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NYISO Consumer Interest Liaison Weekly

June 29 – July 3, 2015

Notices:

- *The next MC Board Liaison meeting will be held on July 21 at Hunton and Williams, 200 Park Ave, NYC NY. Please note, 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. Conference call Information will be circulated with the agenda.*
- *The July 22 EGCWG meeting has been cancelled.*
- *The final draft versions of the Public Policy Transmission Planning Process Manual (M-36) and Attachments B, C and E have been posted to the [NYISO Manuals & Guides webpage](#) under the 'Manuals>Under Review' folder in anticipation of the upcoming 7/15 BIC and 7/16 OC meetings. The proposed drafts were most recently discussed at the 5/21 and 6/11 ESPWG meetings.*
- *The Ancillary Services Manual (M-02) which was approved at the 4/15 BIC and the 4/16 OC meetings has completed the appeal period and is now posted under the 'Manuals>Operations' folder on the [NYISO Manuals & Guides webpage](#). The manual effective date was contingent on FERC's approval of the VSS compensation changes to the tariff. Version 4.2 of the manual has replaced the prior version 4.1, while the Redline and Clean drafts of the manual have been removed from the "Manuals>Under Review" folder.*
- *Please note, the July 13, 2015 BPWG meeting has been changed to an in person meeting and will start at 10:15. The agenda and discussion material will be distributed in advance of the meeting.*
- *NYISO filing to the NYS Department of Environmental Conservation re: comments on the DEC options for allocating allowances under the Cross-State Air Pollution Rule. A copy of the filing is available on the NYISO website at: http://www.nyiso.com/public/webdocs/markets_operations/documents/Legal_and_Regulatory/Other_Filings/Other_Filings/NYSDEC%20CSAPR%20SIP%20Rule%20Comments%20May%2012%202015%20FINAL%20docx.pdf.*

Meeting Summaries:

Tuesday, June 30, 2015

Market Issues Working Group

Comprehensive Scarcity Pricing



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Ethan Avallone of the NYISO presented potential Comprehensive Scarcity Pricing proposal options to address concerns outlined by Atlantic Economics. Mr. Avallone introduced two potential paths to pursue for discussion with stakeholders. The first is to refine the current NYISO proposal to address the Atlantic Economics concerns. The second is to pursue the Atlantic Economics proposal to create a new, longer ramp product for procurement during scarcity periods. Mr. Avallone led a brief review of the NYISO proposal to date prior to introducing the two options. Option 1 is a refinement to the NYISO's original proposal. Conceptually, option 1 would reduce the applicable SCR/EDRP load reduction MW value that will be added to the proposed scarcity reserve requirement to account for operating capacity requiring more than the 30 minutes of ramp that is available to RTC. Other proposed features served to align pricing outcomes with operator actions. Examples of the refined proposal were provided to illustrate how the process would function in various circumstances. The implications of Option 1 would be:

- *If additional reserves are required to be procured and available to procure in real-time during SCR/EDRP events, total production cost is likely to increase*
- *Schedules and prices will align*
 - *Reduces uplift*
- *Scarcity pricing will apply to the Proxy Generator Buses*

The second proposal for stakeholder consideration is the creation of a new reserve product to price scarcity activations. This proposal would conceptually procure additional reserves with a longer duration ramp constraint in an amount equal to the applicable SCR/EDRP load reduction MW and price a shortage of this new reserve product at \$500. The remainder of the proposal is similar to option 1. The implications of option 2 are:

- *If additional reserves are available to procure in real-time during SCR/EDRP events, total production cost is likely to increase*
- *Schedules and prices will align*
 - *Reduces uplift*
- *Scarcity pricing will apply to the Proxy Generator Buses*
- *Creating this new product, as proposed in Option 2, will take longer to implement than Option 1*
 - *Option 2 will require additional software changes not contemplated in Option 1*

When asked by stakeholders for an approximate timeframe for when Option 2 could be implemented into the NYISO market, the NYISO responded that they are in the process of determining an estimate. Stakeholders expressed a concern that resources could be pulled from other NYISO projects due to the complexity of the changes required for Option 2 and requested that the NYISO investigate the potential impact on the project schedule. Mr. Avallone stressed that the NYISO is currently investigating the options and presenting the potential paths to stakeholders for a thorough discussion prior to choosing a direction to pursue. The NYISO is currently in the process of analyzing data from previous scarcity events. The July 28, 2015 MIWG meeting will have further details on both options for further discussion. Comments are encouraged and can be sent to deckles@nyiso.com. To see Mr. Avallone's complete



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presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2015-06-30

Expand Minimum Generation Cost Field Size

Cristy Sanada of the NYISO presented the proposal to expand the field size in the Market Information System (MIS) bidding system to allow generators with large start-up costs to correctly bid their full costs. Currently the MIS limits the input to seven decimal places (\$99,999.99) due to system constraints. There is a validation process to ensure the Minimum Generator Cost (Min Gen Cost) does not exceed the \$1000/MW offer cap (or fall below - \$1000/MW). An example of a potential issue for generators placing offers into the system was presented to illustrate the potential for a large generator to exceed the \$99,999.99 Min Gen Cost during times of high fuel prices while staying within the \$1000/MW limit. The change would increase the field size by one character to allow the entry of a units complete correct cost while maintaining the \$1000/MW validation process. The change would be implemented in October 2015. To see Ms. Sanada's presentation please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-06-30/2%20Expand%20Min%20Gen%20Cost%20Field%20Size_MIWG_06302015.pdf

Changes to Digital Certificates

Matt Darcangelo of the NYISO presented an overview of a new protocol for NYISO digital certificates. Digital certificates are "electronic keys" that are issued to system users as a form of authorization of access to the system. Historically, NYISO has been the Certificate Authority and issued digital certificates through NYISO Stakeholder Services upon verification of a user's authorization. The certificate is stored in the user's computer, is valid for a one year period and is only applicable to NYISO systems. FERC issued an order in 2014 mandating a new digital certificate protocol to meet the North American Energy Standards Board, Public Key Infrastructure (NAESB – PKI) standards for all ISO/RTOs. The NAESB PKI standard will require certificate issuance from a 3rd party NAESB Authorized Certificate Authority (ACA). The new certificates will be unique to the user and their organization and the provider will determine the validation period length. The NYISO will offer a transition period where both certificate protocols will be accepted beginning the third quarter of 2016 and lasting until the second quarter of 2017 when only the NAESB ACA certificates will be accepted. To see the complete presentation please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-06-30/4%20MIWG%20NAESB%20PKI%20Digital%20Certs%20-%20MDarcangelo.pdf

Potomac Economics Quarterly Report

Pallas LeeVanSchaick of Potomac Economics (MMU) presented a summary of the State of the Market report for the first quarter of 2015. Quarterly, the MMU prepares a summary of how the



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NYISO markets performed for the quarter. The MMU analyzes all aspects of the markets to assure that variations from prior market outcomes are explained by market conditions. To see the complete State of the Market report for the first quarter of 2015, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-06-30/4%20NYISO%20Quarterly%20Report_2015-Q1_6-24-2015.pdf

Autumn 2015 TCC Auction Survey and Discussion

Greg Williams of the NYISO presented the results of the Autumn 2015 Centralized TCC Auction survey. The NYISO conducts a poll of current TCC Market Participants to solicit information about the demand for TCCs of various durations. For this auction, a total of 13 Market Participants responded. Mr. Williams presented tables containing the results of the survey and led discussion with stakeholders on the results. Mr. Williams listed several written stakeholder comments resulting from the survey for discussion. For the 2015 Autumn auction the NYISO will offer 25% of System Capacity as one-year TCCs across three auction rounds and 50% of System Capacity as six-month TCCs across four auction rounds. Mr. Williams provided a table depicting the proposed schedule for the auction. Because several respondents to the survey expressed interest in less than four auction rounds for both the six-month and one-year TCC products, the NYISO is required to seek a waiver from Transmission Owners to conduct less than four rounds per sub-auction. Mr. Williams led a discussion on schedule preferences in the event a waiver cannot be obtained. The NYISO will next consider stakeholder input received and confer with Transmission Owners to finalize details for the upcoming auction. To see Mr. Williams' presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-06-30/6%20Autumn%202015%20TCC%20Auction%20Survey%20and%20Discussion-FINAL-Approved.pdf

TCC Manual Revisions

Lisa Travaly of the NYISO presented proposed revisions to the TCC Manual. Ms. Travaly listed necessary additions since the last update to the TCC Manual in 2013:

- *Incorporate new processes / FERC Orders*
- *Add enhanced descriptions of TCC markets, modeling and input assumptions*
- *Increase to the maximum number of permitted bids*
- *Revise and update phase angle regulator (PAR) modeling assumptions*
- *Incorporate Technical Bulletins*
- *Ministerial revisions and corrections*

The proposed revisions are intended to update the TCC Manual to ensure consistency with the current tariff and to describe current rules and procedures. Ms. Travaly led a review and discussion of the required updates to the TCC Manual. A schedule for review was presented containing a timeline for governance approval. To see Ms. Travaly's complete presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2015-06-30



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FERC Filings

July 2, 2015

NYISO filing, on behalf of NYPA, of an amendment to the NYPA annual transmission revenue requirement in the NYISO Tariff

FERC Orders

June 30, 2015

FERC letter order accepting market participant credit policy revisions regarding the submission of annual financial statements

June 30, 2015

FERC order accepting revisions to redesign the compensation to suppliers providing Voltage Support Service (VSS)

June 30, 2015

FERC letter order accepting 8 executed non-conforming Interconnection Facilities Study Agreements for certain projects entering NYISO's Class Year 2015 Interconnection Facilities Study

June 30, 2015

FERC letter order accepting the agreement for filing, effective March 31, 2015, as requested

Link to FERC Filings and Orders:

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