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## NYISO Consumer Interest Liaison Weekly Summary

### May 30 – June 3, 2016

#### Notices:

- *The splitting of the existing Goethals to Linden Cogen feeders G23L and G23M was completed on May 30, 2016.*
- *On May 31, 2016 the NYISO issued the **final Western New York Public Policy Transmission Need Viability and Sufficiency Assessment**.  
A copy of this report can be viewed [here](#).*
- *As discussed at the June 7, 2016 ESPWG-TPAS meeting, the Draft Report of the NYISO 2015/2016 Solar Integration Study has been posted to the NYISO website. Please send comments to Leigh Bullock at [lbullock@nyiso.com](mailto:lbullock@nyiso.com) by June 17.  
[Solar Integration Study](#)*
- *June 2, 2016, The New York Independent System Operator, Inc. filed with the New York Public Service Commission, report of the Western New York Public Policy Transmission Need Viability & Sufficiency Assessment. (Case 14-E-0454)  
A copy of the filing can be viewed on the NYISO Website at:  
[http://www.nyiso.com/public/webdocs/markets\\_operations/documents/Legal\\_and\\_Regulatory/NY\\_PSC\\_Filings/2016/2016-6-1%20NYISO%20filing%2014-E-0454%20VS%20Assmnt%20Western%20NY%20PPTN.pdf](http://www.nyiso.com/public/webdocs/markets_operations/documents/Legal_and_Regulatory/NY_PSC_Filings/2016/2016-6-1%20NYISO%20filing%2014-E-0454%20VS%20Assmnt%20Western%20NY%20PPTN.pdf)*

#### Meeting Summaries:

**Thursday, June 2, 2016**

**Transmission Planning Advisory Subcommittee**

Reliability Analysis Data (RAD) Manual

Keith Burrell of the NYISO presented revisions to the Reliability Analysis Data (RAD) Manual. The RAD Manual describes the data required by the NYISO to carry out technical analysis to support its mission of preserving the reliability of the New York State bulk power system. Mr.



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Burrell highlighted the updates to the RAD Manual while clarifying stakeholder questions. To see Mr. Burrell's complete presentation, please go to:

[https://www.nyiso.com/public/markets\\_operations/committees/meeting\\_materials/index.jsp?com=oc\\_tpas](https://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=oc_tpas)

### 2015 Comprehensive Area Transmission Review (ATR) Overview

Kevin DePugh of the NYISO presented the 2015 Comprehensive Area Transmission Review (ATR) Overview. The purpose of the assessment is to demonstrate the New York State Bulk Power Transmission Facilities (BPTF) conformance with Northeast Power Coordinating Council (NPCC) Design Criteria and New York State Reliability Council (NYSRC) Reliability Rules. The NPCC study year is 5 years from the study date (2020). Mr. DePugh described the Base Case conditions and the forecasts that would be utilized for the study. The NPCC requirements were explained as:

- *Steady-State Assessment (Thermal and Voltage) and Stability*
  - *N-1*
  - *N-1-1*
- *Extreme Contingency Assessment*
- *Extreme System Condition Assessment*
  - *Extreme weather*
  - *Gas fuel shortage*
- *Fault Current Assessment*
- *NYCA System Restoration Plan Impact*
- *Review of Special Protection Systems (SPS)*
- *Review of Dynamic Control Systems (DCS)*
- *Review of Exclusions to Basic Criteria*

The study concluded that the New York State Bulk Power Transmission Facilities as planned through 2020, conform to the reliability criteria described in the NYSRC Reliability Rules, NPCC Directory #1, and applicable NERC Reliability Standards. To see Mr. DePugh's complete presentation, please go to:

[https://www.nyiso.com/secure/webdocs/markets\\_operations/committees/oc\\_tpas/meeting\\_materials/2016-06-02/05\\_Presentation%20-%20Comprehensive%20Area%20Transmission%20Review.pdf](https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc_tpas/meeting_materials/2016-06-02/05_Presentation%20-%20Comprehensive%20Area%20Transmission%20Review.pdf)

### **Thursday, June 2, 2016**

#### **Installed Capacity Working Group**

##### Demand Curve Reset Update

Representatives from Analysis Group (AG) presented an update on the progress of developing recommendations for the ongoing ICAP Demand Curve reset (DCR) process to establish ICAP Demand Curves beginning with the 2017/2018 Capability Year. Paul Hibbard led the presentation to provide AG's preliminary recommendations for data sources for fuel (gas and oil) pricing. Mr. Hibbard explained that AG is recommending the use of SNL as the source for natural gas pricing data, while identifying the criteria supporting the recommendation. Mr.



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Hibbard also explained AG's preliminary recommendation on the choice of pricing hubs to be used for natural gas pricing. AG noted that a premium (%) would be added to the day-ahead spot gas prices to estimate pricing for the Real-Time Market. The real-time adder values initially recommended by AG are the same as those used by Potomac Economics in its 2015 State of the Market report. Stakeholders opined that the adder methodology and values initially recommended by AG may not accurately capture differences between gas prices in the Day-Ahead Market and the Real-Time Market.

Todd Schatzki presented AG's preliminary recommendations on the financial parameter used in the DCR analysis. Mr. Schatzki explained how the amortization period and the Weighted Average Cost of Capital (WACC) were examined, including:

- *Debt to Equity Ratio (D/E Ratio)*
- *Cost of Debt (COD)*
- *Return on Equity (ROE)*

Mr. Schatzki explained the market factors and risks that affect a potential developer's assessment. Data from PJM and ISO-NE were analyzed as well as available energy industry data on D/E Ratio, COD and ROE. The preliminary recommendation is a capital structure reflecting: (i) a 55/45 D/E Ratio; (ii) 7.75% COD; and (iii) 13.4% ROE. These recommendations would result in an after-tax WACC (ATWACC) of 8.6%. Mr. Schatzki detailed the factors that were considered for the amortization period that supported the preliminary AG recommendation of a 20 year period. Stakeholders offered opinions for longer and shorter amortization periods and it was suggested that they submit their comments in writing for consideration.

Craig Aubuchon continued AG's presentation with information on the initial draft net Energy and Ancillary Services (EAS) revenue model. Mr. Aubuchon detailed the review of the preliminary draft results produced by the model, model functionality and a user guide and technical appendix to assist stakeholders in reviewing and utilizing the model. The net EAS revenue model estimates the annual net revenues a peaking plant would be expected to obtain by participating in Energy and non-spinning Operating Reserves markets under the tariff-specified level of excess conditions. Mr. Aubuchon noted the model is developed with SAS 9.4 standards. The pricing data would utilize three years of historical data. The initial model results are based on the following inputs:

- *LBMP Data: All LBMP and Operating Reserves price data are sourced ~~to~~ from publicly available NYISO markets data. The NYISO is currently pursuing capability to post real-time hourly, time-weighted integrated Ancillary Services prices. In the interim, this real-time data must be calculated manually using the data posted by the NYISO.*
- *Level of Excess Adjustment Factor: All adjustment factors are currently set to a value of 1.0; these values will be updated in the future once final GE MAPS modeling is completed and the values for the adjustment factors are determined by AG*
- *Voltage Support Service (VSS) revenues: An adder (\$/kW-year) to the net revenues determined by the model, based on historical settlement data provided by the NYISO; may be updated based on technology parameters for the selecting peaking unit technology(ies)*



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- Gas hubs: initial gas hubs set to match 2015 CARIS Phase I assumptions as described in the prior presentation from AG earlier in the meeting

Stakeholder comments are encouraged and can be sent to [deckles@nyiso.com](mailto:deckles@nyiso.com). To see the information as presented by AG, please go to:

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

**Friday, June 3, 2016**

**Budget and Priorities Working Group**

**2016 Budget vs. Actual**

Donna Martell of the NYISO presented the 2016 year-to-date budget vs. actual status. Rate Schedule 1 recoveries are \$0.1M behind budgeted revenues through April. Year-to-date budgeted costs vs. actual costs through March reflect a \$4.8M budget under-run. To see Ms. Martell’s complete presentation, please go to:

[https://www.nyiso.com/public/webdocs/markets\\_operations/committees/mc\\_bpwg/meeting\\_materials/2016-06-03/Agenda%202016%20APR%202016%20Budget\\_vs\\_Actual.pdf](https://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2016-06-03/Agenda%202016%20APR%202016%20Budget_vs_Actual.pdf)

**2016 Project Schedule Milestone Update**

Ryan Smith of the NYISO presented an update on the status of projects scheduled for 2016. Mr. Smith highlighted status changes from the May 6, 2016 BPWG update. Status changes include:

- Modify the Pivotal Supplier Test (SOM) Delayed to Q3
- Modify Treatment of Units Being Replaced, Mothballed and Retired in Forecasts of ICAP Prices and Net Revenues (SOM) Delayed to Q3
- Model Zone K as Export Constrained On Schedule
- Develop Rules for the Elimination of Capacity Zones or Achievement of Price Convergence At Risk
- RMR Cost Recovery Overdue – Target Q1 2017
- Hybrid GT Pricing Improvements (SOM) Delayed to Q3
- Fuel Assurance – Constrained Fuel Supply Bidding At Risk
- Stakeholder Services Suite Phase II At Risk
- Telephony System Upgrade At Risk
- CMS Ratings Automation Delayed to Q3
- North Zone Redistricting On Schedule
- Foreign Guarantees On Schedule
- Comprehensive Scarcity Pricing Awaiting FERC confirmation
- Transmission Service Charges Rate Update On Schedule

A request was made by a stakeholder to enhance the Commitment Status column of the report to reflect the expected delivery date of a project that encounters a change in status. Mr. Smith noted the comment for consideration in the next update. To see the complete presentation, please go to:



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[https://www.nyiso.com/public/webdocs/markets\\_operations/committees/mc\\_bpwg/meeting\\_materials/2016-06-03/Agenda%2003\\_2016%20Project%20Schedule%20Milestone%20Update.pdf](https://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2016-06-03/Agenda%2003_2016%20Project%20Schedule%20Milestone%20Update.pdf)

### 2017 Project Prioritization & Budgeting Process

Ryan Smith of the NYISO presented the initial list of project candidates for 2017. Mr. Smith introduced all project candidates and highlighted projects that are classified as Mandatory and/or Continuing, which will not be included in the stakeholder voting process. Projects that are the result of a State of the Market recommendation were also noted. Mr. Smith explained that several projects were labeled “Future”, as discussed in the prior BPWG. The deadline for stakeholders to identify project candidates for inclusion in the stakeholder scoring survey is June 24, 2016, as that is also the date for stakeholder advocacy for specific projects. The stakeholder scoring surveys will be distributed on June 28, 2016 and are due back to the NYISO by July 19, 2016. The NYISO will present the costs, benefits and dependencies of the project candidates at the July 12, 2016 BPWG meeting. To see the project candidates and the accompanying descriptions, please go to:

[https://www.nyiso.com/public/committees/documents.jsp?com=mc\\_bpwg&directory=2016-06-03](https://www.nyiso.com/public/committees/documents.jsp?com=mc_bpwg&directory=2016-06-03)

## **FERC Filings**

### **June 1, 2016**

NYISO semi-annual compliance reports on New Generation Projects and Demand Response Programs.

## **FERC Orders**

### **June 3, 2016**

FERC Order accepting tariff provisions filed in May 2014 to permit participation in the DADRP by demand response facilitated by behind-the-meter generation. The order also accepts limited tariff provisions the NYISO filed to comply with Order No. 745 to facilitate implementation of the accepted provisions.

### **Link to FERC Filings and Orders:**

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