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## NYISO Consumer Interest Liaison Weekly Summary

### October 3 – October 7, 2016

#### Notices:

- On October 3, 2016 the NYISO filed, on behalf of the Eastern Interconnection Planning Collaborative, the attached responses to the FERC's post-technical conference questions relating to competitive transmission development processes.  
A copy of the filing can be viewed [here](#).
- On October 3, 2016, the New York Independent System Operator filed, with the NYPSC, proposed transmission needs driven by Public Policy Requirements for consideration by NYPSC as a part of the NYISO's 2016–2017 transmission planning cycle.  
(Case 16-E-0558)  
A copy of the filing can be viewed [here](#).
- The Con Ed/PSEG Wheel Replacement Proposal White Paper has been posted to the NYISO website under September 16 MIWG meeting material.  
A copy of the White Paper can be viewed [here](#).
- The NYISO Board will hear **oral arguments regarding the NYISO Installed Capacity Demand Curve Proposal on Monday, October 17, 2016 at 3:00 pm** at Hunton and Williams, 200 Park Ave, - 52nd floor New York, NY. Stakeholders who have submitted comments will have 20 minutes to present their remarks.
- The **MISO PAR adjustment charge** was not included on the September monthly invoice as a result of the September 22nd FERC decision in Docket No. ER11-1844. The NYISO intends to provide additional information to stakeholders regarding the **timing of possible MISO PAR refunds** at the October 21st BAWG meeting.

#### Meeting Summaries:

Thursday, October 6, 2016

System Operations Advisory Subcommittee

NYISO Operations Report – September 2016

Peak Load:



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The peak load for the month 29,637MW occurred on Friday September 9, 2016 at HB16. The Operating Reserve requirement during the peak was 1965MW resulting in a minimum total Operating Capacity requirement of 31,602MW.

Reserve Requirements:

Reserve	10 Min Sync	Non Sync	30 Min
Requirement	655	1,310	1,965
For Hour	1,303	2,017	3,219
DSASP Cont.	101	0	101

Major Emergencies: None

Alert States: 8

- 1 ACE Greater than (+or-) 500MW
- 1 System Frequency 1 Low 0 High
- 6 Emergency Transfer Declared

The Alert State was declared 7 times during September 2015

Thunderstorm Alerts: 0

Reserve Activations: 8

Emergency Actions: None

Purchases: None

Sales: None

TLR 3 Declared: None

**Friday, October 7, 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 \$2.5M ahead of budgeted revenues through August. Year-to-date budgeted costs vs. actual costs through August reflect a \$7.3M 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/2016-10-07/2016-Budget\\_vs\\_Actual.pdf](https://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2016-10-07/2016-Budget_vs_Actual.pdf)

2016 Project Schedule Milestone Update

Robert Pike of the NYISO presented an update on the 2016 project schedule milestones. Mr. Pike noted projects with changes from the last update provided. The following projects were highlighted with their updated status:

- Demand Curve Reset Complete
- Energy Storage Optimization Complete
- Hybrid GT Pricing Improvements Complete
- Linked Virtual Buy-Sell Transactions Complete



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- Market Test Environment Complete
- Stakeholder Services Suite Phase II Complete
- Identity and Access Management (IAM) Phase V Complete
- Storage Infrastructure Redesign Phase II At Risk/Delayed
- CMS Ratings Automation Complete
- Foreign Guarantees Complete
- Transmission Outage Application Platform Upgrade Complete
- Order 1000 Complete

To see the complete presentation, please go to:

[https://www.nyiso.com/public/webdocs/markets\\_operations/committees/mc\\_bpwg/meeting\\_materials/2016-10-07/Agenda%2003\\_2016%20Project%20Schedule%20Milestone%20Update.pdf](https://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2016-10-07/Agenda%2003_2016%20Project%20Schedule%20Milestone%20Update.pdf)

2017 DRAFT Annual Incentive Goals

Emilie Nelson of the NYISO presented the draft annual incentive goals for 2017. Ms. Nelson led a review of the goals and highlighted changes from the 2016 goals. It was noted that a main focus of the presentation was to obtain stakeholder feedback on the proposed incentive plan. The first change is to Goal #4a, “No Mistakes”. The NYISO proposed to adjust the percentage of reduction in the corporate incentive payout from 15% to 10% for each occurrence, with a maximum of 50%, up from 45%. Ms. Nelson noted stakeholder suggestions for refining this proposed change. Goal #4b is proposed to replace the notification portion of the “No Mistakes” goal and would commit the NYISO to operating at or below the Rate Schedule 1 revenue requirement. This new goal would carry a weight of 10%, as opposed to the 5% for the goal it is replacing. Ms. Nelson updated the key project initiatives to reflect 2017 project efforts. Due to the importance of the Energy Management System/Business Management System (EMS/BMS) replacement, completion of the deliverables for 2017 is now Goal #7, with a maximum achievement level of 10%. Providing opportunities to improve timeliness and transparency to the Interconnection Process is Goal #8. The “Deployment and Quality Responsive” goal was updated to reflect the 2017 business plan. Reducing hardware and software maintenance and subscription costs was defined as Goal #10, with percentages assigned to achieving higher levels of savings. Stakeholders suggested that the NYISO reconsider the method of measuring achievement by possibly making the incentive payout a portion of cost savings. The suggestion was noted for further discussion. The final goal, Goal #11, remains the Customer Satisfaction Index. This goal has been strengthened by raising the levels of the customer satisfaction scores achieved and adding tracking of the Performance Scores. The incentive value remains at 20%. Stakeholder feedback is encouraged and appreciated and can be sent to [enelson@nyiso.com](mailto:enelson@nyiso.com) or [deckles@nyiso.com](mailto:deckles@nyiso.com). To see the complete presentation, please go to:

[https://www.nyiso.com/public/webdocs/markets\\_operations/committees/mc\\_bpwg/meeting\\_materials/2016-10-07/2017%20Draft%20Annual%20Incentive%20Goals.pdf](https://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2016-10-07/2017%20Draft%20Annual%20Incentive%20Goals.pdf)

**Friday, October 7, 2016**

**Installed Capacity Working Group**



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#### Escalation Factor and Inflation Rate in Buyer-Side Mitigation Rules: Review and Options

Jonathan Newton of the NYISO presented a proposal to update the escalation factor and inflation rate component of the escalation factor in the Buyer-Side Mitigation (BSM) process. This issue was raised by stakeholders following the adoption of the newly-accepted Demand Curve annual update rules. It was noted that some stakeholders were concerned with the potential volatility of the new annual factors if they were applied in the BSM processes. Mr. Newton led a review of the differences from the current method and the new annual update rules, and listed the BSM processes that use the escalation factor and inflation rate. Options were presented for:

- Adjusting Offer Floors
- Examined Facility and New Capacity Zone (NCZ) Examined Project Unit Net CONE
- ICAP Spot Market Auction clearing prices forecast

A final area for consideration occurs due to the potential length of the Class Year process. Because the period from the Initial Decision Period to the completion of the Class Year can span numerous months, the escalation factor and inflation rate values could be different if the November 30 publication of the updates occurs in the middle of that process. The two options to resolve this issue are:

- 1) Use the updated escalation factor, inflation rate, and reference point.
  - a. *This provides consistency with the other provisions and with the annual Demand Curve updates*
- 2) An alternative is to use throughout the process the escalation factor and inflation rate used at the time of the Initial Decision Period and ignore the annual updates.
  - a. *Not recommended by the NYISO*

Stakeholders are encouraged to provide additional comments in writing to [deckles@nyiso.com](mailto:deckles@nyiso.com) or to [jnewton@nyiso.com](mailto:jnewton@nyiso.com) by October 28, 2016. To see Mr. Newton's complete presentation, please go to:

[https://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2016-10-07/Agenda%2002\\_Reviewing%20the%20Escalation%20and%20Inflation%20Factors%20for%20ICAP.pdf](https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-10-07/Agenda%2002_Reviewing%20the%20Escalation%20and%20Inflation%20Factors%20for%20ICAP.pdf)

#### Enhancement of Pivotal Supplier Rules – NYISO Proposal

Michael Lavillotti of the NYISO presented an update to the proposal to enhancement of the Pivotal Supplier rules. In response to stakeholder feedback, the NYISO is proposing to move forward with Proposal 1 at this time:

- *All MW including those sold in the strip or Monthly Auction for the applicable month would be used to calculate a supplier's cumulative threshold, in all Mitigated Capacity Zones*

This rule currently exists for the G-J Locality and the proposal would align the rule for Zone J and any future new capacity zones with the existing G-J Locality rule. This proposal will not require any software changes. Stakeholders may provide comments in writing to [deckles@nyiso.com](mailto:deckles@nyiso.com). To see Mr. Lavillotti's complete presentation, please go to:



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[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2016-10-07/Agenda%2003\\_Pivotal%20Supplier%20Rule%20Enhancements.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-10-07/Agenda%2003_Pivotal%20Supplier%20Rule%20Enhancements.pdf)

### Locational Export Capacity Proposal

Joshua Boles of the NYISO presented the update to the Locational Export Capacity proposal.

The NYISO proposal is as follows:

- *The NYISO’s proposal is designed to address market inefficiency by accurately reflecting in the ICAP market the continued operation of a resource that exports capacity from an import constrained Locality.*
- *The proposal will reflect the portion of locational export capacity that must be replaced in the Locality and the portion that can be replaced in ROS while maintaining the same level of reliability.*
- *The term “Locality Exchange Factor” or “Locality Exchange MW” refers to the portion of Capacity that can be replaced in ROS*
- *The NYISO will decrement the Locality ICAP requirement by the Locality Exchange MW*
- *Only applicable to exports over AC interfaces*
- *The Locality’s ICAP market requirement will be reduced so that the market does not procure more than necessary to maintain the same level of reliability*

Mr. Boles explained in detail how the Locality Exchange MW determination will be derived.

A timeline was provided to illustrate the timing relationship of the ISO-NE auction clearing, the Installed Reserve Margin/Locational Capacity Requirement (IRM/LCR) determination and the NYISO Capability Period auctions for Summer 2017. Mr. Boles outlined the obligations that a supplier must meet when exporting Capacity from a Locality and noted the ISO-NE tariff section stating:

- ***“a New England Import Capacity Resource associated with a supply resource (e.g., a generator) physically located in New York will be obligated to offer the resource and participate in the NYISO day-ahead and real-time energy markets, consistent with the obligations of a New York capacity resource.”***

The New York State Reliability Council (NYSRC) will not model the forward auction sales from NYISO to ISO-NE for the 2017/18 Capacity year. The NYSRC will conduct a sensitivity to begin understanding the impacts of a Locality Capacity export on the IRM and the LCRs. Mr. Boles noted that the expected ruling on the ISO-NE changes is anticipated on October 18, 2016. The NYISO proposal will be presented to the BIC for a vote on October 20, 2016 if necessary.

To see the complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2016-10-07/Locational%20Export%20Capacity%20Proposal.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-10-07/Locational%20Export%20Capacity%20Proposal.pdf)

## **FERC Filings**

### **October 3, 2016**



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NYISO filing on behalf of the EIPC: post-technical conference comments related to competitive transmission development processes

**October 3, 2016**

NYISO response to post-technical conference questions related to competitive transmission development processes

**FERC Orders**

**October 7, 2016**

FERC letter order accepting NYSEG, of Cost Reimbursement Agreement No. 2298, effective August 19, 2016

**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)