acceptance of guaranties when issued by an Investment Grade U.S. or Canadian Affiliate based on the creditworthiness of its affiliate. Analysis of other ISO/RTO's policies on foreign guaranties was provided for reference. Ms. Prevratil highlighted the differences between the enforcement of foreign and domestic guaranties, specifically relating to increased uncertainty and cost. Moreover, differences between arbitration and litigation were outlined. The NYISO requests that Market Participants consider this information and provide feedback to [sprevratil@nyiso.com](mailto:sprevratil@nyiso.com) by June 8, 2016. To see Ms. Prevratil's complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_spwg\\_cptf/meeting\\_materials/2016-05-23/05232016%20CPWG%20Foreign%20Guaranty%20Discussion.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_spwg_cptf/meeting_materials/2016-05-23/05232016%20CPWG%20Foreign%20Guaranty%20Discussion.pdf)

#### **Tuesday, May 24, 2016**

#### **Joint Market Issues/Billing and Accounting Working Group**

##### Broader Regional Markets Metrics

The NYISO posted metrics for the Broader Regional Markets (BRM) initiative for the month of April 2016 with the MIWG meeting materials. To see the materials, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2016-05-24/052416%20miwg%20agenda.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2016-05-24/052416%20miwg%20agenda.pdf)

##### DAMAP Enhancements

Ethan Avallone of the NYISO presented proposed enhancements to the Day Ahead Margin Assurance Payment (DAMAP). The NYISO has identified several DAMAP eligibility criteria and calculations within the tariff in need of clarification:

- *Self Committed Flex Status and DAMAP Eligibility*
- *Reducing RT Bid Regulation Capacity MW and DAMAP Eligibility*
- *Minimum Generation vs. Incremental Energy Curve in DAMAP Calculation*

Mr. Avallone explained the conditions for the first two scenarios and the associated tariff language to revise eligibility rules. The NYISO is currently reviewing whether to include minimum generation costs in DAMAP calculations moving forward. The NYISO will present revised tariff language for discussion with stakeholders at the June MIWG meeting. To see Mr.



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Avallone's complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2016-05-24/DAMAP%20Enhancements%20May%20MIWG%20FINAL.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2016-05-24/DAMAP%20Enhancements%20May%20MIWG%20FINAL.pdf)

#### Linked Virtual Transactions

Jennifer Boyle of the NYISO presented a proposal for Linked Virtual Transactions (LVTs). LVTs are being proposed as a result of stakeholder requests and will be offered in addition to Virtual Supply (VS) and Virtual Load (VL) transactions. LVTs allow a market participant to take a position on the price separation between source and sink zones due to congestion and losses between the Day-Ahead Market (DAM) and Real-Time Market (RTM). Examples were provided to illustrate how LVTs will settle, the application of fees and uplift cost allocation. Current mitigation rules monitor unexpected deviations between DA and RT prices and the NYISO is comfortable that the existing mitigation rules are sufficient to monitor and track LVT trading. The NYISO will provide revised tariff language at a future MIWG for discussion with stakeholders prior to initiating governance action on the proposal later this summer. To see Ms. Boyle's complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2016-05-24/Linked%20Virtual%20Transactions%20-MIWG-5-24-2016\\_Final.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2016-05-24/Linked%20Virtual%20Transactions%20-MIWG-5-24-2016_Final.pdf)

#### Fuel Constrained Bidding Project Update

Cristy Sanada of the NYISO presented an update on the Fuel Constrained Bidding Project. Recently, NYISO conducted WebEx's and sent out subsequent surveys to gauge bidder/scheduler opinions in order to get a better understanding of the use and value of the two potential Fuel Constrained Bidding designs. The sentiment from survey feedback was that the Fuel Cost and Efficiency Curve method is the preferred design but overall, there was mixed opinion about whether the new capabilities would be utilized by stakeholders. Based on the overall level of response and cost and the time intensive nature of this effort, the NYISO is concerned about the value of this effort going forward in comparison to other competing initiatives. The NYISO will solicit further MP feedback through next month on designs and project direction and also consider parallel feedback from the 2017 project prioritization process. The NYISO will return in June/July to discuss all feedback and the proposed direction of the initiative. Comments are encouraged and should be sent to [deckles@nyiso.com](mailto:deckles@nyiso.com). To see the complete presentation please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2016-05-24/Fuel%20Constrained%20Bidding%20Project%20Update%205-24-16%20final%20v2.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2016-05-24/Fuel%20Constrained%20Bidding%20Project%20Update%205-24-16%20final%20v2.pdf)

#### Hybrid GT Pricing Improvements

Ethan Avallone of the NYISO presented the proposal to modify Hybrid GT Pricing logic to improve price transparency and improve the alignment of prices and schedules for GTs. In the



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2015 and some past State of the Market reports, Potomac Economics (Potomac) has recommended allowing GTs to be eligible to set price in the final pricing pass (i.e., the second ideal pass). In instances when GTs are not eligible to set price due to the current logic, Potomac contends that LBMPs may not fully reflect the cost of the marginal resources scheduled to satisfy load and manage congestion. Mr. Avallone detailed the approach employed by the NYISO to choose days to analyze from the most up to date market software environment available. The NYISO will calculate the change in real-time LBMPs between the original, actual market outcomes and the simulations representing the modified Hybrid GT Pricing logic. The NYISO will present the simulation results at the June MIWG and provide applicable tariff language revisions for discussion with stakeholders. To see the complete presentation please go to: [http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2016-05-24/Hybrid%20GT%20Pricing%20Improvements%20May%20MIWG%20FINAL.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2016-05-24/Hybrid%20GT%20Pricing%20Improvements%20May%20MIWG%20FINAL.pdf)

#### Distributed Energy Resources Roadmap Kickoff – Concepts for the Wholesale Market

Matt Darcangelo of the NYISO presented a roadmap for integration of distributed energy resources (DER) into the NYISO wholesale markets over the next three to five years. A DER is a small distributed behind the meter resource, participating in the wholesale market that does not meet the requirements of NYISO's Behind-the-Meter:Net Generation (BTM:NG) program. The key objectives of this initiative are to:

- *Integrate DERs into energy markets*
  - Ability for real time scheduling
  - Minimize out of market actions
- *Align with the goals of NYS REV*
- *Measurement and Verification*
- *Align payments with performance*
- *Focus on wholesale market*

Mr. Darcangelo led a review of the current NYISO Demand Response (DR) programs, noting participation levels, and provided an illustration of where DER programs might fit in relation to DR products in the future. Stakeholder input is encouraged and can be sent to either [mdarcangelo@nyiso.com](mailto:mdarcangelo@nyiso.com) or [deckles@nyiso.com](mailto:deckles@nyiso.com). To see Mr. Darcangelo's complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2016-05-24/DER%20Roadmap%20Kickoff.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2016-05-24/DER%20Roadmap%20Kickoff.pdf)

#### **Wednesday, May 25, 2016**

#### **Management Committee**

#### **Motion #1:**

The Management Committee (MC) approves the March 30, 2016 meeting minutes.

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



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**Motion #2:**

The Management Committee (“MC”) hereby approves, and recommends to the NYISO Board for filing under Section 205 of the Federal Power Act, 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 MC on May 25, 2016.

**The motion passed unanimously by show of hands with abstentions**

**Wednesday,**

**Joint Electric System Planning Working Group/Transmission Planning Advisory Subcommittee**

**2016 RNA: Updated Proposed Scenarios**

Laura Popa of the NYISO presented the updated scenarios proposed for the 2016 Reliability Needs Assessment (RNA). One of the objectives of the Reliability Planning Process is to identify, through the development of appropriate scenarios, factors and issues that might adversely impact the reliability of the Bulk Power Transmission Facilities. A list of scenario candidates was presented for comments at the May 5, 2016 ESPWG/TPAS meeting. The list has been updated to include the following:

1. High (Econometric) Load Forecast – Resource Adequacy (RA) only;
2. Zonal Capacity at Risk - RA only;
  - a. ~~No Solar—RA only~~ – Removed from Candidate List
3. Indian Point Energy Center Plant Retirement;
4. 90/10 Forecasted Load – Transmission Security (TS) only;
5. No Coal – RA only;
6. No Nuclear – RA only.

The following scenarios/sensitivities would only be performed if they are pertinent to Reliability Needs identified in the Base Case:

7. Western NY Public Policy Transmission Need – RA and TS;
8. AC Transmission Public Policy Transmission Need - RA and TS;
9. Treatment of Capacity Sold Forward to External Control Areas in Remaining Years of Study Period;
10. High Solar Forecast – RA only.

**2016 RNA: RNA MARS Topology Discussion**

Bill Lamanna of the NYISO presented the MARS topology for the PJM-SENY interface that will be used in the 2016 RNA study. Mr. Lamanna explained the changes to the topology as a result of the PSEG/ConEd Wheel cancellation effective for Summer 2017. Bubble diagrams were provided to illustrate the system topology for both pre and post PSEG/ConEd Wheel. To see Mr. Lamanna’s presentation, please go to:



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[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_espwg/meeting\\_materials/2016-05-25/2016RNA\\_Topology.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2016-05-25/2016RNA_Topology.pdf)

#### Reliability Planning Base Case Treatment of Capacity Imports and Exports

Mark Younger of Hudson Energy Economics, LLC presented a proposal to change the Inclusion Rules to the base case for the Reliability Planning Process (RPP). Mr. Younger explained that, currently, there is not an Inclusion Rule for Capacity Import and Export assumptions. Mr. Younger's position is that capacity imports and exports that are associated with known contracts/obligations should be included in the RPP base case. The position continued that known Forward Sales of capacity should be represented for the capability period term that they are sold into. The NYISO will consider Mr. Younger's input and respond at the June 7, 2016 ESPWG meeting. The assumptions and topology for the 2016 RNA study will be locked down before the June 7<sup>th</sup> ESPWG meeting. To see Mr. Younger's presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_espwg/meeting\\_materials/2016-05-25/HEE%20Presentation%20on%20Capacity%20Sales%20and%20Imports.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2016-05-25/HEE%20Presentation%20on%20Capacity%20Sales%20and%20Imports.pdf)

#### Updates on Western New York Public Policy Transmission Need Viability & Sufficiency Assessment

Zach Smith of the NYISO presented an update on the Western New York Public Policy Transmission Need Viability & Sufficiency Assessment. Mr. Smith noted two updates on the assessment:

- North American Transmission: Proposal 1 – Determined to be Sufficient
- Exelon Transmission Company: Niagara Area Transmission Expansion – Determined to Resolve Bulk Power Transmission Facility (BPTF) and Non-BPTF Issues

These determinations find eight projects to be viable and sufficient:

1. North America Transmission – Proposal #1
2. North America Transmission – Proposal #3
3. North America Transmission – Proposal #4
4. National Grid – High Power Transfer Solution
5. NYPA/NYSEG – Western NY Energy Link
6. NextEra Energy Transmission New York – Empire State Line #1
7. NextEra Energy Transmission New York – Empire State Line #2
8. Exelon Transmission Company – Niagara Area Transmission Expansion

Mr. Smith noted that the NYISO recommends upgrades to the extent necessary to address remaining non-BPTF issues for the specific project ultimately selected. The New York State Public Service Commission (PSC) must now review the Viability and Sufficiency Assessment and issue an order explaining whether there continues to be a transmission need driven by a Public Policy Requirement. In the event that the PSC finds a continued need for transmission, the NYISO will continue to evaluate transmission solutions to the Western New York Public Policy Transmission Need. To see Mr. Smith's presentation, please go to:



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[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_espwg/meeting\\_materials/2016-05-25/Western\\_NY\\_PPTN.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2016-05-25/Western_NY_PPTN.pdf)

## **FERC Filings**

### **May 27, 2016**

NYISO filing of FERC Form No. 714 Annual Electric Balancing Authority Area and Planning Area Report for calendar year 2015

### **May 26, 2016**

NYISO response to FERC's May 19, 2016 data request regarding the NYISO's Comprehensive Scarcity Pricing filings

### **May 26, 2016**

NYISO refiling of the Operating Agreement between NYISO and the New York Transco in order to provide a complete set of filing attachments

### **May 25, 2016**

NYISO Section 205 filing of Operating Agreement No. 2271 between NYISO and New York Transco, LLC

### **May 24, 2016**

NYISO filing of errata to the March 22, 2016, Order No. 1000 Compliance Filing to correct minor, inadvertent errors in the tariff revisions and to realign tariff sections with correct tariff record identifiers

### **May 23, 2016**

ISO/RTO Council filing of comments re: requirements for frequency and voltage ride through capability of small generating facilities.

### **May 23, 2016**

NYISO filing of a request for rehearing of FERC's April 21 2016 order regarding reliability must run (RMR) generators

## **FERC Orders**

### **May 27, 2016**

FERC letter order accepting for informational purposes the report containing the results of NYISO's triennial New Capacity Zone Study

### **May 26, 2016**



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FERC Notice granting the NYISO request for an extension of time up to and including September 19, 2016, for the purpose of submitting compliance tariff revisions regarding reliability-must-run tariff revisions

**Link to FERC 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)