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## NYISO Consumer Interest Liaison Weekly Summary

January 25 – January 29, 2016

### Notices:

- The [Redline](#) and [Clean](#) versions of the **Economic Planning Process (CARIS) Manual (M-35)** have been posted to the [NYISO Manuals & Guides webpage](#) under the 'Manuals>Under Review' folder. The proposed revisions were discussed at the 1/21/16 Electric System Planning Working Group meeting in anticipation of the upcoming 2/10/16 BIC meeting.
- The **Transmission Congestion Contracts Manual Attachment C (Effective Periods of TCCs, Sub-Auctions and Rounds)** for the Spring 2016 Centralized TCC Auction and Summer 2016 Reconfiguration Auctions and Attachment D (TCC Auction Time Line) for the Spring 2016 Centralized TCC Auction and Summer 2016 Reconfiguration Auctions are now posted on the NYISO website and can be accessed [online](#) under **Manuals > Operations** or [online](#) under **TCC Manual > TCC Manual and Attachments**.
- The next **MC Board Liaison meeting** will be held on **February 9** at Hunton and Williams, 200 Park Ave, NYC, NY. The meeting with the Board of Directors will begin at 12:00 pm and the Stakeholder pre-meeting will begin promptly at 11:30 am. For those who will be attending by phone, conference call information will be circulated with the agenda in advance of the meeting. Stakeholders have the opportunity to raise emerging issues with the Board. If you have a topic you would like to add to the agenda for this meeting, please submit to [lbullock@nyiso.com](mailto:lbullock@nyiso.com) by noon on February 1st.

### Meeting Summaries:

Tuesday, January 26, 2016

**Installed Capacity Working Group**

Winter DMNC Test Period

Zach Smith of the NYISO presented the response to a request by stakeholders to consider changing the Winter DMNC test period. At the December 15, 2015 BIC meeting, stakeholders



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voted to exclude November and April from the months used to identify Winter Period Transmission District peaks for temperature correction. It was suggested at that time that the NYISO should investigate changing the Winter test period to also exclude November and April. The NYISO noted that historically, a large number of suppliers use these months to complete successful DMNC tests. Therefore, there is no compelling reason to change the Winter DMNC test period at this time. To see Mr. Smith's complete presentation, please go to: [http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2016-01-26/Winter%20DMNC%20Test%20Period.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-01-26/Winter%20DMNC%20Test%20Period.pdf)

#### External ICAP Rights for the 2016 through 2017 Capability Year

Greg Drake of the NYISO presented the results of the External ICAP Rights study for the 2016/2017 Capability Year. This study is completed each year to determine the maximum amounts of import capacity allowed from neighboring Control Areas. Mr. Drake explained the methodology of the study that increases imports until the Loss of Load Expectations (LOLE) are met to determine limits, individually and simultaneously. The difference for this year as compared to previous studies is that Independent Electricity System Operator (IESO) was also used in the event that they qualify to participate in Capacity imports to the NYISO<sup>[1]</sup>. Results of the capacity import limits were provided<sup>[2]</sup> with and without the participation of IESO and compared to the previous capability year values. To see Mr. Drake's complete presentation, please go to: [http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2016-01-26/ECR%202016\\_Slides\\_V2.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-01-26/ECR%202016_Slides_V2.pdf)

#### Proposed ICAP Manual Updates for 2016/2017 Import Right Limits

Josh Boles of the NYISO presented impending changes to the ICAP Manual for Capability Year 2016/2017. Annually, NYISO updates the ICAP Manual with the Import Right Limits for the upcoming Capability Year. This year the NYISO determined multiple Import Right Limits and documented each scenario in the Manual. The first scenario addresses the proposed Independent Electricity System Operator (IESO) market rule changes that will make IESO capacity available to the NYISO market. The IESO market rule changes are currently going through their stakeholder approval process. The second scenario is a pending HQ External CRIS Rights ("ECR") request for 20 MW in the open class year, which would raise the total ECR's from 1090MW to 1110MW on the HQ interface. These potential updates require the NYISO to post four different sets of Import Rights Limits in the ICAP Manual.

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<sup>[1]</sup> IESO is currently in the stakeholder process of approving market changes that will allow IESO market participants to participate in the NYISO Capacity Market. The most recent estimate of this approval appears to be July, 2016

<sup>[2]</sup> HQ currently has an ECR request on the HQ interface to increase the initial awarded capacity rights from 1090 MW to 1110 MW. This request is in CY2015 and may be determined prior to the Winter 2016/17 Capability Period.



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- *Set 1: No IESO, HQ ECR at 1090 (posted, will be used for Summer 2016)*
- *Set 2: IESO available, HQ ECR at 1090 (posted)*
- *Set 3: No IESO, HQ ECR at 1110*
- *Set 4: IESO, HQ ECR at 1110*

To see Mr. Boles' presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2016-01-26/Import%20Rights\\_1\\_26\\_prez.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-01-26/Import%20Rights_1_26_prez.pdf)

#### NYISO ICAP 2015/2016 Demand Curve Reset

Paul Hibbard and Todd Schatzki of The Analysis Group (AG) presented AG's initial recommendations on key ICAP Demand Curve Reset (DCR) issues. Mr. Hibbard began the presentation with review of the criteria that AG will use in determining its recommendations consisting of:

1. Economic Principles;
2. Accuracy;
3. Transparency;
4. Feasibility; and
5. Historical Precedence and Performance.

AG's initial recommendations address the following matters: (1) the period of the DCR; (2) the methodology for estimating net Energy and Ancillary Services (net E&AS) revenues to be earned by the peaking plant; and (3) the use of periodic updates between reset. The first recommendation is to extend the DCR periodicity from the current three-year cycle to a four-year cycle. The recommendation of four years is expected to increase market certainty and reduce administrative burdens for both the NYISO and market participants, while not meaningfully increasing risk that the peaking unit technology is likely to change during the period between resets. Mr. Hibbard explained that, in AG's opinion, extending the DCR period to five or six years reduces forecast accuracy, provides too little stakeholder feedback into the process, increases the risk of peaking unit technology may be subject to change during the period between resets, and increasing the risk that other forecasts and assumptions made at the time of each reset deviate too greatly from actual outcomes and conditions.

The second recommendation is to estimate net E&AS revenues earned by the peaking plant based on three-years of historical instead of the econometric forecasting approach utilized in the last reset. This methodology would reduce complexity and improve transparency of net E&AS revenue calculations, while more easily enabling the implementation of formulaic, periodic updating of net E&AS revenue values to reduce forecast uncertainty. AG also recommended that the historical net E&AS revenue estimate be adjusted by a scaling factor to account for differences between historical prices and publicly-available data on traded energy futures prices. Mr. Schatzki continued the presentation, describing the proposed methodology to incorporate an adjustment to the level of excess capacity requirement prescribed by the NYISO's tariff based on GE MAPS and the database of assumptions utilized in the NYISO CARIS study. This



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methodology is similar to the manner in which the level of excess adjustment was applied in the last reset. AG also recommended incorporating annual updates to the gross cost of new entry (CONE) and the net EAS revenue offset between resets. The purpose of an annual updates is to create a more predictable and continuous evolution of net CONE between and within DCR periods, and allows net CONE to evolve to with changing market conditions over time. The annual update to the net EAS revenue offset would be determined in the same manner as proposed for the reset with the use of updated historical data, futures prices and level of excess adjustment to reflect 12-months of more recent data. The gross CONE adjustment would utilize specific, publicly available indices published by the U.S. Bureau of Labor Statistics that relate to generator construction costs to reflect actual changes in costs over time. Stakeholder feedback was noted and encouraged as the process proceeds to the development of final recommendations. Stakeholders requested that AG provide additional details regarding its recommendations and the associated methodologies, including numeric examples. Stakeholders also raised questions regarding AG's recommended futures adjustment, including questions regarding the purpose of the adjustment, the liquidity of futures trading, the proposed methodology for calculating a futures adjustment, and the interaction of a futures adjustment with other factors such as the level of excess adjustment. AG currently plans to provide a follow-up presentation at the February 19, 2016 ICAPWG meeting to provide additional details and information in response to stakeholders' requests. To see the complete AG presentation, please go to: [http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2016-01-26/AG%20DCR%2001262016%20ICAPWG%20Final.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-01-26/AG%20DCR%2001262016%20ICAPWG%20Final.pdf)

#### Preliminary Overview of Potential Tariff Revisions to the ICAP Demand Curve Reset Process

Randy Wyatt of the NYISO presented a high-level overview of potential tariff revisions required to address the initial recommended changes to the ICAP Demand Curve reset (DCR) process presented by Analysis Group (AG). The NYISO is continuing to review the recommendations by AG and is providing this high-level overview in an effort to help inform stakeholders' consideration of AG's initial recommendations. AG's initial recommendations are as follows:

- *Switch from three to four years between DCRs*
- *Change method for estimation of net Energy and Ancillary Service (E&AS) revenues earned by the peaking plant*
- *Include annual updates to net Cost of New Entry (CONE) between resets*

The changes that would be required were noted in Section 5.14.1.2 of the Market Services Tariff (MST) as well as required changes to Attachment H of the MST. The NYISO is requesting that stakeholder feedback be sent to [deckles@nyiso.com](mailto:deckles@nyiso.com). To see Mr. Wyatt's complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_icapwg/meeting\\_materials/2016-01-26/NYISO%20Preliminary%20DCR%20Tariff%20Change%20Overview%2001262016%20ICAPWG.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2016-01-26/NYISO%20Preliminary%20DCR%20Tariff%20Change%20Overview%2001262016%20ICAPWG.pdf)



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### Renewables and Self Supply Compliance Filing

Dr. Nicole Bouchez presented the proposal to revise the buyer-side capacity market power mitigation (BSM) to exempt certain renewable and self-supply resources from Offer Floor mitigation. The NYISO made some refinements since the recent January 19, 2016 ICAP WG presentation regarding the Hybrid approach to determining eligibility for the exemption. The Hybrid approach would allow two categories for a potential exemption. They both would have to be resources that meet the requirements of the Market Services Tariff Section 2.9 definition for an Intermittent Power Resource:

- *A device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator. In New York, resources that depend upon wind, solar energy or landfill gas for their fuel have been classified as Intermittent Power Resources. Each Intermittent Power Resource that depends on wind as its fuel shall include all turbines metered at a single scheduling point identifier (PTID).*

Or they are classified as Limited Control Run of River resources.

The first category of exemption would be a “renewable technology exemption.” Based on its analysis, the NYISO is proposing that Wind Power and Solar Power resources as eligible for the exemption from BSM.

The second category would allow resources that are not included in the renewable technology exemption to request the Renewable Exemption. They would have to be an Intermittent Power Resource or a Limited Control Run of River Hydro and undergo an evaluation by the NYISO for determination that whether or not the technology is a renewable intermittent technology that has “limited or no incentive and ability to artificially suppress capacity prices.” The NYISO review of what technologies to include in the technology exemption will follow the Demand Curve Reset (DCR) schedule. The technologies may be added or removed from the list based on the same criteria (renewable intermittent technology that has “limited or no incentive and ability to artificially suppress capacity prices”).

To limit the potential impact of the exempt resources on NYISO’s ICAP market prices, the Commission’s Order also specified that the total amount of renewable resources that may receive the exemption should be limited to further limit any risk. The NYISO proposed a MW cap of 1000MW of ICAP. This would be approximately 200MW of UCAP assuming a 20 percent capacity factor. The proposal is based on wind and solar projects in the interconnection queue and on the NYCA wide new entry MW over the past ten years. The MW cap would extend to all Mitigated Capacity Zones for each Class Year with no rollover of MW allowed. To provide transparency, the NYISO will post on its web site a narrative and numerical example showing how a hypothetical project requesting a Renewable Exemption based on project specific characteristics would be evaluated. As part of its existing BSM report, the Market Monitoring Unit (MMU) will also report on Renewable Exemption evaluation determinations.





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Dr. Bouchez proceeded to present the Self Supply Exemption proposal. A change was noted in the required Certification and Acknowledgement provision:

*“The requesting generator and the LSE would have to certify that there are no irregular or anomalous arms length contracts and that there are no “arrangement for any payments or subsidies that are specifically tied to the [load serving entity] clearing its project in [NYISO’s ICAP market], or to the construction of its project” with parties other than the power supply contract between the LSE and the generator requesting the self supply exemption.” (additional language highlighted in red).*

Stakeholders raised the issue of verifying or ensuring the timing of the contract and the NYISO noted stakeholder suggestions. The Net-Short threshold proposal clarified that the evaluation would be based on requested CRIS MW (similar to the existing BSM). The Maximum Net-Long Threshold process remained unchanged from the prior presentation. The NYISO is continuing to seek comments on the proposal and will schedule a meeting to review the draft tariff revisions. The date has not been determined. Feedback can be sent to either [deckles@nyiso.com](mailto:deckles@nyiso.com) or [nbouchez@nyiso.com](mailto:nbouchez@nyiso.com) as soon as possible. To see the complete NYISO presentation, please go to:

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

### **Wednesday, January 27, 2016**

#### **Management Committee**

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

The Management Committee (MC) approves the December 17, 2015 meeting minutes.

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

##### **Motion #2:**

The Management Committee (MC) hereby recommends that the NYISO Board of Directors approve for filing under Section 205 of the Federal Power Act, revisions to OATT Attachment Y, Sections 31.1, 31.4, and 31.5, 31.7 clarifying the NYISO’s Public Policy Transmission Planning Process as presented and discussed at the January 27, 2016 MC meeting.

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

## **FERC Filings**

### **January 28, 2016**

NYISO compliance filing to notify FERC of effective date for tariff revisions related to the Comprehensive Shortage Pricing project.

### **January 28, 2016**

NYISO compliance filing to establish an effective date for tariff amendments concerning revised Transmission Shortage Cost



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**January 27, 2016**

ISO/RTO Council ("IRC") filing of comments in the NOPR concerning reactive power requirements for non-synchronous generation (RM16-1-000)

**January 27, 2016**

NYISO filing of a request for rehearing and clarification of FERC's December 23, 2015 order requiring compliance regarding regional transmission planning tariff revisions

**January 27, 2016**

NYISO filing of a request for rehearing of FERC's December 23, 2015 Order rejecting the NYISO's Public Policy Process tariff revisions

**FERC Orders**

There were no FERC Orders issued to NYISO for the week.

**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)