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NYISO Consumer Interest Liaison Weekly

July 27 – July 31, 2015

Notices:

- *The first session of Sandbox Testing for Joint Energy Scheduling System (JESS) and Coordinated Transaction Scheduling (CTS) with ISO-NE planned for July 28-30th was postponed. The NYISO is currently targeting August 10th – 13th as reschedule dates for the initial sandbox session. The August 25th - 28th sessions will be presented as planned and the NYISO will schedule additional training for September.*
- *The new **Non-Physical Rate Schedule One Recovery Rates** have been posted to the web. These go into effect on January 1, 2016 and are used to recover Rate Schedule 1 from both Virtual and TCC customers. The new Non-Physical Rate Schedule One Recovery Rates can be found on the NYISO's pricing data webpage at:
http://www.nyiso.com/public/webdocs/markets_operations/market_data/pricing_data/rate_schedule_1/2016/2016_Sched_One_Posting-non-Physical.pdf*
- *The Redline and Clean versions of the Transmission Congestion Contracts Manual (M-03) have been re-posted to the [NYISO Manuals & Guides webpage](#) under the 'Manuals>Under Review' folder. The additional revisions were discussed at the July 28, 2015 MIWG meeting.*
- *On July 29, 2015 the New York Independent System Operator filed, with the NYPSC, a letter, addressed to Charles Pratt from Carl Patka, written in response to Mr. Pratt's July 24, 2015 letter to Graham Jesmer of DPS Staff.
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_PS_C_Filings/2015/20150729_NYISO_Ltr_ACTrnsmsn_TchnclCnfrnc_AnswrBoundless.pdf*

Meeting Summaries:

Tuesday, July 28, 2015

Market Issues Working Group

Broader Regional Markets Metrics

David Edelson of the NYISO presented metrics for the Broader Regional Markets initiative for the month of June 2015. To see Mr. Edelson's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-07-28/Monthly%20Report%20-%202015_06.pdf

Fuel Assurance – Energy Market Concepts



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Cristy Sanada of the NYISO presented follow-up material on Fuel Constrained Bidding concepts previously presented at a MIWG meeting in April. The NYISO is working with stakeholders to develop bidding mechanisms that better reflect fuel or production limitations in the day-ahead market. Ms. Sanada explained that the Fuel Constrained Bidding concept would allow generators to submit a total energy demand curve reflecting a resources total production capability over the day or a subset of hours in a day, submitted in addition to conventional hourly bids. This allows generators to submit offers that more accurately reflect fuel supply or production constraints in the Day-Ahead Market. With the implementation of Mixed Integer Programming in the DAM, there is increased flexibility in the market software to model energy constraints. The bidding functionality offers the following benefits:

- *More accurately reflects limited fuel supplies or production limitations and associated costs in the Day-Ahead Market*
- *Allows generators to be scheduled subject to fuel or other production limitations, increasing market efficiency*
- *Allows units more flexibility to bid when OFOs are anticipated*
- *Helps generators reflect expected real-time conditions in day-ahead bids*

Examples of bidding were provided for both a single generator and a generator portfolio to illustrate the functionality and modeling of the concept with and without the anticipation of a gas Operational Flow Order (OFO). The NYISO will continue to work with stakeholders to prototype fuel and energy constraints in the market software. To see Ms. Sanada's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-07-28/3%20Market%20Concepts%20for%20Energy%20Market%20Fuel%20Assurance_MIWG_07282015%20final.pdf

Day-Ahead Window Optimization Study

Mike Swider of the NYISO presented the results of a NYISO study to evaluate the impact of different electric day start times on Day-Ahead Market optimization. The study addressed the fundamental question of "Given the resource mix and the typical load pattern, what is the ideal window of operation in order to optimize dispatch?" Before listing the dates and scenarios studied, Mr. Swider led a discussion of the study framework and assumptions used in the study. The results of the study revealed that there would be a minimal impact to production costs by changing the Day-Ahead window. Examples were presented illustrating the potential impact on generators with a long minimum run time and import/export transactions. The conclusions of the study determined:

- *Study did not show a significant impact in terms of production cost, energy marginal prices, and generator commitments, if bidding behavior remains unchanged.*
- *Generators with long minimum run time would be expected to change their bidding behavior*
- *Increased volumes of import/export transactions during the transition periods could potentially impact the performance of the Real-Time Market*



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To see the complete presentation by Mr. Swider, please go to:

[http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-07-28/4%20DAWO%20MIWG%20July%2028%202015\(2\).pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-07-28/4%20DAWO%20MIWG%20July%2028%202015(2).pdf)

TCC Manual Revisions

Lisa Travaly of the NYISO presented an update on revisions to the TCC Manual. The draft TCC Manual was posted for review on June 25, 2015 and changes were presented at the June 30, 2015 MIWG. Stakeholder feedback prompted a minor change to the following paragraph in Section 2 of the Manual (original in red):

- *The DAM Congestion Rents are determined by the **difference in the** Congestion Component of the DAM Locational Based Marginal Price (LBMP) at the POW of the TCC **and minus** the Congestion Component of the DAM LBMP at the POI of the TCC, for each hour of the Effective Period.*

The TCC Manual has been reposted for review prior to seeking approval at the August BIC meeting. To see the complete presentation by Ms. Travaly, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-07-28/5%20Presentation%20-TCC%20Manual%20Revisions%20-%20MIWG%207_28_2015.pdf

Update on NYISO's Participation in the REV MDPT Working Group

Dr. Nicole Bouchez of the NYISO presented an update on the NYISO's participation in the Market Design and Platform Technology (MDPT) working group of the REV proceeding. The MDPT is a result of Administrative Law Judge Bielawski issuing a ruling in the REV proceeding that the New York State Department of Public Service (DPS) Staff should immediately select, convene and coordinate, with Rocky Mountain Institute (RMI) and the New York State Smart Grid Consortium (NYSSGC), two closely-related groups addressing market design and platform technology. The NYISO, along with 28 other companies and organizations was selected to participate in the MDPT working group. The major themes/positions conveyed by the NYISO to the group include:

- *sound market design principles*
- *consistency and coordination with competitive wholesale markets*
- *behaviorally consistent design including consistency of dispatch and the pricing signals*
- *sound technology design that integrates with existing platforms and looks to future needs*

Dr. Bouchez identified the REV MDPT sub groups and briefly described their areas of responsibility. In-progress REV topics of possible interest to the NYISO were listed as well as pertinent upcoming reports and deadlines for the REV proceeding. Dr. Bouchez explained how the NYISO projects relating to the REV proceeding will progress as REV develops. To see the presentation by Dr. Bouchez, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-07-28/6%20NYISO%20REV%20Update%20FOR%20POSTING%20MIWG%2020150728.pdf



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Changes to the Reference Level Manual and MST Attachment H

Giacinto Pascazio of the NYISO presented a follow-up to the proposed changes to the Reference Level Manual (Manual) as requested by stakeholders at a previous BIC. Stakeholders had requested additional time to review and discuss the proposed changes with their internal stakeholders prior to the BIC governance action on the Manual. Stakeholders offered suggestions on wording in the Manual and associated tariff sections that would reduce ambiguity. Mr. Pascazio noted stakeholder feedback and agreed to consider changes prior to seeking committee approval on the Manual. To see the complete presentation with associated tariff language, please go to: http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg

Wednesday, July 29, 2015

Budget Priorities Working Group

Rate Schedule 1: Allocation of NYISO Budget

Cheryl Hussey of the NYISO reminded stakeholders of language included in Rate Schedule 1 requiring a vote by the Management Committee in Q3 2015 to determine whether a new Cost of Service Study should be conducted to evaluate the Rate Schedule 1 allocation between withdrawals and injections. If the vote does not result in a recommendation for conducting a study of RS1 in 2015-2016, the tariff outlines the required process for extending the current structure in future years. A history of the changes to the allocation of RS1 was presented showing that the current allocation is effective through December 2016. The tariff requirements and language were presented and discussed with stakeholders to provide clarity to the process. The study would be performed by an outside consultant during the first two quarters of 2016 with the cost included in the 2016 NYISO budget. The vote for the RS1 Allocation Study will be conducted at the August 26, 2015 Management Committee meeting. To see Ms. Hussey's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2015-07-29/Agenda%2002_BPWG_RS1%20Study.pdf

EMS/BMS Strategy Update

Diane Peluso of the NYISO presented an update on the process used to select a vendor for EMS/BMS. An evaluation team was selected with members chosen from NYISO Operations, IT and Product and Project Management to assess the vendor proposals. Following a thorough analysis it was determined that:

- *Functionality of all of the alternatives are competitive (ABB, Siemens and Alstom)*
- *ABB solution offered lower project cost, schedule and risk*
- *NYISO has 15 years of intellectual property invested with ABB*
- *Discussions with other ISO's were positive*

The NYISO is currently engaged in negotiations with ABB to finalize the scope and cost of the project. A timeline was provided to illustrate the implementation steps beginning in 2014 and culminating in 2019 following an almost year long User Acceptance Testing period. The estimated cost of the project is \$30,730,000. The NYISO will continue to discuss progress with stakeholders as the negotiations with ABB are finalized. A Statement of Work is anticipated for



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August 2015. To see the complete presentation by Ms. Peluso, go to http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2015-07-29/Agenda%2003_EMS_BMS%20Strategy%20Update.pdf

2015 Project Prioritization and Budgeting Process

Ryan Smith of the NYISO presented the initial project budget proposal for 2015. Mr. Smith introduced each product category and requested stakeholder questions and comments on the project selections. NYISO personnel responded to several stakeholder inquiries on specific project selection by explaining the decision making process, frequently conveying the resource limitations posed by certain projects. The BPWG Chair suggested that there was justification for another BPWG meeting on August 26, 2015 to allow stakeholders the opportunity to submit written comments and continue the discussion prior to a recommendation to the governance process for budget approval. To see the presentation by Mr. Smith along with the initial 2015 project list please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2015-07-29/Agenda%2004_2016%20Project%20Prioritization.pdf

Thursday, July 30, 2015

Electric System Planning Working Group

Public Policy Transmission Need – Western NY

Zach Smith of the NYISO presented the New York State Public Service Commission (PSC) determination of a transmission need in Western New York. The NYISO's Public Policy Transmission Planning Process (PPTPP) dictates that following the PSC order addressing Public Policy Requirements for transmission planning purposes, including identification of a Public Policy Transmission Need (PPTN) for Western NY, the NYISO will solicit solutions that meet the need established by the PSC that sufficiently:

- *Obtain the full output from Niagara (2,700 MW including Lewiston Pumped Storage);*
- *Maintain certain levels of simultaneous imports from Ontario across the Niagara tie lines (i.e., maximize Ontario imports under normal operating conditions and at least 1,000 MW under emergency operating conditions);*
- *Maximize transfers out of Zone A to the rest of the state;*
- *Prevent transmission security violations (thermal, voltage or stability) that would result under normal and emergency operating conditions; and*
- *Maintain reliability of the transmission system with fossil-fueled generation in Western NY out-of-service, as well as in-service*

The next step in the process is to define parameters for the sufficiency base case to be studied. The NYISO will then present the base case results to the ESPWG. With the base case finalized and made public the NYISO will open a 60 day solicitation window for Public Policy Transmission Projects and other Public Policy projects to provide a solution to the established need. Mr. Smith explained that the NYISO will then conduct a Viability and Sufficiency assessment of the projects received prior to presenting the solutions to the PSC for review. To see the presentation by Mr. Smith please go to:



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https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2015-07-30/Western_NY_PPTN.pdf

2015 CARIS 1 Preliminary Identification of Three Studies/Generic Solutions

Tim Duffy of the NYISO presented the preliminary identification of three studies for analysis in the 2015 CARIS 1 study currently under way. Mr. Duffy displayed charts identifying demand congestion by constraints in Central and Eastern NY to illustrate congestion costs over a 10 year and 15 year outlook. Utilizing a relaxation process for the top five constraints, the NYISO determined which constraints had the greatest effect on demand congestion cost and therefore should be studied. The process was repeated for the Western constraints. The following constraints were chosen for study:

- *Study # 1: Central East – New Scotland Pleasant Valley Edic - New Scotland - Pleasant Valley (345 kV)*
- *Study #2: Central East Edic - New Scotland (345 kV)*
- *Study #3: Western 230 kV System Niagara – Gardenville (230 kV)*

Parameters for transmission, generator, energy efficiency and demand response solutions for the study were defined. Mr. Duffy detailed the upcoming steps in the process that will take place prior to presenting a draft report. To see Mr. Duffy's presentation, please go to:

https://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2015-07-30/2015%20CARIS%201%20Preliminary%20Identification%20of%20Three%20Studies.pdf

FERC Filings

July 31, 2015

NYISO filing of revisions to its Services Tariff to change the timeframe for requiring credit support for External Transactions

July 31, 2015

NYISO 205 filing to create an independent cost recovery mechanism for the annual FERC fee

July 31, 2015

NYISO filing of proposed tariff revisions to enhance the ICAP Spot Market Auction Credit Requirement.

July 30, 2015

NYISO filing of a motion to intervene and comments on Erie Power's July 2015 tariff waiver request regarding Class Year eligibility requirements

July 27, 2015

Joint filing of comments by NYISO, MISO, ISO-NE, and PJM in response to the FERC NOPR proposing approval of Reliability Standard TPL-007-1 – Transmission System Planned Performance for Geomagnetic Disturbance Events



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NYISO filing of an executed SGIA among NYISO, NMPC and Monroe County, SA No. 2219.

FERC Orders

There were no FERC Orders issued to NYISO for this week

Link to FERC Filings and Orders:

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